

THE CURRENT DECENTRALIZATION PROCESS IN ETHIOPIA
THE CASE OF OROMIA REGION

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Abstract

Decentralization is believed to improve development activities by allowing lower levels of government bodies and the people at large to participate in development planning and implementation. Of course, such participatory development through decentralization can be realized if important preconditions such as political commitment, availability of and access to resources, capacity of implementing agencies and the like are adequately met.

The on-going decentralization process in Ethiopia has introduced a major change in the political, economic and social systems of the country. The new decentralization process, effected since 1991, is organized under federal form of government whereby the country has been divided into nine regional governments and one city administration under the umbrella of the Federal Government. The regions are delimited mainly based on historical, linguistic and ethnic considerations.

This study is aimed at investigating the process of decentralization in the country. It is conducted mainly on a case study technique where one region, Oromia Region, is randomly selected from among the regions in the country. The research provides a brief description of the conceptual framework of decentralization, then the data collected and its analysis. Finally it presents conclusions arrived at. Both quantitative and qualitative data collection methods were used. Interviews were conducted with 25 key informants-individuals assumed to have particular knowledge on the issue of decentralization. Group discussions and survey questionnaires with 14 participants were also included in the research.

Oromia Region is the largest of all in terms of territorial size and population. It has a relatively strong institutional and manpower situation as compared to other regions. However, close scrutiny of regional activities reveals that there is a lot to be done. Although authority and powers seem to be decentralized, the extent of decentralization below regional levels, to the zonal, woreda and kebele levels is limited. Moreover, the decentralization process in the Oromia region is challenged by many problems such as low revenue basis, very low administrative and manpower capacity and poor inter-organizational arrangements and relationships.

There is a large vertical imbalance between the revenue raising powers and expenditure responsibilities of the Oromia Region. Therefore, every year, more than 70 percent of the budget of the region is granted by the Federal Government in the form of unconditional subsidy. This means that in Ethiopia, expenditure responsibilities have tended to be centralized in favor of the Federal Government.

There are, of course, improvements in the participation of the private sector in the economic activities of the region. The very reason for this is the market economic system that the country follows. There are a number of significant private investors with licenses operating in the region.

In general, decentralization is a recommended system of governance for Ethiopia, for several reasons. Improving the balance between expenditure assignment and revenues of the region, empowering lower level administrative units with the required level of power and authority, and improving the organizational arrangements and relationships of various functional units of regions could pave the way for realizing the benefits of decentralization.

Based on the findings of the research, it is recommended that the Federal and regional governments should make efforts to minimize the polarization effects, through infrastructural developments and incentives to private and other investments to peripheral areas. The Federal government should give equal emphasis as that of general purpose grants to specific type grant which aims at encouraging regions' efforts to expand their tax bases with the view of financing their own development programs. There should also be measures to be taken to attract and retain skilled manpower in lower level by providing attractive salaries, conducive living facilities etc.

Particularly, in Oromia region, the lower levels should have more discretionary power to undertake activities in their respective areas. Zonal and woreda levels should operate not as totally appendages of regional governments and should devise a system where they are not controlled bureaucratically and hierarchically by regional government bodies. Government functional units in regions have to be revised and established in their best form. Redundant and unnecessary offices should be removed and formed in line with the specific circumstances of the region.

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List of Abbreviations

AAU	:	Addis Ababa University
CSA	:	Central Statistical Authority
GNP	:	Gross National Product
GDP	:	Gross Domestic Product
PPP	:	Purchasing Power Parity
FDRE	:	Federal Democratic Republic of Ethiopia
MEDaC	:	Ministry of Economic Development and Cooperation
ESDP	:	Education Sector Development Program
HSDP	:	Health Sector Development Program
NGO	:	Non Government Organizations
BoPED	:	Bureau of Planning and Economic Development
BOF	:	Bureau of Finance
MOF	:	Ministry of Finance
ODA	:	Oromia Development Association
OSHO	:	Oromo Self Help Organization
OCSSC	:	Oromo Credit Service Share Company
TGE	:	Transitional Government of Ethiopia
SNNP	:	Southern National Nationalities and Peoples
UNICEF	:	United Nations Children's Fund
AAPAM	:	African Association of Public Administration and Management
ISS	:	Institute of Social Studies
IMF	:	International Monetary Fund
KM	:	Kilo meter

Chapter 1

Introduction

1.1 General Background

For decades, Ethiopia was a unitary state with a centralized political and administrative set up. It is believed that this contributed to the paucity of local initiatives and the lack of popular participation, the prevalence of regional imbalance, a characteristically overloaded bureaucracy at the center, inefficiency in the provision of public goods and services, urban biased attention, the dissipation of financial resources and a slow rate of socio-economic development.

Decentralization has thus become an alternative topical issue in the Ethiopian policy framing for a long period of time and particularly since June 1991 after the collapse of the military government which, like its predecessors, promoted a centralized unitary government. Since then, a number of political and administrative decentralization measures have been launched at almost all levels. The process has become a turning point in Ethiopian history and its implications have already begun to unfold in their various dimensions.

The decentralization process is mainly based on ethnic, linguistic and historical considerations. Other aspects such as administrative convenience, topography and economic activities have been considered as secondary. The major arguments for such a type of decentralization are various, including, one, "the strong belief in the principle that a decision-making process that includes all

nationalities and ethnic-groups is key to sustained development of the country"¹, two, "the need for righting of the past wrongs evidenced by 'historically unjust relationships'²; three, the belief that decentralization reduces "inter-ethnic conflict that has divided the country for centuries and thereby enhances political stability, economic growth and the unity of the country"³; and four, the general argument that lower levels of government have an informational advantage over the center as they can see better their constituents' needs and their ability to understand local conditions that are important in internalizing benefits and costs of service provision.⁴

To this effect, initially in 1991, fourteen ethnic-based and one city region, designated by numbers, 1 up to 14, were formed. Later, however, in 1995, the number of regions was reduced to nine regions and one city administration with the reorganization of some regions into one. But, the prime basis of regional formation has been still ethnicity, other factors include language and cultural aspects.

The regions formed in the decentralization process have equal powers and authority on most matters that fall under their jurisdiction regardless of their differences in population size, territorial size and levels of development. The regions enjoy an autonomous status which is close to that of a sovereign state, at least in some activities, since they assume essential duties and responsibilities and powers of governance. Obviously this represents a radically novel experience in a country with a strong tradition of centralism.

¹ World Bank, *Ethiopia, Regionalization Study* (New York: World Bank, 1999), 1.

² Fasil Nahum, *Constitution for a Nation of Nations* (London; Red Sea Press, 1997), 15.

³ Lulseged Ageze, *Fiscal Decentralization and Development in Ethiopia* (Addis Ababa, 2000), 7.

⁴ World Bank, 4.

As a novel undertaking in the country, the implementation of the decentralization is in process. The objective of this research, therefore, is to analytically review the decentralization process, and to indicate the impacts the decentralization process could have on political, economic and social aspects of development of the country. To undertake the research, a case study of one region, that is the Oromia Region, which is randomly selected from among the regions in the country, has been adopted.

Oromia is the largest region of all regions in Ethiopia. It is important in terms of population, in area and resource endowment. There are wide economic and social disparities among the zones and the *woredas* in the region.

The region is organized into twelve zones, and 180 *woredas* or districts. The zones have been formed on the basis of administrative convenience and economic viability. The region is considered to be one of the strongest regions in the country structurally and institutionally. There are also problem areas where the performance levels are not that much different from administratively and institutionally weak regions. Therefore, taking Oromia region as the focus of analysis can potentially give a good idea of the condition of the decentralization process in the country.

1.2 Statement of the Research Problem

The decentralization process undertaken in the country since 1991 represents a significant departure from past experiences. In the process, decision-making in a wide range of areas has been substantially decentralized, giving regions a greater say in the conduct of their affairs.

There are positive results as well as some problems in the undertaking of the decentralization process. The fact that sub national (regional) levels assume a considerable role in undertaking activities that fall under their domain can be regarded as a positive achievement.

The decentralization process also appears to have enhanced specific regional initiatives for development by providing a conducive environment. There are various region-based development associations engaged in the provision of a wide range of activities such as the construction of schools, clinics, dams, water wells, flour mills etc. using funds mobilized both from domestic and foreign sources. It is reported that competition among regions in these activities has been underway, and this is augmenting the transmission of experience.

Moreover, it is said to have resulted in an abrupt end to the decades-long civil war in the country, which was directly or indirectly related to political questions of ethnic groups in the country demanding self rule and self-administration, or even secession.

However, because of the novelty of decentralization and its quick pace of implementation, there are areas where problems have been encountered. First, even though the magnitude of problems varies, most regions suffer from acute shortage of skilled manpower. The already available limited manpower is further attracted to the private sector, to other more urbanized regions and to the federal offices. This seems to have resulted in poor capacity of regions to undertake the expanded responsibilities in their areas. Second, almost all regions live upon the subsidy and grants allocated to them from the central treasury of the Federal Government. This is because most state revenues are under the jurisdiction of the central government and only the residual small portion is left for the regions. According to an assessment of the World Bank, out of the total government

revenues accrued to the country, more than 80 percent was preserved under the domain of the Federal Government in 1998.⁵ The remaining portion of the revenue accruing to the regions was hardly 20 percent. Some backward regions, for instance, Afar, Benshangul/Gumuz, Gambella and Somalia, hardly cover 10 percent of their budget from internal sources.⁶ Oromia Region, which is one of the structurally and institutionally strong regions, receives about 70 percent of its total budget from the Federal Government in the form of subsidy. Therefore, even though regions are empowered to undertake an expanded level of responsibilities in the decentralization process, they have limited capabilities. Thirdly, the lowest basic administrative units, the *woredas* and the *kebeles*, are in most cases considered as extensions of the regional functional units. They lack sufficient power and authority to undertake activities in their areas. Such lowest administrative units suffer from the paucity of trained manpower, and therefore can not independently undertake activities effectively and efficiently.

There is very limited research done on the process of decentralization in the country. Therefore, an extensive study of implementation of the process and its immediate effects is highly beneficial to both practitioners and theoreticians. Findings of the research could be used to suggest remedial measures for inefficiencies and solutions to problems encountered in the implementation of the decentralization process. This research is one attempt to study the decentralization process which has been in practice in the country since 1991.

1.3. Purpose of the Study

The major purpose of the research is to study the major socio-economic and political manifestations/implication of the decentralization process adopted in the

⁵ Op, Cit, 5.

⁶ Op, Cit, 72.

country since 1991. The research attempts to study the achievements and the problems encountered during the implementation of the decentralization process.

Specifically, the research focuses on the following areas of investigation:

1. Studying the powers, duties and responsibilities of the Federal and the Oromia Regional governments and their functional relationships.
2. Examining the effectiveness and efficiency of the institutions of the Oromia Regional Government with respect to economies of scale, avoidance of redundant and costly public service systems and the like.
3. Analyzing whether powers, duties and responsibilities relating to government activities are sufficiently devolved down to the lowest administrative units, *woredas* (districts) and *kebeles* (neighborhoods) in the Oromia Region in light of the constraints they may have.
4. Analyzing the appropriateness of the expanded level of responsibilities of the Oromia Region and the power to generate its own revenues.
5. Examining the extent of assistance and support to the regional activities from the Federal government.
6. Establishing the trends in the levels of economic, social and political development of the Oromia Region after the implementation of the decentralization process.
7. Evaluating the implementation of development projects and programs in the Oromia region after the decentralization process, and
8. Indicating areas in the decentralization process where future research could be directed.

1.4 Questions to Answer

These are some of the observations about the decentralization process adopted in the country since 1991. Based on these observations the researcher tries to answer a number of investigative questions. Among the points to be raised in the research or questions that will be treated in the research include the following:

1. Is the decentralization process undertaken in the country since 1991 able to create a conducive environment for the promotion of development of the regions and hence the country as a whole?
2. Is the ethnic-based regional formation able to assure the stability of the country and bring to an end the decades old ethnic conflict? Are ethnic conflicts totally resolved in the decentralization process?
3. What are the possible economic, social and political repercussions resulting from the decentralization process?
4. What are the possible conflicts between the decentralization process and constitutional rights of the people?
5. Are the motives or initiatives that drive adoption of the decentralization process fulfilled?
6. Are the sub-national levels (the regional, the zonal, the *woreda*, and the *kebele*) effectively performing economic, social and other necessary activities in their areas?
7. How should the boundaries of regions be drawn? Along ethnic and linguistic lines; or economic viability criteria; or some other criteria? What are the pros and cons of each, in terms of self governance and fair political representation?
8. Are development projects and programs effectively implemented in the regions in line with the specific circumstances of the region? And what are their conditions in the decentralization process?

9. What are the problems encountered in the implementation of the decentralization process? What are the possible remedies?

1.5 Definition of Terms

- Awraja* - an administrative unit comprising several *woredas* (districts) under it and less than a province. In the current system of administration, however, it is ignored.
- Derg* - the name given to the military government which took political power and ruled the country from 1974 up to 1991.
- Kebele* - the lowest administrative unit, equivalent to a neighborhood.
- Wereda* - a basic administrative unit comprising numerous *kebeles* (neighborhoods) and with a population of around 100,000. It is equivalent to a district.

1.6 Scope and Limitations of the Study

The term decentralization has a wide meaning and the inclusion of analysis relating to all possible meanings may make it unmanageable. As a result, the emphasis of the research is on the political, administrative and fiscal powers, authorities and responsibilities that are involved in the decentralization process. Activities of the central and the sub-national levels with respect to core government activities that play important roles in the self-administration and self-rule issues of sub-national levels are included in the research.

As indicated earlier, the country as a whole is not studied in the research. This would be too broad for effective analysis. A single region from among the

entire regions in the country is randomly selected as a case for the analysis. Hence, the Oromia region is a randomly selected case for analysis. Results obtained from the study of the region may give clues to the situations in all regions in the country.

In addition to this, there is paucity of pertinent data and information relevant to the analysis. This is particularly because of the limited capacity for information gathering and data processing in the country. In addition, evaluation reports concerning activities of the regions are poorly developed as the decentralization process is only implemented for about ten years. Therefore, to a certain extent, some of the required data and information are not available. Besides to the paucity access to such relevant data and information is denied to unauthorized persons.

1.7 Overview of the Remaining Chapters

The dissertation is organized into eight chapters. The second chapter is devoted to the identification of the general theoretical framework of the decentralization process. In this chapter, the meanings and modalities of decentralization, the needs for and preconditions that must be fulfilled for effective decentralization have been indicated. Chapter three describes the research methods used in the study to arrive at the findings. The fourth chapter is about the historical background of the decentralization process in Ethiopia. In this chapter, government systems in the country from ancient times up to the recent government which adopted the decentralized system of governance are described. Chapter five focuses on the legal framework that governs the decentralization process in the country. A series of laws, regulations and proclamations are described in this chapter. The sixth chapter is about the impact of the implementation of the decentralization process upon the political, economic and social circumstances of

the country as a whole. The seventh chapter is the major part of the research where the findings of the study are indicated. This chapter presents the results of the decentralization process in the Oromia Region based on the various parameters developed in the research. In the last chapter, the summary, conclusions and recommendations are presented.

Chapter 2

Review of Related Literature

2.1 The Concept of Decentralization

There are numerous meanings for the term decentralization developed by many scholars. Several of these meanings involve the reducing of power authority and responsibility that are concentrated in one center and diffusing them to numerous peripheries.⁷

According to Smith, decentralization is referred to as an effective means to reverse the concentration of administration at a single center and confer power and responsibilities upon local governments.⁸ Rondinelli, et. al, defined decentralization from two perspectives; from an administrative and economic point of view.⁹ From an administrative perspective, decentralization is defined as the transfer of responsibilities for planning, management and the raising and allocation of resources from the central government and its agencies to field units of government agencies and subordinate units or levels of government.¹⁰ From an economic point of view, decentralization is a situation in which public goods and

⁷ Eshetu Chole. Decentralization in Eastern and Southern Africa, (Nairobi: UNICEF, 1997), 5.

⁸ Smith, B.C. Decentralization, (Washington D.C, 1991), 7.

⁹ Rondinelli, et.al. Decentralization of Development Administration, (Washington D.C: World Bank, 1989), 58-59.

¹⁰ Ibid.

services are provided primarily through market mechanisms as revealed by preferences of individuals.¹¹

Turner and Hulme defined decentralization as the transfer of authority to perform government functions from central government to lower levels of administration which are closer to the public to be served.¹²

Nowadays, decentralization is increasingly practiced in countries that are associated with different political and socio-economic traditions, as it is widely being recognized that it is more difficult to govern or administer wholly from the center, and also because of the local communities' continuous demand for more independence and autonomy. It is, therefore, regarded as one of the required policy measures necessary in development endeavors.

Decentralization as a form of public policy is adopted in many countries because of the mistrust developed in the top-down approaches to development in the 1950s and 1960s.¹³ Development theories of the 1950s and 1960s were very much macro-economically and macro-regionally oriented, reflecting more of a centralized style.¹⁴ The assumption of such theories was that the benefits of decentralization would occur by trickling down activities through socio-economic groups and by spreading them over space.

In most instances, centralized provision of public services increasingly led to problems.¹⁵ This is because in a centralized system all government activities regardless of their complexities are vested in consolidated agencies of the central

¹¹ Ibid.

¹² Turner, M. & Hulme D. Governance- Administration and Development, (London: MacMillan, 1997).152.

¹³ Fenta Mandfro. Decentralization in Post Derg Ethiopia. (Addis Ababa: AAU, 1998), 12

¹⁴ Ibid.

¹⁵ Osborne, D. & Gaebler, T. Reinventing Government, (Washington: 1993), 252.

government. Lower levels of government bodies have limited power or authority in the operational or decision set up. They are deprived of the power of enforcement of public policies; rather they are required to wait for the approval of less informed and less responsive central bodies. Minor matters that are of only local importance are effected based on the decisions made by less integrated central approvals. It, hence, takes an extended period of time after a decision has been passed by a central body to reach a remote periphery. Therefore, a centralized system of governance is usually characterized by overloads and delay in reaching the people or measures may be inconsistent with local situations if a common standard is being set at the center for all localities.

This does not mean, however, that the centralized system is totally a failure. Decentralization, in essence, does not imply that all powers, authorities and responsibilities should be delegated or devolved to lower levels. There is a requirement that, “the central government must retain core functions over essential matters and ultimately has the authority to redesign the system performing effectively”.¹⁶

There are many functions, which because of their country-wide significance, are the proper domain of central governments.¹⁷ Activities related to stabilization, monetary regulation and supervision of the banking system, exchange rate policy, national defense, the management of the aggregate budget deficit, and so on are of such type.¹⁸ There are also goods and services characterized by significant economies of scale, whose provision requires centralized style.¹⁹ Such goods and services include transport, electricity

¹⁶ Turner & Hulme, 152.

¹⁷ Eshetu Chole, 5.

¹⁸ Ibid.

¹⁹ Kibre Moges, The Conceptual Framework of Fiscal Decentralization in Ethiopia. (Addis Ababa, 1994), 4.

telecommunications, etc.²⁰ There are also goods and services with considerable external economies and diseconomies, involving important regional spillovers of benefits and costs.²¹ In such circumstances, there is a need to take account of all costs and benefits, which makes central provision the required option.²²

Finally, for the purpose of this research, decentralization is referred to as the system of governance and administration of government functions in which the authority, responsibilities and powers are devolved down to autonomous or semi-autonomous local entities. It is associated with the objectives of self-reliance, democratic decision-making, popular participation in government and accountability of public officials to citizens. It involves various issues related to political, economic, social, and cultural aspects manifested through the transfer of responsibilities from the central government and its agencies to semi-autonomous public authorities, regional entities and other functional authorities.

2.2 Modalities of Decentralization

Decentralization can take many forms depending upon different dimensions, some of which are the following:

- i. The type of activities for which authority is shifted,
- ii. The type of power or authority that is decentralized, (e.g., does it include control over finance?)
- iii. The level or levels to which power is decentralized.

²⁰ Eshetu Chole, 5.

²¹ Kibre Moges, 4.

²² Ibid.

- iv. The individuals or organizations to which power is transferred; these may be elected or appointed local leaders, or civil servants, or party officials, or some combinations.
- v. The means of transfer, e.g., by constitutional legislation or ordinary legislation or administrative decree or ad hoc instructions.²³

Depending upon the magnitude of these factors, decentralization can take, at least, four forms: devolution, deconcentration, delegation and privatization. (See Table 2.1).

²³ Conyers, D. Decentralization and Development Planning, (Brookfield: Avebery, 1990) 20.

Table 2.1: Modalities of Decentralization

Dimensions/ Modalities	Types of Activities	Types of Power and Authority	The Level to Which Power is Decentralized	The Parties to Which Power Is Transferred	The Means of Transfer
Devolution	- all political economic and social functions	- full-responsibility and decision-making power	- independent local/ regional entities	-elected local leaders	-constitutional legislations
Deconcentration	- administration activities	- limited power and authority	- branch offices	- civil servants	-administrative decree, ad hoc instructions
Delegation	- specifically designated functions	- perform delegated functions	- organs of a center	- civil servants	- administrative decree, ad hoc instructions
Privatization	- some socio-economic functions like electricity, telecommunications, waste disposal	-perform some socio- economic functions	-private institution, NGOs, professional organizations etc.	- private entrepreneurs and NGOs officials	- ordinary legislations

2.2.1 Devolution

Devolution, which is also known as political decentralization,²⁴ is a way of sharing state powers and responsibilities between the center and regional and sub-regional governments.²⁵ It involves that local governments be given more autonomy and independence in undertaking activities that fall under their sphere of influence. Devolution "grants decision-making power to local authorities and allows them full responsibility without reference to the central government."²⁶ Because lower levels enjoy a substantial amount of independence, devolution, in most cases, requires constitutional mechanisms through which authority and responsibilities are transferred down to local levels. It mostly emanates from the demands of ethnic or regional groups for greater autonomy or self-governance, or from the inability of the central government to resolve regional or local problems.²⁷

2.2.2 Deconcentration

Deconcentration, which is also known as administrative decentralization, involves "the sharing of responsibility between headquarters and field offices, whereby headquarters disperses functions and authority among branch offices in outlying areas."²⁸ Deconcentration is usually aimed at reducing congestion of the central offices to make it possible for local offices to do better jobs. Since the emphasis of deconcentration is on organizational or administrative arrangement, it is considered as a strategy of institutional reform.²⁹

²⁴ Meheret Ayenew, Some Preliminary Observations on Decentralization, (Addis Ababa: AAU, 1998) 1.

²⁵ Ibid.

²⁶ Bulti Terfassa, The Role of Fiscal Decentralization in Ethiopia, (Addis Ababa, 1994), 143.

²⁷ Haddis Mulugeta, Decentralized Regional Development, (Addis Ababa: MEDaC, 1995), 123.

²⁸ Meheret Ayenew, 1.

²⁹ Haddis Mulugeta, 14.

2.2.3 Delegation

Delegation refers to the sharing of authority and responsibilities for specifically designated functions to organizations that are indirectly controlled by higher authorities.³⁰ It implies the transfer of power and authority not only to autonomous entities, but also to the sector organs of the central government. As a result, delegation is also present in centralized systems of governance.

2.2.4 Privatization

Privatization is the form of decentralization in which governments use the private sectors' organizational arrangements for undertaking government functions.³¹ Through privatization, some governments have diverted themselves of responsibilities for some socio-economic functions such as electricity, telecommunications, waste disposal and so on either by transferring them to voluntary organizations or by allowing them to be performed by private businesses.³² In some cases, governments have transferred responsibilities to parallel organizations such as national industrial and trade associations, professional groups, religious organizations, political parties or cooperatives.³³ These parallel organizations have been given responsibilities to license, regulate or supervise their members in performing functions that were previously performed or regulated by government.³⁴

³⁰ Messert Shiferaw, Decentralization and UNICEF's Challenges in Ethiopia, (Addis Ababa: UNICEF, 1996) 9.

³¹ Haddis Mulugeta, 123.

³² Op Cit.

³³ Ibid.

³⁴ Ibid.

2.3 The Need for Decentralization

Decentralization is not only justified or argued for due to some negative results of centralization, but also for its own political, managerial and social advantages over centralization. Some of the advantages are discussed below.

One of the most distinctive features of modern state administration is the need for close contact between the individual citizens and the officials.³⁵ The day to day management of many public functions requires members of the public to have direct access to state agencies and to be able to reach individuals, families and private firms. Central bureaucracies are too distant to respond effectively to the needs and problems emerging at the grass roots level. Moreover, it is difficult for people in their communities to exert influence on a central government, even when they have democratically elected it, in a centralized system of governance. Decentralization, as a result, brings government closer to where people actually live, and hence, it is expected to allow them a greater say in public affairs, and provides local authorities the opportunity to monitor closely the problems and aspirations of ordinary people.³⁶

The other argument for decentralization is the need for efficiency in government operations or activities. Administration has to be geographically dispersed for various purposes, like revenue collection, the maintenance of law and order, land registration, the provision of benefits to people in need and a host of other activities that simply cannot be conducted from the country's capital.³⁷

³⁵ Eshetu Chole, 5.

³⁶ Op Cit.

³⁷ Fenta Mandefro, 11.

Nowadays the activities of governments have become too diverse, complex and large in scope, to be conducted efficiently through central organizations, and hence, "the division of government business along functional and territorial lines, is not desirable, but necessary."³⁸ Most countries in the world are so large in territory and diverse in climate and topography that it would be difficult to administer government affairs without breaking them down into smaller entities.³⁹ Trying to administer a vast country strictly from the central capital would be next to impossible.⁴⁰ The system of decentralization, therefore, is proved to reduce overloads and congestion of the central government, "relieving it of many great issues of only local importance, enabling it to concentrate more fully on pressing national and international issues."⁴¹

In addition to the above arguments, a number of managerial justifications that increase effectiveness and efficiency are put forward in favor of decentralization. Regional or local priorities may not be the same as national ones, and in such situations, regional and local priority identification could be better served through decentralization.⁴² Among other things, national development planning requires voluminous, timely and reliable data and information regarding the local needs and conditions of a given population and areas to make the plan relevant and technically implementable.⁴³ Centralized planning structures and procedures have been considered as causes for the failure of many local projects and programs that were planned at the national level, thus calling for decentralization in planning.⁴⁴

³⁸ Barlaw, et.al., Organization for Managing Development. (New Delhi: AAPAM, 1984), 149.

³⁹ Ibid.

⁴⁰ Ibid.

⁴¹ Helmsing, B., Local Government, Finance (The Hague: ISS, 1998), 14.

⁴² Haddis Mulugeta, 117.

⁴³ Ibid.

⁴⁴ Ibid.

A decentralized planning system enables development projects and programs acceptable to the beneficiaries.⁴⁵ It is very likely that if the beneficiaries of a project are involved at the planning stage, the project will be easily accepted and face less problem at the stage of implementation.⁴⁶ This system paves the way for the beneficiaries to make their own contribution to its success and sustainability, since they easily identify themselves with the project.

The other argument for decentralization is political. Many states have devised an acceptable response to localized political demands for greater autonomy. In different parts of the world, national governments are using decentralization as a strategy for coping with political instability which is fueled by secessionist movements and demands for regional autonomy.⁴⁷ As such, decentralization is intended to give self rule to ethnic/national groups and thus forestall the break-up of multi-ethnic nation states.⁴⁸ In this style, it grants cultural and linguistic autonomy to separatist groups, and allows them to administer their affairs and carry out development in defined areas of jurisdiction.⁴⁹ In countries, where there are diverse ethnic minorities and disadvantaged groups, decentralization has proved to be the usual practice to forge support in preserving national unity.⁵⁰ Therefore, ethnic politics is one form of pressure that causes countries to adopt decentralized systems in which each ethnic entity retains the required powers and authorities to undertake activities it regards as essential to its identity.⁵¹

⁴⁵ Ibid.

⁴⁶ Ibid.

⁴⁷ Meheret Ayenew, 1.

⁴⁸ Ibid.

⁴⁹ Ibid.

⁵⁰ Barlaw, et.al. 129.

⁵¹ Meheret Ayenew, 1.

2.4 Conditions for Effective Decentralization

For the process of decentralization to be successful, there are a number of necessary pre-requisites that must be fulfilled. Some of the essential conditions for effective decentralization are reviewed below.

2.4.1 Political Commitment

Decentralization is firmly based on the existence of a political willingness and commitment on the part of the higher political authority.⁵² Meaningful decentralization and development cannot be expected to materialize in an environment where the power and pressure groups and structure operate in such a way that the interests of the center prevail over the interests of the periphery.⁵³ The politically harmonious and more balanced development configuration are indeed technical and political prerequisite for sustainable and non-conflicting development of the country in the long-term.⁵⁴

The requirement for political willingness and commitment is needed due to the fact that:

*Decentralization, in whatever forms it occurs, is a political agenda, i.e., it takes place within and under a political regime and the regime should be properly committed for the achievement of the political objective.*⁵⁵

⁵² Haddis Mulugeta, 124.

⁵³ Op. Cit.

⁵⁴ Ibid.

⁵⁵ Barkan J. & Chege M. Decentralizing the State, (Nairobi: Journal of Modern African Studies, 1989), 431.

The degree to which national political leaders throughout the political hierarchy are committed to decentralize planning and objectives determines the effectiveness of decentralization.⁵⁶

In its essence, decentralization is a political decision backed by technical and legal solutions. These technical and legal solutions are reflected through the policies and programs drafted by higher political authorities. A rational policy of decentralization must not only be characterized by intrinsic technical efficiency, but must also show a high degree of political functionalism.⁵⁷

2.4.2 Availability and Access to Resources

Lack of resources implies incapacity. Every decision requires a commitment of some resources for implementation. One of the most common problems which threatens the implementation of decentralization particularly at local levels is finance. Most developing countries are constrained by lack of finance to implement decentralization policies in full.⁵⁸

Apart from finance, the management of available financial resources between the center and localities is also another big problem. The greatest ambiguity in decentralization is the insistence of national leaders on transferring planning and administrative functions without providing localities with sufficient financial resources or adequate legal powers to collect and allocate revenues.⁵⁹

Another problem related to financial resources is that decentralized governments are saddled with too many responsibilities but are given limited

⁵⁶ Haddis Mulugeta, 124.

⁵⁷ Bossier, S. Planning a System of Regions, (Santiago, 1985), 560.

⁵⁸ Haddis Mulugeta, 125.

⁵⁹ Fenta Mandefro, 21.

financial resources to carry them out.⁶⁰ The main reason for this financial constraint is that in many federal systems the most lucrative sources of tax revenue are monopolized by the center leaving very limited options for regional/local governments.⁶¹

The availability of administrative, technical and managerial manpower capacity at the local level is also another pre-requisite for effective decentralization. The technical, managerial and political skills determine the success or failure of the decentralization.⁶² Particularly in rural areas, there is a critical shortage of trained personnel. The availability of necessary facilities limits the supply of skilled manpower. These skills and capabilities are scarce in lower levels, and hence, in such instances, functions of the lower levels may be pulled back to the center.⁶³

⁶⁰ Meheret Ayenew, 21.

⁶¹ Ibid.

⁶² Ibid.

⁶³ Rondenelli, et. al, 151.

Chapter 3

Methodology of the Research

3.1 Introduction

This chapter shows how the research was executed - the conceptual framework, the research tools, selection of a case study, etc. It describes the study phase including the target groups which were interviewed and to which questionnaires were distributed. It also explains how the interviews and questionnaires were conducted and the documents collected, and identifies problems encountered. Finally, the description of data processing procedures is presented.

3.2 Types of Data and Information

The data and information used in the research are both quantitative and qualitative. The quantitative and qualitative data and information used in the research are indicated below.

3.2.1 Quantitative Data

In the research, periodic and other statistical reports by different government bodies are used. There are three types of periodic statistical reports used in the research. These are:

- i. Statistical reports by the Central Statistical Authority (CSA)
- ii. Statistical reports by Oromia Planning and Economic Development Bureau, and
- iii. Personnel Statistics by the Federal Civil Service Commission.

Apart from statistical reports, there are also other quantitative data used in the research which include:

- i. Fiscal and budget reports of the Oromia Region and the country,
- ii. Economic indicators developed by the Ministry of Economic Development and Cooperation,
- iii. Geographical information of the Oromia Region and the country,
- iv. Project planning and implementation reports on the country and on the Oromia region,
- v. The number of investment projects and amount of capital in the country and in the Oromia Region.

3.2.2 Qualitative Information

Qualitative data and information are those that are expressed in words rather than numbers. This research explains how the decentralized system of governance performs, the possible benefits obtained and the problems encountered. This study used qualitative information including:

- i. Theoretical information on the concept of decentralization:- This qualitative information includes the definition, the modalities and the preconditions of decentralization as stipulated in the general theoretical framework. This type of information, as the name implies, is presented in the theoretical framework of the research;

- ii. Constitution, laws, proclamations, regulations and decrees of the Federal Government and the regions. Such qualitative information are those particularly connected with the implementation of decentralization. Among the most prominent rules, regulations and decrees that are used in the research are the Federal Constitution, the Oromia Regional Constitution, the SNNP Regional Constitution, and other proclamations which have been provided for the establishment of regions and the sharing of powers between the Federal and regional levels, etc. Some of the laws and proclamations are discussed in Chapter Five which includes an explanation of the legal framework of decentralization in the country.
- iii. Working systems and procedures, organization structures of regions and the Federal Government bodies that have their own impacts on the decentralization process. These types of information are used to indicate the strong points and problem areas in the operational activities of the different levels of administration. Based on observations of this information, necessary recommendations would be provided in the last part of the research.
- iv. Views and perspectives of senior as well as lower level government workers and officials, NGOs working in the country, and the people at large. Such information is important to understand how the decentralization process is perceived in the minds of the community and the different entities and hence it is one of the most important indicators of its sustainability.
- v. Evaluation reports and studies concerning the decentralization process in the country. These reports and studies are used to support the findings of the research and to represent an initial observation so that further investigation could be conducted in the research.

3.3 Data Collection Methods

In the research, both primary and secondary data collection methods have been used and these data collection methods are indicated below.

3.3.1 Primary Data Collection Method

Some of the most important primary data collection methods are interviews, group discussions and administration of survey questionnaires. The following paragraphs are used to describe these primary data collection methods.

Interviews

Interviews are administered with key informants assumed to have particular knowledge on the issue of decentralization either from experience, political position or professional capacity. Accordingly, the following 25 persons were interviewed and their responses were recorded. (see Appendix D)

Table 3.1: Profile of Key Informants.

Background	Number
Federal Government department heads	2
Federal Government experts	2
Oromia Region bureau heads	2
Oromia Region department heads	7
Oromia Region experts	8
NGO officers	2
World Bank officers	2
Total	25

Group Discussion

In the conduct of the group discussion (see Appendix E) the researcher followed a simple and an easy form. Initially, a preliminary analysis of information obtained from interviewing the required key informants and survey of the necessary documents about the implementation of the decentralization process in the country as well as in the Oromia region was made. Based on an overview of the results collected from the interview and the survey of documents, a number of issues for discussion in the group discussion were made. The issues raised were in line with the focus of each particular group in which the discussion were conducted.

The discussions were made with five distinct groups. The groups included the :-

- a) the Regional Development Department officials of the Federal Ministry of Economic Development and Cooperation,
- b) the Oromia Bureau of Planning and Economic Development experts,
- c) the Oromia Bureau of Finance experts,
- d) the Federal Ministry of Finance experts,
- e) the Senior experts in the Regional Affairs Office of the Prime Minister.

In the group discussions, some of the questions raised for discussion focused on: a) the possible economic, social and political repercussions that may have resulted from the implementation of the decentralization process with respect to the responsibility of each group; b) the types and magnitude of problems faced in the process of implementation; c) the criteria used for regional formation; d) the degree of effectiveness of the implementation of development projects and programs in the Oromia Region in particular and in the country in general; e) the

fundamental causes of any evident problems in the process of implementation; f) the possible remedial measures to be taken in order to alleviate the problems; and g) the prospects of development with the decentralization process in the Oromia region in particular and in the country in general.

Table 3.2 indicates the profile and the number of participants of the group discussion held in the research.

Table 3.2: Profile of Group Discussions

Groups	Number of Participants
Ministry of Economic Development and Cooperation	3
Bureau of Planning and Economic Development of Oromia	4
Bureau of Finance of Oromia	3
Ministry of Finance	2
Prime Minister's Office	2
Total	14

Important responses from each group have been noted down and included in the research.

Survey Questionnaires

Two sets of questionnaires – one for the Federal Government bodies and the other for the Oromia Regional Government at all levels were developed around five aspects of the decentralization process, namely, the ethnic and language aspects; the fiscal decentralization aspects; development projects planning, implementation and monitoring aspects; private investment aspects, and the performance of lower level administrations. (See Appendix F)

Most of the questions raised in the questionnaire directly focused on the above five points. The questionnaire was organized into problem identification, actions taken to address the problems, assessment or evaluation of the implementation of the decentralization process, indications of success or failure of the process, the causes for the success and/or failure, and the possible plan of action or strategy.

3.3.2 Secondary Data Collection Method

One of the most important secondary data collection methods is review of relevant theoretical literatures on the concept of decentralization. Books, articles in journals, newspapers, magazines and etc. are some of the sources of secondary data. Moreover, Federal as well as regional reports concerning aspects of the decentralization process, documents and official papers that exhibit the status of the regions activities, and so on are also used as secondary data collection methods.

3.4 Data Analysis

Quantitative as well as qualitative data were used to conduct the research. Economic reports, fiscal performance indicators, project implementation reports and other quantitative reports were presented in the research so that any body can grasp the situation of the decentralization process in the country. Comparisons of the data of the country and the regions, and of lower levels of administrations have been made. Frequency distribution and simple statistical tests have been conducted about different aspects of the research.

Qualitative data analysis has also been made. Information obtained from written-up field notes, transcriptions, and other forms has been selected, abstracted

and transformed to be used in the research. To conduct the qualitative data analysis, several steps have been made, for instance, in the questionnaire, close-ended 'yes or no' questions were used, which enabled the responses to be coded and quantified. The development of a semi-structured questionnaire with 'yes or no' questions helped not only to quantify responses but also to make initial summaries of the responses of respondents.

3.5 Sampling

The Case Study

The research is conducted based on a case study. The case selected is the Oromia Region. The Oromia Region is selected randomly from among the nine regions and the special city administration in the country.

Oromia Region is the largest region of all regions in Ethiopia. Its territorial size is 353,006.81 square kilometers. It has also the largest population size in the country. As of 1998, the total population of the region was estimated to be 21,694,000, where 19,174,000 were rural-based and 2,520,000 urban based. The region is administratively categorized into 12 zones and 180 woredas with diverse territorial and population size.

Structurally and administratively, the region is one of the strongest regions in the country. It is relatively better endowed with natural resources, administrative capacity and skilled manpower than many regions.

Of course there are places in the region which are relatively developed with respect to the availability of necessary infrastructures, the development of transportation and trade networks, the flourishing of private industries and

investments. Areas surrounding the Federal Capital, Addis Ababa, and places along the major transportation line (road and railway) towards Djibouti, are of such type. These areas are the most important places where major economic activities of the country are quite evident. However, there are also places, particularly in the peripheries, which are in no better positions than the weak regions of Benshangul/Gumuz, Afar, Gambella and Somali. These peripheral areas are poorly endowed with the necessary manpower and administrative capacity. Therefore, the region can be considered as the best representation for the analysis of the decentralization process of all regions in the country.

Sampling

Primarily, the sampling technique employed in the research is a cluster sampling technique. There are three clusters or groups out of which sampling units have been selected. The first cluster is the Federal Government bodies. For the first cluster, three bodies have been selected as units of analysis based on the researcher's own experience that they are most important for the analysis. These Federal Government bodies are the Ministry of Economic Development and Cooperation, the Ministry of Finance and the Regions Affairs Bureau of the Prime Minister's Office. The second group is the Oromia Regional Bureaus, out of which two bureaus have been selected. These are, the Bureau of Planning and Economic Development and the Bureau of Finance. The third group is lower level administrative units. From this cluster, one area or zone is selected, that is the East Shoa zone in the Oromia Region.

These samples are being taken as a compromise between the minimum essential and what is desirable. The feasibility in selection of samples depends on four issues. The first is the shortage of time available for the fieldwork. The second is that the researcher was the only person involved in the collection of

necessary data and information. The third is the region has vast territorial size and hence several thousand kilometers had to be covered to expand the sample size. And finally, the research had no financial resources and was carried out with the researcher's own limited resources only.

3.6 Drawing Conclusions

In order to draw conclusions, several approaches were pursued. First, the data and information collected from the documents had to be analyzed with descriptive statistics and analytical methods. Second, an attempt was made to link the qualitative data analysis with the quantitative data analysis. Third, independent evidence from the statistical abstracts, Federal Government reports, the regional reports, various NGO reports and published literature were used. Results of these approaches were organized and put into the analysis of the research.

3.7 Limitations of Research Methodology

The methodology employed in the research has a number of limitations, some of which are discussed below.

The first limitation was encountered in the selection of key informants. Selection of a key informant requires a prolonged study. It is not enough to pick the top government officials and experts to be the main informants. Key informants are key observers as well. The lowest rural based residents have not been included in the research as key informants. This is due to the shortage of funds and time. However, the views of the rural population have been obtained from secondary sources.

The second limitation was the small sample size of sampling units to be studied in the research. It was not possible to make the samples bigger because of time and funds.

The third limitation was related to the use of secondary sources for the collection of necessary data and information in the research. These sources, in some cases, are full of risks in that some could be incomplete or incorrect. One way of overcoming the problem was to compare it with other supplementary documents and NGO reports.

The fourth limitation is the problem of easy access to information from the NGOs and international organizations. UNICEF and The World Bank are the only international organizations from whom data and information used in the research have been obtained. Other NGOs and international organizations have limited attention to exhibit their views and perspectives about the decentralization process.

Chapter 4

Background of Decentralization

4.1 Introduction

Ethiopia is an ancient state. Successive systems of governance with quite different ideological basis have been in power. The mercantilist ancient power, the feudal monarchy and socialist style of governance ruled the country. And recently, a federalist system of government has been installed.

In between, numerous economic, social and political regimes were practiced in government administration. The recent consequences reflected throughout the country are the results of the age old historical occurrences. The poverty, and economic underdevelopment that has gripped the country will remain a restraining factor. Exponential population growth, unemployment, environmental degradation, inadequate transfer of technology and the like are all conspiring against fast-paced growth of the country. Among other things, the interplay among the various ethnic and religious realities, traditions, and customs, as well as the political grounds will continue to have their own impact upon the recent make up of the country.

The positive changes taking place recently in the area of peace and stability, represent a remarkable swell of political centralism or, in other words, decentralization, democratic governance and the like were not brought about over night. Series of struggles and activities preceded this in the previous regimes.



This part of the research, hence, touches upon the historical aspect of the government systems of the earlier regimes in Ethiopia. Particularly, the ancient times, the Menelik era, Emperor Haileselassie and the Derg periods are briefly discussed. Moreover, the description of the current decentralization process is also included in this chapter.

4.2 Ancient Times

Ethiopia is a country with ancient historical background. Its statehood goes back to pre-Christian times and, surprisingly, has reached the present era uninterrupted.⁶⁴ Although its boundaries have waxed and waned according to the military and political strength of its feudal monarchs, over the centuries the state has kept intact.⁶⁵

The earliest historically recorded strong state structure dated back to the first century A.D. by the Axumite state somewhere in the present day northern part of Ethiopia.⁶⁶ With Axum as its capital and Adulis as its main sea-port, the Axumite Empire emerged as the mercantilist regional power to overshadow the kingdoms of Saba and Meroe on either side of the Red Sea.⁶⁷ The Axumite empire traded far and wide and had close commercial and cultural contacts with the Greco-Roman world of the Mediterranean, Arabia, Persia, and India.⁶⁸

One of the most significant aspects of early civilization in the Axumite time was the development of the Ge'ez script and the creation of the vowel system in the Ge'ez language which was regarded as a remarkable achievement making

⁶⁴ Fasil Nahum, 3.

⁶⁵ Ibid.

⁶⁶ Ibid.

⁶⁷ Bahru Zewdie, *A History of Modern Ethiopia*, (London: James Curry, 1992), 31.

⁶⁸ Fasil Nahum, 5.

ancient Ethiopia one of the very few countries which had written languages in Africa.⁶⁹ The Ge'ez alphabets are still used as the bases of writing of the official language, Amharic.

Sometime at the end of the ninth century, the Axumite empire was destroyed by Yodit, a Falasha queen.⁷⁰ The Agew state then became the successor of the Axumite state and took control of Ethiopia roughly up to 1270 in the northern central highlands.⁷¹

Towards the end of the thirteenth century, the center of power shifted southward to the present day Shewa.⁷² Amde Zion and Zera Yacob were remarkable for establishing the pattern and composition of the pluralistic state and society of medieval Ethiopia.⁷³

However, at the end of the sixteenth century, because of the wars of revolt under the leadership of Ahmed Gragh, the central government disintegrated.⁷⁴ Ahmed Gragh's *jihad* started from the present day Harar in the South Eastern part of Ethiopia. It nearly wiped out Christianity from the highlands of Ethiopia.⁷⁵ But, his revolt was resisted with support from the Portuguese army.⁷⁶

That brings us to the *Zemene Mesafent* (the Era of the Princes) when the state for all practical purposes disintegrated into half a dozen or so regions.⁷⁷ Provincial chiefs had their independence, especially the further they were from the

⁶⁹ Op Cit.

⁷⁰ Ibid.

⁷¹ Ibid.

⁷² Ibid.

⁷³ Ibid.

⁷⁴ Ibid.

⁷⁵ Ibid.

⁷⁶ Ibid.

⁷⁷ Ibid.

political center of gravity. The central government made no effective demand for revenues and offered no real threat of monarchical sanctions. Regional lords plotted and fought against each other continuously.⁷⁸

In the middle of the nineteenth century, some attempt was made at reunification of the Ethiopian state. The most significant of such attempts was that by an adventurer named Kassa, who, after having built an army by brigandage, was crowned as Emperor of Ethiopia with the crown-name of Tewdros in 1855.⁷⁹ Emperor Tewodros is known as a pioneer of rudimentary centralized administration. In his time, attempts were made to transform regional chiefs into salaried officials dependent upon the crown.⁸⁰ Tewodros's attempt to establish a centralized system of governance brought him into conflict with the church and a series of rebellious groups were created. He finally shot himself in the Battle of Maqdela in the war with the British.⁸¹

The next emperor Yohannes IV tried to fulfill Tewodros' dream of unifying the country. But, successive foreign aggressions limited his intention. In the battle of Mettema, against the fundamentalist Mahadists, Yohannes IV died.⁸²

4.3 The emergence of Ethiopia as a Modern State

Menelik II (1889 - 1913)

The successor was Emperor Menelik II of Shewa, to whom fuller political cohesion and centralization was left. His time was considered as one of the first

⁷⁸ Bahru Zewdie, 115.

⁷⁹ Fasil Nahum, 11.

⁸⁰ Ibid.

⁸¹ Bahru Zewdie, 116.

⁸² Ibid.

and successful attempts to establish strong central government with a modern administrative structure.⁸³ With the help of imported firearms, he systematically stretched the boundaries of his empire.

Menelik was a man who was interested in transforming the way of governance from the traditional way into a modern system. Unlike his predecessors, his approach of reform was gradual and slow.⁸⁴ As a result, he rarely confronted strong resistance from the church and the nobility. He founded Addis Ababa as the center of politics and capital of the country. In 1917 the Franco-Ethiopian railway, which connected Addis Ababa with the port of Djibouti, was built,⁸⁵ and this paved the way for a link between the wider world of technology, business and ideas and an isolated, landlocked Ethiopia.

Through armed forces, he demarcated the present day Ethiopia's territorial and geographical boundaries and secured international recognition for its sovereignty by establishing diplomatic relations with the then major European powers, including Britain, France, Italy and Russia.⁸⁶

The period of Emperor Menelik II (1889-1913) was characterized by centralized government. This was because the politics at that period was concerned with nation building and safeguarding this by creating a strong and centralist state was the central issue.⁸⁷

Another important development realized during Emperor Menelik's period was the appointment of ministers at the turn of the last century, an innovation

⁸³ Asmelash Beyene, Some Notes on the Evolution of Regional Administration in Ethiopia, (Addis Ababa: 1987), 23.

⁸⁴ Fasil Nahum, 13.

⁸⁵ Bahru Zewdie, 101.

⁸⁶ Meheret Ayenew 8.

⁸⁷ Ibid.

which resulted from efforts by his European advisors.⁸⁸ The ministries were, Justice, War, Pen, Finance, Commerce and Foreign Affairs, and Imperial Court.⁸⁹ However, after the death of Menelik in 1906, the modernization of public administration in the country weakened. The successors were Menelik's daughter Empress Zewditu and after her death, Menelik's grand-son, Iyasu. Their period of power was very short because of internal struggle characterized by ceaseless plotting. At last Haileselassie I emerged as the undisputed sovereign.⁹⁰

Haileselassie I Period (1930-1974)

Emperor Haileselassie I was another personality in the history of modern Ethiopia. He had made enormous efforts to modernize the country and its government. In his effort to modernize the country, Emperor Haileselassie I had made a great attempt to expand modern education, health facilities, public administration and other social activities. One of his efforts to build a modern state was reflected in his achievement of establishing the first constitutional monarchy state in the history of the country in 1931. As Asmelash Beyene put it;

*A year after he was crowned, he promulgated the 1931 constitution, which formalized what had always existed de facto, i.e., the power of the Government in Ethiopia vested essentially with the traditional authority, the Emperor.*⁹¹

The tendency and effort to centralize the country was reflected in the constitution. This tendency was embarked upon following his accession to the throne in 1930.

⁸⁸ Fasil Nahum, 13.

⁸⁹ Bahru Zewdie, 115.

⁹⁰ Ibid.

⁹¹ Asmelash Beyene, 25.

Even though the period of Emperor Haileselassie I was characterized by the consolidation and strengthening of centralized bureaucracies, there were some attempts at decentralization. Due to popular pressures from different corners of the country for local self-administration, decentralization of power and authority was declared at Awraja (sub-province) level in 1966 by order No.43 of 1966. Fifty Awrajas (sub-provinces) were selected from among the fourteen provinces of the country on the basis of their potential to be self-sufficient.⁹² The order established a system of elected Awraja (sub-province) councils to exercise jurisdiction over local affairs. The purpose was to bring the growing local government activities into a manageable dimension in which the best advantages of decentralization could be achieved.

However, the decentralization measures at Awraja (sub-province) level were not implemented at all, due to fierce opposition by a determined group in the then parliament and the weakness of the then Ministry of Interior about the advantages of the decentralization process.⁹³ Moreover, the Emperor himself and the nobility feared that the Awraja level decentralization to the effect of self-administration would eventually result in threatening their absolute power over the country.⁹⁴ As a result, the period of Emperor Haileselassie was one of centralized government structures. The country at that time was divided into 14 provinces ruled by appointees of the Emperor himself. The fourteen provinces of the country are indicated on the map presented on Annex A.

In 1974, after a military coup d'état, Emperor Haileselassie's government was overthrown and the *Derg* (The Military government) with a socialist ideology took power. The *Derg* dissolved the parliament and suspended the constitution.

⁹² Meheret Ayenew, 20.

⁹³ Cohen, J., Local Government Reform in Ethiopia, (Washington D.C, 1974), 15.

⁹⁴ Fenta Mandefro, 20.

4.5 The Military Government or Derg Period (1974-1991)

The establishment of the Derg necessarily brought about profound social, economic and political changes in the country. Immediately after it took power, the military government (generally referred to as the Derg) abolished the monarchy and introduced socialism as the guiding ideology, as well as proclaiming its international alignment with communism.⁹⁵ What originally started as a peaceful takeover of power soon turned into a blood bath. University and secondary school students took the brunt of the violence as they found themselves in the vanguard of the demand for civilian government.⁹⁶ The military regime had no intention of giving in to such demands and unleashed the red terror that resulted in the maiming, death, and disappearance of untold numbers.⁹⁷

Within a short period, a major war with Somalia started with huge losses of people on both sides. This ended with Ethiopia pushing Mogadishu's soldiers back to their borders.

The communist ideology the Derg articulated was advocated of its godlessness and demotion of religion.⁹⁸ The confrontation was also with the West-oriented intellectuals as well as with Western countries in general.

Apart from these, in the Derg regime, the armed struggle for independence in various parts of the country was gaining momentum. Particularly, violent confrontations in Eritrea and Tigray, which were based on popular resistance against the Derg, were taking place with greater frequency and heightened impact.

⁹⁵ Fasil Nahum, 28.

⁹⁶ Ibid.

⁹⁷ Ibid.

⁹⁸ Op Cit.

The setting up of the Workers Party of Ethiopia (WPE), which was organized according to the Leninist principle of democratic centralism as the sole political party in the country obviously did not serve the democratization process and further forced the opposition to go underground and continue armed resistance.

The Derg established a system characterized by:

*a highly regimented system of agriculture and economic management, forced collectivization of rural peasantry and coercive resettlement of the drought-affected population with appalling consequences for human rights violations and forced family separation well all reminiscent of authoritarian governance.*⁹⁹

The intensification of ethnic/civil wars in the country and the increasing resistance to the regime compelled it to consider some kind of decentralization.¹⁰⁰ Accordingly, the government established an institute of nationalities to draft a constitution and advise it on reorganizing the post-monarchical Ethiopian state.¹⁰¹

Initially also the Derg government attempted to solve the problem of self-administration as reflected in its National Democratic Revolution Program (NDRP) in 1976.¹⁰² The program embodied the right to self-determination as a means to solve the long standing problem of centralized governance. This can be

⁹⁹ Meheret Ayenew, Decentralization in Ethiopia, (Addis Ababa, 2000), 9.

¹⁰⁰ Ibid.

¹⁰¹ Op Cit.

¹⁰² Fenta Mandefro, 21.

seen from a provision in the program which stated, "each nationality will have regional autonomy to decide on matters concerning its internal affairs."¹⁰³

As a response to the program, lower local level administrative units were established in the rural and urban areas. These lower administrative units were the Peasants Associations (PAs) in rural areas and the Urban Dwellers Associations (UDAs) in Urban areas.¹⁰⁴

PAs were assigned the power and duties of distribution of land, administration and conservation of communal property in their surroundings, the rendering of judicial services, establishment and management of different agricultural cooperatives, building of schools, clinics and similar institutions.¹⁰⁵ UDAs had also duties and powers of execution of land use, building and administration of educational, market and other social institutions in their areas and other activities.¹⁰⁶

Both PAs and UDAs had councils of their own directly elected by the dwellers of their areas of jurisdiction and were accountable to the local people.¹⁰⁷ However, the usual practice was that the elected council members were members of the Workers Party of Ethiopia and were accountable more to the party than to the people. As a result, they were not serving the interest of the local people, rather they were serving as policy implementers and defenders of the central government and hence, they were acting as if they were appointed rather than elected.

¹⁰³ Provincial Military Government of Ethiopia. National Democratic Revolution Program, (Addis Ababa, 1976).

¹⁰⁴ Tegegne GebreEgziabher, The Influence of Decentralization in Ethiopia, (Addis Ababa, AAU, 1998), 37.

¹⁰⁵ Fenta Mandefro, 21.

¹⁰⁶ Ibid.

¹⁰⁷ Op Cit.

Another nominal attempt at self-administration made by the Derg regime was the establishment of Administrative and Autonomous Regions in the country by Proclamation No. 14 of 1987. According to this proclamation the country was divided into 25 Administrative and 5 Autonomous Regions. The Administrative and Autonomous Regions were further divided into Awrajas (sub-provinces) thus establishing a three-tier division of center, region and Awraja.

The criteria set-up for delineating regions were nationality, economic and geographical variables, administrative efficiency, boarder areas and their political situation.¹⁰⁸ The application of the criteria, however, was subjective and there was no clear basis for quantifying and weighting them.¹⁰⁹

According to Proclamation No.16 of 1987, the institutional framework of regional administrative power in Ethiopia was composed of the *Shengo* (council) and executive committee. In this proclamation, it was decided that the Regional *Shengo* (council) was the highest organ of the state power in the region and was accountable to the people of the region and the national *Shengo* (council). Among the powers and duties of the *Shengo* were, the responsibility to determine social and economic plans and the budget of the region and implement them when approved by the national *Shengo*. The executive committee of the autonomous and administrative regions served as the executive and administrative organ with the responsibility to prepare the social and economic plans and the budget of the region and implement them when approved by the *Shengo*.

The map in Annex 4 shows the Autonomous and Administrative Regions of the country as determined by Proclamation No.14 of 1987.

¹⁰⁸ Tegegne GebreEgziabher, 37.

¹⁰⁹ Ibid.

The fact that some regions were designated as autonomous, at least in the policy framework, was primarily necessitated by increasing tribal instability and conflicts in some provinces of the country, notably Eritrea, Dire Dawa, Assab, Tigray and Ogaden.¹¹⁰ These regions were carefully selected provinces afflicted by ethnic and nationalist strife, and hence, were given autonomous status.

Therefore, the decentralization measures taken in the Derg period were not basically proclaimed to solve the problem of self-administration, rather it was an attempt to solve the crisis of peace and order and to secure the unity and stability of the country.¹¹¹ But, this was a policy to which the regime fully subscribed as a matter of expediency to deal with the problems of ethnic insurgency and political instability.¹¹² This was evidenced by the fact that regions which were given the autonomous status were unstable regions, and "they enjoyed very little autonomy in practice, whether in politics, administration or finance."¹¹³

The above factors indicate that, the Derg regime had no better record than its predecessors in decentralizing the country.¹¹⁴ It too steadfastly held a highly centralized and unitarist state, and the system of governance was characterized by centralization. Numerous decrees and proclamations to the effect of self-administration were no more than paper.

Tegegne Teka and Alemayehu Assefa described the situation of the Derg in the following manner:

¹¹⁰ Meheret Ayenew, 8.

¹¹¹ Eshetu Chole, 31.

¹¹² Kellen, E. *Revolutionary Ethiopia*, (Washington DC, 1988), 15.

¹¹³ Eshetu Chole, 31.

¹¹⁴ Meheret Ayenew, 2000, 9.

As in the Imperial period, the period of socialism in Ethiopia was dominated by a one-man show, state and party administration was embedded in one person. Mengistu Hailemariam was the President of the Country and the General Secretary of the Workers Party of Ethiopia, The Period 1974-1991 in Ethiopia was a one -man /one - party dictatorship.¹¹⁵

In 1991, after decades of civil war, the Derg regime collapsed and the Transitional Government was established. There was a radical change in political and institutional transformation. The next part is devoted to discussion of the decentralization process in the Transitional and Federal Democratic Periods.

4.4 Overview of the Current Decentralization Process in Ethiopia

As has been indicated earlier, most of Ethiopia's twentieth century political history has been one of centralism. However, before Emperor Menelik's period, the regions in the country enjoyed a great deal of autonomy, not because of deliberate decentralization policy, but essentially because the center was weak to impose its will on them. But this was changed particularly during Emperor Menelik's period (1889-1913) who was from the beginning determined to build a nation and to create a strong and centralist state¹¹⁶. The period of Emperor Haileselassie (1930-1974) was also quite similar in many respects to that of the Menelik's (Menelik and Haileselassie were important figures in modern Ethiopia).

Although the Military regime, which was generally known as the Derg, followed and operated within a totally different ideological framework, it raised centralism to even greater heights, just like its predecessors. This can be observed

¹¹⁵ Tegegne Teka, and Alemayehu Assefa, The Ethiopian Civil Servant (Addis Ababa, 1996), 5.

¹¹⁶ Meheret Ayenew, 1998. 8.

from a mix of militarism and rule by a monolithic party.¹¹⁷ There was, of course, much talk of regionalization in the Derg period, to the extent that some regions were designated as autonomous. But "they enjoyed very little autonomy in practice, whether in politics, administration or finance."¹¹⁸

Since the take over of political power by the present government in May 1991, a number of devolutionary measures in administration and finance have been undertaken. Its principal policy platform is that an ethnic-based reorganization will help to do away with the root causes of inequality that exist among the various ethnic groups.¹¹⁹ The Charter which set-up the Transitional Government of Ethiopia recognized "the rights of nations, nationalities and people to self-determination and to determine their own affairs by themselves."¹²⁰ This was followed by a proclamation which established national/regional governments along ethnic-lines.

4.5. Physical Characteristics of Ethiopia Under the Current Decentralization Process

Population

Ethiopia is a country with diverse ethnic groups, cultures and religions. There are about 80 ethnic groups in the country as identified by the Central Statistical Authority (CSA) in the 1994 population and Housing Census. Out of the 80 ethnic groups, only seven ethnic groups (Oromo, Amhara, Tigray, Sidama, Somale and Wolayta) have a population greater than a million.¹²¹

¹¹⁷ Eshetu Chole, 31.

¹¹⁸ Ibid.

¹¹⁹ Messert Shiferaw, 12.

¹²⁰ TGE, *Transitional Government Charter* (Addis Ababa, 1991).

¹²¹ Befekadu Degefe, and Berhanu Nega, *Annual Reports on the Ethiopian Economy*, (Addis Ababa: EEA, 1999/2000), 68.

According to the estimation of the Central Statistical Authority (CSA), the total population of the country at the end of 1998 was 61,672,000.¹²² Nearly 86 percent of the total population is rural based, and the sex ratio at national level seems to be moving towards parity, from 1.02 male/female ratio in 1984 to 1.01 in 1994.¹²³ In rural/urban dichotomy, the male population exceeds the female population in rural areas, while the opposite is true for the urban, where females out-number males.¹²⁴

Table 4.1. Indicates the population, territorial size and other measures of the regions in the country.

Table 4.1: Population, Area, Zones and *Woredas* of the Country

region	population (⁰⁰⁰)	area (⁰⁰⁰)km ²	zones	woredas	special woreda	density
Tigray	3,593	60.2	4	35		59.7
Afar	1,188	77.0	5	28		15.4
Amhara	15,850	188.0	10	102	1	84.3
Oromia	21,694	360.0	12	176		60.3
Somale	3,602	215.9	9	47		16.7
Benshangul/Gumuz	523	46.8	2	13	-	11.2
SNNP*	12,132	112.0	9	71	5	108.3
Gambella	206	26.1	2	8		7.9
Harari	154	0.3	3	19		513.3
Addis Ababa**	2,424	0.4	6	28		6060.0
Dire Dawa**	306	1.6	4	23		191.3
Total	61,672	1,089.1	66	550	6	56.6

* Southern Nations, Nationalities and Peoples

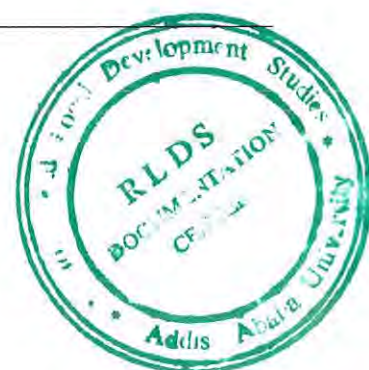
** City Governments

Source: CSA (1999) Statistical Abstracts 1998

¹²² CSA, Statistical Abstracts of 1998, (Addis Ababa, CSA, 1999).

¹²³ Befekadu Degefe, and Berhanu Nega, 67.

¹²⁴ Ibid.



The large majority of the population speaks and understands Amharic language, which is the working language of the Federal Government. About 17.4 million people claim it as their mother tongue and for another 5.1 million, say it is their second language.¹²⁵ The second most widely spoken language is the Oromo language, where about 16.8 million claim it as their mother tongue and another 1.5 million claim it as their second language.¹²⁶

As far as the religion of the population is concerned, about 62 percent of the total population profess Christianity as their religion.¹²⁷ Those affiliated with the Orthodox Church were about 51 percent of the total population and Muslims constitute about a third of the population.¹²⁸

Economic and Social Status of the Country

By any measure, Ethiopia is one of the poorest countries.¹²⁹ It ranked 210th out of a total of 210 countries in GNP per capita terms and 208th in terms of GNP per capita measured at Purchasing Power Parity (PPP) by the most recent World Bank, World Development Report.¹³⁰

The miserable condition of the Ethiopian people is reflected in every sector and by all standard social and economic indicators one chooses to use.¹³¹ Ethiopia's real per capita GNP calculated in dollar terms for 1998 was \$ 100.¹³² The average figure for low-income countries for the same year was \$520 while the

¹²⁵ Op Cit.

¹²⁶ Ibid.

¹²⁷ CSA, 29.

¹²⁸ Befekadu Degefe, & Berhanu Nega, 68.

¹²⁹ Ibid.

¹³⁰ Ibid.

¹³¹ Ibid.

¹³² Ibid.

average for sub Saharan Africa was \$ 480.¹³³ Using purchasing power parity (PPP) which is more indicative of people's buying power in their countries, Ethiopia's real GDP per capita for 1998 amounted to \$500, the third lowest figure in Africa, only higher than those of Sierra Leone's \$390 and Tanzania's \$490.¹³⁴

Ethiopia's underdevelopment is more astounding when the condition of the people is taken into account. An estimated 50 percent of the population live in absolute poverty.¹³⁵ Twelve out of every hundred children born alive do not celebrate their first birth day and a child born in 1998 can expect to live to age 43 only, and 66 percent of the people are not expected to survive to age 60.¹³⁶ What is more shocking is that the major causes of death in the country are those that are easily preventable.¹³⁷

Less than a third of the primary school aged children go to school, of which only 19 percent advance to the junior secondary level.¹³⁸ Only 9 percent of the appropriate age cohort are at the secondary level and one percent advance to the tertiary level.¹³⁹ Associated problems relate to the relevance, appropriateness and quality of the education that is provided to students and the capacity of the country to retain the best of the brains that it has trained.

The implication of all this to the daily life of the average Ethiopian is clear. The level of poverty that is observed in the rural areas of the country and in a significant portion of the urban population is simply staggering.

¹³³ Op Cit.

¹³⁴ Ibid.

¹³⁵ Ibid.

¹³⁶ Ibid.

¹³⁷ Ibid.

¹³⁸ Ibid.

¹³⁹ Ibid.

The Ethiopian economy was much worse off in 1991 when Mengistu's socialist dictatorship was overthrown than when the system assumed leadership seventeen years earlier. Nine years have passed since Ethiopia again charted a new course to address these same economic issues. A new pro-capitalist and market-oriented regime that reversed the command economic system of the past was instituted to stabilize the economy and eventually achieve a healthy and dynamic economic growth. The next section tries to address some important features of the decentralization process taken since 1991.

4.6.2 Features and Characteristics of the Decentralization Process

As has been indicated earlier in this chapter, Ethiopia has a long experience of a centralized political administration. But, since the take over of political power by the present government in May 1991, a number of extensive devolutionary measures in administration, finance, politics, social and various other aspects have been undertaken under the federal structure prototype.¹⁴⁰

Initially, the Transitional Government (TGE) established fourteen National Regional Self-governments on the basis of settlement, language identity and willingness of nations, nationalities and peoples.¹⁴¹ The fourteen regions established were named by numbers, i.e., Region 1, 2, . . . 14. Later in 1995, when the Federal Democratic Republic of Ethiopia (FDRE) was established, most regions were renamed after the name of a major group in the region. Moreover, one larger region was created by a voluntary merging of five Southern Regions (Regions 7, 8, 9, 10 and 11), with the name Southern Nations, Nationalities and Peoples Region (SNNPR). In addition, two city administrations were established.

¹⁴⁰ Messert Shiferaw, 12.

¹⁴¹ TGE, Transitional Charter,

According to Article 47 of the Federal Constitution, the member states (regions) are:

1. Tigray
2. Afar
3. Amhara
4. Oromia
5. Somali
6. Benshangul/Gumuz
7. SNNP
8. Gambella
9. Harar

Particularly the two city Regions/ Administrations, are Addis Ababa and Dire Dawa.

However, it must be raised here that Dire Dawa is not mentioned in the Federal Constitution. Not a single legislation has been enacted about it either. Dire Dawa is not thus a legally defined territory. It does not have legislative, executive or judicial powers of its own. It does not have its own parliament. The courts there are federal and the executive does not have a legal basis. Its status is only temporary, pending the solution of the conflicting claims between the Somali and the Afar Regions on that area. In this case, Dire Dawa does not qualify as a city region. The map in Appendix B shows the Regions of the country in the federalist form.

Some of the features and characteristics of the recent decentralization process are discussed below.

Ethnicity and Language Used as Basis

The kind of decentralization that is being implemented in Ethiopia is primarily based on ethnic- linguistic criteria. These criteria were used to identify regions. Other considerations such as resource endowment of regions, institutional and administrative capacity and manpower strength were given secondary attention.

Initially, in 1992 fourteen regions were formed by Proclamation No, 7 of 1992 along ethnic-lines. The Regions, as specified in the Proclamation are indicated below together with the ethnic groups under them.

Table 4.2: Regions of Ethiopia and Ethnic Groups During the Transitional Period

Regions	Major Ethnic Groups
1	Tigray, Saho, Kunama
2	Afar
3	Amhara, Agaw-Kamirgna, Agaw-Awingigna, Oromo-Kalu.
4	Oromo
5	Somali
6	Gumuz, Koma, Berta, Semeien Ma'o, Shinasha
7	Guraghe, Hadya, Kambata, Alaba, Timbaro, Yem
8	Sidama, Gedeo, Burji, Amaro/Kore, Gidicho,
9	Welayta, Dawro, Konta, Aydi, Gewada, Melon, Gofa, Zeysie, Gobeze, Busa, Konso, Gidole ^{Dergshe} , Gamo,
10	Basketo, Mursi, Ari, Hamar, Arbore, Dassanetch, Nyangatom, Tsemay, Male, Dime, Bodie,
11	Keficho, Na'o, Dizi, Surma, Zelmam, Sheko/Mocha, Me'en, Chara, Bench, Sheka.
12	Anguak, Nuer, Majanger,
13	Harari and Oromo
14	35 Ethnic groups

Source: TGE (1992: 7-8)

The above are not the only ethnic-groups in the country. There are about 80 ethnic groups in the country as identified by the Central Statistical Authority, in the 1994 National Housing and Population Census.¹⁴² However, the above Proclamation recognizes 63 of them, out of which only 48 of them are large enough to be able to establish their own self-government structures in regions, zones and woredas.¹⁴³ On the other hand, the Constitution establishes the basic principle that any nationality, however small, can establish a region of its own.

¹⁴² CSA, Reports of 1994 Population and Housing Census (Addis Ababa: CSA, 1996), 27.

¹⁴³ World Bank, 1.

The remaining ethnic groups (minorities) are small in number to establish their own administrative structure, and hence included together with other ethnic groups. However, a special representation has been designed for minorities in the administrative structure.¹⁴⁴

According to Article 5 of the Federal Constitution 1995, all languages in the country are said to enjoy equal recognition. Under sub-article 2 of this article, the Amharic language is proclaimed as the working language of the Federal Government. The next sub-article, (sub-article 3) allows regions of the country to determine their respective language as the working language of their region. As a result, out of the nine regions, Oromia and Tigray regions use Oromiffa and Tigrigna as the working languages of their regions respectively. The Somali and Afar use also their respective local languages at least in some areas. The SNNP region uses Amharic as the regional language. Some zones and special woredas in this region use their respective languages. The remaining regions, so far, use Amharic as their working language including in the judiciary. Most languages are used in primary schools as media of instruction. This could be regarded as a mechanism for the gradual transformation of vernacular languages into working languages.

The arguments for vernacular languages playing such a paramount role in regional formation are numerous. One of the basic arguments is the strong belief in the principle that "a decision-making process that includes all nationalities and ethnic-groups, is key to sustained national development,"¹⁴⁵ On this ground, the present government strongly advocates this issue. The other pragmatic argument is related to the fact that the ethnic and language issue was adopted in the country in response to:

¹⁴⁴ Op Cit.

¹⁴⁵ Ibid.

*the long-period of internally and externally generated turbulence whose principal manifestation was chronic political instability fueled by ethnic/civil wars, recurrent droughts and famines.*¹⁴⁶

Therefore, there has been a strong belief in the government that ethnic based regional formation will have to reduce "inter-ethnic conflict that has divided Ethiopian society for centuries."¹⁴⁷ Fasil Nahum also considered it as being implemented due to the need for righting the past wrongs evidenced by "historically unjust relationships."¹⁴⁸ The present system of decentralization, hence, is provided to guarantee for all ethnic groups in the country "an unconditional right to self-determination."¹⁴⁹ Hence, ethnic-based decentralization has been considered as:

*the only realistic option to promote self-rule for the different ethnic groups by giving them their own territory and administration, and thereby preserve the multi-ethnic Ethiopian state.*¹⁵⁰

On the other hand, critics of the government argue that "the regionalization of ethnic politics would polarize Ethiopian society and lead to its disintegration."¹⁵¹ Some also indicate problems of "tension between minority and

¹⁴⁶ Meheret Ayenew, 2000, 13.

¹⁴⁷ Lulseged Ageze, 7.

¹⁴⁸ Fasil Nahum, 15.

¹⁴⁹ FDRE, Constitution, Article 39, (1), 1995.

¹⁵⁰ Meheret Ayenew, 2000, 13.

¹⁵¹ Op Cit.

dominant groups"¹⁵² in the ethnic-based federal arrangement. According to such people:

*the use of ethno-linguistic criteria in determining state boundaries have created the unintended consequence of dominant groups tending to regard minorities as aliens and denying them their basic citizenship rights.*¹⁵³

However, the Federal Constitution provides for the proportionate representation of minority interests in regional governments. Moreover, there are several states in the world built around the ethnic, language and cultural criteria, like Belgium, Canada, Switzerland, the ex-USSR, and the ex-Yugoslavia.¹⁵⁴ Some of the Western States have proved durable, while the ex-communist states have collapsed. Therefore, ethnic and language based decentralization by itself is not an evil, and

*it can thus be generalized that ethnic-based federal state structure could succeed only under democratic political and economic systems while they have proved unsustainable under authoritarian political and economic structure.*¹⁵⁵

During the Transition Period, the regions were given an unprecedented law making executive and judicial power. Many of them had governments of their own and started managing their own affairs. Although it was not said in many words, federalism started during the Transition period.

¹⁵² Seyoum Gebreselassie, & Yacob Arsano, The Challenges & Opportunities of Federalism in Ethiopia, (Addis Ababa; AAU: 1999), 100.

¹⁵³ Op Cit , 101.

¹⁵⁴ Meheret Ayenew, 2000, 13.

¹⁵⁵ Ibid.

Therefore, so far, no significant problems have emerged in this regard, only with minor ones because of lack of experience.

The Right to Secession

The other feature of the decentralization process is the right to secession to ethnic groups in the country. According to Article 39 sub-article 1 of the Federal constitution; “every nation, nationality and people in Ethiopia has an unconditional right to self-determination, including the right to secession”,¹⁵⁶

The right to secession is an important right. That is for sure. This right is however, a component of a bigger right of self administration. As one can see under Article 39 (2) of the Federal Constitution, this right of self administration includes;

- the right to speak, to write and develop its own language, etc.
- the right to a full measure of self-government which includes the right to establish constitution of government... and equitable representation in state and Federal Governments... The right to secession is therefore only the outer limit of this right.

The right to secession is going to be effected after completion of some preconditions or prerequisites. The prerequisites are listed under the same article as:

¹⁵⁶ FDRE, Constitution, Article 39 (1).

- "when the demand for secession has been approved by a two-thirds majority of the council of the nation, nationality or people concerned;
- when the Federal Government has organized a referendum within three years from the time of the council's decision for secession;
- when the demand is supported by a majority vote;
- when the Federal Government transfers its powers to the council requested for secession;
- when the division of assets is effected.¹⁵⁷

There are two views opposing each other concerning the right to secession. The present government and other scholars, who are in favor of it, argue that:

*the granting of autonomous status (including the right to secession) weakens the moral strength of the demand for freedom. It permits considerable authority over local affairs in the region with autonomous status while it permits the enjoyment of the advantages conferred by the economies of scale afforded by belonging to a larger system. It offers an opportunity for conflict to be resolved on the basis of a rational assessment of the advantages and disadvantages of the chosen courses of action by those demanding separation.*¹⁵⁸

Fasil Nahum also regarded the right to secession as "part of the broader right to self-determination and the ultimate extension and expression of the right to

¹⁵⁷ Ibid.

¹⁵⁸ Seyoum Gebreselassie & Yacob Arsano, 99.

self-administration."¹⁵⁹ It can be a guarantee for sustainable peace and a solid foundation for unity based on equality and mutual respect and it is one of the core values of democracy, which is regarded as an essential condition for the sustenance of a country with diverse ethnic groups. This argument is based on the belief that "the nation state exists to serve the people and not vice-versa,"¹⁶⁰ If any ethnic-group strongly feels that its interests are not being properly served by the country, it should be able to change it, usually through secession.

On the other hand, other scholars argue that the right to secession to different national and sub-national ethnic groups "has often encouraged internal civil strife and further encouraging even those with selfish causes to attempt greater exploits for their own glory."¹⁶¹ They argue that the advantages to be accrued from economies of scale is rooted in the assumption that people are generally rational and it is not going to work if this is not to be assumed.¹⁶²

At this stage, however, one can see that ethnic-based decentralization with the right to secession status given to ethnic groups has brought an abrupt end to decades long civil war in the country. A case in point is the conflict that used to occur in the Ogaden area, and among various ethnic groups in the southern part of the country. Particularly in the Ogaden area, ethnic Somalis fought against the past two central governments with various pretexts and with/without the help of foreign nations, such as Somalia. Now that there is an autonomous Somali region, as part of the decentralization process, the Ogaden area is no longer an area of major conflict. Recently, under the present FDRE, there was a conflict based on border limitations between the Somali and Oromia regions. This was managed by committees established by both regions with the coordination of the Federal government.

¹⁵⁹ Fasil Nahum, 53.

¹⁶⁰ Ibid.

¹⁶¹ Seyoum Gebreselassie & Yacob Arsano, 99.

¹⁶² Ibid.

Hence, secession is not going to be easy. One has to get 2/3 majority of the regional parliament which is not so simple. Furthermore, one has to win the referendum to be organized by the government. For example, it was not easy for Quebec in Canada. Likewise, it is not going to be easy in Ethiopia either.

Pronounced Role of the Center

In Ethiopia, for all the policy commitment towards decentralization, the role of the center in decision-making is still pronounced.¹⁶³ For instance, the Federal Government collects most taxes and revenues, and in 1997-98 it collected 82 percent of the aggregate tax revenue and 83 percent of the aggregate non-tax revenue.¹⁶⁴ The supremacy of the center is reflected in the constitutions of two selected regions. In the constitution of the Regional State of Oromia, it is stated that “without the prejudice to the supremacy of the constitution of the Federal Democratic Republic of Ethiopia.”¹⁶⁵

The same statement is also in the constitution of the Southern Nations Nationalities and Peoples' Regional State Proclamation, which says, “without prejudice to the supremacy of the constitution of the Federal Democratic Republic of Ethiopia”.¹⁶⁶

These provisions do not make the role of the center more pronounced than expected. After all, it is a federal government and there has to be some supremacy of federal powers over regional powers. It seems it is common to all federal governments, whether a regional constitution accepts it or not. As a matter of fact,

¹⁶³ Eshetu Chole. 34.

¹⁶⁴ World Bank, 5

¹⁶⁵ Oromia Regional State, *Megeleta Oromia*, Article (Addis Ababa, 1995),

¹⁶⁶ SNNP Regional State *Debub Negarit Gazeta*. (Awassa, 1995).

the Federal Government is a government of limited powers. According to the Federal constitution, its powers are specified and any power not mentioned in the list belongs to the regions. The regions have wide ranges of law making, executive and judicial powers.

Particularly, at this initial stage of development, the central or federal government's pronounced role may be regarded as a positive aspect, since regions lack the required experience and resources. It may be recommended that the federal government should fill the gaps created until the regions are relatively competent enough to shoulder all their responsibility.

For most scholars, the pronounced role of the federation is due to the concern for national unity. It is the mechanism through which the country persists as an integral whole rather than a sum of disintegrated parts. Some people think that the devolution of power would disintegrate the country.

Limited Capacity of Regions

One of the central issues of the decentralization process in the country is related to the administrative personnel and financial capacity of the different levels of government engaged in the implementation of the process. Particularly, as far as the issue of trained manpower is concerned, it is one of the crucial determining factors for the success of the decentralization process. According to Rondinelli and others, most developing countries do not have an adequate number of trained personnel to meet the requirements for the process, and the already available skilled personnel always concentrate on the national capital.¹⁶⁷

¹⁶⁷ Rondinelli, et. al, 27.

In the Ethiopian situation the shortage of manpower is more pronounced at sub-national levels. Most regional offices are staffed with less qualified personnel than are needed to fill a job position. Such lack of skilled, trained and adequate personnel emanates from several factors, such as low training capacity of the country, the prevailing low pay of the public sector which attracts professionals to the private sector, brain drain and the like. Bias of graduate profile in favor of one dominant group (the Amharas) is another factor.

Although the shortage of trained personnel is a national problem, its magnitude varies from center to region and from region to region. Relatively, the central government is better than the regions in terms of attracting skilled and trained personnel both in mix of qualification and in number. The establishment of colleges and other training centers, however, needs to be mentioned here. The regions are getting trained manpower more and more from such institutions. The judiciary, the prosecution, the other executive organs have new trained manpower, as a result. Table 4.3 shows the status of qualified manpower in regions of the country.

Table 4.3: Number of Civil Servants by Level of Education (1999).

Level Of Education	Tigray	Afar	Amhara	Oromia	Somale	Benshangul/ Gumuz	SNNP	Gambella	Harari	Addis Ababa	Dire Dawa	Federal
Illiterate	8	1640	217	418	4	12	70	7	66	126	2	2
Read and Write	548	167	1801	1919	18	99	569	91	104	1044	151	5354
Grade 1 - 3	418	24	164	951	-	81	782	257	63	495	35	901
" 4 - 8	3350	621	6678	10418	15	912	5047	712	341	2815	317	7666
" 9 - 12	4854	1243	13440	19994	59	1883	14431	1033	669	5120	462	11760
Certificate	8965	28	29202	51726	61	2028	29449	1356	1047	2401	277	1095
Vocation & Tech. incomplete	21	-	59	132	-	-	11	3	1	252	116	133
Diploma (Voc & Tec.)	982	66	573	896	7	283	488	232	20	1679	202	3639
Coll. and Univer. incomplete	116	11	561	704	-	11	323	1	322	1410	128	570
Diploma (Coll/Univ.)	1411	321	6784	10372	3	578	3067	236	253	3964	243	3464
Diploma (others)	49	-	-	71	1	-	3214	-	-	778	274	698
B.A/B.Sc.	557	95	2219	2860	23	275	1885	127	163	1609	161	3218
L.L.B	16	1	4	13	20	8	9	5	7	35	1	120
M.D.	89	10	150	290	-	24	193	10	48	185	35	371
D.V.M.	24	10	127	137	1	5	76	3	9	11	8	60
M.A/M.Sc	115	31	277	459	1	31	291	6	19	156	14	1555
L.L.M	1	1	3	1	-	1	2	-	-	3	3	18
Ph.D.	4	-	5	14	-	2	7	-	3	12	-	152
Not Stated	-	1460	-	-	5768	4	-	-	-	141	38	706
Total	21528	5729	62264	101375	5981	6237	59914	4079	3135	22236	2467	41482

Source: Federal Civil Service, Personnel Statistics (2000)

Apart from manpower, regions also lack the necessary resources to undertake development activities in their areas. One of the underlying arguments for fiscal decentralization is that assigning expenditure responsibilities and decision making powers to lower levels of government can improve a state's ability to efficiently identify and address its citizens needs.¹⁶⁸

In Ethiopia, the government tends towards a welfare state, in that it is heavily involved in providing social and economic facilities required for development. This is evident in Article 90 sub-article 1 of the Federal Constitution of 1995, which says:

*to the extent the country's resources permit, policies shall aim to provide all Ethiopians access to public health and education, clean water, housing, food and social security.*¹⁶⁹

However, lack of the required resources do not permit the regions as well as the Federal Government to create access to all public necessities mentioned above.

In cases of incapacity in terms of resources, Article 94 (2) of the constitution provides a guideline which indicates that,

*The Federal Government may grant the states (regions) emergency, rehabilitation and development assistance and loans, due care being taken that such assistance and loans do not hinder the proportionate development of states (regions).*¹⁷⁰

¹⁶⁸ World Bank, 4.

¹⁶⁹ Article 90 (1) of the Federal Constitution, 1995.

¹⁷⁰ Article 94 (2)

According to this Article, the Federal Government and its line ministries offer guidance and technical assistance, while the regions are encouraged to develop their own development strategies. As per the current arrangement, a handful of experts are assigned to the four weak regions (Afar, Somali, Benshangul/Gumuz, and Gambella) for a period of two years.

Another incapacity is related to revenue or finance. The present distribution of tax revenue is heavily tilted towards the Federal Government.¹⁷¹ This means that there is a concentration of larger tax bases within the federal domain. In the table below, the 1998/99 revenue and expenditure situation of regions is indicated.

Table 4.4: The 1998/99 National/Region Budget (in million Birr)

Region	Own revenue	Expenditure (recurrent +capital)	share of own revenue as % of expenditure
Tigray	100.00	386.89	25.8
Afar	15.00	266.80	5.6
Amhara	180.00	989.59	18.2
Oromya	365.00	1,350.99	27.0
Somali	45.00	381.84	11.8
Benshangul/Gumuz	10.00	190.64	27.0
SNNP	150.00	843.40	11.8
Gambella	7.00	147.00	5.2
Harari	9.00	92.82	9.7
Dire Dawa	21.00	58.93	35.6
Addis Ababa	936.00	1,100.00	85.1
Total	1,838.00	5,809.02	31.6
Federal Gov't	7,846.80	-	-

Source: Lulseged Agaze, (2000:23).

¹⁷¹ World, Bank, 16.

As indicated in Table 4.4, the most lucrative revenue sources are assigned to the federal government and this would eventually mean centralization of revenues. On the average, regions only cover 31.6 percent of their expenditure by revenues of their own.

Table 4.5: Revenue Share of Federal and Regions of Revenues:
1993 - 94 to 1998 - 99

Category	1993 - 94			1994 - 95			1995 - 96			1996 - 97			1997 - 98			1998 - 99		
	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)
Total Tax Revenue	3076.5	82.73	17.27	3878.77	83.18	16.82	4723.19	82.43	17.57	5322.24	81.8	18.2	5787.45	82.96	17.04	6030.45	79.9	20.1
Direct Tax	948.22	55.49	44.51	1311.59	59.62	40.38	1953.84	64.47	35.53	1907.58	61.32	38.68	2030.22	61.58	38.42	2389.33	54.7	45.3
Indirect and profit Tax	899.66	58.3	41.7	1230.79	63.54	36.46	9648.85	65.59	31.42	1748.16	66.91	33.09	1859.79	67.23	32.77	-	-	-
Indirect Tax	834.14	88.19	11.81	945.55	87.02	12.98	1155.43	82.09	17.91	1720.23	81.84	18.16	1376.88	85.02	14.98	25034.2	83.2	16.8
Foreign Trade Tax	1297.2	99.06	0.04	1621.63	100.0	0	1813.92	100	0	2144.43	100.0	0	2380.95	100.0	0	2737.6	100.0	0
Non Tax Revenue	832.82	80.03	197	1908.34	87.73	12.27	2099.44	85.74	14.26	2024.75	81.05	18.95	2242.61	81.96	18.04	2863.88	82.4	17.6

Source: World Bank, 1999, p.21

- (a) = total in million birr
(b) = federal share
(c) = regional share

As shown in Table 4.5 most revenues accrue to the Federal Government. Of course, there is no negative view against the consensus of tax assignment in most federations.

A number of studies of fiscal federalism establish revenue adequacy as an important criterion implementing revenue sharing between the center and sub-national governments. As indicated in Table 4.5, in the 1998/99 fiscal year, the regions managed to cover on average only about 31% of their recurrent and capital expenditures, indicating that they do not have adequate revenues to discharge their expenditure responsibilities. Therefore, the remaining 70 percent was financed by the federal government in the form of budget subsidy.

The grant system in Ethiopia has been flexible whereby the methods adopted have been revised yearly. For instance, in 1993/94 budget year, the grant was based on discretionary measure of the central government whereby it allocated grants based on the assessment of the regions capacity to implement projects. The method adopted from 1994/95 onwards "follows a pattern frequently found in other developed and developing countries combining a formula with other adjustments."¹⁷²

The recent system, therefore, focuses on adjusting the weights assigned to each region based upon the prevailing circumstances. The major parameters that are taken into account in the allocation of grants are "population, level of development of each regional state and the revenue raising effort of each region."¹⁷³ In 1996/97 the weights attached to the parameters was 33 percent, while beginning in 1997/98, the weights attached to the parameters have changed

¹⁷² Brosio G. and Gupta S. , *Fiscal Federalism in Ethiopia* (Washington D.C, IMF, 1997), 511.

¹⁷³ MEDaC, *A Formula for Federal Government Subsidy to Regional States*, in Amharce, (Addis Ababa, MEDaC, 1997). 23

giving population, level of development and revenue raising effort a weight of 60, 25 and 15 percent receptively.¹⁷⁴

Table 4.6. indicates the Federal Government grants to regions from 1997/98 to 1999/2000.

Table 4.6: Federal Government Subsidy to Regions
(in million Birr)

Regions (1)	1997/98 (2)	1998/99 (3)	1999/00 (4)	1999/00 percapita grant (5)= (4/population)
Tigray	284.4	311.0	241.9	62
Afar	235.7	255.2	199.6	157
Amhara	770.9	849.7	689.5	40
Oromia	867.0	991.8	767.0	32
Somali	341.9	361.2	285.2	73
Benshangul/Gumuz	171.6	184.9	135.0	237
SNNP	623.9	703.3	572.4	43
Gamballa	129.7	143.2	109.0	495
Harari	80.0	86.6	65.3	384
Dire Dawa	38.6	36.8	21.1	62
Addis Ababa	-	-	-	-
Total (Regional average)	3,543.7	3,923.7	3,086.0	48

Source: Lulseged Ageze, 29.

It can be seen from the table that the grant regions receive increased in 1998/99 as compared to the previous year, while it decreased in 1999/00. This fact obliges regions to find their own ways in meeting their expenditure needs.

¹⁷⁴ Lulseged Ageze, 28.

The grant gives more weight to weak regions than to strong ones. For instance, the strong regions of Oromia, Amhara, and SNNP, which account almost 80 percent of the total population of the country, receive a per capita grant of 32, 40 and 43 Ethiopian Birr respectively (see Table 4.6) while the relatively weak regions receive a relatively higher amount of grant - as large as Br. 495 million for Gambella.

Chapter 5

The Legal Framework for Decentralization

5.1 Introduction

The new government of Ethiopia has embarked upon the task of revising the political and administrative landscape of the country ever since its accession to power in 1991. Starting early in its tenure and continuing thereafter, the government has been pursuing a policy of decentralization of most government functions. The policy targeted and spearheaded the delimitation of the powers of the center in favour of regional self-governments which had to assume the responsibility of managing the economy in their areas of territory without unnecessary interference from the central government.

A series of rules, regulations, and proclamations have been formulated which have initiated and strengthened the decentralization process. Based upon such laws, (rules and proclamations), significant measures have been taken in the regions and at the central levels. Therefore, it is important to provide a separate area where the rules, regulations, laws and proclamations that are involved in the decentralization are going to be discussed. Hence, this chapter is devoted to the study of such issues .

Various proclamations, rules, and regulations have been formulated ever since the establishment of the Transitional Government in 1991 till to date. Not all rules, regulations and proclamations have significant impact upon the process.

Some of the rules, of course, have limited effect. Therefore in this chapter, only those rules, and proclamations that have been provided to promote the political, social and economic issues that enhance the decentralization process in the country are going to be dealt with. For the purpose of having a good perspective, the discussion is formulated in political, functional and fiscal aspects of the rules and regulations.

5.2 Political Decentralization

The most important driving force behind the adoption of decentralization is political objectives. As Eshetu pointed out, "the most cogent argument for decentralization in Ethiopia is political."¹⁷⁵

One of the first legal instruments which promoted political objectives was the National Charter adopted in June 1991, only a few days after the overthrow of the Military Regime. The Charter that established the transitional period took as its first and prime objective, the reconstruction of the domestic political profile of the country on a mainly national/nationality criteria. This political objective was enshrined in Article 2 of the National Transitional Period Charter which reads:

The right of nations, nationalities and peoples to self-determination is affirmed. To this end, each nation, nationality and people is guaranteed the right to:

- a) *preserve its identity and have it respected, promote its culture and history, use and develop its language,*

¹⁷⁵ Eshetu Chole, 15.

- b) *administer its own affairs within its own defined territory and effectively participate in the central government on the basis of freedom, and fair and proper representation,*
- c) *exercise its right to self-determination or independence when the concerned nation, nationality and people is convinced that the above rights are denied, abridged or abrogated.*¹⁷⁶

The provision in the above article evidenced the first historical measure in the public administration history of the country where the issue of ethnicity and language took ground. According to the provision of the above article, Ethiopian citizens are not “simply lumped together as a people. The Ethiopian citizens are first categorized in their different ethno-linguistic groupings and then these groupings come together”.¹⁷⁷

The people in the country are viewed as groups of nations, nationalities or ethno-linguistic categories. The fourteen regions established by the proclamation No. 7 of 1992 take this aspect. (The regions are indicated in Table 4.2 together with their respective ethnic groups.)

The ethnic groups mentioned in Table 4.2 are not the only ethnic groups in the country. There are about 80 ethnic groups in the country as identified by the Central Statistical Authority in the 1994 Population and Housing Census.¹⁷⁸ However, out of the 80 ethnic groups, only 48 of them are large enough to be able to establish their own self-government structure in either of the regions, zones or woredas.¹⁷⁹

¹⁷⁶ TGE, Transitional Period Charter 1991, 51.

¹⁷⁷ Fasil Nahum, 15.

¹⁷⁸ CSA, 1996.

¹⁷⁹ World Bank, 1.

The regions established in the manner as indicated above continued to function in the Federal Democratic Period with some modifications, which have been made in the Federal Constitution of 1995.

The first change is related to the naming of the regions where regions are referred to not by numbers, as the case was in the transitional period, but after the name of major ethnic groups. The other change is the coming together in one region of the former regions 7, 8, 9, 10 and 11 into Southern Nations, Nationalities and Peoples Region. Therefore, the Regions in the Federal Democratic Period are:

1. The Region of Tigray
2. " " " Afar
3. " " " Amhara
4. " " " Oromia
5. " " " Somali
6. " " " Benshangul/Gumuz
7. " " " SNNP
8. " " " Gambella, and
9. " " " Harari

The other change is related to the establishment of one special city administration with limited authority as compared to the above mentioned nine regions. This is the city administration of Addis Ababa.

Any ethnic group within the above nine regions has the right to establish, at any time, their own regional state. This right would be exercised only by

following a prescribed set of procedures, as indicated in Article 47 (3) of the Federal Constitution of 1995. The procedures are:

1. when the demand has been approved by a two-thirds majority of the members of the council of the nation, nationality or people (ethnic group) concerned, and the demand is presented in writing to the region's council;
2. when the council that received the demand has organized a referendum within one year to be held in the nation, nationality or people (ethnic group) that made the demand;
3. when the demand for the establishment of a region is supported by a majority vote;
4. when the region's council will have transferred its power to the nation, nationality or people that made the demand; and
5. when the new state created by the referendum without any need for application, directly becomes a member of the Federal Democratic Republic of Ethiopia.¹⁸⁰

Another political aspect that is included in the Federal constitution is the right to self administration which includes secession. According to Article 39 (1) of the Federal Constitution, every nation, nationality and people in the country has an unconditional right to self- determination including the right to secession. For this right also, there are necessary procedures to be followed, which are indicated in Article 39 (4) of the Federal Constitution (Detailed analysis in this regard has been provided in Chapter 4, therefore, for further information see Chapter 4).

¹⁸⁰ FDRE, Constitution, 1995, Article 47 (3).

The regions are not under the authority of the central government. Both are equally governing within their jurisdictions. One has to respect the powers and responsibilities of the other. Other than that the Federal government cannot impose its will on the regions. The power of the regions is not just “autonomy”. They are governments with all their attributes.

5.3 Functional Decentralization

Functionally, the government structure in the country before 1995, that is during the Transitional Period, was three-tiered - the central, the regional, and the *woreda* levels of administration. All the three levels enjoyed their respective political prerogatives and legal personalities.

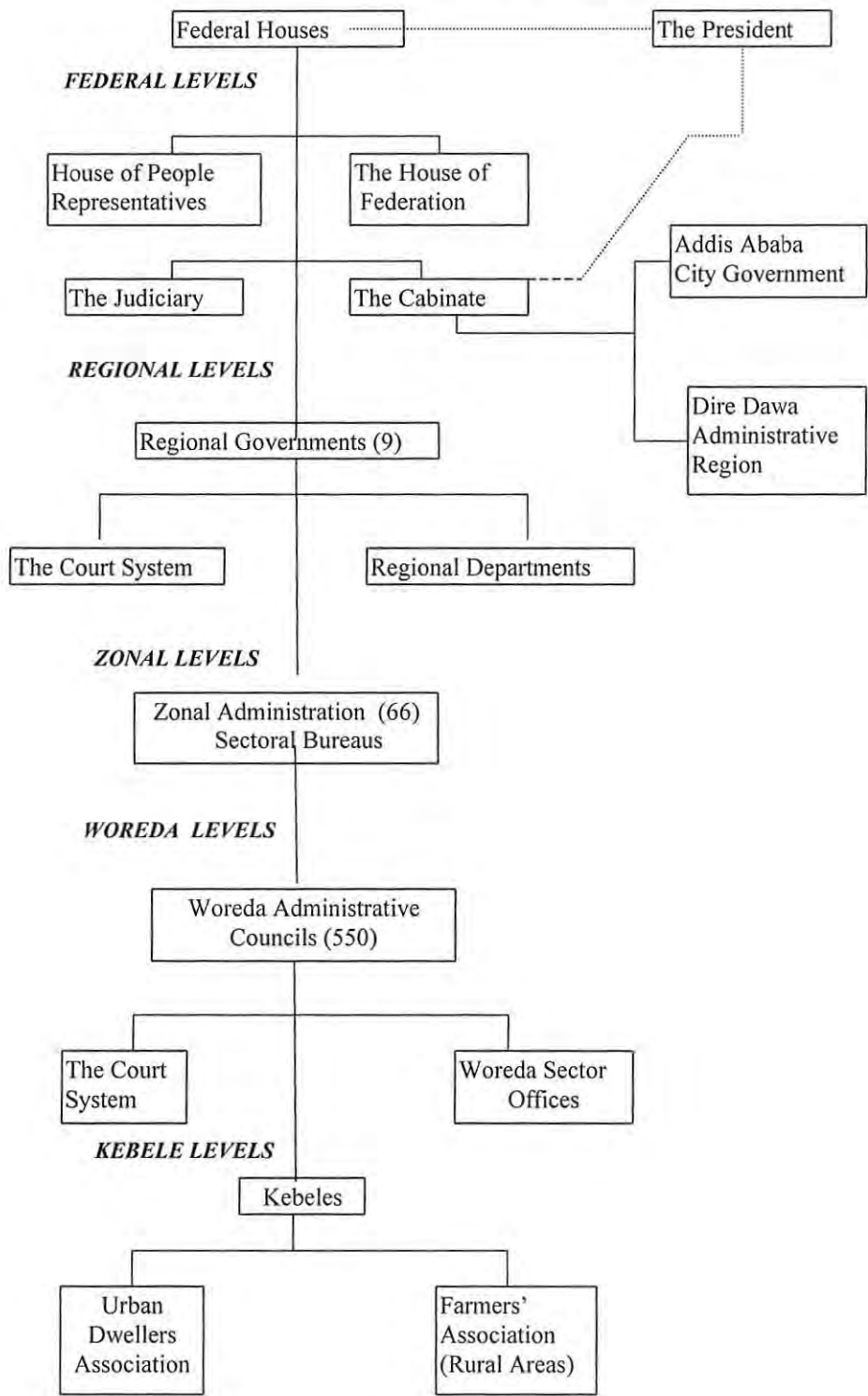
The Federal Government, which was established in 1995, however, has a five tier administrative structure, namely, the Federal, the Regional, the zonal, the *woreda*, and the *kebele* levels of administration. The Constitution of the Federal Democratic Republic of Ethiopia indicates only the Federal and the Regional Governments and leaves the regions to establish other administrative levels that they find necessary.¹⁸¹ Therefore, pursuant to the above fact, all regions in the country are structured below the regional government into three other lower levels of administration, namely, the zonal, the *woreda* and the *kebele* levels of administration. The responsibilities, duties and structures of these lower levels of administration are determined in the constitutions of the respective regions. Therefore, the zones, the *woredas*, and the *kebeles* in the country are not completely uniform.

The structure of the Government in the recent decentralization process has been depicted in the following diagram, as indicated in Meheret Ayenew.¹⁸²

¹⁸¹ Op Cit, Article 50 (4).

¹⁸² Meheret Ayenew, 2000, 12.

Fig 5.1 Organizational Structure of the Five Levels of Government of The Federal Democratic Republic of Ethiopia .



Source : Meheret Ayenew ,2000, p.12

The difference in the structure and type of lower levels of administration can be seen by taking the cases of two regions. According to Article 69 of the constitution of the Oromia Region, zonal administrations are created for the purpose of administration.¹⁸³ There are twelve zones in the region which do not have councils of their own.¹⁸⁴

However, the situation of the SNNP region is quite different from the Oromia Region. The zones and some selected woredas, which are designated as 'special', are established not for the purpose of administration, but to accommodate the self-governing status of various ethnic and language groups in the region. Therefore, zones and some selected special woredas in the SNNP Region are created by taking into account the settlement of ethnic groups in the region.¹⁸⁵

5.3.1 Powers, Duties, and Responsibilities of the Various Levels of Administration in Ethiopia

The recent decentralization process has been considered as the one where powers and functions which used to be executed exclusively by the central government have been shifted to regions. Each tier of government structure has its own responsibilities and duties as determined by various laws, and proclamations. The following topics are devoted to indicate this aspect.

¹⁸³ Oromia Regional State, Article 69.

¹⁸⁴ Ibid.

¹⁸⁵ SNNP Regional State, Article 71.

5.3.1.1 The Federal Government

Even if the central issue of the decentralization process in Ethiopia is related to the devolution of activities to regions, there are certain crucial functions that are reserved to the central government. The first legal basis to the effect of the sharing of duties and activities between the regional and the central government levels, that is, proclamation No. 7 of 1992, indicates areas of activities under the domain of the central government.

According to Article 9 (1) of proclamation No. 7 of 1992, the central government is responsible for the activities of:

*defense, foreign affairs, economic policy, conferring of citizenship, declaration of a state of emergency, deployment of army where situations beyond the capacity of National/Regional Transitional Self-Governments arise, printing of currency, establishing and administering major development establishments, building and administering major communications networks.*¹⁸⁶

The Constitution which came into effect in 1995, after the Transitional Government also declared similar activities for the central government. According to Article 51 of the Federal Constitution of 1995, the powers and functions of the Federal Government include:

- overall economic, social and development policies, strategies and plans,
- national standards and basic policy criteria for public health, education, science and technology,

¹⁸⁶ TGE, Proclamation to Establish Regional Governments, (Addis Ababa, TGE, 1992), Article 9 (1).

- financial, monetary and foreign investment policies and strategies,
- utilization and conservation of land and other natural resources, historical sites and objects,
- printing and borrowing money, mint coins, regulate foreign exchange and money in circulation, determine conditions and terms under which regions can borrow from internal sources,
- foreign policy and international agreements,
- air, rail, waterways and sea transport and major roads, postal and telecommunication,
- inter-state and foreign commerce,
- defense,
- Nationality, visa, passport, refugee and asylum,
- copyright.
- uniform standards of measurement and calender,
- regulation of the possession and bearing of arms,
- levy taxes and collect duties on revenue sources reserved to the federal government.

It can be seen from the above list of activities, the Federal government in Ethiopia reserved for itself activities with country-wide significance.¹⁸⁷ Examples of this are stabilization policy, monetary policy, regulation of banking system etc. There are also activities characterized by significant economies of scale which fall under the influence of the Federal government.¹⁸⁸

¹⁸⁷ Eshetu Chole, Issues of Vertical Imbalance (Addis Ababa; 1994), 170.

¹⁸⁸ Ibid, 171.

Examples of such kinds of activities include transportation, electricity, telecommunications etc. There are also areas where the regions may have limited capacity. For instance, in the area of tax collection the capacity of regions is limited and therefore, some of the taxes are collected by the central government.

Therefore, it can be contended that the actual practice in Ethiopia corresponds to the underlying principle and the experiences of other countries, through minor differences due to country specific factors might prevail.¹⁸⁹

5. 3.1.2 The Regions

As indicated in the above section, the central issue in the decentralization process in Ethiopia is related to the devolution of power, authority and responsibilities to the regions. The proclamations, laws and decrees, more than ever before, deal with the transfer of activities from the central government to the regions.

The first legislative provision that indicated the types of activities, duties and responsibilities of the regions was made in the Proclamation No. 7 of 1992, which later was endorsed by the 1995 Constitution of the Federal Government. According to Article 10 of Proclamation No. 7 of 1992, the powers, duties and responsibilities of the regions include:

- borrow from domestic sources,
- plan, direct and supervise social and economic development programs,
- prepare, approve and implement their own budget,

¹⁸⁹ Lulseged Ageze, 13.

- administer, develop and protect natural resources of the region.
- employ and administer the civil servants of the region,
- establish and direct security and police in the region.¹⁹⁰

The 1995 Federal Constitution endorsed the above proclamation and gives similar powers and responsibilities. According to Article 52 of the Constitution, all powers not given expressly to the Federal government, are given to the regions. In addition to the basic principle, the regions have powers to:

- administer land and other resources,
- levy and collect taxes and duties on revenue sources reserved to the regions,
- prepare, approve and implement their own budget,
- enact and enforce laws on the regions' civil services and their conditions of work,
- establish and administer a regional police force.¹⁹¹

As can be seen above, the responsibilities assigned to regions are fairly extensive. Public services that are sensitive to regional and local conditions are to be provided by regions. Moreover, one can clearly see from the wording of Art. 52 that powers that are not expressly given to the Federal Government belong to the regions. Thus the Federal Government is a government of enumerated powers. Any of its powers must be explicitly provided by the constitution. This in effect means that the Federal Government is allowed to exercise only those powers and responsibilities specified in the articles of the Federal Constitution.

¹⁹⁰ FDRE Article 52.

¹⁹¹ Ibid.

5.3.1.3 Zonal Administration

There is one provision in Article 15 sub-article (a) of Proclamation No. 7 of 1992 which empowers regional governments to establish additional administrative units between the region and the *woreda* levels, taking into account the area and population of their respective regions. Zonal administrations are administrative units between the regional government and *woreda* administrations. It is an administrative unit comprising a defined number of districts under it.

The duties and responsibilities are not included in the federal laws and proclamations. They are rather determined by the respective regional constitutions, laws and proclamations. For instance, the duties and responsibilities of zonal administrations of two regions are shown in the following table.

Table 5.1: Duties and Responsibilities of Zonal Administrations as Indicated in Oromia and SNNP Regions' Constitutions

SNNP ¹	Oromia Region ²
- determine the working language of the zone, - determine and collect royalty payment from forestry, - levy and collect duty on income from houses and properties under private ownership in the zone, collect rent from houses and properties under the ownership of the Region. - initiate the people of the zone for development activities. - organize and direct security and police force in the zone - control government organs in the zone, - appoint security and administrative offices and the public prosecutor of the zone. - establish judicial administration. - appoint judges and public prosecutors for woredas & administer woreda courts.	- direct, coordinate and supervise government activities in the zone, - direct, coordinate and supervise the activities of the districts of the zone, - implement the social services and economic development of the zone - draw and submit annual budget to the executive committee of the Region, - ensure the proper protection and preservation of the historical and cultural heritages and natural resources of the zone. - ensure the proper implementation of policies laws directives and decisions made by the Regional Government.

Source: 1. SNNP Regional State, *Debub Negarit Gazeta*, Article 69, Procl. No. 1 of 1995.
 2. Oromia Regional State, *Megelete Oromia*, Article 70 of Procl. No. 1, 1995.

As can be seen from the table above, a significant difference lies in the two regions with regard to the powers, duties and responsibilities of the zones in the region. The zonal administration in SNNP region is more autonomous in matters that fall under its influence as compared to the Oromia region. This may be because of the fact that there are 45 nations, nationalities and peoples (ethnic groups) which have full political as well as constitutional rights in the region and the zones are formed by taking into account the settlement of the ethnic groups of

the region.¹⁹² The zones in the SNNP region are modalities for the implementation of the right to self administration because each group satisfies the definition of a people. On the other hand, the case of the Oromia region is quite different. It is a region of basically a single nation ethnic group, the Oromo people. The region's political authority is given to the Oromo people. Therefore, the zones are only used for administrative convenience. The power and authority given to the zones in the Oromia Region is more of administration of activities as determined by higher authorities at the Regional level. Moreover, some *woredas* which are designated as special *woredas* in SNNP Region, have also similar structure and responsibilities as zones. Moreover, the zonal administrations in the SNNP Region have their own councils,¹⁹³ while those in Oromia Region do not have councils.¹⁹⁴ Therefore, it can be said that the zones in SNNP Region are more autonomous in undertaking activities as compared to those of the Oromia Region.

5.3.1.4 The Woreda Administration

The Woreda (District) Administration is the level below zonal administration. It is the basic administrative unit, and can have a council of its own. The structure and responsibilities of the *woreda* administration are similar throughout the country. This can be seen from the duties and responsibilities of two regions. The following table indicates the duties and responsibilities of the *woreda* administration as determined by the two regions' constitutions.

¹⁹² SNNP Regional State, Article, 68 (1).

¹⁹³ Ibid, Article 68 (3).

¹⁹⁴ Oromia Regional State, Article 69 (2).

Table 5.2: Duties and Responsibilities of the Woreda Administration
in SNNP and Oromia Regions

SNNP Region ²	Oromia Region ¹
- administer primary schools in the woreda,	- administer primary Government schools in
- administer junior health establishments,	the woreda,
- construct and maintain low level rural roads,	- administer intermediate public health
- give guidance to basic farming development,	establishments,
- collect land tax, agricultural products sales tax and other taxes assigned to it by the state,	- construct and maintain lower level feeder roads in the rural areas.
- approve social services economic development and administrative plans and programs of the woreda,	- preserve and administer basic agricultural services and natural resources,
- initiate people for development activities.	- collect land use taxes, agricultural products' sales taxes, and similar other taxes in the woreda
- issue directives to ensure peace and security in the woreda.	- deliberate upon and approve plans and
	programs with regard to social sources economic development and public administration of the woreda.
	issue directives to ensure peace and security
	in the district.

Source: 1. SNNP Regional State, Constitution of SNNP Region, 1995, Article 81.

2. Oromia Regional State, Constitution of Oromia Region, 1995 Article 77.

In general, the woreda (district) administrations have all the powers required to formulate and enforce policies on social service and economic development programmes as well as to implement policies laws and directives issued by the respective regions. The woreda (district) administration is subordinate to the zonal administration. Unlike the zonal administration the basic offices at the woreda level are filled by election which is conducted every five years.

5.3.1.5 The Kebele Administration

The kebele administrations are initiated below the woreda level with the prime aim of realizing the full participation of the population at the grassroots on socio-political and administrative matters. Unlike the other hierarchical administrative tiers, which are filled by civil servants and electorates, the kebele administrations are represented by elected kebele people only. The nature, organization and power of such local administration is determined by regional laws.

In many of the regions the kebele administration is organized as having an assembly, executive committee, social, economic and security organs. Members of the above committees are directly elected by the people and are accountable to the people which elect them, and to the respective woreda administration.

Although there might be some variations in the powers and responsibilities depending on regional needs, the powers, duties and responsibilities of the woreda administration usually include the power to

- implement plans and directives issued by the woreda administration.
- prepare detailed programmes for the implementation of social, economic and administrative plans and programmes, prepare other plans beneficial to the kebele,
- initiate the kebele peoples for development activity.¹⁹⁵

¹⁹⁵ SNNP Regional State, Article 89.

5.4 Fiscal Decentralization

With respect to fiscal decentralization, a series of proclamations have been issued. There are two important issues in fiscal decentralization, namely, revenue assignment and expenditure assignment.

5.4.1 Revenue Assignment

Proclamation No, 2 of 1992 was the first document which laid down the basis of indicating the revenue sources for the regions. Article 35 of this proclamation identified four sources of income available to the regions. These are: a) revenue collected from taxes allocated to them; b) grants to be given by the central government, c) domestic borrowing, and d) other sources of income.¹⁹⁶

Article 36 of the same proclamation defined the principle governing grants from the central government. Accordingly, grants would be given and necessary manpower allocated by the central government to those regions which, on account of their underdevelopment, cannot provide basic social services and undertake essential economic development programmes.

The implications of Article 36 should be obvious. In essence the idea behind the government's new fiscal arrangements is that the regional/national self-governments should finance their socio-economic development and the central government steps in with grants only if the sub-national governments cannot finance basic

¹⁹⁶ TGE, Article 35.

*social services and economic development projects on account of their backwardness and poverty.*¹⁹⁷

However, the sharing of revenue between the Central Government and the regions was provided for in a detailed manner in Proclamation No. 33 of 1992, which was considered "monumental in that for the first time, it laid legal basis for the devolution of financial power which for generation has remained in the firm grips of the Ministry of Finance."¹⁹⁸

The proclamation for the first time vested in the regional governments the right to mobilize financial resources from within their geographic area and commit them to their development needs. The main sources from which the regions and the Central Government generate revenues are indicated in the following table.

¹⁹⁷ Befedadu Degefe, The Legal Framework for Fiscal Decentralization (Addis Ababa, 1994), 67.

¹⁹⁸ MEDaC, Regional Development in Ethiopia, (Addis Ababa: MEDaC, 1998), 13.

Table 5.3: Revenue Sources of the Central Government and Regions
(Article 33 of Proclamation No. 33 of 1992.)

Federal Revenue Sources	Regions Revenue Sources	Joint Revenue Sources
- Duties, taxes and other charges levied on the importation and exportation of goods.	- personal income tax collected from employees of the regional government.	- profit tax, personal income tax and sales tax collected from enterprises jointly owned
- personal income tax collected from employees of the central government and international organizations.	- rural land use fee. - agricultural income tax collected from farmers not incorporated in an organization	- profit tax, derided tax and sales tax collected from organizations.
- profit tax, personal income tax and sales tax collected from enterprises owned by the central government.	- profit and sales taxes collected from individual traders, - tax on income from inland water transportation.	- profit tax, royalty and rent of land collected from large scale mining, any petroleum and gas operations.
- taxes collected from national lotteries and other chance winning prizes.	- taxes collected from rent of houses and properties owned by the regional government.	- forest royalties.
- taxes collected on income from air, train and marine transport activities.	- profit tax, personal income tax and sales tax collected from enterprises owned by the	
- taxes collected from rent of houses and properties owned by the central government.	regional governments.	
- charges and fees on licenses and services issued or rendered by the central government	- charges and fees on licenses and services issued or rendered by the regional government.	

Source: TGE, Proclamation of the Sharing of Revenue Between the Center and Regions (Addis Ababa: TGE, 1992) Articles, 5.

According to Eshetu, the objectives pursued by the central government in providing this legislative act were aimed at:

*enabling the regions to carry out the responsibilities assigned to them; encouraging regional initiatives; narrowing the development gap between regions; and promoting activities that are "of common interest to regions."*¹⁹⁹

The basis of assigning the revenue source were indicated in Article 4 of the same proclamation. Accordingly, the criteria employed in assigning revenue sources are stated as being ownership of sources of revenue; the national or regional character of the revenue sources; convenience of tax levying and collections; considerations such as population size, resources and levels of development; and considerations of the integrated and balanced development of the economy.²⁰⁰

In the Federal Constitution of 1995, the sources of revenue reserved for regions and the Center are similar. No significant departures have been observed.

5.4.2 Subsidy/ Grant

According to Article 7 (1) of Proclamation No. 33 of 1992, the central government has pledged to share the revenue allotted to it with the regions where this is necessary. In Article 36 of Proclamation No. 7 of 1992, grants are provided to finance basic social services and economic development programmes that

¹⁹⁹ Eshetu Chole, 181.

²⁰⁰ TGE, A proclamation to Define the Powers and Duties of Central and Regional Executive Organs, (Addis Ababa: TGE, 1993), Article 4.

cannot be accommodated from the region's resources due to relative underdevelopment.

The activities that are eligible for grants (subsidies) are specified in Article 7 (2) of Proclamation No. 33 of 1992. These include regional endeavours aimed at a) promoting social services and economic development, b) accelerating the development of the hitherto neglected or forgotten areas, c) narrowing per capita income gaps between regions, d) controlling negative and expanding positive externalities within and between regions, e) increasing foreign exchange earnings, and, f) undertaking other projects of national interest.

In Article 7 (3) of the above proclamation, it has been spelt out the procedures regional governments should follow in their quest for subsidy. The Ministry of Finance and Ministry of Economic Development and Cooperation are responsible for the reviewing of the subsidy and present their comment to the Council of Ministers for approval. The ministries would evaluate the request from the point of view of the needs of the regions and the capacity of the central government to provide the subsidy. The subsidy to be granted to any region is to be proportional to the revenue collected by the region and available to it to finance its total expenditure.

5.4.3 Domestic Borrowing

According to Article 35 of Proclamation No. 7 of 1992, domestic borrowing is one of the revenue sources of regions. The conditions and procedures under which the Regional Governments exercise their right to borrow from domestic sources are detailed under Article 10 of Proclamation No. 33 of 1992.

Article 10 (1) of the same Proclamation required the regional governments to submit to the Ministry of Finance or the Ministry of Economic Development and Cooperation, as the case may be (presumably the division of labour between the two is for the former to deal with recurrent and the latter with capital expenditures, although this has not been indicated by the Proclamation),²⁰¹ the amount they would want to borrow. Along with the amount that the regions would want to borrow, there has been a requirement that the regions also submit statements showing:

*the relation of the requested amount with the revenue collection forecast; economic indicators; a copy of their consolidated budget, and the feasibility study report of the project for which the loan is required.*²⁰²

At last, according to Article 10 (2) and (3), the ministry to which the request is submitted evaluates the application based on the information provided by the regions and the impact of the borrowing on the overall national deficit, advises the appropriate organs of state, and communicates the decision to the concerned region and the National Bank of Ethiopia, which authorizes disbursement of the loan on request.

However, it is not indicated in the law as to which body has the final authority in deciding on the regions' applications for loans.

²⁰¹ Befekadu Degefe, 69.

²⁰² TGE, Proclamation No. 33, Article 10 (1), 1992.

5.4.4 Expenditure Assignments

Expenditure assignments are related to the functions assigned to the center and the regions. This aspect has been dealt with earlier in this chapter.

In this Chapter, attempts have been made to examine the appropriate legal instruments for the decentralization in Ethiopia.

Politically, the regions enjoy an autonomy that is close to that of a sovereign state. The central government has transferred practically all duties, responsibilities and powers of governance to regions with the exception of defense, foreign affairs, currency, and foreign economic cooperation. Therefore, the regions are responsible for the provision of essential services and socio-economic developments of their respective regions.

According to Proclamation No. 33 of 1992, the regions formally have control over revenue bases that are ceded to them for their use with the privilege of sharing revenue collected from specific activities with the central governments. Moreover, this proclamation also provides the regions a grant/subsidy from the central government and the privilege of mobilizing resources from local credit markets.

The preamble of the Constitution begins with “We the nations, nationalities and peoples of Ethiopia...”. This indicates that power was given by the people to the Central Government and not the other way round.

Chapter 6

Impacts of Decentralization

6.1 Introduction

The decentralization process implemented in Ethiopia has a significant socio-economic and political impact. The process is a radical transformation from a highly centralized system of governance to a more decentralized one. A lot of challenges have been encountered and significant progress has been made. The regions have taken major responsibilities in agriculture, education and health, and a considerable share in the expansion of other social and economic infrastructures. Essentially, the previously neglected peripheral areas and minority ethnic groups are getting more attention to improve their backwardness.

With the political and administrative devolution which is progressively strengthened, the recent decentralization "would help NGO's and donor agencies to directly deal with regional and/or local governments in which they intend to operate."²⁰³ Decentralization is reported to permit an easy access for different NGOs to operate directly at the society's grass root levels without traveling a long bureaucratic distance from the top to bottom.

It is also reported that the decentralization process has aroused popular initiatives and community based development endeavours in various regions. This

²⁰³ Messert Shiferaw, 56.

can be evidenced by a number of community based programmes and region-based development associations.

This chapter is devoted to the description of the positive and negative impacts of decentralization upon the economic, social, political and other aspects of the country. These aspects are of course related to one another. However, for the purpose of presentation, each is presented as a separate topic.

6.2 Political Impacts

For some scholars, the most significant driving force of adopting decentralization in Ethiopia was the attainment of political objectives.²⁰⁴ There are various issues included in this aspect. Some of the impacts resulting after the implementation of the decentralization process (since 1991) are indicated in the topics below.

6.2.1 Ethnic Politics

One of the most significant contributions of the recent decentralization process (since 1991) has been the promotion of the rights of ethnic groups (or nations, nationalities and peoples) in the country. Various ethnic groups in the country have now assumed the supreme political rights in their respective regions. As indicated in the previous chapter, regions have been formed mainly on ethnic-linguistic lines rather than on economic and administrative feasibility.²⁰⁵ However, there are some instances where these peculiar political decentralization

²⁰⁴ Eshetu Chole, 1994, 215.

²⁰⁵ Mesert Shiferaw, 13.

characteristics do not hold. The SNNP Region, which formerly comprised five Regions (Region 7, 8, 9, 10 and 11) is a region which hosts a conglomeration of around 45 nationalities. The city administrations of Addis Ababa and Dire Dawa are not reserved for a single or group of nationalities.

The reasons for the utmost importance granted to the ethnic aspect are related to various issues. According to a study by the World Bank, on the part of the present government, “there is a strong belief in the principle that a decision making process that includes all nationalities and ethnic groups, is key to sustained national development”.²⁰⁶

Therefore, institutional structures are designed to ensure representation for all ethnic groups, and in some cases decision-making bodies such as regional councils include special representatives for minorities.

Moreover, nations, nationalities and peoples in the country have the right to self-administration to the extent of secession.

However, there are some ethnic groups, particularly in SNNP Region, a region with 45 ethnic groups, which demand a separate zone or other separate form of administration. For instance, Welayta ethnic group demanded to have a separate zonal administration, on the ground that it has a large population.²⁰⁷ Therefore, recently, the ethnic group has been granted a separate zonal administration of its own. In the same region, the Silte people have demanded for recognition as a separate nationality.²⁰⁸ The Silte people do not want to be

²⁰⁶ World Bank, 15.

²⁰⁷ Surafiel Mehereteab, *Fiscal Federalism in Ethiopia*, (Addis Ababa, AAU: 2000), 23.

²⁰⁸ Op Cit.

recognized as members of the Guraghe ethnic group. The demand was cancelled after it was presented to the Regional Council, which gave a majority vote against it. In fact, a referendum has been conducted to decide the status of the Silte people, and now it has been established that the Silte people are an independent group.

6.2.2 Popular Participation

In Ethiopia, popular participation in the formulation and design of development programmes has not yet shown a strong hold throughout the country.²⁰⁹ Yet regions are expected to mobilize mass efforts in undertaking programmes and projects that involve popular interest, as they are entitled to prepare their own budgets, and implement development programmes on the basis of development priorities without undermining national socio-economic objectives which the Federal Government wants to ensure for macro-stability.

However, popular participation in regional and local development endeavours have been showing a positive trend as a result of the decentralization process. According to some observers, region-based development associations such as the Tigray Development Association, Oromo Development Association, Amhara Development Association and Southern Peoples' Development Association are the products of the decentralization measures of the government.²¹⁰ These associations are reported to have been engaged in the provision of a wide range of social services such as construction of schools, clinics, dams, waterwells, flour mills, rural roads, and other sanitation facilities using funds mobilized both

²⁰⁹ Messert Shiferaw, 53.

²¹⁰ Eshetu Chole, 1997, 15.



from domestic and foreign sources.²¹¹ These, however, are not part of the government structure.

As a new political system, more than other times in the history of the country, the decentralization process evolved a system of governance in which people are governed by their elected representatives. Most elected members are from the lowest levels in the rural areas. As the Constitution of the Federal Government ensures special representatives for minorities,²¹² there are several members of the parliament from minorities in the country.

In some regions, participation of the local people takes the form of direct financial, labour, and other contributions to implement development projects. For instance, in Afar, Somali, Benshangul/Gumuz and Gambella Regions, popular participation is exhibited in the form of protection of the projects from trouble makers.²¹³

On the whole, the direction that is witnessed in the country is such that decentralization has made possible realization of the promise to increase popular participation in development.

6.3 Economic Impacts

In recent years (since 1991), the economic benefits gained are not only the results of adoption of the decentralized system of governance. There are also measures other than the decentralization process that have affected the economy of

²¹¹ Op Cit.

²¹² FDRE, Federal Consitution, Article 54 (2).

²¹³ Lulseged Ageze, 40.

the country. The adoption of a market based economic development orientation and promulgation and execution of various legislative measures have created positive impacts towards economic decentralization. Accordingly, the role of the government in the economy and the powers of both tiers of government in socio-economic development have assumed a new dimension.

The radical shift from a centrally planned and managed economy towards market based economy where the private sector plays a dynamic role, and the devolution of political and administrative power from the center to the regions, have laid a basis for the alleviation of the development burden borne by the Central Government. Since they are practiced together with the decentralization process, they are included in the discussion. Some of the economic impacts are indicated below.

6.3.1 Functional Efficiency

In general, public services have different benefit incidence depending upon the locus and benefit groups. Hence, social goods and services may be provided at various levels of government. Services which are of national character are provided at national (centralized) level, while services of local and regional nature are given on a local or regional basis.

Therefore, in Ethiopia, the tasks given to the Federal Government are what usually most central governments do. But, due to the emphasis given to the rights of nations and nationalities to administer their own affairs, major social and development activities are assigned to the regions. The details of the activities

assigned to each level of government are indicated in Article 51 and Article 52 of the Federal Constitution of 1995 and have been dealt with in Chapter 6.

At the sector level, the regions account for the bulk of spending on economic development (agriculture and natural resource conservation) and social development (health and education), and they account for almost half of the spending on roads. Other services like almost all spending on telecommunications, power and major road links are taken care of by the Federal Government.

The expenditure assignment of the states reveals that regions carry the heavy burden of engineering their socio-economic development. The corollary is that the Federal Government seems to have extricated itself to a certain degree from the burden of the introduction, management and expansion of new or old socio-economic institutions, and thus, relinquishing these responsibilities to the regions.

In a practical sense, decentralization of functions has obliged regions to provide social goods and services which are purely of regional character and commensurate with the tastes and preferences of the residents, although there are arguments that there could be no such preferences and tastes in a poor country where lack of basic social services is very acute.

The share of the regions in total consolidated expenditure increased from 34 percent in 1993/94 to about 40 percent in 1994/95.²¹⁴ As can be seen from Table 6.1, the pattern of expenditure devolution in the four major areas namely, agriculture and natural resources, transport and communication, education and training, and public health shows a tendency towards regions.

²¹⁴ Messeret Shiferaw, 28.

Table 6.1: Devolution of Functions 1993/94 - 1995/96
(in percent of total expenditure)

Regions Function	Tigray	Afar	Amhara	Oromia	Somali	Benshangul Gumuz	SNNP	Gambella	Harari	Addis Ababa	Dire Dawa	Total Regional Share
<u>Recurrent Expenditure</u>												
<u>Agri Natural Resources</u>												
1993/94	4.9	2.2	20.7	30.2	0.5	1.0	16.3	1.3	0.2	3.0	1.1	81.4
1994/95	5.9	1.0	21.0	28.0	1.8	1.5	20.1	2.0	0.3	1.8	0.9	84.3
1995/96	5.6	1.2	24.1	29.5	1.7	1.5	16.6	1.7	0.3	1.6	1.0	84.8
<u>Transport and Communication</u>												
1993/94	1.7	2.1	7.5	2.1	6.3	1.7	4.6	1.3	-	0.4	-	27.7
1994/95	3.9	1.9	18.3	5.8	4.8	2.9	19.2	3.9	1.3	31.7	-	93.7
1995/96	4.3	3.4	17.1	6.8	2.6	11.1	15.4	3.4	0.9	23.9	-	88.9
<u>Education and Training</u>												
1993/94	4.4	1.0	19.3	30.9	0.5	1.3	15.0	0.4	0.9	8.5	0.6	82.8
1994/95	6.1	0.3	17.7	33.2	0.8	1.2	17.2	0.6	0.9	8.3	0.7	87.0
1995/96	5.3	1.3	21.0	32.7	1.5	1.4	15.0	0.8	0.8	7.7	0.7	88.2
<u>Public Health</u>												
1993/94	6.4	3.5	16.8	23.2	1.9	2.3	12.0	1.3	1.4	12.1	1.2	82.1
1994/95	9.1	0.2	17.5	23.5	1.6	2.3	13.5	1.5	1.8	11.6	1.1	83.7
1995/96	8.6	1.8	20.2	22.6	2.3	2.2	12.2	1.8	1.4	9.9	1.2	84.2
<u>Capital Expenditure</u>												
1993/94	7.9	0.4	7.9	19.6	-	0.7	6.7	1.3	-	2.8	-	47.3
1994/95	9.1	2.1	10.7	18.8	3.8	0.9	9.5	2.1	0.3	6.7	0.2	64.2
1995/96	12.6	5.4	25.5	34.1	10.8	2.2	13.5	2.6	1.4	33.1	0.5	81.6
<u>Education</u>												
1993/94	22.3	-	8.5	18.0	-	4.6	10.7	1.8	-	5.7	-	71.6
1994/95	18.0	1.0	10.0	10.4	5.1	3.4	14.8	0.9	0.1	2.1	0.3	66.1
1995/96	17.3	3.1	10.7	20.1	6.2	1.3	14.7	1.0	0.1	0.4	0.4	75.3
<u>Public Health</u>												
1993/94	20.1	-	23.0	14.8	-	4.2	15.8	6.4	-	1.8	-	86.1
1994/95	16.3	0.8	20.1	13.9	4.3	3.9	27.0	3.3	0.4	0.6	0.7	91.3
1995/96	13.7	2.4	19.3	18.7	6.1	1.4	26.3	1.9	0.7	0.3	1.3	92.1
Population Share	6.4	1.4	26.3	34.2	4.4	1.6	20.6	0.2	0.4	4.1	0.4	-

Source: Messeret Shiferaw, p.9

As the pace of expenditure devolution increased, as is observed in Table 6.1. , the inter-regional share of expenditure between recurrent and capital has also varied over time. Except for the Afar region, most of them spent, 60 to 90 percent of their budget on recurrent outlays, while, Tigray, Benshangal/Gumuz, Gambella and Addis Ababa allocated it on capital in 1994/95.

Therefore, the actual practice in Ethiopia corresponds to the underlying principle and the experience of other countries though minor differences due to country specific factors might prevail.

However, there are numerous constraints that prevent regions from accomplishing the expanded level of tasks assigned to them as a result of the decentralized system of governance. As the process is new and rapid in its implementation, it has been found out that some regions have found it difficult to implement the policies.

For some, the recent decentralization tends to give more power and responsibilities than is required by the regions, and hence it is paramount that a certain degree of economic power over the regions is exercised to influence the decisions of regional governments, particularly in the provision of a fair mix of public goods and services.²¹⁵ However, there are arguments against this view. The opponents of this view see the currently high share (85 percent) of Federal Government in total domestic revenue,²¹⁶ while expenditure responsibilities have been so extensively decentralized to the regions.²¹⁷ This would eventually create a huge imbalance.

²¹⁵ Op Cit, 59.

²¹⁶ Ibid. 60.

²¹⁷ World Bank, vi.

Another problem is related to shortage of skilled manpower. Though a nation wide problem, it is more critical in some regions than in others. In most regions, almost all offices are working with low quality because of the limited capacity of manpower.²¹⁸ As we can see from Table 6.2, in most regions there is a shortage of skilled manpower.

In the early stage of the establishment of regions, there was an acute shortage of manpower to staff the various sector offices in the regions. Therefore, in 1994/95, 679 skilled professionals from 16 sectoral ministries and offices of the Central Government were deployed to the different regions.²¹⁹ The transfer was reported to be on the basis of willingness and commitment.²²⁰ However, this does not seem to have been effective, in part because of staff unwillingness to move out and in part because of the lack of conducive circumstances in the regions (e.g. housing, schools for children, employment for spouses, the language barrier, etc.).

This measure has provided momentum to fill the deficiency of skilled manpower in the regions at the early stages. However, recently, there are growing shortages of engineers, economists, accountants, lawyers, administrators and medical doctors. This is evident from Table 5.3 in Chapter 5 and Table 7.2 in Chapter 7. On the other hand, after the opening of the Civil Service College, many more professionals are moving to the regions. It is now evident that recently trained lawyers, economists, accountants, etc. are serving in the regions.

²¹⁸ Surafiel Mehereteab, 93.

²¹⁹ MEDaC, 1998, 21.

²²⁰ Ibid.

Table 6.2: Government Employees by Type of Specialization

	Tigray	Afar*	Amhara	Oromia	Somali*	Benshangul Gumuz	SNNP	Gambella	Harari	Addis Ababa	Dire Dawa	Total
<u>Economics</u>												
B.A	34	-	99	95	-	19	87	16	-	58	20	
M.A	14	-	27	55	-	3	40	1	-	24	2	
Ph.D	1	-	3	-	-	-	-	-	-	2	-	
<u>Accounting</u>												
B.A	17	-	32	39	-	13	33	-	1	13	1	
M.A	-	-	2	1	-	-	2	-	-	2	-	
Ph.D	-	-	-	-	-	-	-	-	-	-	-	
<u>Mangement</u>												
B.A	21	-	34	87	-	14	23	1	2	42	5	
M.A	3	-	1	4	-	2	4	-	-	-	-	
Ph.D	-	-	-	-	-	-	-	-	-	-	-	
<u>Law</u>												
L.L.B	16	-	4	13	-	8	9	5	7	35	1	
L.L.M	1	-	3	1	-	1	2	-	-	3	3	
Ph.D	-	-	-	-	-	-	-	-	-	1	1	
<u>Medicine</u>												
B.Sc	9	-	-	-	-	-	-	-	-	-	-	
M.D	89	-	142	250	-	24	179	10	-	98	35	
Ph.D	-	-	-	-	-	-	-	-	-	-	-	
<u>Agricultural</u>												
<u>Engineering</u>												
B.Sc	3	-	66	85	-	7	38	-	-	2	8	
M.Sc	1	-	6	19	-	-	17	-	-	-	-	
Ph.D	-	-	-	-	-	-	1	-	-	-	-	
<u>Building</u>												
<u>Engineering</u>												
B.Sc	1	-	4	-	-	-	23	-	-	-	-	
M.Sc	1	-	-	-	-	-	2	-	-	-	-	
Ph.D	-	-	-	-	-	-	-	-	-	-	-	
	Tigray	Afar	Amhara	Oromia	Somali	Benshangul Gumuz	Snnp	Gambella	Harari	Addis Ababa	Dire Dawa	Total

<u>Civil Engineering</u>												
B.Sc	5	-	13	26	-	-	2	-	-	3	2	
M.Sc	2	-	5	10	-	-	2	-	-	4	-	
Ph.D	-	-	-	-	-	-	-	-	-	-	-	
<u>Electrical Engineering</u>												
B.Sc	7	-	2	9	-	-	3	-	-	2	-	
M.Sc	4	-	-	1	-	-	2	-	-	1	-	
Ph.D	-	-	-	-	-	-	-	-	-	-	-	
<u>Mechanical Engineering</u>												
B.Sc	2	-	3	4	-	-	6	-	-	-	-	
M.Sc	2	-	6	8	-	3	2	-	-	-	-	
Ph.D	-	-	-	-	-	-	-	-	-	-	-	
<u>Architecture</u>												
B.Sc	1	-	1	-	-	-	5	-	-	19	3	
M.Sc	1	-	1	-	-	-	13	-	-	6	-	
Ph.D	-	-	-	-	-	-	-	-	-	-	-	

Source: Federal Civil Service Commission, Personnel Statistics 2000.

*Data not available

6.3.2 Development Projects Implementation

According to Article 52 of the Federal Constitution of 1995, implementation of development projects is the responsibility of the respective regions in the country. The planning and management of development projects has been decentralized after Proclamation No. 41 of 1993, which embodied the legal framework for planning in the country.

Therefore, in Ethiopia, the decentralized planning system has enabled reduction in the burden of the Federal Government in planning and implementation of development projects and programmes. The planning process is effected in the bottom-up style, at least in the proclamations and laws. It must be mentioned that some development projects might fall under Federal powers for example if they are related to mining. Hence, it all depends on the nature of the project.

6.3.2.1 The Planning Process

The lowest level at which sub-national development plans and programmes are initiated is the *woreda*.²²¹ Due to the absence of planning structure at the *woreda* level, the *Woreda* Development Committee, consisting of sectoral offices chaired by the *Woreda* Administration, is responsible for the formulation of *woreda* development plans.²²² Sector development offices and agencies within the *woreda* prepare their respective sector plans and present to the *Woreda* Development Committee. The *Woreda* Development Committee, after reviewing

²²¹ MEDaC, 1998, p.15.

²²² Ibid.

the sectoral plans, and making the necessary adjustments, consolidates woreda plans and pass them to the Woreda Council for approval. The approved Woreda plans vertically pass to the zonal level through two different channels, i.e., through the Woreda Council passing to Zonal Administration; and through the sectoral agencies passing their sector plans to their respective sector departments at zonal level.

The Zonal Planning and Economic Development Offices after receiving woreda development plans from zonal administration and zonal sector departments review the plans, make necessary adjustments and finally consolidate the zonal development plan and pass it to the zonal administration and Regional Planning and Economic Development Bureau.

The Regional Planning and Economic Development Bureau receives plans from zonal planning offices and sector bureau. The Regional Planning and Economic Development Bureau, after reviewing the sectoral plan documents, and conducting a series of discussions with concerned sectoral bureau, consolidate the regional development plan and hand over the draft to the Regional Executive Committee. The Regional Executive Committee reviews and passes it to the Regional Council. Upon approval, the plan becomes a law and is issued in the Regional Official Gazette.

The planning process at the regional level is said to be inadequate due to various reasons. Primarily, there is no clear and distinct functional relationships between the regional planning bureaus and other sector bureau.²²³ Secondly, there is no applicable planning manual and methodology to efficiently prepare regional

²²³ Haddis Mulugeta, Decentralized Regional Development, (Addis Ababa, MEDaC, 1996), 146.

plans.²²⁴ Thirdly, the participation of the public at the grass roots level is not properly realized. Actually, apart from Tigray, Amhara, Oromia, SNNP, Addis Ababa and DireDawa, public participation in the planning process has not yet become operational. Even in the aforementioned regions, the actual participation is not very significant.²²⁵ Fourthly, the inadequacy in number and quality of professionals engaged in planning is a serious concern. Such a severe shortage, coupled with the absence of any sort of planning manual and methodology, obviously exacerbates the situation and makes the preparation of technically feasible development plans very difficult.²²⁶

Public Project Implementation

Most development activities in the country are to be undertaken by regional governments. However, practice has shown that more than 50 percent of the capital budget is allocated for the Federal Government.²²⁷ But, there has been a plan to successively decrease the share of the Federal Government in favor of the regions. Table 6.3 shows the general picture of capital share between the federal and regional governments from 1996/97 - 2000/2001.

²²⁴ Ibid.

²²⁵ Op Cit,

²²⁶ Ibid.

²²⁷ Fenta Mandefro, 93.

Table 6.3: Share of Capital Budget of the Federal and Regional Governments (in Million Birr)

	1996/97		1997/98		1998/99		1999/2000		2000/2001	
	Budget	Share	Budget	Share	Budget	Share	Budget	Share	Budget	Share
Federal	2663.7	57	2847.9	55	3018.8	53	3195.3	51	3478.3	49
Regional	1983.9	43	2330.1	45	2677.0	47	3070.0	49	3620.3	51
Total	4617.6	100	5178.0	100	5695.8	100	6256.3	100	7098.6	100

Source: Fenta Mandefro, p.94.

Table 6.3 shows the share of the Federal Government has decreased by 2 per cent per annum, while that of the regions has increased by 2 per cent per annum.

Although it can be agreed that regional governments must get the greater share of capital budgets, not all regions utilize fully the allocated budget. In fact, there is an encouraging trend in the mere financial implementation rate. For instance, in 1994/95 and 1995/96, the total regional capital budget implementation was 66.5 and 90.2 percent respectively.²²⁸ In 1996/97, the total implementation rate of the regional governments was 100.8 percent, which means that the total capital budget allocated for regions was utilized fully. However, good rates of financial implementation by regions in total does not mean that all regions have used their capital budgets fully. There are regions which are using their capital budgets, while there are regions which do not use them effectively. Regions like Tigray, Amhara, Oromia and SNNP are examples of those which utilize their capital budgets, whereas Afar, Somali, Benshangul/Gumuz, Gambella and Dire Dawa are examples of those which do not utilize their capital budgets. Table 6.4

²²⁸ Op, Cit, 94.

shows capital budget utilization or implementation rate by regional governments for the years 1994/95 - 1996/97.

Table 6.4: Regional Governments Capital Budget Implementation
(1994/95 - 1996/97)

(In Million Birr)

	1994/95			1995/96			1996/97		
	Budget	Actual	% of Implement	Budget	Actual	% of Implement.	Budget	Actual	% of Implement
Tigray	180.40	137.20	76.06	157.50	153.72	97.6	155.80	211.74	135.90
Afar	88.56	21.00	23.71	77.08	45.09	48.50	87.11	36.15	41.50
Amhara	293.01	210.03	71.68	227.21	228.77	100.69	313.40	300.33	95.83
Oromia	367.13	243.90	66.43	258.00	257.88	99.95	418.90	426.28	101.76
Somali	86.70	43.18	49.80	90.22	86.31	95.66	113.70	111.74	98.27
Benshangul /Gumuz	59.96	29.68	49.50	35.90	21.24	59.16	66.13	58.38	88.28
SNNP	260.69	183.77	70.49	214.24	174.40	81.41	231.30	234.57	101.41
Gambella	55.54	16.88	30.40	34.28	33.53	97.84	43.97	39.68	90.24
Harari	14.30	11.17	78.11	10.91	6.79	62.21	15.01	9.49	63.22
Addis Ababa	185.98	164.54	88.47	170.00	154.14	84.44	177.54	196.39	110.62
Dire Dawa	10.45	4.16	39.80	5.08	4.19	82.59	10.20	9.67	94.75
Total	1602.72	1065.51	66.50	1289.42	1163.06	90.20	1633.06	1634.42	100.08

Source: Fenta Mandefro, 95.

Private Investment

One of the most important changes made by the new government is the limiting of the direct role of the government in the economic activity and encouraging the private sector to play a greater role in the economy of the country. The government has issued a legislation to facilitate and encourage private investment. The policies encourage both domestic and foreign investors so as to widen the scope of participation of the private sector. Incidentally, the domestic

private sector is not yet strong enough to take advantage of all investment opportunities.

According to some the rate of investment is not as expected.²²⁹ Between the periods 1992/93 and June 1997, around 3520 private investment projects with an estimated capital of 27,097.6 million Birr have been approved in all regions.²³⁰ Out of the total approved projects, until 1998, 732 or 20.8 percent, with investment capital of 4,956.7 million Birr, have started production.²³¹

However, most of the approved projects are concentrated in some selected regions. According to MEDaC, about 70 percent of the approved projects are concentrated in three regions, i.e., Tigray, Oromia, and Addis Ababa and the remaining 8 regions share 30 percent of the projects.²³² Regions like Afar, Benshangul/Gumuz, Gambella and Somali received the marginal amount of private investment because of physical distance from Addis Ababa and poor economic infrastructure.²³³ Table 6.5 shows the status of private investments in the country.

²²⁹ Op Cit.

²³⁰ MEDaC, 1998, 41.

²³¹ Ibid.

²³² Ibid.

²³³ Fenta Mandefro, 98.

Table 6.5: Private Investments in Regions (1992/93 - 1996/97)

Region	Number Of Projects							Capital Investment (Expenditure /In Million Birr)						
	Approved Projects						Projects began operation	Approved Projects						1992-97 Expenditure on product
	1992/93	1993/94	1994/95	1995/96	1996/97	Total		1992/93	1993/94	1994/95	1995/96	1996/97	Total	
Tigray	12	24	148	146	19	349	251	1121.83	313.19	1320.20	386.87	174.47	3325.56	2076.56
Afar	1	13	21	29	-	64	8	44.52	500.80	320.23	229.67	-	1095.22	564.07
Amhara	22	32	73	123	62	312	93	32.97	198.16	190.43	825.91	2467.43	3714.90	352.81
Oromia	43	101	150	276	204	774	143	113.59	364.19	563.06	1493.36	989.25	3523.45	613.07
Somali	1	-	-	4	5	10	-	102.00	-	-	6.64	19.19	127.83	-
Benshanul/ Gumuz	-	1	5	21	10	37	18	-	34.01	44.46	195.45	88.36	362.28	159.94
SNNP	9	20	46	76	161	312	91	34.26	249.68	227.77	334.56	505.01	1351.28	264.49
Gambella	1	1	1	3	2	8	4	18.95	2.39	0.29	4.37	2.36	28.36	22.16
Harari	-	2	40	21	25	88	1	-	72.75	209.16	52.52	29.82	364.25	1.45
Addis Ababa	459	360	199	220	277	1515	121	2468.57	2166.14	1818.80	3342.67	3265.98	13062.16	896.67
Dire Dawa	1	3	8	12	27	51	2	3.28	11.67	8.86	36.79	81.69	142.29	5.51
Total	549	557	691	931	792	3520	732	3940	3913	4703.26	6908.8	7623.6	27097.5	4956.73

Source: MEDaC, 1998. 42.



From Table 6.5, we can see that out of the approved projects, only 20.8 percent have begun operation. Regarding the regional distribution of projects that have started implementation, 34.3%, 19.5%, 16.6%, and 12.7% of the projects were located in Tigray, Oromia, Addis Ababa and Amhara regions respectively.

From the above, we can see that though there is high concentration of approved projects in Addis Ababa, the rate of actual implementation is relatively better in other regions. This is one positive achievement of the recent decentralization, reversing the previous trend where private investments were concentrated in the vicinity of the capital, Addis Ababa.

6.3.3 Regional Revenues

The major financial sources for development activities in the regions are own revenue, joint revenues shared between the Federal and Regional governments, and subsidy from Federal Government sources.

Own Revenues

For instance from 1994 to 1997, the regions accounted for 30 to 45 percent of the revenue generated in the country.²³⁴ The share of the Federal Government was high due to the dominance of indirect taxes and import duties in tax revenues. However, own revenue capacities of regions increased. There are certain development which, in combination with the unique division of tax bases, are likely to shift the distribution of taxes from the federal to the regional level. For instance, the tax base of personal income tax has been divided between the federal

²³⁴ MEDaC, 1998, 29.

and the regional governments and privatization of federal public enterprises, being an ongoing process at present, is likely to expand the tax base of the regions. Over 150 public enterprises were privatised by September 1997, while the process for another 13 had been started.²³⁵ These privatised enterprises are taxed by regional governments. Other factors that may contribute to this process include possible improvements in the tax administration in the regions and the persistent governmental efforts to boost the agricultural sector, which should raise agricultural incomes and thus expand the tax base of the regions.²³⁶ Table 6.6 shows the revenue distribution between the regions and the Federal Government.

Table 6.6: Revenue of Regions, 1997/98
(in Million Birr)

Region	TOTAL Budget of the Region	Own Revenue	Budget Subsidy	External Loans	External Assistance	Budget Offset	Subsidy from Central Treasury
	(1)	(2)	(3= 1-2)	(4)	(5)	(6=4+5)	(7= 3-6)
Tigray	379.8	86.6	293.2	4.7	32.8	37.5	255.6
Afar	249.7	12.2	237.5	3.8	7.8	11.7	225.8
Amhara	945.3	175.5	767.8	8.3	34.4	42.8	725.0
Oromia	1344.1	434.9	909.3	8.6	74.5	83.1	826.2
Somali	375.3	48.6	326.8	34.2	10.3	44.5	282.2
Benshangul/Gumuz	180.1	8.0	172.1	4.5	6.5	11.0	161.1
SNNP	788.4	145.6	642.8	21.7	67.0	88.7	554.1
Gambella	138.6	6.7	132.1	3.2	2.9	6.0	126.1
Harari	88.4	8.0	80.4	1.2	2.2	3.3	77.0
Addis Ababa	719.2	664.4	54.8	40.2	14.6	54.8	0.0
Dire Dawa	53.5	18.0	35.5	1.1	2.4	3.5	32.0
Total	5262.4	1610.5	3652.2	131.6	255.4	387.0	3265.2

Source: Surafeal Mehereteab, 2000, p.78

²³⁵ World Bank, 17.

²³⁶ Ibid.

Eventhough there is some kind of development in revenue raising capacities, regions have various problems in collecting and administering revenues. According to interviews and group discussions held for the purpose of this study, some of the problems are:

1. Lack of trained manpower both in number and mix of qualifications.
2. Lack of sufficient and reliable information and data to determine the tax amount for each tax payer.
3. The collection of tax by other organs inappropriately.
4. Low level of understanding by tax payers of their tax obligations and failure to pay tax on time.

Government Subsidy

All regions, including Dire Dawa, but with the exception of Addis Ababa, are unable to fully cover their recurrent budget needs and implement their development programs and projects from their own revenue sources so far. The expenditure and tax assignment in Ethiopia has led to a larger vertical fiscal imbalance. According to an assessment made by the World Bank, till 1998,

*regional governments were able to finance, on average, 30 percent of their expenditures from their own revenue sources; the remaining 70 percent was financed by the Federal Government in the form of a transfer.*²³⁷

Federal transfers to regions in Ethiopia first began in 1992/93, when grants were ad hoc in nature, based on approved projects of the regions and an

²³⁷ World Bank, 27.

assessment of required assistance for the individual projects.²³⁸ Budget subsidy based on a predetermined formula, however, was started in 1994/95.²³⁹ At that time, the grants provided for capital expenditures of the regions were determined on the basis of five indicators: population, "I-distance," (representing a region's relative development based on eight factors against a hypothetical region), tax effort, capital expenditure in the previous year, and area. The weights attached to each factor were 30, 25, 15 and 10 percent respectively.²⁴⁰ Recurrent expenditure grants were determined on the basis of the number of administrative units at the sub-regional levels, the structure of bureaus and offices, and own revenues of the region.²⁴¹ The formula was fairly complicated and, therefore, in 1995/96 there was a considerable simplification of the formula. Hence, only three factors, namely, population, I-distance and budgeted state revenue, were used.²⁴² These parameters had equal weights of 33 percent.²⁴³ In 1996/97, the formula substituted the I-distance with a Development Index comprising five indicators (number of health clinics, number of primary schools, number of telephone lines, electricity consumption and road length).²⁴⁴ However, the weight attached to each parameter was still 33 percent.²⁴⁵ In 1997/98, the weights attached to the parameters were changed, giving population, level of development and revenue raising effort weights of 60, 25 and 15 percent respectively.²⁴⁶ In 2000, the weights were revised, and one additional parameter was included, i.e., poverty.²⁴⁷ Therefore, the

²³⁸ Op Cit.

²³⁹ Ibid.

²⁴⁰ Ibid.

²⁴¹ Ibid.

²⁴² Ibid.

²⁴³ Ibid.

²⁴⁴ World Bank 28.

²⁴⁵ Lulseged Ageze, 28.

²⁴⁶ MEDaC, The Federal Budget Grant Formula in Ethiopia (Addis Ababa, 2000), 3.

²⁴⁷ Op Cit.

weights for population, level of development, revenue raising efforts, and poverty were 55, 20, 15 and 10 percent respectively.²⁴⁸

Therefore, the budget formula for 2000 was:

$$TR_i = TR \times (0.55 \times PoPi / PoP + 0.20 \times Di / D + 0.15 \times REV_{i,t-1} / BUD_{it} + 0.10 \times Povi / Pov)$$

Where-

TR _i	=	Transfer to region i
TR	=	Total of transfer over all regions
PoPi	=	Population of region i
PoP	=	Total population all regions
Di	=	A Composed invested development index i.e., Index for the combined indicators of the level of development of a region.
D	=	Sum of the values of the Di over all regions
REV _{i,t-1}	=	Planned own revenue raised by region i in the prior year
BUD _{i,t-1}	=	Planned budget for region i in the year prior
REV _{t-1}	=	Sum of planned own revenue of all regions in the prior year
BUD _{t-1}	=	Sum of planned budget of all regions in the prior year
Povi	=	The ratio of population below the absolute poverty line in region i.
Pov	=	The average proportion of population below the absolute poverty line in all regions.

²⁴⁸ MEDaC, 2000, 15.

Table 4.6 in Chapter four shows the absolute amount of subsidies provided to regions from the Federal Government.

The budget subsidy in Ethiopia exhibits several distinguishing features. Primarily, the transfer comes in the form of a block (unconditional) grant where the regions are free to spend according to their own choice and preference.²⁴⁹ Once the budget subsidy is known, the regions decide their own spending plans for the year. So far, since the country is at low level of development, priorities are not very difficult to determine. There is a preference on three sectoral development programs (education, health and road) that the country has embarked upon.²⁵⁰

At present, MEDaC and the Ministry of Finance at the Federal level formulate and execute the entire system of federal grants to regions. There is not as such disputes encountered in the process and widespread co-operation between regions and the federal government has been observed.²⁵¹

6.4 Social Impacts

More than at any other time, social services were left as responsibility of the regions in the recent decentralization process, although there is much to be done. According to the assessment of some scholars, there have been encouraging results in social aspects of development after responsibility for them has been shifted to regions. Some of these aspects are discussed below.

²⁴⁹ World Bank, 27.

²⁵⁰ Ibid.

²⁵¹ Ibid.

6.4.1 Education

The foundation of education policy is that the Federal Government supervises and establishes an overall policy framework for education, while regions assume the prime responsibility for running primary and secondary schools. Only the tertiary level is the responsibility of the Federal Government.

One of the significant developments emerging in the decentralization process is the introduction of ethnic languages as media of instruction in primary schools in various regions. So far, in almost all regions, primary education is undertaken through the medium of 16 respective ethnic languages. This fact represents a radical shift of education system, since previously the medium of instruction was Amharic, which, even now, is the lingua franca of the whole country. The policy enables different people to communicate with their respective mother tongue. However, the policy is also regarded as something which creates tension between minority and dominant groups in some regions. For instance, according to Seyoum Gebreselassie and Yacob Arsano, the use of ethnic languages as media of education without an educational system that is bilingual

has created the unintended consequence of dominant groups to regard minorities as aliens and denying them their basic citizenship rights . . . There have been allegations that people who have lived in an area for several generations have been expelled because they could not meet the language criteria.... Since most people have been educated where Amharic has been the language of instruction there is a possibility to put in place a system that is bi-lingual.²⁵²

²⁵² Seyoum Gebreselassie and Yacob Arsano, 101.

However, for others this policy may be helpful in quenching the anger of people who have experienced injustice in the past.²⁵³

One greater impact on implementation of the basic principles of education is also that one learns more and a lot faster if you teach one in one's own native language. Besides, using one's own native language in schools, courts, etc. is part of self administration and will have its own contribution to the training of professionals that can be deployed to their respective regions.

Apart from that, there is the Education Sector Development Program (ESDP) in which the Federal Government and regions have made a firm commitment to education.²⁵⁴ Various measures have been taken to increase the participation of the society in the program. Therefore, in response to the program, 78 percent of the ESDP activity is carried out by regions.²⁵⁵

As a result of the huge flow of resources and the efforts made by regions, primary education enrollment ratio, which was around 26.2 percent in 1996, rose to 61.7 percent in 1999.²⁵⁶ The number of primary schools has also increased from 10,394 in 1997 to 11,057 in 1999.²⁵⁷ The absolute number of primary school students has increased from 2.42 million in 1985 to 5.09 million in 1998.²⁵⁸ Secondary education enrollment ratio has also increased from 20.4 percent in 1990 to 31.2 percent in 1998.²⁵⁹ Table 6.7 indicates the changes in primary school participation rate in all regions except Addis Ababa.

²⁵³ Op Cit.

²⁵⁴ Lulseged Ageze, 37.

²⁵⁵ Ibid.

²⁵⁶ Ibid.

²⁵⁷ Ibid.

²⁵⁸ Ibid.

²⁵⁹ Ibid.

Table 6.7: Change in Primary School Participation Rate
(1994/95 - 1997/98)

Region	1994/95	1995/96	1996/97	1997/98	Percentage Change 1997/98-1994/95
Tigray	43.7	45.0	45.1	56.1	12.4
Afar	8.4	8.4	8.4	8.4	0.0
Amhara	17.9	22.3	28.0	34.6	16.7
Oromia	21.2	26.0	30.8	39.6	18.4
Somali	11.6	11.6	11.6	11.6	0.0
Benshangul/Gumuz	35.4	42.8	48.6	69.9	34.5
SNNP	28.8	38.4	44.4	55.7	26.9
Gambella	53.9	50.4	66.3	83.5	29.6
Harari	53.4	54.9	65.6	77.1	23.7
Addis Ababa	-	-	-	-	-
Dire Dawa	41.0	41.6	50.7	58.9	17.9
Average (All Region)	26.2	30.1	34.7	42.0	15.8

Source: MEDaC, The Federal Budget Grant Formula in Ethiopia, 2000.

6.4.2 Health

With respect to health services, the federal and regional governments have also given due emphasis by formulating a Health Sector Development Program (HSDP). This program is mainly underway by local governments which is useful if measured in terms of resource mobilization and utilization, coordination, equity and community involvement.²⁶⁰ In order to improve the health status of the

²⁶⁰ GebreAb Barnabas, Governance and Social Development (London:University of London, 1998), 254.

population, the sector development program emphasizes the implementation of primary health care throughout the country. The major areas of emphasis are establishing community based approach in health service provision, strengthening the capacity of health staff, health education and preventive services.²⁶¹

To this end, the government has increased its expenditure on health services provision. The amount of resource that was devoted to the sector has increased from 160.5 million Birr in 1991 to 750.0 million Birr in 1997/98.²⁶² Out of the 1997/98 total expenditure, 90 percent has been accounted by regions and the remaining 10 percent has been the share of the Federal Government.²⁶³

As a consequence of these concerned efforts, the number of hospitals, health stations and health posts increased by 25.6, 81.1 and 53.3 percent respectively in 1998 from its low record of 1991.²⁶⁴ Primary health care coverage has also increased from 58.5 percent in 1997 to 52.7 percent in 1999.²⁶⁵ Table 6.8 shows the change in number of health centers in all regions except Addis Ababa.

²⁶¹ Op Cit.

²⁶² Ibid.

²⁶³ Ibid.

²⁶⁴ Ibid.

²⁶⁵ Ibid.

Table 6.8: Change in the Number of Health Centers
(1994/95 - 1997/98)

Region	1994/95	1995/96	1996/97	1997/98	Change In Number 1997/98-1994/95
Tigray	18	19	21	25	7
Afar	3	3	4	5	2
Amhara	42	46	53	53	11
Oromia	61	79	74	76	15
Somali	6	9	11	11	5
Benshangul/Gumuz	4	3	3	4	-
SNNP	31	36	66	83	52
Gambella	3	3	3	3	-
Harari	-	-	-	1	1
Addis Ababa	-	-	-	-	-
Dire Dawa	1	1	2	2	1
Average (All Region)	169	199	237	263	94

Source: MEDaC, The Federal Budget Grant Formula in Ethiopia, 2000.

Regional health status is still poor. This can be seen in Table 6.9 which indicates the number of Health Human Resources.

Table 6.9 Health Human Resources in Regions (1994/95)

Profession	Tigray	Afar	Amhara	Oromia	Somali	BENSHANGUL/ Gumuz	SNNP	Gambella	Harari	Addis Ababa	DIRE Dawa	Federal	Total
Doctors	82	11	263	369	39	25	227	13	34	214	33	122	1432
Physiotherapists	7	-	-	3	-	-	-	-	1	10	-	23	44
Health Officers	-	-	1	3	-	1	4	-	-	7	-	-	16
Pharmacists	9	1	32	46	3	3	23	1	7	25	3	21	174
Nurses	293	28	594	1021	138	64	505	33	47	523	63	388	3697
Laboratory Technicians	41	5	90	157	14	8	85	3	15	80	10	78	586
Sanitarians	41	7	134	156	20	22	105	7	5	49	7	10	563
X- Ray Technicians	16	2	25	42	6	4	17	2	5	40	3	43	205
Pharmacy Technicians	42	4	12	65	11	6	48	4	6	29	6	11	244
Health Assistants	844	159	3088	3378	326	233	1721	98	164	666	133	376	11186
Ophthalmic Assistants	1	-	7	13	-	2	-	-	2	6	2	-	33
Dental Assistants	-	-	2	5	-	-	-	-	-	1	-	-	8
Community Health Assistants	989	-	-	1991	-	-	-	-	-	-	-	-	2980
Traditional Birth Agents	991	-	-	2066	-	-	-	-	-	105	-	-	3162
Others	461	-	-	-	-	-	-	-	-	-	-	-	461
Total	3817	217	4248	9315	557	368	2735	161	286	1755	260	1072	24791

N.B. Manpower Outside the Ministry of Health not Included.

Source: Messert Shiferaw, p.35

Available health indicators in Ethiopia still show glaring constraints on the adequate provision of services. The already poor health facilities were damaged by the war, and the quality and coverage of basic health services have remained low due to lack of adequate operational and maintenance budgets.

Doctor/population ratio was 1:38,365, nurse/ population 1:14,860 and health assistant/population 1:4,897.²⁶⁶ These ratios indicate that public health services are not adequately provided even by the standards of developing countries. Regional disparities also aggravate the problem of health in some regions. Lack of adequate facilities, remoteness from the capital, Addis Ababa, and other similar factors discourage doctors and other health personnel from accepting assignments in the remote regions of Afar, Benshangul/Gumuz, Gambella and Somali. Lack of adequate medical personnel, medicine and equipment, as well as other basic health facilities, show the requirement for additional large investment in the health sector.

The participation of the private sector in the provision of health services has been limited. In the investment Proclamation No, 15 of 1992, there are no conditions and modalities of private investment in social services such as health and education and no fiscal incentives are given to promote these sectors. This may have contributed to the low level of participation of private investment in these sectors. The share of NGO's and private individuals in hospitals and health stations was about 9 percent and 15 percent respectively by 1995 and most of these were concentrated in the capital, Addis Ababa.

²⁶⁶ Messert Shiferaw, 36.

Since the provision of health services has become the responsibility of regions, a large number of health centers, health stations and health posts have been constructed in the regions. Health sector expenditure in 1993/94 from domestic sources by all regions was about 284.1 million Birr, while it was 480.3 million Birr in 1996/97,²⁶⁷ which was a 69.06 percent increase. The regions per capital expenditure on health from domestic sources was 5.3 Birr in 1993/94 and this increased by 8.61 Birr in 1996/97.²⁶⁸

6.4.3 Road Development

The road network was not developed satisfactorily in the past. Most of the roads were damaged due to civil strife in the country. According to the Ethiopian Roads Authority, in 1991/92, there were 3442 kms of asphalt roads, 8955 kms of gravel roads and 5779 kms of rural roads throughout the regions.²⁶⁹ Since road construction became one of the priority sectors in the national development policy, tremendous achievement in rehabilitation and construction has been recorded in a short period of time. Accordingly, between the year 1991/92 to 1996/97 114 kilometers of asphalt roads, 4058 kilometers of gravel roads, and 2264 kilometers of rural roads were constructed. Table 6.10 shows the length of roads in the regions in 1996/97.

²⁶⁷ MEDaC, 1998, 45.

²⁶⁸ Ibid.

²⁶⁹ Ibid, 46.

Table 6.10 Length of Roads in Regions (1996/97)

Regions	Asphalt in Km	Gravel in Km	Rural Roads in Km
Tigray	35	644	881
Afar	605	99	69
Amhara	565	1390	4267
Ormoia	2105	4911	3336
Somali	-	1216	46
Benshangul/Gumuz	-	754	627
SNNP	388	2572	2096
Gambella	-	322	-
Harari	7	15	58
Addis Ababa	18	12	-
Dire Dawa	70	-	-
Total	3793	11935	11380

Source: MEDaC, 1998, p.47.

In general, even though it is less than 10 years after the decentralization process has been practiced in the country, there are some positive trends. Decentralization seems to have proved itself to be the appropriate system of governance in the country.

The results in social, political and economic aspects in the country after the introduction of the decentralization process show that some form of development has been realized. Regions are now no longer under the authority of the central government. Most activities, particularly those under the jurisdictions of regions have proved to be the proper domain of the regions. More or less, the decentralization process has promoted self-rule and empowerment. More than any

other thing, it is in the recent decentralization process that the root causes of civil war have been boldly addressed and the decentralization process seems to have curbed the possible problems for ethnic conflict.

However, there are some problems that have emerged in the process. First, the country has insufficient experience in decentralized governance and administration. This has created challenges and problems for the government in its attempt to institutionalize a federal administration. Second, a major obstacle for the implementation of the decentralization process is skilled manpower shortage. In almost all regions skilled manpower is in short supply. Some fields of specialism, i.e., medicine, economics, engineering, accounting, administration etc. are not adequately staffed by trained manpower.

However, even though there are a lot of problems, Ethiopia is a good candidate for decentralized government and administration. The country's enormous ethnic, linguistic and cultural diversity, together with big territorial size, require a state organization that permits a great degree of autonomy and decision-making authority at regional and local levels.

6.4.4. Justice

One of the most significant achievements of the current decentralization process is that regions are allowed to administer justice by themselves. They have their own courts, they appoint their own judges and use their own local languages in the process. People in the regions use their vernacular languages in schools, courts, etc. As a result, people seem to feel that they have greater freedom in their own affairs than ever before.

Chapter 7

Findings – Decentralization in Oromia Region

7.1 Introduction

Given Ethiopia's enormous diversity in ethnicity, topography, territorial size and its history of internal conflicts, a decentralized system of governance where regions play a greater role in performing and administering government affairs is considered as the appropriate form of governance. About ten years have elapsed since the adoption of the decentralized system.

However, the performance or implementation of the process in the country is not uniform. There have been quite significant disparities among regions depending upon the wide variations in population, availability of natural resources, level of infrastructure, number and mix of manpower capacity etc. Some regions are in a more disadvantageous position than others in these respects. Therefore, one cannot expect uniform results from all regions in the country.

Although regions could not implement the policies, programs and projects in their areas in a similar manner, some of the challenges they face, and the prospects they expect seem to be similar. There is a set of common problems and common opportunities. Moreover, as the regions are governed within the framework of one country, i.e., The Federal Democratic Republic of Ethiopia (FDRE) and under one supreme constitution, i.e., the Constitution of the FDRE, there are numerous common areas which replicate each other in almost all regions. Therefore, to a some extent, studying the aspects in one region could give a

general idea and an understanding about the general overview of the implementation of the decentralization process in all the regions of the country. Oromia Region is selected for this purpose. This chapter, hence, is devoted to the description of the challenges and prospects that have transpired during the implementation of the decentralization process in the Oromia Region.

7.2 Socio-Economic Profile of the Oromia Region

Oromia Region is the largest of all the regions in Ethiopia. The region is important in terms of population, output levels and resource endowment. It has vast tracts of fertile land, large numbers of livestock, mineral deposits, wildlife reserves etc. However, just like most regions in the country, the level of utilization and mobilization of the resources is at a low level.

The majority of the population of the region are engaged in primary sector activities, where the margin of return is so low that it is a little more than subsistence level. Like in many other places in the country, there is a wide prevalence of poverty, malnutrition, illiteracy, ignorance and other social disadvantages in the region.

There are also wide economic and social disparities among the zones and the woredas in the region. There are places which are relatively better in the availability and access to basic infrastructural facilities than in other places in the region itself. There are zones and woredas, particularly in the peripheries, where basic provision of social services and availability and access to resources are poorly developed.

7.2.1 Physical Characteristics of Oromia Region

In this section the geographical location, the territorial size, topography, drainage and water resources of the region and other physical characteristics of the region are going to be discussed.

7.2.1.1 Location and Size of Oromia Region

Oromia Region extends from the central west part of the country across the heart to the south eastern part, with larger protrusions towards the south and west directions.²⁷⁰ It extends from 3° 40'N to 10° 46'N latitude and from 34° 08'E to 42° 55'E longitude.²⁷¹

The region has an area of 353,690 km², which is about 32 percent of the total area of the country.²⁷² Therefore, it ranks first out of the regions of Ethiopia. The region is surrounded by seven regions including the Federal city, Addis Ababa, within the country and shares an international boundary with Sudan and Kenya. The regions and countries bordering Oromia region are: in the north, Benshangul/Gumuz, Amhara, Afar and Somali Regions, in the south, Kenya; in the east, Somali region, in the west, Gambella and Benshangul/Gumuz regions, and the Sudan; in the south west, the SNNP region. Therefore, the Oromia region shares boundary with all regions in the country except Tigray. (See Appendix C)

²⁷⁰ BOPED, Physical and Socio-Economic Profile of 180 Districts of Oromia Region (Addis Ababa: 2000) p.4.

²⁷¹ Ibid.

²⁷² Ibid.

The region embraces twelve administrative zones, 180 woredas (districts)²⁷³, and 375 urban centers²⁷⁴, and over 10 thousand peasant associations²⁷⁵. Table 7.1 shows the areas and districts of the zones of the Oromia Region.

Table 7.1: Size and Number of Woredas (Districts) of Zones in Oromia Region

Zones	No. of Woredas (Districts)	Area in KM ²	Percent
Arsi	20	23,724.44	6.7
Bale	17	63,917.46	18.1
Borena	12	95,740.23	27.1
East Hararghe	15	24,900.2	7.1
West Hararghe	10	17,552.23	5.0
Illubabore	12	16,555.36	4.7
Jimma	13	18,412.54	5.2
East Shoa	12	13,624.09	3.9
North Shoa	12	11,376.32	3.2
West Shoa	23	21,551.98	6.1
East Wellega	17	21,863.82	6.2
West Wellega	17	23,788.13	6.7
Total	180	353,006.81	100.0

Source: CSA, *Statistical Abstracts 1998, 1999*. (The area of the Region according to BOPED is 353,690)Km².

²⁷³ Tamene H.Giorgis. *Socio-Economic Profile of Oromia* (Addis Ababa,1996), .4.

²⁷⁴ BOPED, 2000 1.

²⁷⁵ FDRE, *First Five Year Development Programmes* Vol.2, 5.

7.2.1.2 Topography

Oromia is a region of great geographic diversity. Its relief pattern includes high and rugged mountain ranges, undulating to rolling plateaus and plains, panoramic gorges and deep incised river valleys. The altitude of the region ranges from less than 500 meters above sea level to high ranges that culminate in Mount Batu about 4307 meters above sea level in the Bale zone.²⁷⁶ About 46 percent of the region is above 1500 meters above sea level²⁷⁷ and 75 percent lies between 1000 to 2500 meters above level.²⁷⁸ Moreover, the Great Rift Valley crosses the region at the middle part.

The relief of Oromia is characterized by general levelness of its plateau, though its peripheries and mountain ranges are rather dissected and rugged.²⁷⁹ The presence of different soil types and fertility, the distribution of various flora and fauna, the occurrence of different minerals and the suitability of the climate for various agricultural production activities are believed to be the results of this geographic diversity.

7.2.1.3 Climate

The climate of Oromia region is affected significantly by variation in altitude, its latitudinal position, prevailing winds and air pressure and circulation, and its proximity to the Indian Ocean. In general, about 30 percent of the lowlands

²⁷⁶ Tamene H. Giorgis 4.

²⁷⁷ Ibid.

²⁷⁸ FDRE, 2000, 5.

²⁷⁹ Tamene H. Giorgis 4.

of eastern sub-region has an arid climate.²⁸⁰ Over 35 percent of the intermediate high lands of central and western parts of the region have a hot tropical rainy climate, while the highlands have a warm temperate rainy climate.²⁸¹ Limited areas of high relief, mountains and massifs of Bale and Arsi zones, have cool highland climate.

Meteorological data indicate that the mean annual temperature of the region is around 19⁰C due to the fact that over 80 percent of the elevation of the land is over 1000 meters above sea level.²⁸² However, the region experiences extreme temperatures because of its high variability in altitude. These seasonal altitudinal variabilities in temperature have significant impacts on the vegetational adaptation and distribution in the region.

The duration, amount and spatial distribution of the rainfall in the region depend upon location of the region relative to Atlantic and Indian Oceans and the Red Sea. The region receives rainfall twice a year. The main rain of the region is in June, July and August, and covers the greater portion of the region. Little rain is received between March and May.

The distribution of mean annual rainfall varies from place to place and from year to year. Generally, it gradually decreases in all directions from the highlands of Illubabore, Jimma, and east zones, about 1600 to 2400 millimeters, towards the arid lowlands of Bale, Borena and Hararghe zones generally less than 400 millimeters.

²⁸⁰ Ibid, 6.

²⁸¹ Ibid.

²⁸² FDRE, 2000, 6.

7.2.1.4 Drainage and Water Resources

The region is well endowed with water resources. The resources are located in seven drainage basins namely, Baro-Akobo, Nile, Awash, Wabe-Shebele, Genale-Dawa, Rift valley and Gebe-Omo. There are numerous rivers in the region, and some have international importance. There are 63 big rivers, 688 tributaries and 205 lakes in the region.²⁸³

Despite the huge potential of the rivers in the region for energy generation and irrigation, their actual utilization is low. Only Awash basin is better used due to its proximity to the country's capital Addis Ababa, its physical feasibility and accessibility to developed infrastructures. Some of the activities held in the Awash basin include, the sugar plantation of Wonji Shoa and Matahara, fruit and vegetable plantation of Merti Jeju, and the Hydro-power stations of Abba Samuel and Koka. Awash river, in general, has a potential of irrigating 150,000 hectares of land, but so far only 65,000 hectares (about 40 percent) are used.²⁸⁴

The lakes in the region are mainly used for resort development and recreation. For instance, Lake Langano, Lake Shala and others are used for recreation. The other uses of the lakes include mining, fishery, irrigation, and water supply for people and livestock on very small scale levels. Some of the lakes are also used as habitats for a great variety of birds and other animals. Table 7.2 shows area covered by major drainage of the region.

²⁸³ Tamene H. Giorgis, 15.

²⁸⁴ Ibid. 13.

The total run-off of the drainage basins of the region is estimated to be 45 billion cubic meter per annum and yet only 3 percent has been utilized.²⁸⁵ Despite this immense water resources potential, modern irrigation agriculture has not been expanded in the region and this has left the region's agriculture dependent on rainfall.

Table 7.2: Area Coverage of Major Drainage Basins of Oromia Region

Zone	Drainage Basins							(area in km) Total
	Genale-Dawa	Blue Nile	Wabi-Shebele	Awash	Baro Akobo	Gibe-(Omo)	Rift valley Lakes	
Arsi			12,658	4,931			5,468	23,057
Bale	43,249		24,034					67,283
Borena	73,126						19,673	92,799
East Hararghe			22,501	6,838				29,340
West Hararghe			10,989	9,571				20,560
Illubabore		4,594				13,019		17,613
Jimma		1,846			12,900			14,746
East Shoa				8,107	85		5,267	13,459
North Shoa		9,874		1,037				10,911
West Shoa		9,481		6,252		6,360		22,093
East Wellega		25,570			732	1,036		27,338
West Wellega		18,853			10,427			29,280
Total	116,375	70,218	70,182	36,736	24,144	20,415	30,408	368,479
Percent	31.6	19.1	19.0	10.0	6.6	5.5	8.2	100.0

Source: Tamene H. Giorgis, p.15.

²⁸⁵ FDRE, 2000, 9.

7.2.2 Demographic Characteristics of Oromia Region

7.2.2.1 Population

The population of the region as of 1998 was estimated to be 21,694,000 where 19,174,000 were rural based and the remaining 2,520,000 urban based.²⁸⁶ This makes it the most populous region in Ethiopia. And according to the estimates of the Bureau of Planning and Economic Development (BOPED) of Oromia, the total population of the region at the end of 1999, was 21,014,189.²⁸⁷ Table 7.3 shows total estimated population of all zones in the region in 1999. This fact, therefore, makes the region the most populous in the country.

Table 7.3: Estimated Population Size of Zones in the Oromia Region

Zone	Population Size			%	Density
	Male	Female	Total		
Arsi	1,238,479	1,247,105	2,485,584	11.8	104.7
Bale	677,320	689,113	1,366,433	6.5	21.4
Borena	815,323	787,080	1,602,403	7.6	16.7
East Hararghe	1,042,218	1,001,652	2,043,870	9.7	82.1
West Hararghe	730,907	692,001	1,422,908	6.8	81.1
Illubabore	466,618	482,699	949,317	4.5	57.3
Jimma	1,097,977	1,100,536	2,198,513	10.5	117.5
East Shoa	952,624	946,437	1,899,061	9.1	139.4
North Shoa	644,918	650,451	1,295,369	6.2	113.9
West Shoa	1,291,935	1,319,572	2,611,507	12.4	121.2
East Wellega	691,723	715,094	1,406,817	6.7	64.3
West Wellega	858,134	874,273	1,732,407	8.2	72.8
Total	10,508,176	10,506,013	21,014,189	100.0	59.6

Source: BOPED, Statistical Pocket Book, 1997.

²⁸⁶ CSA, 1999.

²⁸⁷ BOPED, Statistical Pocket Book (Addis Ababa, 1997), 27.

According to an estimate made by the Central Statistical Authority (CSA), the population of Oromia Region is expected to grow by about 2.5 percent.²⁸⁸ Table 7.4 shows the population projection made in the 1994 Population and Housing Census held throughout the country.

Table 7.4: Population Projection of Oromia Region 1995-2000

Year	Total	Sex		Residence	
		Male	Female	Urban	Rural
1994	18,732,525	9,371,228	9,361,297	1,970,088	16,762,437
1995	19,062,055	9,534,589	9,527,487	2,029,065	17,032,991
1996	19,531,385	9,768,679	9,762,706	2,114,182	17,417,203
1997	20,012,952	10,008,870	10,004,082	2,202,870	17,810,082
1998	20,507,101	10,255,310	10,251,791	2,295,278	18,211,823
1999	21,014,189	10,508,176	10,506,013	2,391,563	18,622,626
2000	21,534,584	10,767,650	10,766,933	2,491,887	19,042,696
Growth rate	2.33%	2.33%	2.33%	3.92%	2.13%

Source: CSA, The 1994 Population and Housing Census.

According to the 1994 census, about 85 percent of the population living in the region are Oromo ethnic group, while 9.1 percent were Amhara, 1.3 percent were Guraghe and 4.6 percent were others.²⁸⁹

²⁸⁸ Tamene H. Giorgis, 25.

²⁸⁹ CSA, 1999.

7.3 The Decentralization Process in the Oromia Region

7.3.1 The Organizational Structure

The Oromia Region was formed in 1992 under Proclamation No.7 of 1992. The region included formerly East Shoa, West Shoa, part of North Shoa, part of South Shoa, Wellega, Arsi, Bale, part of Sidamo, East Hararghe, West Hararghe, Illubabore and Jimma Administrative regions. Most of the above areas have recently become zones in the government structure of the region. Sectoral departments, government branch offices and other government establishments in the zones which were set up by the previous government have continued their operations with very minor changes.

To define the organizational structure of the Oromia region, a series of provisions have been spelt out in various articles of the Regional Constitution. As per articles 49, 54, 69, 75, 79 and 85 of the constitution of Oromia Region, the Regional State Administration is organized into a four-tier structure consisting of, from the top to the bottom, the Regional Government, *Zones*, *Woredas* and *Kebeles*. The *Kebeles* constitute the lowest unit in the administrative hierarchy and are responsible to the *woredas*, and the *woredas* in turn are responsible to the zones and the zones to the region.

The major powers and duties of the four structural layers of the Regional State are set out at length in the above cited articles. The subsequent portions are, hence, used to present the duties and powers of each tier of administrative structure in the Oromia Region.

7.3.1.1 The Regional Government

According to Article 46 of the Regional constitution of 1995, there are three organs of the Regional Government namely, the Council, the Executive Committee, and the court system.

Further to the conventional powers and duties with which it is entrusted as the highest administration organ of the region, the Regional Council enacts laws; negotiates and endorses agreements with other regions; elects the executive officers of the Region and other members of the Executive Committee including the President, Vice President and Secretary; appoints the chief and vice chief justice of the supreme court as well as the Auditor General of the Region.²⁹⁰ It also deliberates upon and approves the socio-economic development program of the Regional Government and establishes social and economic development institutions.²⁹¹

The Executive Committee of the Region is the highest organ of power in the regional state, and comprises the president, vice president and secretary of the region. The committee is chaired by the president and is accountable to the council of the Region.²⁹² Among its major powers and duties, the executive committee ensures the proper implementation of laws and decisions of the Federal Government and of the Regional Council.²⁹³ It also prepares the annual budget of the Region and devises economic and social policies and strategies, both of which are implemented upon the approval of the Regional Council.²⁹⁴ The existing organizational structure of the Regional Government is indicated in Fig. 7.1.

²⁹⁰ Oromia Regional State, Article 46..

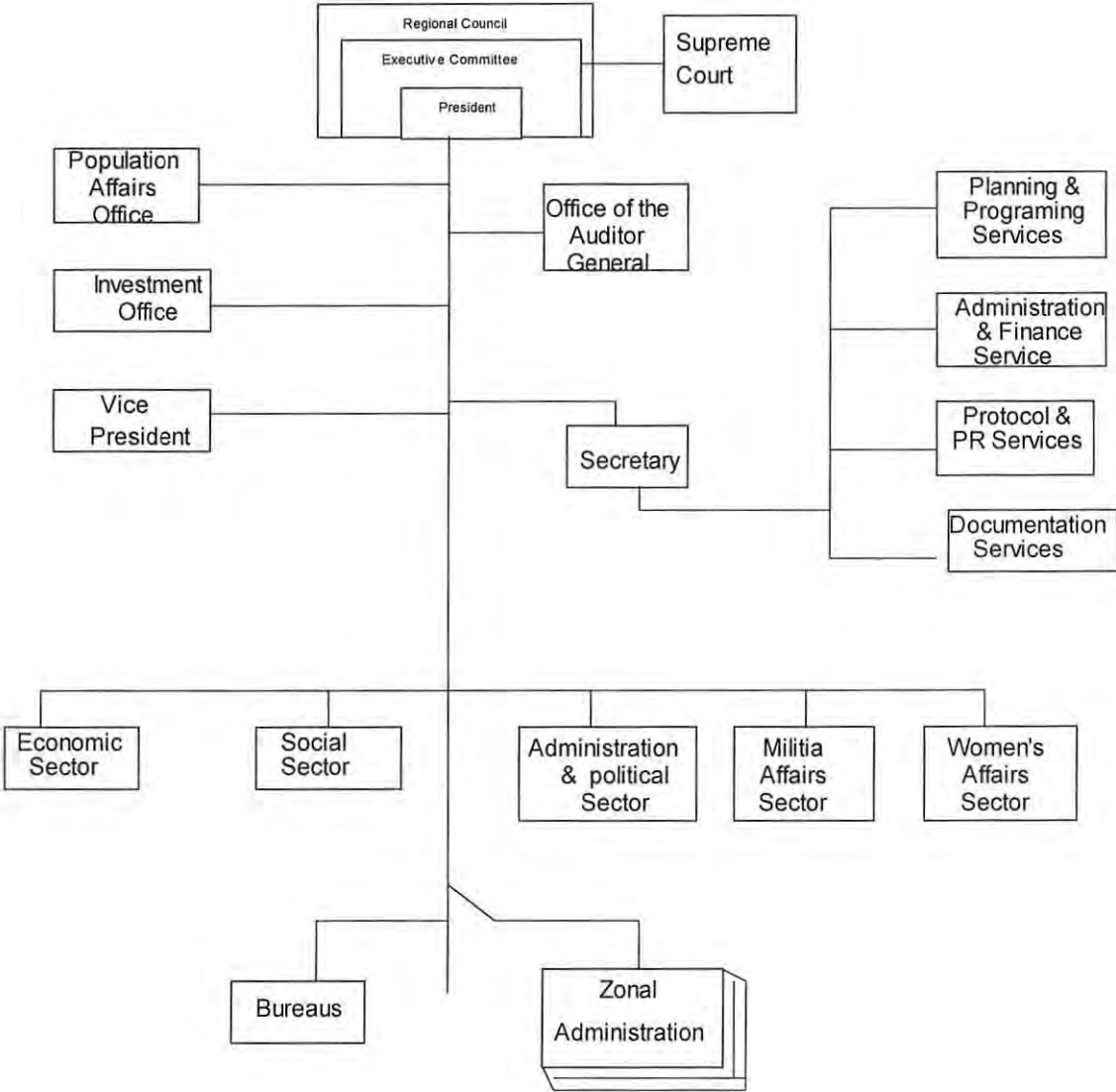
²⁹¹ Ibid.

²⁹² Article 52 of the Regional Constitution of 1995.

²⁹³ Article 54 of the Regional Constitution of 1995.

²⁹⁴ Ibid.

Fig. 7.1: Organizational Structure of the Oromia Region



Source: Oromia Civil Service Bureau.

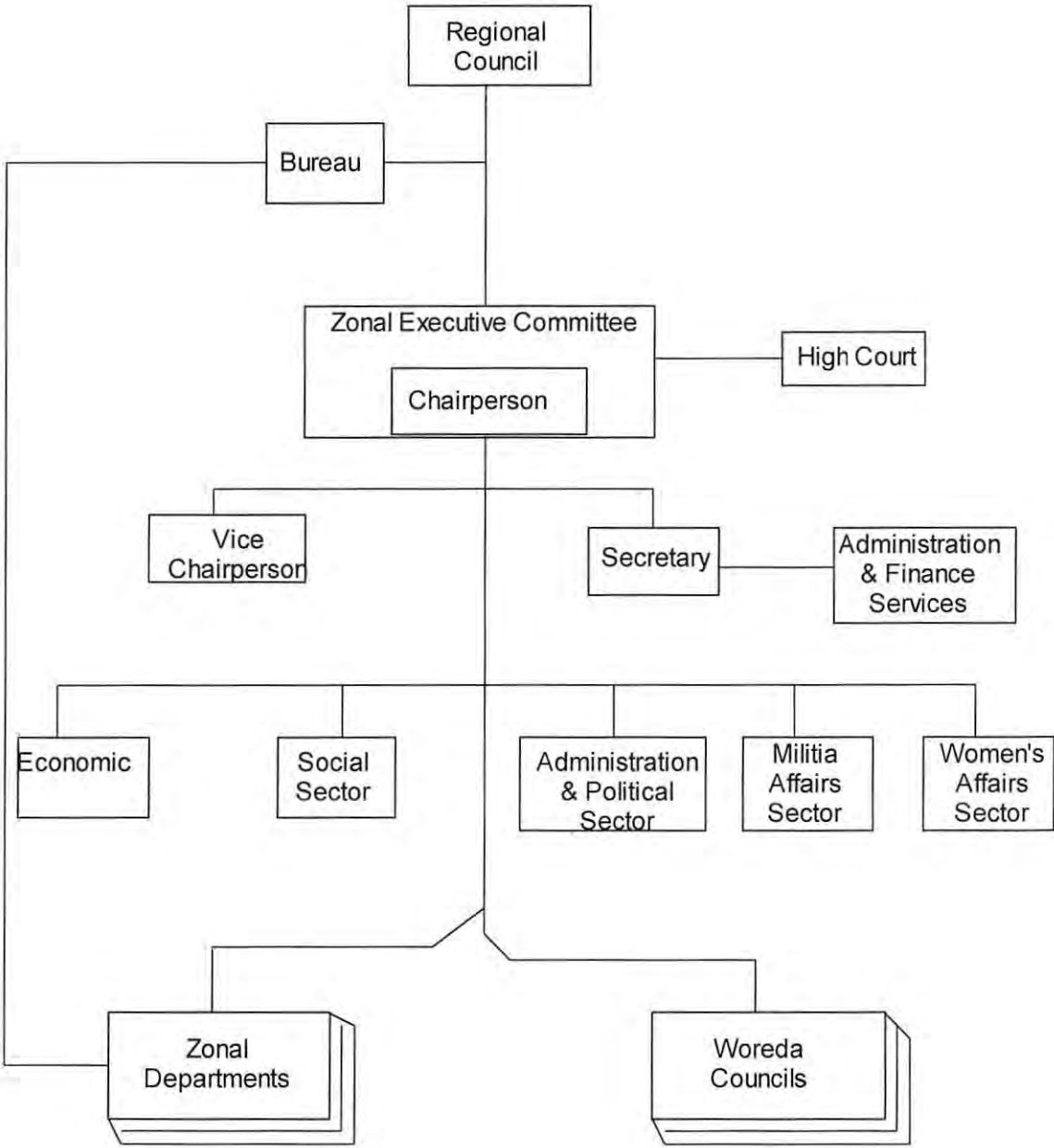
7.3.1.2 The Zonal Administration

The zonal administration is the second highest administrative unit next to the Regional Government. Each zone in the region embraces a defined number of districts or Woredas. The zonal administration in the Oromia region does not have a council and is responsible to the Executive Committee of the Region. This fact represents a unique feature of the Oromia region from other regions in the country. Its members are also elected from among members of the Regional council. Nominees for the zonal administration, including the Chairman, Vice-Chairman and Secretary of the zonal administration are selected by the Executive Committee of the region and approved by the Regional Council.

The zonal Executive Committee is the highest executive organ of the zone and is accountable to the Executive Committee of the Region. The powers and duties of the zonal Executive Committee include the responsibility for directing, coordinating and supervising the activities of the districts/woredas of the zone; ensuring the proper implementation of policies, laws, direct.... and decisions issued by the council and Executive Committee of the Regional State; drawing up the annual budget for the zone and implementing it upon approval by the Regional Executive Committee as well as implementing the social and economic development programs of the zone.²⁹⁵ Fig. 7.2 shows the organizational structure of zonal administration in the Oromia Region.

²⁹⁵ Article 70 of the Oromia Regional Constitution.

Fig. 7.2: Zonal Organizational Structure in the Oromia Region



Source: Oromia Civil Service Bureau

7.3.1.3 The District/Woreda Administration

A district/woreda administration is composed of a council comprising representatives of the people in each kebele, an Executive Committee elected from among members of kebele (neighborhood) councils, the office of the District Attorney, a security and police force and government office for social services and economic development activities.

In addition to formulating and enforcing policies on social services and economic development programs and implementing policies, laws and directives issued by the regional state, the district/woreda council administers all primary government schools and intermediate health establishments in the district/woreda; constructs and maintains lower level feeder roads in the rural areas, administers agricultural services and preserves natural resources.²⁹⁶ It also deliberates upon and approves plans and programs with regard to social services, economic development and public administration and mobilizes the population for development activities.

The district executive committee is the executive organ of the district and is responsible to the district council and the zonal administration. With regard to powers and duties, the district executive committee directs the activities of government agencies in the district; implements the policies and laws, and directs the plans and programs of the Federal and regional governments; protects, preserves and develops the natural resources and historical and cultural heritages of the district; and maintains peace and security in the district/woreda.²⁹⁷ It also

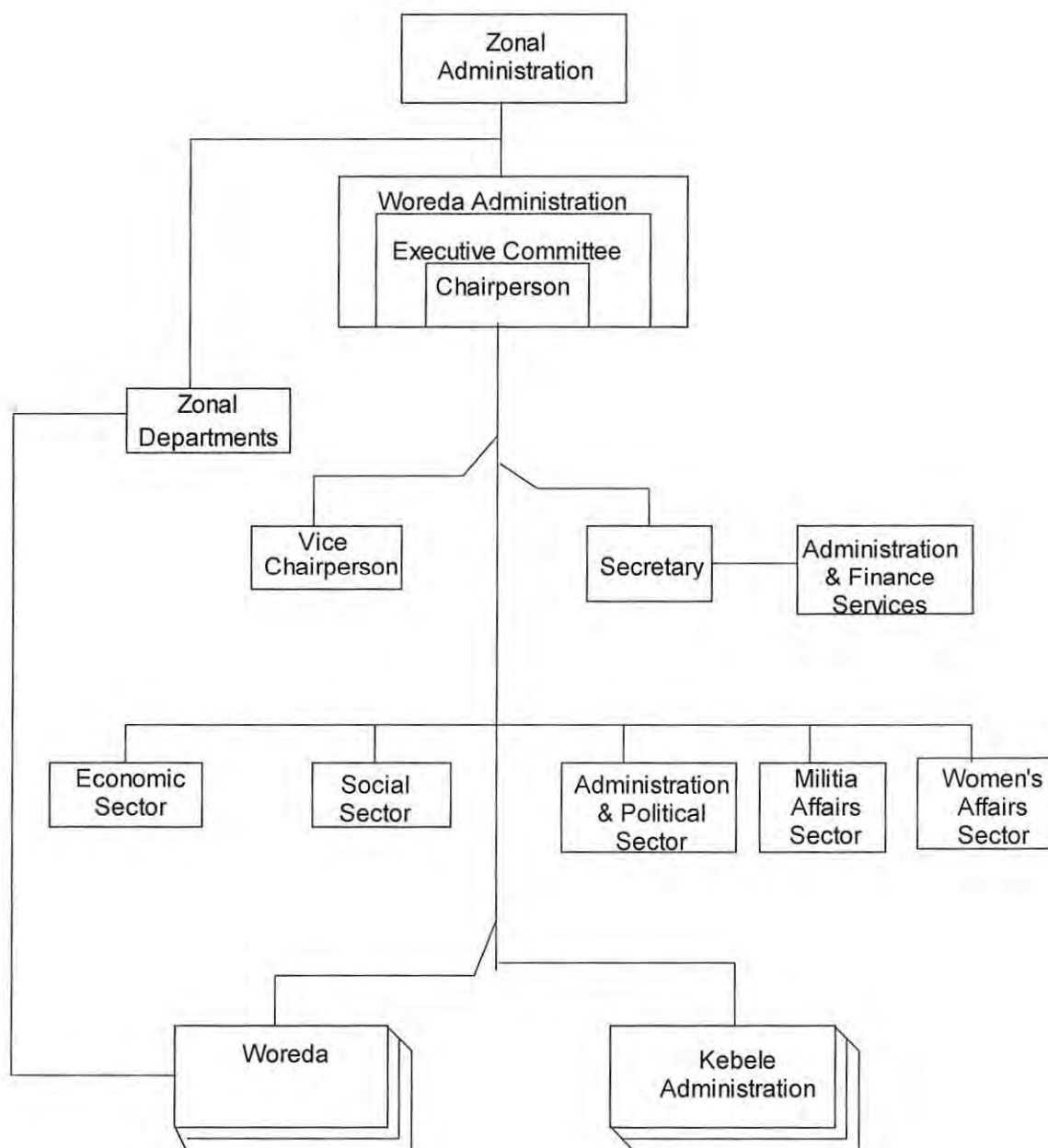
²⁹⁶ Article 72 of the Oromia Regional Constitution.

²⁹⁷ Article 79 of the Oromia Regional Constitution.

draws up programs for social services, economic development and administration of the district and submits them for approval by the district council.²⁹⁸ Fig 7.3 shows the organization structure of District/Woreda administration in the Oromia region.

²⁹⁸ Op, Cit.

Fig. 7.3: Organization Structure of Woreda Administration in Oromia Region



Source: Oromia Civil Service Bureau

7.3.1.4 The Kebele Administration

The kebele is the lowest basic administrative unit in the region, and is made up of an Assembly, an Executive Committee, social, economic and security organs, and a social court.²⁹⁹ The kebele Assembly is responsible to the electorate, to the Executive Committee of the District and to the District Council.³⁰⁰ The kebele Assembly is responsible to implement the programs and directives of the district: to formulate and implement land tenure programs, social, economic and administrative action plans and mobilizes the people for socio-economic development activities.³⁰¹ It also initiates other programs that are beneficial to the residents of the kebele.³⁰²

As the kebele Executive Committee is not a standing organ, it formulates programs and follows up their implementation in periodic meetings.³⁰³ The members of the Executive Committee are elected from among members of the kebele Assembly. The Executive Committee is essentially an organ for the grass-root implementation of laws, policies and directives enacted by higher organs in the administrative structure. The kebele Executive Committee is responsible to the kebele Assembly and the Executive Committee of the District Council. Figure 7.4 shows the organization structure of kebele administration in the Oromia Region.

²⁹⁹ Article 86 of Oromia Regional Constitution.

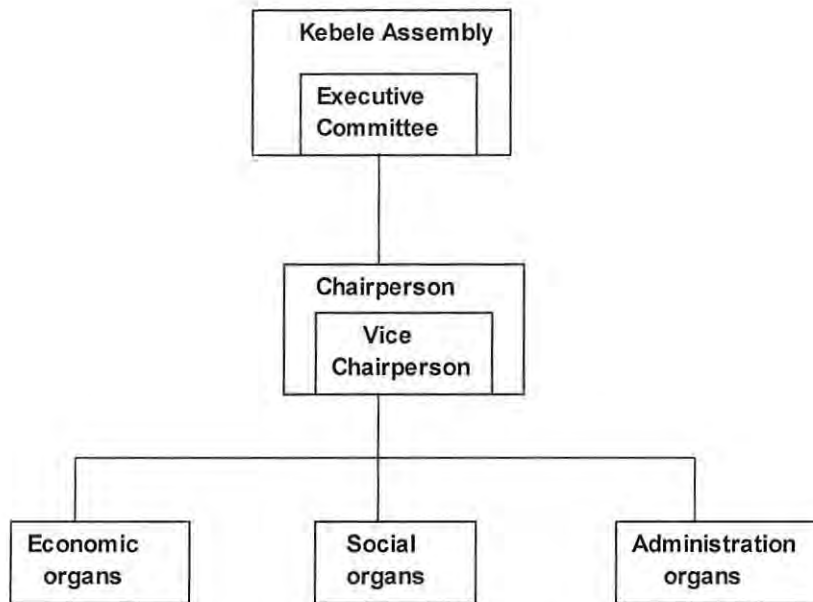
³⁰⁰ Ibid.

³⁰¹ Article 85 of Oromia Regional Constitution.

³⁰² Ibid.

³⁰³ Article 87 (1) of Oromia Regional Constitution.

Fig. 7.4: Organization Structure of Kebele Administration
in the Oromia Region



Source: Oromia Civil Service Bureau

7.3.1.5 The Executive Organs of the Oromia Region

The Executive organ of the Oromia Region is made up of bureaus, departments, commissions and offices operating at all levels except the kebele administration. They are established to implement the economic and social development policies, strategies and plans in the region. The detailed provisions regarding the structural set up, powers, duties and responsibilities of the executive organs are contained initially in proclamation No. 41 of 1993, which was used to define the powers and duties of the regional executive organs by the Central Government. This proclamation has been further promoted by proclamation No. 7 of 1995, a proclamation by the Regional State of Oromia. This proclamation was used as a basis to establish the executive organs of the Oromia Regional State.

The executive organs of the Oromia region as per the proclamation No. 7 of 1995, are:

- i. Culture and Information
- ii. Education
- iii. Water Resources, Mines and Energy
- iv. Public Servants Administration
- v. Trade, Industry and Tourism
- vi. Public Health
- vii. Finance
- viii. Transport and Communication
- ix. Labor and Social Affairs
- x. Public Works and Urban Development
- xi. Disaster Prevention and Preparedness
- xii. Planning and Economic Development
- xiii. Agricultural Development
- xiv. Justice Affairs
- xv. Investment Office
- xvi. Sports Commission

All of the above executive organs are led by bureau heads, which are equivalent to the position held by vice ministers in the federal ministries, assisted by deputy bureau heads and other civil servants. Most of the above offices have branch offices at the zonal administration and woreda level of the administrative structure, as the case may be, depending upon the nature and volume of work of the concerned bureau. Therefore, agricultural development, education, and Finance bureaus have branch offices up to woreda level. On the other hand, Public

Servants Administration and Investment Bureaus are established only at the regional level. The remaining bureaus are extended up to zonal levels.

As per the proclamation No. 41 of 1993 of the Federal Government and Proclamation No. 7 of 1995 of the Oromia Regional government, each of the above bureaus and offices are responsible for accomplishing their specific tasks in line with the peculiar nature of their duties and fields of specialization. In addition to that, all of the above executive organs of the Oromia Region have general powers and duties which are common to all of them. Accordingly, each executive organ is charged with the responsibility of: one, enforcing the policies of the Federal and Regional governments; two, drawing up its work plan and budget and implementing them upon approval by the Executive Committee; three, ensuring the enforcement of laws and directives; four, undertaking research and evaluation works; collecting and compiling statistical data and submitting them to the executive committee; five, entering into contracts upon prior consultation with the Justice Affairs Bureau and the Executive Committee; six, ensuring the proper utilization of state funds and properties, and seven, issuing directives for the proper discharge of the functions entrusted to it under the law.³⁰⁴

7.3.2 Findings on the Organization Structure and Systems of the Oromia Region

The Oromia region is one of the strong regions in structure and performance. There are strong areas where lessons for other regions can be drawn. Likewise, there are also certain discrepancies that need to be taken into account

³⁰⁴ Oromia Regional Government, Constitution,

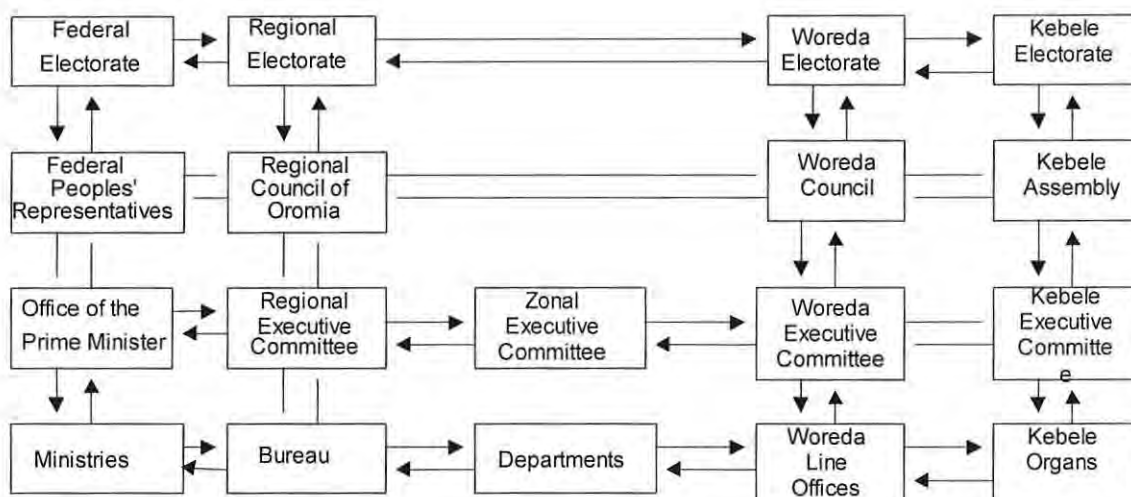
from the outset in order to get a clear grasp of the complex administrative problems of the region.

7.3.2.1 Positive Aspects

Dual Subordination

The Organizational structure of the regional government at all levels reveals that there is dual subordination of government functional units and offices at the same time. In this style, in discharging their constitutional duties and exercising their powers, lower organs in the region are subordinate to higher organs while at the same time being accountable to their councils or executive committees as the case may be Fig. 7.5 shows the structure of dual subordination of government offices in the Oromia region.

Fig. 7.5 : Structure of Dual Subordination in Oromia Region



This figure indicates that,

- i. The Regional Council of Oromia is directly responsible to its electorate while horizontally it is accountable to the Peoples' Representatives at the Federal level.
- ii. The Executive Committee of the Regional Council is vertically responsible to the Regional Council and horizontally to the Office of the Prime Minister.
- iii. The Regional Bureaus are vertically responsible to the Regional Executive Committee, and horizontally to the respective ministries at the Federal level.
- iv. The zonal departments (executive organs) are directly responsible to the Regional Bureaus while horizontally they are accountable to the zonal Executive Committee.
- v. The woreda councils are directly responsible to their electorate while horizontally they are responsible to the Regional Council.

- vi. The Woreda Executive Committees are directly responsible to the woreda councils, and horizontally to the zonal Executive Committee.
- vii. The woreda line offices are directly responsible to the woreda Executive Committee, while horizontally they are accountable to zonal departments.
- viii. The kebele Assemblies are directly responsible to their respective electorate, and horizontally accountable to the woreda councils.
- ix. The kebele Executive Committees are directly responsible to the kebele Assembly, and horizontally accountable to the Woreda, Executive Committee.
- x. Kebele organs are vertically responsible to the kebele Executive Committees and horizontally to woreda line offices.

This system is considered as pivotal to ensure the smooth functioning of the regional state administration apparatus and to regulate relations among the various executive organs. This is because the functional units from the regional level up to the woreda and the kebele levels are operating on their specialized tasks, while supervision and feedback is performed by the respective executive organs. For instance, a specified activity of agricultural development in a selected kebele is performed under cooperation among agriculture offices at regional, zonal, and woreda levels, with effort and support obtained from the Kebele Assembly, Woreda Council, zonal executive committee and the regional executive committee.

This system also has the advantage of providing greater possibilities for the effective utilization of expertise, that is generally in short supply, to the maximum extent possible. Skilled manpower in the region, more importantly in lower units, is in acute shortage. To alleviate this problem in the short-run, that is for the

purpose of that particular set of activities, dual subordination may pave the way for mobilizing the available manpower from higher bodies.

Pronounced Role of the Regional Level

The regional organizational structure in Oromia is top-heavy. An activity that is undertaken at the kebele level has to be decided upon and endorsed first at the woreda and then at the zonal levels. This is primarily because there is no substantial decision-making power at the lower levels of the regional administration. On top of this, operations at the lower levels of the regional structure are not properly planned, rendering coordination of efforts and the utilization of resources extremely difficult. As duties are also not clearly defined there is immense duplication of efforts resulting in the final analysis in the wastage of vital resources, dysfunctional conflicts and evasion of responsibilities.

In addition to the limited resources in the region, lack of skilled manpower obliges the regional government to concentrate more power at the regional level. Therefore, this aspect could be considered as a positive aspect in the decentralization process.

7.3.2.2 Problem Areas

Even though the organizational structure of Oromia Region shows some positive aspects, close scrutiny of the structure reveals certain discrepancies that need to be taken into account from the outset, in order to get a clear grasp of the administrative problems in the region.

Problems in Dual Subordination

It has been indicated earlier that on some aspects, dual subordination proved to result in positive consequences. However, on other aspects there are problems.

In some cases, the organizational structure of the regional government violates the principle of 'unity of command' which purports that activities which have the same objectives should operate in accordance with a single unified/comprehensive plan and must be directed by one supervisor. Therefore, dual subordination, in such circumstances, has the disadvantage of providing room for conflicting instructions resulting in less job satisfaction, and a lower sense of purpose and responsibility in carrying out instructions.

There is often conflict of roles between zonal chairpersons and bureau heads over control of line activities in the zones, and similar conflicts arise at woreda level. The zonal chairpersons at times even refuse to cooperate in permitting the transfer of staff in line departments from one zone to another. On the other hand, the department heads in the zones appear to play it the easy way out. Particularly, the nomination of the department heads by the zonal chairpersons and their appointment by the regional executive committee with little or no say by the bureau heads represents a gross problem. The department heads should first and foremost be responsible to the bureau heads while the zonal chairperson should be left only with the authority of overseeing their activities in the zone.

Duplication of Efforts

According to the data collected from the interviews and group discussions, the transfer and duplication of government structural units and working practices without the requisite adaptation to regional needs is one of the shortcomings in the administrative systems and practices in the Oromia region. Whereas organizational structures should reflect local needs and realities, almost all structures of the Region are designated at the higher levels and are not, therefore, suited to tackling actual realities at the lower levels. The Regional Government's structure is more or less similar to the structure of the Federal Government. Each of the bureaus in the Region has departments which are similar to the ministries of the Federal Government. The zones and the woredas also have line departments which replicate the regional bureaus.

At times, one would even come across organizational units that are totally alien and irrelevant to regional operations. Some of the bureaus in the Oromia Region have been established irrespective of whether their services are necessary under the peculiar circumstances prevalent in the region. There is, for instance, the Bureau of Transport and Communication which may have very limited tasks since communications – major roads, rail and air transport – come under the exclusive domain of the Federal Government. Similarly, the Water Resources, Mines and Energy Bureau has no significant operations in mining and energy, and its activities are mainly confined to water resources. The Trade, Industry and Tourism Bureau is mostly engaged in trade activities and does very little in industry and tourism fields.

Concentration of Power at Regional Level

The decentralization process in the Oromia Region is limited to the regional level and this limits the extent of lower level participation. The zonal, the woreda and the kebele levels of administration are left with very minor decision-making power. It is only when the regional government approves certain activities that lower levels perform their duties.

Because of undue concentration of power at the regional level, the situation is marked by the pervading existence of too many routine activities to perform, several internal rules and regulations to observe and consequently a general failure to realize the objectives of the government.

Functional Relations

In the first place, the functional relation between the Regional and Federal governments is not clearly provided. The Regional Affairs sector of the office of the Prime Minister is no doubt set in place to oversee federal-regional relations from the point of the Federal government. However, there is no corresponding structure to effect the desired functional relationship in the Oromia Region. The regional bureaus establish uncoordinated contact with the respective ministries.

On the other hand, the working relationship among regional bureaus, zonal departments and woreda line offices are not properly established. Functionally, zonal departments are directly responsible to their counterpart regional bureaus. Working directives, policies, strategies and plans are forwarded from the respective regional bureaus. The budget for their operations is also provided from

the bureaus at the regional level. Particularly zonal department heads are nominated by the zonal executive committee, and hence they often complain that their bureau heads do not come to their rescue if and when they are entangled in crisis situations and that their fate, whatever that may be, is solely determined by the zonal executive committee.

7.3.3 Fiscal Decentralization in Oromia Region

One of the aims of the decentralization process in the country is to give autonomy or self-administrative status to regions. The degree of fiscal independence the regions enjoy is one of the true measures of autonomy. As Befekadu concludes, the more resources the region controls the more autonomous it is and vice versa.³⁰⁵

In this section, the fiscal performance of the Oromia region is dealt with by taking into consideration the revenue, expenditure and the budgetary process of the region.

7.3.3.1 Revenue Sources of Oromia Region

The revenue sources of the Oromia region are indicated in Article 47 (n-Q) of the Regional Constitution of 1995. Accordingly, the revenue of the Oromia region comes from:

- profit, income and sales and excise taxes on enterprises jointly established by the federal and the Oromia government,

³⁰⁵ Befekadu Degefe, 66.

- taxes on incomes derived from large scale mining, petroleum and gas operations as well as royalties,
- license fees and service charges to be rendered by the regional organs,
- royalties on income derived from forestry activities,
- grants and subsidies from central treasury.

Own Revenue Sources

The revenue sources of Oromia region generated from its internal sources and others using its own efforts are far from sufficient to enable it discharge the many important responsibilities assigned to it. This is primarily because of the poor revenue bases under the domain of the regions. Even if Oromia is one of the most important regions where numerous economic activities have been undertaken, its sources of revenue are not proportionate to this issue. The larger tax bases are concentrated within the federal domain. Moreover, smaller tax bases are shared between the federal and the region. Table 7.5 shows the revenue of the Oromia region and its percentage contribution to recurrent expenditure of the region.

Table 7.5: Own Revenue of Oromia Region and its Contribution to Recurrent Expenditure.

(in million birr)

	1993/94	1994/95	1995/96	1996/97	1997/98
- Total Own Revenue	206.04	246.54	332.15	378.65	-
- Tax	169.78	196.36	265.65	306.64	-
- Non Tax	36.26	50.18	66.50	72.01	-
- Recurrent Expenditure	572.84	722.85	799.15	816.31	930.0
- Coverage %	35.97	34.11	41.56	37.56	-
- Per capital Revenue	11.08	12.94	17.01	18.70	

Source: MEDaC, *Regional Development in Ethiopia*, 1998.

As shown in Table 7.5, revenue generated from Oromia Region only covers about 40 percent of recurrent expenditure on the average. Hence, the rest of recurrent expenditure and all of its capital expenditure is met by subsidy from the Federal Government.

There are various reasons why the level of own revenue collection and administration in the region is low. One is the concentration of larger tax bases within the federal domain and the smaller bases under the region's jurisdiction. However, there are strong economic arguments for centralizing of revenues. If regions are assigned the powers to levy taxes which are highly progressive, this can create artificial and economically harmful incentives for and barriers to production and trade.³⁰⁶ For this reason, it is commonly argued that taxes should be levied on producers and products whose taxing authority.³⁰⁷ Therefore, economic activity may shift within a country simply to minimize tax burdens, and interregional trade may be discouraged if regions attempt to tax products or services produced by other regions. In addition, another argument which is forwarded in favor of centralization of taxes is economies of scale in tax administration, since the capacity of the region is limited. Second, there is lack of skilled manpower both in number and mix of qualification. This is so particularly as one goes further away from the national capital. Third, there is lack of sufficient and reliable information and data to determine the tax amount for each tax payer. Fourth, there is low level of understanding by tax payers of their tax obligations and failure to pay tax on time. This is important in the rural areas of the region. Fifth, the region does not have infrastructural facilities.

³⁰⁶ World Bank, 5.

³⁰⁷ Op Cit, 6.

Joint Revenues

Joint revenue is another source of revenue for the region. Oromia region is one of the seven regions and city administrations in the country receiving revenue from this source. Table 7.6 shows the regional share of joint revenue sources collected by the Federal Government and shared among itself and the seven regions and city administrations.

Table 7.6: Regional Share from Joint Revenue Sources (1995-1997)

Region	1995/96	1996/97	1997/98
Tigray	0.02	0.01	0.44
Amhara	0.02	0.04	0.58
Oromia	1.46	3.04	7.20
SNNP	0.04	0.03	0.02
Harari	-	0.02	0.04
Dire Dawa	0.62	3.37	10.33
Addis Ababa	161.89	265.87	285.81

(in million Birr)

As shown in Table 7.6, joint revenues for the region are not significant. Most of these revenue sources are generated from profit tax, exploitation tax and royalties. Since, the revenue bases in on these areas are small, the revenue generated is also low. Revenue from joint undertaking establishment is not recorded so far. As indicated in Table 7.6, Addis Ababa benefits most from the joint revenue.

Subsidy /Grant

Subsidy (grant) from the Federal Government is the major source of revenue for the region. Oromia region gets, each year, the largest portion of the total subsidy provided to all regions. Table 7.7 shows budget shares and budget subsidies for regions in the country in 1997/98.

Table 7.7: Budget Shares and Budget Subsidies for Regions (1997/98)

Region	Budget Share (Percent)	Budget Subsidy (In Million Birr)	Per Capital Subsidy (Birr)	Subsidy Share (Percent)
Tigray	7.7	255.7	76.1	7.8
Afar	5.0	225.8	100.6	6.9
Amhara	19.2	725.1	49.3	22.2
Oromia	25.3	826.2	41.3	25.3
Somali	7.6	282.3	142.6	8.6
Benshangul/Gumuz	3.6	161.1	326.8	4.9
SNNP	15.9	554.1	50.1	17.0
Gambella	2.8	126.1	646.7	3.9
Harari	1.8	77.0	534.7	2.4
Addis Ababa	7.3	0.0	0.0	0.0
Dire Dawa	3.8	32.0	115.5	1.0
Total	100.00	3265.4	58.6	100.0

Source: World Bank, *Ethiopia Regionalization Study*, 1995, 28.

The transfers come in the form of a block (unconditional) grant and the region is free to spend according to its own plans and prerogatives. In the regional

budget process, once the budget subsidy is known, the regional government works out its own spending plans for the year.

The procedure the region follows in its request for subsidy and the decision-making process are as follows. The region, through its Bureau of Planning and Economic Development, submits to the two Federal ministries of Finance and Economic Development and Cooperation its subsidy request, total expenditure and revenue forecast prior to the approval of their budget by the regional council. The above two federal ministries review the application from the region and evaluate the request from the point of the needs of the regional government and the capacity of the central government to provide the subsidy. The two ministries then submit their views to the Prime Minister and/or the Council of Ministers. Finally, the Council of Representatives approves the amount of grant and subsidy to be provided to the region. Moreover, each year the region is obliged to report the regional budget implementation to the two ministries and the Office of the Prime Minister.

In bulk, the grant provided to the Oromia region is the largest of all regions. This is due to the fact that the grant system is weighted more on the side of the region. The weights attached to the population and area favor the region, since it is the largest in these respects.

It is obvious that the own revenue sources assigned to the region are inadequate to help them discharge the responsibilities assigned to them. This may not be surprising since the practice is relatively new.

7.3.3.2 Expenditure Assignment

Expenditure assignment of the region is related to the types of functions assigned to the region. The expenditures of the region are a set of activities as indicated in the constitution of the Federal Government.

Most of the region's budget is allocated for economic development activities such as agriculture and road construction. There are also expenditure areas of education and health.

7.3.4 Development Projects Implementation in the Oromia Region

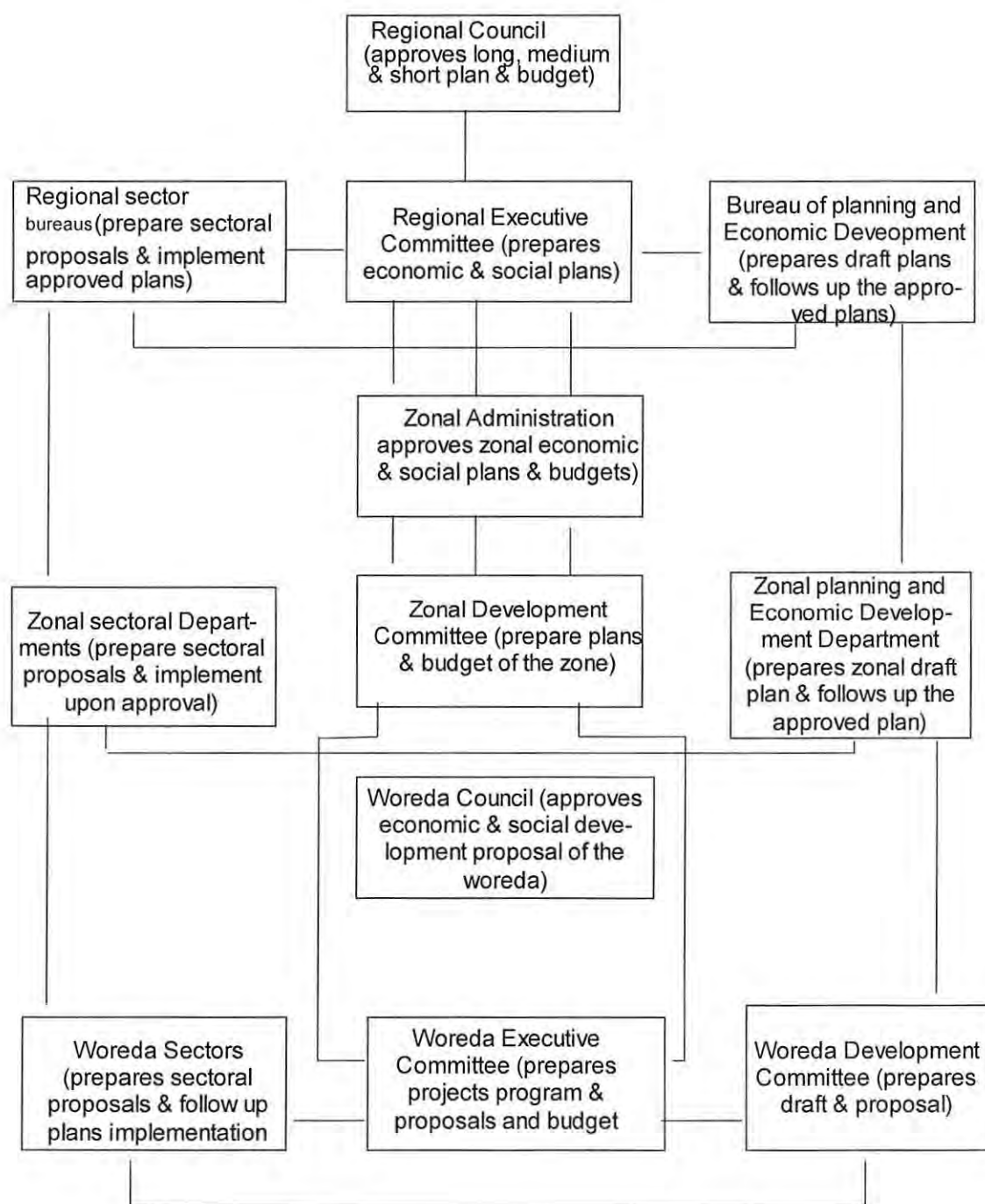
One of the major objectives of the economic development policies in the country along with the decentralization process was to replace the past government monopolized, complex and weak structured economic system with a liberalized one, to bring about a healthy, rapid and sustainable economic growth. In this liberalized economic system, regions assume prime importance in the implementation of development projects in their areas.

7.3.4.1 Project Planning

Development projects and programs in the Oromia Region are in general the exclusive domain of the Oromia Bureau of Planning and Economic Development at the regional level. Because of lack of information and expertise on the budgetary process and paucity of knowledge on project planning, planning at lower levels in the region (kebele, woreda and zonal levels) is no more than mere expression of needs rather than means through which needs may be met or

fulfilled. As the lowest administrative units, the *woreda* and the *kebele* have no planning units, plan proposals are generally worked out in committees and submitted to the relevant zonal departments and the zonal administrations. After due prioritization and amendment by zonal planning committees, the proposal is passed on to the Regional Administration and the Regional Bureau of Planning and Economic Development, where it is partially or entirely checked and sent back to the *woredas* for implementation. The Bureau of Planning and Economic Development (BOPED) is the one with the prime responsibility to prepare, and upon approval, to follow the implementation of long, medium, and short-term development plans based on the national development strategy. The BOPED elaborates plan preparation and submission of directives forwarded to it by Ministry of Economic Development and Cooperation (MEDaC). Fig. 7.6 shows the regional planning process in Oromia.

Fig. 7.6: The Regional Planning Process of Oromia



Source: Tegegne GebreEgziabher, p.28.

It is not hard to imagine how complex, long and time consuming is the chain of planning from the above diagram. Even if plans are initiated at the lowest level, they are required to pass through all the hierarchies for approval. Therefore, the planning process in the Oromia Region still follows a centralized system rather than a decentralized one.

In most instances, community needs assessment is used for initiation of projects, and is generally undertaken through consultations with community elders and woreda councillors. However, there are instances where projects are approved without due consideration of whether they meet the felt needs of communities. The planning processes thus far practiced have not involved local people in decision making and problem identification. The projects selected in the region are often based on priority of needs and the availability of funds. The guidelines for project preparation are entirely those designed by the Federal Government and handed down to the region. The planning offices in the region have marginal positions and are not capable of forming an umbrella unit for preparing integrated planning with the active participation of the people.

7.3.4.2 Implementation of Development Projects

The development strategy of the previous government (1974-1991) had changed the structure of the economy of the region in favor of the nationalized sectors. Among the policies of the time were: extensive nationalization of medium and large scale enterprises, setting up of a central planning framework for management of these enterprises, setting ceiling to private investment in all

sectors, restricting the operations of single line activity and forbidding private commercial ventures in agriculture and finance.³⁰⁸

As a consequence of these economic policies, the structure of capital formation changed, that is the share of public investment expenditure grew while private investment share fell from about two-thirds in the early 1970s to less than 15 percent by the end of the 1980s in the country.³⁰⁹

The recent trends in attempting to bring about growth and development in the country through reversal of the past trends and pattern of investment in particular and the strategy of development at large are a central issue. Some of the measures taken to accelerate investment and promote efficiency and effectiveness in resource mobilization, utilization and sustenance can be classified into two broad categories. One, a set of measures aimed at changing the structure of investment by rationalization of the role of the state in the economy and allowing the private sector to play a significant role in the production and provision of services through privatization and commercialization of public enterprise, and the restricting of the public investment towards creating infrastructure facilities for the private sector; and two, a set of measures intended to create an enabling environment for private sector development, like, the monetary and fiscal policies reform, improving the trade regime, new legal and regulatory framework like investment and labor codes, and market price liberalization and institutional reform. These macro economic reforms are expected to register a far reaching impact on the private and public development projects in the region.

³⁰⁸ Tamene H/Giorgis, 74.

³⁰⁹ Ibid.



Private Investment in Oromia

The region established its Investment Bureau in 1992 to coordinate, direct, organize and assist private investment in the region. Accordingly, between July 1992 and October 1999, 1,149 projects with an estimated capital of 48 billion Birr were given investment certificates by the Bureau.³¹⁰ These projects have a capacity of creating employment opportunities for 62,148 people.³¹¹ Out of the certified projects, 399 projects or 34.7 percent became operational and were reported to create employment opportunity for 14,653 permanent and 14,127 casual workers 211 projects or 18.4 percent are under construction.³¹²

Sectorally, the structure of private investment in the region indicates high concentration of projects in the agricultural sector. Of the total projects, agriculture accounts for 60 percent of the investment projects with 37 percent of capital cost and offers employment opportunity for 64 percent of the people.³¹³ Table 7.8 shows the sectoral and temporal distribution of licensed projects in Oromia.

³¹⁰ Ministry of culture and Infomation, Investment Opportunities in Ethiopia (Addis Ababa, 2000) 29.

³¹¹ Ibid, 31.

³¹² Ibid.

³¹³ Tamene, H/Giorgis, 75.

Table 7.8: Licensed Projects in Oromia

Category		No. Of Projects	Capital (Million Birr)	Man Power
Temporal Distribution	up to 1992/93	75	296.7	10749
	1993/94	68	181.1	2245
	1994/95	150	563.0	6194
	1995/96	276	1551.3	9406
Total		569	2592.1	28594
Sectoral Distribution	Agriculture	344	953.5	18245
	Industry	178	1165.9	8195
	Hotels	29	91.5	1268
	Trade	8	60.3	226
	Mining	1	11.8	32
	Construction	4	280.2	258
	Transport	1	7.7	167
	Social Services	3	16.5	180
	Real estates	1	4.8	23

Source: Tamene H/Giorgis, p.75.

The location of investment for most of the projects is in Shoa zones, (East and West Shoa), followed by Jimma zone. Out of the total licensed projects from July 1992 to October 1999, 360 or 31.7 percent were located in East Shoa, 217 or 19.1 percent located in West Shoa, 134 or 11.8 percent located in Jimma, and the rest 425 or 37.4 percent located in other zones of the region.³¹⁴ This is mainly due to their proximity to the capital city of the country, Addis Ababa, where there is a better access to social and economic infrastructure.

³¹⁴ Ministry of Culture and Information, 31.

With regard to operationalization of the licensed projects, the results are not up to the expectation. Despite the significantly high demand by private investors to participate in the economic activity in the region, up to October 1999, only 399 projects or 34.7 percent became operational and started production of goods or provision of services.³¹⁵ The remaining projects were either at different stages of construction or due to various reasons did not start the implementation process. Among the problems raised during the different interviews and group discussions, the following came out prominently:

- a. problems associated with land ownership and security rights,
- b. poor motivation or confidence of the private investors to realize or implement the licensed projects due to uncertainty or fear emanating from past wrong capital formation policy, which was difficult to eradicate from their minds within the given period of time,
- c. inadequate and in some cases lack of economic and social infrastructural facilities, and
- d. inadequate availability of resources with continuously increasing costs.

Public Investment In Oromia

Public investment is used to denote capital budget which is the means of the government to build productive capacity in the economy both directly and indirectly by creating efficient infrastructure facilities for the private sector. Accordingly, the key areas for government attention and investment will be economic and social infrastructure development, particularly roads, provision of

³¹⁵ Op Cit.

water and sanitation services in both urban and rural areas, health and education, environmental protection and food security.

There are four sources for the capital budget in the region, namely from central treasury in the form of subsidy, foreign aid, foreign loan and other sources. Table 7.9 shows the amount provided for capital projects in the region.

Table 7.9: Capital Projects Budget of Oromia Region (1995/96 - 1998/99)

in ('000Birr)												
	1995/96			1996/97			1997/98			1998/99		
Sources	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%	Budget	Actual	%
Subsidy	258001.0	258001.0	100	418900	425504	101.6	331064	324484	98.0	296000	300909	101.7
Foreign Aid	48815.6	35949.5	73.6	40900	70526	74.3	74510	56626	76.0	52795	37933	71.9
Foreign Loan	64438.1	14642.9	22.7	54000	-	-	8591	10017	116.6	28808	493	1.7
Others	12828.0	13120.3	102.3	-	-	-	-	-	-	-	-	-
Total	384082.7	321713.7	83.8	513.800	496030	96.5	414165	391127	94.4	377603	339335	89.9

Source: BoPED, Capital Projects Implementation Reports, 1995/96, 1996/97, 1997/98, and 1998/99.

Table 7.10: The Proportion of the Sources of funds for Capital Projects in the Region.

in ('000Birr)

	1995/96		1996/97		1997/98		1998/99	
Sources	Actual	%	Actual	%	Actual	%	Actual	%
Subsidy	258001.0	80.2	425504	85.8	324484	82.9	300909	88.7
Foreign Aid	35949.5	11.2	70526	74.2	56,626	14.5	37.933	11.2
Foreign Loan	14642.9	4.5	-	-	10017	2.6	493	0.1
Other	13120.3	4.1	-	-	-	-	-	-
Total	321713.7	100.0	496030	100.0	391127	100.0	339335	100.0

Tables 7.9 and 7.10 indicate that the sources of funds for public capital projects in the region in the years from 1995/96 to 1998/99, have been entirely outside the domain of the region. More than 80 percent is derived from the Federal Government treasury. There is nothing generated from the revenue sources of the region itself to be utilized for capital projects. Foreign aid and loan are also provided through Federal Government facilitative mechanisms.

Sectorally, the bulk of capital in the region has been assigned to and utilized by agriculture and water sectors. Table 7.11 shows sectoral capital projects implementation in the Oromia region from 1995/96 to 1998/99.

Table 7.11: Capital Projects Implementation in Oromia Region From
1995/96 to 1998/99

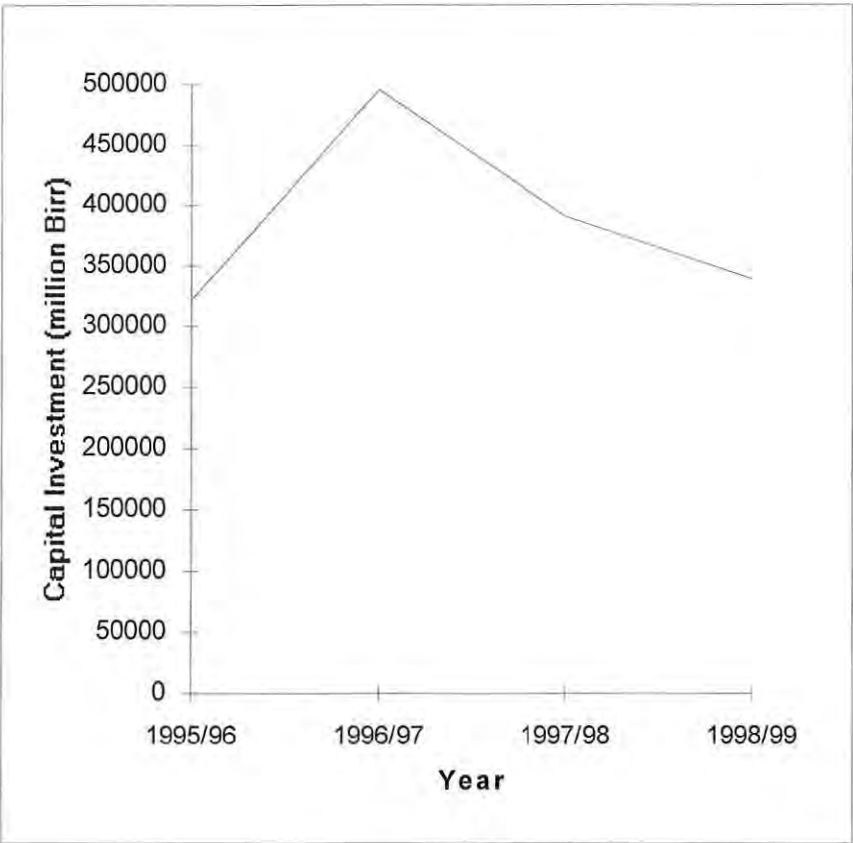
('000 Birr)

Sector	Year			
	1995/96	1996/97	1997/98	1998/99
Agriculture	76,141.9	81,417.5	61,291.0	51,037.7
Irrigation	19,146.0	11,654.1	8,130.0	4,640.7
Drinking Water	63,431.4	93,096.4	62,378.9	78,593.9
Mining	430.0	47.8	67.0	75.3
Energy	375.0	340.6	903.0	387.6
Industry	167.1	314.8	142.0	78.0
Tourism	-	60.0	78.8	59.0
Construction & Urban Develop	20,754	36,695.3	11,863.8	8,761.1
Rural Roads	28,417.9	95,744.4	105,499.4	92,747.2
Transport	2,661.7	4,569.4	4,466.0	1,861.7
Education	33,197.5	91,373.5	52,173.3	50,701.0
Health	37,550.1	73,553.8	79,063.8	43,405.6
Social Development	1,010.2	559.0	7.4	-
Information & Culture	3,349.2	720.0	621.9	858.0
WIBS	5,859.9	5,883.2	4,440.5	5,729.8
Others	29,221.6	-	-	397.9
Total	321,713.7	496,030.0	391,127.0	339,335.0

Source: BoPED, Capital Projects Report, 1995/96, 1996/97, 1997/98 and 1998/99.

As shown in Table 7.11, the amount of capital project investment declines from 1996/97 towards 1997/98 and 1998/99. Fig. 7.7 shows the trend in the capital investment in the region .

Fig. 7.7 The Trend of Capital Projects Investment in Oromia Region



The decline in the capital projects investment is mainly because of the shift of capital investment funds towards defense in the war against Eritrea and the cancelling of foreign aid and loans by donor agencies on the ground of war.

Table 7.11 also shows that, sectorally the bulk of capital in the region has been assigned to and utilized by activities related to rural roads, education and drinking water. Among the total capital projects expenditure rural roads consumed about 27 percent in the years 1997/98 and 1998/99. Drinking water capital projects account for 16 percent of the total capital expenditure in the year 1997/98 and 23 percent in the year 1998/99. Therefore, rural roads and drinking water

projects together account for about 50 percent of the total capital expenditure in the year 1998/99 in the region. They are followed by agriculture which accounts for about 15 percent.

In addition to the sectoral picture of capital budget allocation and utilization, it is worth looking into the spatial pattern of capital budget allocation. This helps to analyze how the trend of budget appropriation is used as an investment to adjust the imbalance in spatial (zonal) development, to utilize the local economies prevailing in the region, to evenly distribute capital projects and resources in the region. Table 7.12 shows capital projects expenditure in the twelve zones of the region.

Table 7.12: Zonal Capital Expenditure of Oromia

('000 Birr)

Zone	1995/96		1996/97*		1998/99	
	Amount	%	Amount	%	Amount	%
Arsi	42,697.5	13.3	54,298.1	10.6	41,136.7	12.1
Bale	27,395.9	8.5	31,393.1	6.1	30,877.5	9.1
Borena	16,231.7	5.0	41,459.6	8.1	30,369.0	8.9
East Hararghe	13,924.7	4.3	25,974.1	5.1	17,379.1	5.1
West Hararghe	13,757.6	4.3	30,349.2	5.9	20,499.5	6.1
Illubabore	15,352.3	4.8	29,986.2	5.8	19,384.7	5.7
Jimma	12,656.2	3.9	26,631.0	5.2	22,093.6	6.5
East Shoa	23,676.0	7.4	68,090.4	13.3	48,065.6	14.2
North Shoa	11,042.7	3.4	28,158.1	5.5	14,117.8	4.2
West Shoa	17,870.6	5.6	26,731.6	5.2	20,062.6	5.9
East Wellega	20,051.8	6.2	28,284.8	5.5	26,330.0	7.8
West Wellega	15,860.8	4.9	32,753.9	6.4	34,668.1	10.2
Regional Bureaus	61,974.4	19.3	89,689.9	17.5	14,350.3	4.2
Others	29,221.6	9.1	-	-	-	-
Total	321,713.7	100.0	513,800.0	100.0	339,335	100.0

Source: BoPED, *Annual Reports*, of 1995/96, 1996/97, 1997/98, 1998/99.

* Budget amount

From Table 7.12, it is possible to examine the relative importance of each zone in the regional framework of capital project allocation. In 1995/96, Arsi, Bale, East Shoa and East Wellega received the highest share of capital expenditure

earmarked for the region. In 1998/99, East Shoa, Arsi, West Wellega received 36.5 percent of the total capital expenditure of the region.

The capital budget utilization, even though it is improving, is still not up to expectations. As the experience of the past years shows not a single zone has ever utilized all its capital budget. This does not show a healthy situation, and indicates the weak capital utilization capacity of zones.

7.3.4.3 Observations about Development Projects in Oromia Region

Development projects planning and implementation in the Oromia Region follows a centralized style, where the roles of the regional level and the central or Federal Government are more pronounced. Even though there is a requirement in which development projects and programs are initiated at the lowest levels, the actual practice is the reverse. The regional government at the region's center, Addis Ababa, and the Federal Government together decide on the type and mix of projects and on the amount of funds for financing capital projects. For projects planning and implementation and for other policy issues related to decentralization in the Oromia region as well as in other regions, the role of the center in decision-making is still pronounced.

At this stage, the greater power of central organs in project planning and implementation is not entirely an evil fact. The capacity of the region, particularly at zonal and Woreda levels, for planning and financial management is weak, reflecting limited human resources and institutions.

Moreover, the participation of the community in local development is of paramount importance. However due to institutional, structural, economic or social factors, the participation of communities in the region in development activities has remained low. The reasons for this are multifaceted, but some of them (as indicated in the interviews, questionnaires and group discussions in the research) are:

- Lack of awareness that the local people can bring or contribute to the development process. People have developed a dependency syndrome from what the government used to do. That is, the past governments behaved in such a way that they acted as a sole planner, development promoter, service provider, etc. They did not prepare or organize the local people for participatory local development;
- Weak organization of the community for self-help activities and communal work,
- Lack of motivation, assistance or incentives for initiatives or endeavours (efforts) of the people in self-help activities,
- Poor economic background of the people,
- Lack of trust or faith in local leadership, corruption and embezzlement of the community's resources,

The peasants associations would be the best local institutions to man local participatory development, if they were largely been mobilized for self help and other development activities. The former government used these institutions more for political advantages than mobilization of the communities for developmental activities.

However, the recent trend is a starting point where the above negative activities are removed. Some forms of achievements have been realized in situations such as the elections.

With respect to private investment, one can observe significant improvement as we compare it from the previous government, but of course a lot is still to be done. Such achievements mainly emanate from the investment policies of the Federal government, where it removed capital ceilings, promoted private investment, enhanced free market economic policy etc. These factors are usually out of the control of the region and are rested in the hands of the Federal Government.

7.3.4.4 The Role of NGO's in Development Projects

There are numerous NGOs operating developmental activities in the region. The region considers them as good partners in development projects and programs; they assist in providing supporting budget, providing revolving funds to the poor, providing basic services such as water and health assistance etc.

To date, around 70 local and international NGOs with an aggregate capital of 680 million birr are operating in the region. Among these NGOs, nearly 50% (38 of them) are concentrated in East Shoa zone alone, apparently because of a slanted approach manifesting their preference to work where they can make a quick and easily discernible impact. The major NGOs in the region are involved mainly in the areas of protection and rehabilitation of rural environment, water supply, agricultural development, education, health and the provision of saving and credit services.

While the contributions so far made by NGOs in all these areas cannot be easily overlooked, there prevails a strong impression that they could have done more, especially in view of the enormous resources at their disposal and the relatively long duration of their existence. They could make significant contributions especially if their activities were properly streamlined and better coordinated with line departments within the regional administrative structure which apparently have no effective mechanism for monitoring and/or evaluating NGO programs and projects.

Most NGOs in the region initiate development projects within themselves without consulting the community and the appropriate line departments. Moreover, most of them are manifestly secretive about the funds and resources at their disposal as well as their subsequent disbursement. The absence of transparency on the part of the NGOs regarding the amount and utilization of their financial resources has long been a source of lingering controversy with the regional government bodies. While some NGOs are known to have been providing rural credit services for the past ten years in the region, the regional administration has no idea as to the amount of revolving funds involved or other related details in the operation.

According to the regional administration, the absence of transparency has opened up loopholes for corruption among NGOs, placing some of them at loggerheads with the administration. But the NGOs in the region repeatedly argue that there is no essential enabling environment for them to render better services to the community. They are rather urged to submit themselves under government monitoring and control of their activities. They are saying that the government is unduly interfering in their activities.

However, it is vital in this connection to strike a delicate balance whereby NGOs demonstrate a level of transparency that can win them government trust while the government must on its part grant them greater freedom and refrain from undue interference in their activities.

7.3.4.5 Community Based Organizations in Oromia

Within the overall framework of the regional administration, the region promotes the involvement of rural communities and urban dwellers in development activities.

Over the past few years, community based development associations such as the Oromia Development Association (ODA), Oromo Self Help Organization (OSHO) and Oromo Credit Service Share Company (OCSSC) have come into existence taking upon themselves the responsibility of organizing and mobilizing the community for regional development.

By adopting an organizational structure, stretching down from the region to zones and woredas, ODA has started mobilizing funds and implementing several development projects with the help of the community. However, it has still a long way to go to effectively involve community members in development activities, mainly because of the part-time nature of its woreda offices and its lack of kebele level structure.

ODA has implemented 20 drinking water projects and 4 rehabilitation projects in the year 1997/98. In the same year, 49 elementary schools have been constructed and made ready for use and 3 clinics, 8 health posts and 10 health

stations have been constructed by ODA. The ODA implemented the development projects in 1997/98 with a total capital budget of 1,076.4 million birr.

Since it went operational in 1996, OCSSC has also been involved in providing credit to communities in 13 Woredas in the region. Though somewhat weak at present, OCSSC could be bolstered to become a strong arm of the regional government in implanting its woreda based development strategy.

Chapter 8

Summary, Conclusions and Recommendations

8.1 Summary

The major objective of the research was to investigate the process of implementation of decentralization adopted in the country since 1991, and study its consequences, with an emphasis on finding out whether it had achieved its goals. The research tried to indicate the reasons behind the achievements and problems that emerged thereof.

To conduct the research, primary and secondary data collection methods were employed. The major primary data collection methods used included interviews, group discussions, and survey questionnaires. Of course, relevant literature including books, articles in journals, newspapers, magazines, various reports of the government and others were used as secondary sources.

The research depended on a case study technique: the basis of the case study was the Oromia region.

In order to draw conclusions, several approaches were pursued, some of which are indicated below. The data and information collected from the primary as well as from secondary sources were analyzed with descriptive statistics and analytical methods. Quantitative and qualitative data analysis were made to arrive at conclusions. Independent evidences from statistical abstracts, government and other bodies reports were also consulted.

There were various constraints encountered in conducting the research. One of them was related to the key informants. Because of shortage of time and fund, the required key informants were not included, particularly those from the rural population. Moreover, the sampling size of the key informants and group discussion members was small due to shortage of fund and time. In addition is this, sources in some cases were incomplete and not available. NGO and international organizations were difficult to get access to. Therefore, in the research, very few NGOs and international organizations were included.

Available literature confirms that decentralization is an effective means of transferring administrative, fiscal and functional responsibilities and political representation of a central government to local levels at which they are performed with better achievements. It is indicated local units have an informational

advantage over the central levels due to their physical and psychological proximity to local conditions.

There are various modalities of decentralization in the literature, Among them are devolution, decentralization, delegation, and privatization. Devolution refers to the transfer of power and authority to lower levels so that these levels can decide independently upon matters that are in their own sphere of influence. Decentralization is the sharing of responsibilities between the headquarters and field offices whereby the former disperses functions and authority among branch offices. Delegation refers to the sharing of authority and responsibility by higher authorities to smaller ones so that these smaller units can perform their own activities in ways that address their own local unit peculiarities. Privatization is the transfer of state owned enterprises into private ownership and control. It also involves contracting private business organizations to perform some government functions.

Decentralization as a policy of governance has various advantages. The most cogent argument for decentralization is that it brings government closer to people. The central government is too distant to respond effectively to the needs and problems of people at the grassroots level. It could enhance participation of the local people and it is regarded as an appropriate system for accommodating

the aspirations and needs of various ethnic groups. It is also recommended as a means to administer a vast country, since the activities of governments have become too diverse, complex and large in scope to be conducted through the use of a central government structure. Therefore, the division of government business along functional and territorial lines is not only desirable but necessary.

For decentralization to be successful, there are certain prerequisites that must be fulfilled. Among them political willingness and commitment of the dominant group, local and regional institutional capacities, and mutual and complementary support among institutions.

However, in the essence, decentralization does not imply that all powers, authorities and responsibilities should be devolved down to local levels. The central government should retain some decisive powers over essential matters and ultimately it should have the authority to redesign the system of governance and to discipline or suspend decentralized units that may not be performing well.

Decentralization, as a form of governance, was not a new undertaking in Ethiopia. There were attempts in 1966, where the policy was introduced in sub-province or awraja levels. However, this attempt was not fully implemented due to

the opposition of a determined group on the pretext that decentralization would have threaten its power hold.

A more determined attempt at decentralization was effected in 1987, when autonomous and administrative regions were formed. Autonomous regions were particularly given more power and authority on matters that fell under their own sphere of influence as compared to administrative regions, at least in the proclamation. However, this attempt was futile, since it was not initiated basically to promote self-determination of autonomous and administrative regions, but rather to solve the problem of peace and order in conflict prone areas and thus to secure the stability of the country. Therefore, even if there was much talk of decentralization polices in the 1980s, where some regions were designated as autonomous, these regions enjoyed very little autonomy in practice.

In 1991, and afterwards, the new government's prime aim was the adoption of decentralization in most aspects of functions. A series of proclamations and decrees were issued to this effect. The country was divided initially into fourteen regions, with autonomous status on most matters, and latter they were reorganized into nine.

The major arguments for decentralization were the need for righting of the past wrongs evidenced by historically unjust relationships, the strong belief in the principle that a decision-making process that included all nationalities and ethnic groups was the key to sustained development of the country, and the prospect of reducing the inter-ethnic conflict that assailed the country for decades.

As part of the package of the decentralization process, every nation, nationality and people have the unconditional right to self-determination, including the right to secession. According to some scholars, the right to succession is part of the broader right to self determination and hence it is believed that it would enhance voluntary participation and commitment in the preservation of the unity of the country. On the other hand, others consider this as something which often encourages internal civil strife and causes those with selfish interest to attempt greater exploitation for their own glory. However, no significant problem of such type has been observed so far.

Evidently, the government structure in the decentralized system of governance is five tiered, including, from the top to bottom, the Federal, Regional, Zonal, Woreda and Kebele levels. The zonal, Woreda and Kebele levels of administration are subordinate to regions. The duties and responsibilities of the Federal and Regional levels have been indicated in the Federal Constitution.

Accordingly, the Federal Government is held responsible for activities like defense, foreign policy, monetary and economic policy of the country, telecommunication, nationalities, visas, major transportations etc. On the other hand, the regions are responsible for development policies and strategies in the region, administration of land and natural resources, regional civil service and police force etc.

Responsibilities, activities and duties are devolved down to regions, while revenues are heavily tilted towards the Federal Government. Larger tax bases are concentrated within the Federal domain. Regions are left with expanded level of responsibilities but with a limited room for revenues. As a result, larger vertical imbalance has emerged. To fill the gap, the Federal Government provides large sums in transfers in the form of block (unconditional) grants which the regions are free to spend according to their own choices and preferences.

The decentralization process has significant impact upon social, economic and political issues in the country. Since 1991, after the country adopted decentralization, the responsibility for managing most of the economy has been transferred to the private sector. Various restrictions previously imposed upon the private sector have been removed and this has encouraged and expanded the participation of the private sector.

Decentralization has also been considered as a means that helps to devise specific policy issues in order to eradicate poverty and improve the living conditions of the society in the respective regions. Specific regions can launch specific programmes and projects aimed at alleviating poverty in their areas. In fact region specific development associations are mentioned as good examples of a good start for empowering regions to plan and implement their development using their own specific initiations.

As indicated above, the research is based on a case study of the Oromia region. Oromia region has been formed in 1992, which includes formerly East and West Shoa, part of North Shoa, part of South Shoa, Wellega Arsi, Bale, part of Sidamo, part of Hararghe, Illubabor, and Jimma Administrative regions of the former Derg regime. Most of the above regions have recently become zones in the government structure of the region. Sectoral departments, government branch offices and other government establishments in the region set up in the previous government have continued their operation with some minor changes.

The regional government structure of Oromia is a four-tier, consisting from the top to bottom the regional government, the zones, the woreda, and kebeles. Apart from the above, there are various executive organs made up of sectoral bureaus, departments, commissions and offices operating at all levels except the

Kebele. They are responsible to implement the economic and social development policies, strategies and plans of the region.

It has been found that there is a simultaneous dual subordination of government functional units and offices in the region. In discharging their constitutional duties and exercising their power, lower executive organs are subordinate to higher bodies (sectoral bureaus or departments) while at the same time they are accountable to their zonal (Woreda) councils. This dual subordination is considered as pivotal to ensure the smooth functioning of the regional state administration.

Functional units from regional upto the woreda levels concentrate on their specialized tasks, while supervision and feedback is undertaken by the council and executive organs.

The regional organizational structure of the Oromia region is top heavy and this provides greater possibilities for the effective utilization of expertise.

In some cases, however, dual subordination has the disadvantage of providing room for conflicting instructions resulting in less job satisfaction, lower sense of purpose and responsibility in managing institutions. There is often a

conflict of roles between zonal chairperson and bureau heads over control of line activities in the zone and this may be observed in the woreda as well. The zonal chairperson at times may even refuse to cooperate in permitting the transfer of staff in line departments from one zone to another. Particularly, the nomination of the department heads by the zonal chairpersons and their appointment, by the regional executive committee with little or no say by the bureau heads represents a gross problem.

The transfer and duplication of government structural units and working practices without the requisite adaptation to regional needs is one of the shortcomings in the administrative systems and practices in the Oromia Region. The regional government's structure is more or less similar to the Federal Government. Therefore, at times, one would even come across organizational units that are totally alien and irrelevant to regional operations.

Apparently, the zonal, the woreda and the kebele levels are left with minor decision making power while this is concentrated at the regional level. This situation is marked by pervading existence of too many routine activities to perform, several internal rules and regulations to observe.

The functional relations between the region and the Federal Government are not clearly provided for. The regional bureaus establish uncoordinated contact with the respective ministries at the Federal level. Moreover, working relationships among regional bureaus, zonal departments and woreda line offices are not properly established.

As far as the fiscal decentralization aspect is concerned, it is found that the revenue generated from within the region could only cover about 40 percent of the region's recurrent expenditures met. The remaining part of recurrent expenditures and all of capital expenditures are met by subsidy from the Federal Government. The main reasons for such low level of revenue generation include: the concentration of larger tax bases within the Federal domain, lack of skilled manpower, lack of sufficient and reliable information and data to determine the tax amount, low level of understanding by tax payers of their tax obligation and failure to pay tax on time.

Development projects planning and implementation in Oromia region follow a centralized style where the roles of the regional and the Federal levels are more pronounced. Even though there is a requirement in which development projects and programs are initiated at the lowest levels, the actual practice is the reverse. This is primarily due to the limited capacity of lower levels. The

participation of community in local developments is not as expected. This is so because of the prevailing institutional and structural, economic and social factors in the region.

The structure of private investment in the region indicates high concentration of projects in agricultural sector. It accounts for 60 percent of projects with 37 percent of capital cost and offers 64 percent of employment opportunities. The location of private investments for most of the projects are in East and West Shoa and Jimma zones. This is due to their proximity to the capital city of the country, Addis Ababa, and fairly better access to social and economic infrastructure. The operation of private projects is not up to the expectation due to problems related to land ownership and security rights, poor motivation or confidence of private investors, inadequate and, in some cases, lack of economic and social infrastructural facilities, and inadequate of resources with continuously increasing costs.

Despite different typologies of development potential, Oromia region is at large entangled in multifaceted problems, constraints or bottlenecks. Some of them are deep-rooted that they necessitate structural change or that they take longer time to be addressed. Most of them are inherited from the past government's development strategies and policies. The others are of transitory in

nature. They occur as a result of a shift in the politico-economic system, from centralized planning and a controlled economy to an open free-market economy. However, the decentralization process embarked upon is a promising ground for building self-reliant development and regional autonomy.

8.2 Conclusions

The decentralization process adopted in the country since 1991 can be considered as a significant departure from past experiences. It has promoted self-rule, self-identity and popular participation, since the regions have assumed prime responsibility for activities that fall under their sphere of influence. It has also brought about a conducive ground for the development of economic activities where the private sector plays an important role.

More than any other time, the decentralization process has created the way for public accountability, whereby public authorities would be accountable to their electorate. There have been a number of specific cases, particularly in urban areas, where electorates have summoned the elected. With the establishment of various levels of government and the transfer of government functions to these levels, the government is presumed to be more closer to people than ever before.

The decentralization process has created greater opportunity for the nations, nationalities and peoples in the country to use and develop their language, cultures and other social values which constitute their unique identities, and ensure their

basic human rights. This seems to have reduced all forms that used to trigger conflicts and civil war in the country.

It has also created inter-regional competition which, if accompanied by sound macro-economic policies of the central government, could promote efficiency. Community based self-help programmes at local and woreda levels and the emergence of a number of region-based development associations are positive signs of decentralization. These social movements, if guided properly, could play a significant role in mobilizing resources and enhancing regional initiative and popular participation in development endeavors.

Decentralization has encouraged donor agencies and international organizations to increase loans and assistance to Ethiopia. Most of these funds are aimed at financing various social programs throughout the country after they have been budgeted and accounted for by the central government. It has provided a positive response and created a favorable environment for donor agencies and NGOs demands to operate at different sub-national levels as it gives regional governments discretionary decision making power on matters that affect their specific jurisdiction.

However, the Ethiopian experience with decentralization gives the provision that the rights of the regions include even secession from the federal arrangement. For some the right to secession is a threat to national unity, while for others, it is regarded as one form of the broader rights to be experienced by the regions. According to the findings from the interviews, questionnaires and discussions, no problem has been encountered in this regard.

The process of decentralization in the country has been implemented in considerable haste. The rapid pace of decentralization has in some instances created confusion and administrative and resource constraints, as well as duplication of institutional efforts. Most of the regions were not ready to shoulder the complex responsibility of project planning and implementation, financial discipline and mobilization of popular initiatives for development purposes. They still suffer from the paucity of financial trained manpower, project planning and implementation incapability.

Vertical imbalance is still very pronounced despite fiscal decentralization measures. More than 70 percent of the regional annual budget is still covered by subsidy provided by the Federal government. These transfers are devolved in the form of block of grants without any conditions being attached to their utilization. Moreover, the role of the center in decision-making is still pronounced. This is on account of a number of factors, including limited sub-national capacity. In most regions, lower levels have very limited authority to perform their activities and are considered simply as extensions of the regional levels.

8.3 Recommendations

Decentralization is the better recommended system of governance in the Ethiopian context. This is because, as has been discussed so far, it can be said that the positive aspects of decentralization outweigh the negative aspects in the country. By promoting the positive aspects, Ethiopia could contribute to the global decentralization experience, particularly for developing countries with diverse ethnic groups, languages, cultures and identity.

Based on the findings of the research presented in the above sections the researcher puts the following recommendations.

The structure and trend of private sector is more in resource rich areas with well developed networks of infrastructure and where the return on investment is high, while it is reluctant in resource poor areas with weak infrastructural development. Investments and economic activities are hence concentrated in a few selected areas. The Federal Government and the regions themselves could minimize this polarization effect through infrastructural development and through incentives to attract potential investments to peripheral areas. The regions and areas in the peripheries and inaccessible areas need a proportionate amount of budget for economic infrastructure development beside the amount to be earmarked for social development.

The Federal Government's grant system, which is of monotype (i.e. general purpose) and which aims at redressing inter-regional inequalities and poor social infrastructure still lacks full transparency. Other forms of grants, such as specific grants, matching grants etc., should also be considered and made transparent. The grant system should emphasis and encourage the regions' efforts to expand their tax bases with a view to financing their own development programs fully, or in the greater part, with the resources generated from within their respective geographic areas. More importantly, the establishment of a separate body with an institutional structure which deals with the grant system is highly recommended. It should aim at devising a system of creating capacities for regions to be self-reliant.

The shortage of professionals at lower levels, in zones and woredas, together with the limited exposure to technological changes, has prevented them

from achieving the desired goals of development. The Federal government and the regions should take significant measures to attract and retain skilled manpower at lower levels.

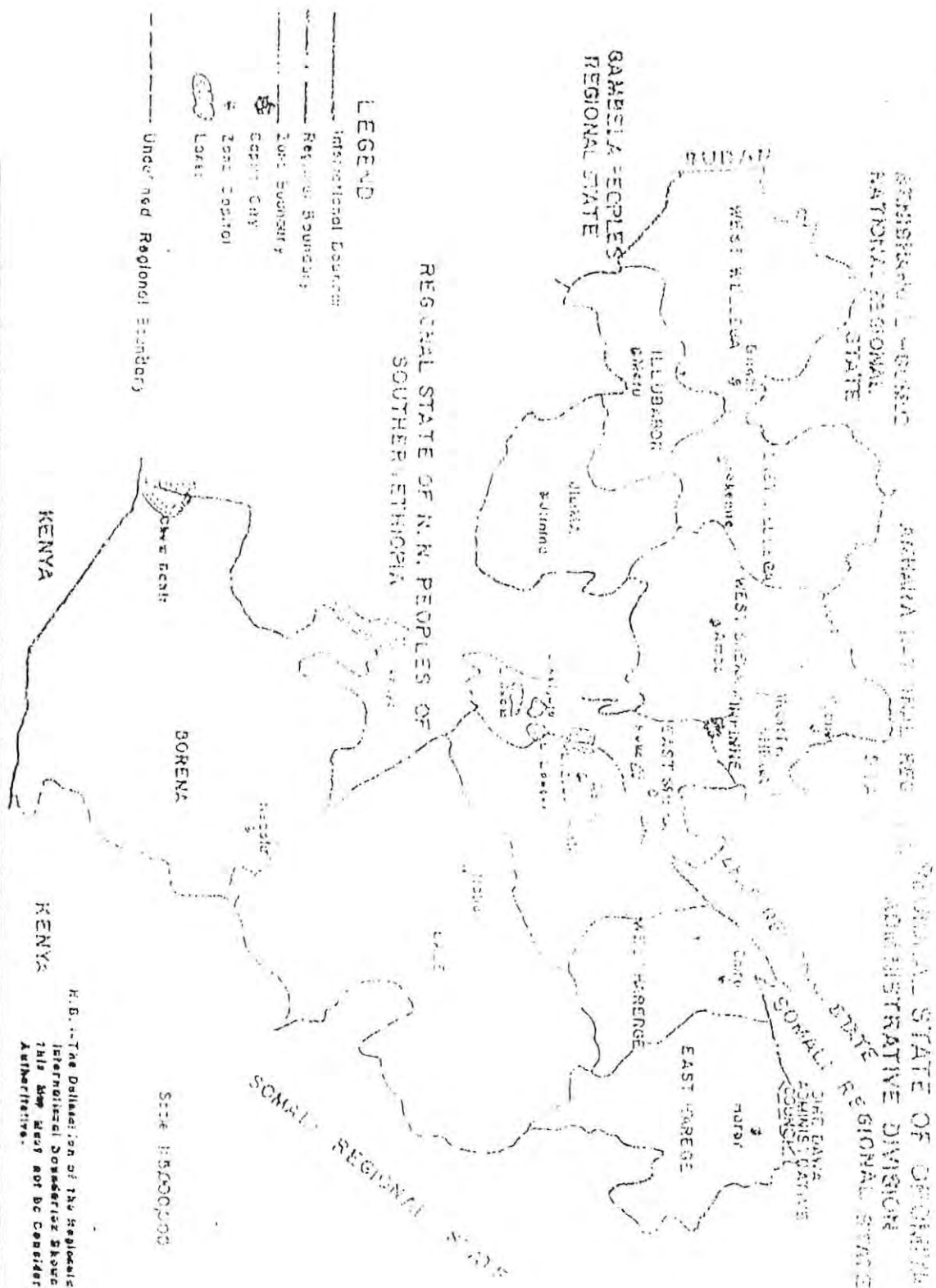
It has been found in the Oromia region that the lower levels have limited discretionary power to undertake activities in their respective areas. The basic administrative units, the woredas, have to be provided with capacities to undertake government functions in their areas. Zonal and woreda levels should not operate as appendages of regional governments. A system should be devised whereby they may not be totally controlled bureaucratically and hierarchically by regions.

Government functional units in regions have to be revised and established in their best form. Redundant and unnecessary offices should be removed. Offices should be formed in line with the specific circumstances of the regions.



APPENDIX B: ETHIOPIA IN FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA





Appendix D: List of Informants

No.	Name	Address	Position	Years of Experience
1.	Mr. Getachew Belay	MEDac	Macro Department, Team leader	15
2.	“ Worku Wubshet	MEDac	Regional Planning & Dev.Dept. Head	14
3.	“ Tahir Aman	Oromia Inv.Burea	Bureau Head	16
4.	“ Wassie Berhanu	BOPED	Bureau Head	18
5.	“ Abu Yadeta	BOPED	Production Department Head	16
6.	“ Daba Ayanie	BOPED	Alacro Department Head	17
7.	“ Hailu Ijara	BOPED	Department Head	12
8.	“ Taddesse Meskela	Cooperatives	Department Head	22
9.	“ Dawit Gobena	BOPED	Department Head	12
10.	“ Dereje Taddesse	OBOF	Department Head	18
11.	“ Mergia Bora	BOF	Department Head	19
12.	“ Getachew Negash	Oromia Civil Service Bureau	Expert	18
13.	“ Taffesse Abishu	“ “	“	21
14.	“ Tesfaye Kenea	Oromia Inv. Bureau	“	10
15.	“ Demirew Bekele	BOPED	“	7
16.	“ Girma Hunde	Investment Bureau	“	8
17.	“ Kuma Idawo	BOF	“	13
18.	“ Bekele Kuma	BOF	“	12
19.	“ Taddesse Jafero	Regional Council	“	10
20.	“ Bekele Tessema	Arsi Catholic Church	Administrator	16
21.	“ Woldia Taddesse	Ethiopian Orthodox Church	Project Coordinator	14
22.	“ Getachew Gebru	Arsi Branch World Bank Addis Ababa	Senior Expert	30
23.	Dr. Assefa Abraha	World Bank,Addis Ababa	Social Rehabilitation Dev. Project General Manager	35
24.	Mr. Gizachew Bezuayehu, MEDac		Multi Lateral Aid Dept. Head	35
25.	Mr. Kebede Haile Med ac		Multi Lateral Aid Dept. Senior Expert	27

Appendix E: Participants in Group Discussions

No.	Name	Address	Position	Years of Experience
1.	Mr. Getachew Belay	MEDaC	Team Leader, Macro Department	15
2.	“Kebede Haile	MEDaC	Multi lateral Dept., Senior Expert	22
3.	“Mulugeta Tesfaye	MEDaC	Head Administrator	11
4.	“Hirpa Dadi	BOPED	Expert	16
5.	Ms. Zeineba Kelifa	BOPED	“	12
6.	Mr. Mohamed Aba Gojam	BOPED	“	11
7.	“Hailu Ayana	BOPED	“	8
8.	“Seyoum Gobena	BOF	“	6
9.	“Ijeta Negari	BOF	“	8
10.	“Dawid Idris	BOF	“	12
11.	“Negatu Mesfin	MOF	Senior Expert	21
12.	“Tadesse Shifera	MOF	Counter-Part Fund Unit Head	23
13.	“MenbereTsehay Tadesse	Federal Supreme Court	Vice President	15
14.	“Gizaw Asfaw	Prime Minister’s Office	Senior Expert	22

Appendix F: Questionnaire to Oromia Region
Problem Identification.

1. Problem Identification

- a) What are the problems faced in the government operations in the region?

- b) What are the problems encountered in the devolution of powers and authority below regional levels, or to zonal, woreda and kebele levels?

- c) What are the problems encountered in the private investment operating in the region?

- d) What are the problems that emerged in the public investment in the region?

- e) What are the problems encountered in relation with organizational arrangements and institutional relationships among various bodies in the region?

- f) What are the problems, that emerged out of the center-regional relations?

- g) What are the problems of revenue raising capacities of the region?

- h) How do you evaluate Federal government assistance?

Most desirable

☐

desirable

☐

Not desirable

☐

Give Reasons for your answer _____

2. Plan or Strategy

- a) What are the possible plans of actions to relieve the problems encountered in the government operations of the region?
- b) What mechanisms have been developed to promote the self-governing status of lower levels of administrations?
- c) What are the possible plans of action to resolve problems in relation to organizational arrangements and institutional relationships among various bureaus in the region?
- d) What are the remedial measures taken or proposed by the Federal government or the region to relieve the vertical imbalance that emerged out of the mis-match between the expenditure responsibilities and revenue raising capacities?

3. Evaluation

a) How is the region's operation after the decentralization process

Very Satisfactory ☐

Satisfactory ☐

unsatisfactory ☐

Unsatisfactory ☐

Why? _____

b) What is the performance of other actors in development (NGOs, community based organization, and Private businesses) in the region after the adoption of the decentralization?

Excellent ☐

V.Good ☐

Good ☐

Satisfactory ☐

Bad ☐

Why? _____

4. Success / or Failure

a) What are the failures of the regions activities?

b) What are the success points?

- c) What are the major problems encountered by regions in the operations of the decentralization process? Give priority by assigning numbers according the level of importance.

Lack of experience	☐	Administrative Problems	☐
Lack of Finance	☐	Lack of support from the center	☐
Lack of trained manpower	☐	Infrastructure Problems	☐

- d) In order to achieve the desirables results, what should be done at regional levels? Please give your answer by assigning numbers according to importance

Depend more on central subsidy	☐
Improve own revenue sources	☐
Trained more human resources	☐
Remove central subsidy / Grant	☐

Questionnaire to Federal Government Bodies

1. Problem Identification

a) List the problems encountered in the region's activities?

b) List are the problems that emerged in the Federal-Regional relations?

c) Assistance Provided to regions

i. Technical assistance ☐

ii) manpower assistance ☐

iii) Financial assistance ☐

d) Level of effectiveness of the regions in utilizing the assistance provided to them?

Yes ☐

No ☐

If Yes/No Why?

2. Plan or Strategy

a) What are the plans of action by the Federal government bodies to improve the capacities of the regions?

- b) What are the intended decisions to balance the mis-match between the expenditure responsibilities and revenue assignments of the regions?

- c) What are the mechanisms on the side of the Federal government to promote the self-governing status of lower levels of administration?

3. Evaluation

- a) How do you generally evaluate the existing arrangement of decentralization process level?

Very positive ☐

Negative ☐

Positive ☐

Very Negative ☐

Neutral ☐

Why _____

- b) Is the Federal government's subsidy/grant arrangement necessary?

Yes ☐ No ☐

If Yes/No Why?

4. Success/ failure

- a) What are the successes in the Federal government level in connection with the decentralization process?

b) What are the failures that emerged in the Federal level?

c) What are the problems encountered in the success of the decentralization process? Give priority by assigning numbers according to the importance.

Lack of political support ☐

Lack of cooperation from other actors ☐

Lack of finance ☐

Lack of trained manpower ☐

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Autobiography

I was born in Adwa town, Tigray National Regional State in 1946 (G.C). I did my elementary education in Queen Sheba School (Adwa) and my secondary in Mekalle, Yohannes IV Secondary School. After this I joined the two year Awassa Community Development Training and Demonstration Center and graduated as one of the top students with a diploma in Community Development. After serving for 3 years as a community development worker in the South (around Yirgalem), I joined the then Haile Selassie I University (now Addis Ababa University) and graduated with a B.A. in Social Sciences, majoring in Social Work. My B.A thesis was entitled "The Role of Farmers' Cooperatives in Rural Development in Ethiopia."

After serving as an expert and a Section Head for another three years in the head office of the Ministry of Labor and Social Affairs in Addis Ababa, I won a government scholarship through the Ministry of Education to The Netherlands and came back with two post-graduate diplomas, in Urban Social Development and International Relations, and an M.A. in Development Studies, both from the Institute of Social Studies (I.S.S), The Hague, The Netherlands. My MA thesis entitled: "EEC Development AID To Africa: Its Economic, Political and Social Effects" was supervised by the famous Dutch Economist, Professor Jan J. Pronk, who is currently Minister of Housing, Spatial Planning and Environment of The Netherlands Government.

After my return to Ethiopia in 1980 (G.C)., I worked with the United Nations Economic Commission for Africa, in the Social Development Division, as a consultant for almost one year. I then joined UNICEF as a national officer,

handling areas of planning, area based programs like urban, rural and woreda Integrated Basic Services (WIBS). Until December 1997, I was a zonal program officer heading the UNICEF Eastern Field Office. During my seventeen years of service as a national officer with UNICEF in different capacities, I worked in collaboration with the central government, regional state governments, NGOs, mass organizations and attended numerous international workshops sponsored by UNICEF. My twenty four years of work experience has equipped me to negotiate and manage skillfully with UN and similar agencies.

I have now completed my field research work for my Ph.D dissertation on the Current Ethiopian Decentralization Process.

Appendix A: Ethiopia During Emperor Haileselassie

Appendix B: Ethiopia in EDRE

Appendix C: OROMIA

Appendix D: List of Informants

No.	Name	Address	Position	Years of Experience
1.	Mr. Getachew Belay	MEDac	Macro Department, Team leader	15
2.	" Worku Wubshet	MEDac	Regional Planning & Dev.Dept. Head	14
3.	" Tahir Aman	Oromia Inv.Burea	Bureau Head	16
4.	" Wassie Berhanu	BOPED	Bureau Head	18
5.	" Abu Yadeta	BOPED	Production Department Head	16
6.	" Daba Ayanie	BOPED	Alacro Department Head	17
7.	" Hailu Ijara	BOPED	Department Head	12
8.	" Taddesse Meskela	Cooperatives	Department Head	22
9.	" Dawit Gobena	BOPED	Department Head	12
10.	" Dereje Taddesse	OBOF	Department Head	18
11.	" Mergia Bora	BOF	Department Head	19
12.	" Getachew Negash	Oromia Civil Service Bureau	Expert	18
13.	" Taffesse Abishu	" "	"	21
14.	" Tesfaye Kenea	Oromia Inv. Bureau	"	10
15.	" Demirew Bekele	BOPED	"	7
16.	" Girma Hunde	Investment Bureau	"	8
17.	" Kuma Idawo	BOF	"	13
18.	" Bekele Kuma	BOF	"	12
19.	" Taddesse Jafero	Regional Council	"	10
20.	" Bekele Tessema	Arsi Catholic Church	Administrator	16
21.	" Woldia Taddesse	Ethiopian Orthodox Church	Project Coordinator	14
22.	" Getachew Gebru	Arsi Branch World Bank Addis Ababa	Senior Expert	30
23.	Dr. Assefa Abraha	World Bank, Addis Ababa	Social Rehabilitation Dev. Project General Manager	35
24.	Mr. Gizachew Bezuayehu, MEDac		Multi Lateral Aid Dept. Head	35
25.	Mr. Kebede Haile Med ac		Multi Lateral Aid Dept. Senior Expert	27

Appendix E: Participants in Group Discussions

No.	Name	Address	Position	Years of Experience
1.	Mr. Getachew Belay	MEDaC	Team Leader, Macro Department	15
2.	“Kebede Haile	MEDaC	Multi lateral Dept., Senior Expert	22
3.	“Mulugeta Tesfaye	MEDaC	Head Administrator	11
4.	“Hirpa Dadi	BOPED	Expert	16
5.	Ms. Zeineba Kelifa	BOPED	“	12
6.	Mr. Mohamed Aba Gojam	BOPED	“	11
7.	“Hailu Ayana	BOPED	“	8
8.	“Seyoum Gobena	BOF	“	6
9.	“Ijeta Negari	BOF	“	8
10.	“Dawid Idris	BOF	“	12
11.	“Negatu Mesfin	MOF	Senior Expert	21
12.	“Tadesse Shifera	MOF	Counter-Part Fund Unit Head	23
13.	“MenbereTschay Tadesse	Federal Supreme Court	Vice President	15
14.	“Gizaw Asfaw	Prime Minister's Office	Senior Expert	22

Appendix F: Questionnaire to Oromia Region
Problem Identification.

1. Problem Identification

- a) What are the problems faced in the government operations in the region?

- b) What are the problems encountered in the devolution of powers and authority below regional levels, or to zonal, woreda and kebele levels?

- c) What are the problems encountered in the private investment operating in the region?

- d) What are the problems that emerged in the public investment in the region?

- e) What are the problems encountered in relation with organizational arrangements and institutional relationships among various bodies in the region?

- f) What are the problems, that emerged out of the center-regional relations?

- g) What are the problems of revenue raising capacities of the region?

- h) How do you evaluate Federal government assistance?

Most desirable

☐

desirable

☐

Not desirable

☐

Give Reasons for your answer _____

2. Plan or Strategy

- a) What are the possible plans of actions to relieve the problems encountered in the government operations of the region?
- b) What mechanisms have been developed to promote the self-governing status of lower levels of administrations?
- c) What are the possible plans of action to resolve problems in relation to organizational arrangements and institutional relationships among various bureaus in the region?
- d) What are the remedial measures taken or proposed by the Federal government or the region to relieve the vertical imbalance that emerged out of the mis-match between the expenditure responsibilities and revenue raising capacities?

3. Evaluation

a) How is the region’s operation after the decentralization process

Very Satisfactory	☐	Satisfactory	☐
unsatisfactory	☐	Unsatisfactory	☐

Why?_____

b) What is the performance of other actors in development (NGOs, community based organization, and Private businesses) in the region after the adoption of the decentralization?

Excellent	☐	V.Good	☐
Good	☐	Satisfactory	☐
Bad	☐		

Why?_____

4. Success / or Failure

a) What are the failures of the regions activities?

b) What are the success points?

- c) What are the major problems encountered by regions in the operations of the decentralization process? Give priority by assigning numbers according the level of importance.

Lack of experience	☐	Administrative Problems	☐
Lack of Finance	☐	Lack of support from the center	☐
Lack of trained manpower	☐	Infrastructure Problems	☐

- d) In order to achieve the desirables results, what should be done at regional levels? Please give your answer by assigning numbers according to importance

Depend more on central subsidy	☐
Improve own revenue sources	☐
Trained more human resources	☐
Remove central subsidy / Grant	☐

Questionnaire to Federal Government Bodies

1. Problem Identification

a) List the problems encountered in the region's activities?

b) List are the problems that emerged in the Federal-Regional relations?

c) Assistance Provided to regions

- i. Technical assistance ☐
- i) manpower assistance ☐
- iii) Financial assistance ☐

d) Level of effectiveness of the regions in utilizing the assistance provided to them?

Yes ☐ No ☐

If Yes/No Why?

2. Plan or Strategy

a) What are the plans of action by the Federal government bodies to improve the capacities of the regions?

- b) What are the intended decisions to balance the mis-match between the expenditure responsibilities and revenue assignments of the regions?

- c) What are the mechanisms on the side of the Federal government to promote the self-governing status of lower levels of administration?

3. Evaluation

- a) How do you generally evaluate the existing arrangement of decentralization process level?

Very positive ☐

Negative ☐

Positive ☐

Very Negative ☐

Neutral ☐

Why _____

- b) Is the Federal government's subsidy/grant arrangement necessary?

Yes ☐ No ☐

If Yes/No Why?

4. Success/ failure

- a) What are the successes in the Federal government level in connection with the decentralization process?

b) What are the failures that emerged in the Federal level?

c) What are the problems encountered in the success of the decentralization process? Give priority by assigning numbers according to the importance.

Lack of political support ☐

Lack of cooperation from other actors ☐

Lack of finance ☐

Lack of trained manpower ☐

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Autobiography

I was born in Adwa town, Tigray National Regional State in 1946 (G.C). I did my elementary education in Queen Sheba School (Adwa) and my secondary in Mekalle, Yohannes IV Secondary School. After this I joined the two year Awassa Community Development Training and Demonstration Center and graduated as one of the top students with a diploma in Community Development. After serving for 3 years as a community development worker in the South (around Yirgalem), I joined the then Haile Selassie I University (now Addis Ababa University) and graduated with a B.A. in Social Sciences, majoring in Social Work. My B.A thesis was entitled "The Role of Farmers' Cooperatives in Rural Development in Ethiopia."

After serving as an expert and a Section Head for another three years in the head office of the Ministry of Labor and Social Affairs in Addis Ababa, I won a government scholarship through the Ministry of Education to The Netherlands and came back with two post-graduate diplomas, in Urban Social Development and International Relations, and an M.A. in Development Studies, both from the Institute of Social Studies (I.S.S), The Hague, The Netherlands. My MA thesis entitled: "EEC Development AID To Africa: Its Economic, Political and Social Effects" was supervised by the famous Dutch Economist, Professor Jan J. Pronk, who is currently Minister of Housing, Spatial Planning and Environment of The Netherlands Government.

After my return to Ethiopia in 1980 (G.C)., I worked with the United Nations Economic Commission for Africa, in the Social Development Division, as a consultant for almost one year. I then joined UNICEF as a national officer,

handling areas of planning, area based programs like urban, rural and woreda Integrated Basic Services (WIBS). Until December 1997, I was a zonal program officer heading the UNICEF Eastern Field Office. During my seventeen years of service as a national officer with UNICEF in different capacities, I worked in collaboration with the central government, regional state governments, NGOs, mass organizations and attended numerous international workshops sponsored by UNICEF. My twenty four years of work experience has equipped me to negotiate and manage skillfully with UN and similar agencies.

I have now completed my field research work for my Ph.D dissertation on the Current Ethiopian Decentralization Process.