

**ADDIS ABABA UNIVERRAITY**  
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**THE MOVE TOWARDS DEVELOPMENTAL STATE IN FDRE:  
THE ROLE OF INTERGOVERNMENTAL RELATION (IGR)  
FOR ITS IMPLEMENTATION PRESERVING THE  
AUTONOMY OF REGINAL STATES**

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**April 2015**

**The Move towards Developmental State in FDRE: The Role of  
Intergovernmental Relation (IGR) for Its Implementation Preserving the  
Autonomy of Regional States**

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**A Thesis**

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## **DECLARATION**

**I hereby declare that this thesis is my original work and has never been presented for whatsoever purpose. It is my belief that any information used thereto has been acknowledged in utmost efforts.**

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**Date**\_\_\_\_\_

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**April 2015**

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## **ACKRONYMS**

Art. - Article

CAD- Chilalo Agricultural Development Unit

COAG- The Council of Australian Governments

ECA- Economic Commission for Africa

EPRDF- Ethiopian People Revolutionary Democratic Front

FDRE- Federal Democratic Republic of Ethiopia

GTP- Growth and Transformation Plan

HoF- House of Federation

Ibid. - The same

IGR- Intergovernmental Relations

IMF- International Monetary Fund

MDG- Millennium Development Goal

MoFA- Ministry of Federal Affairs

MOFED- Ministry of Finance and Economic Development

NDC- National Development Council

No. - Number

P. - Page

SAP- Structural Adjustment Policy

SNNPR- Southern Nations, Nationalities and Peoples Region

UNECA- United Nations Economic Commission for Africa

## **ABSTRACT**

*After a period of long debate and confrontation between the two giant economic paradigms, [capitalism and socialism], to realize economic development on countries of the world, another view of economic theory, developmental state ideology come to over flood the development scholarship following the South East Asian countries developmental miracle, by implementing the latter. Nowadays, many countries including Ethiopia are inclined towards the developmental state paradigm by intending to grasp its developmental benefits reaped by the Asian Tigers. Transplanting a developmental ideology with its best practice from countries that had a highly centralized beaurocracy with a unitary form of state structure that help to easily frame a homogenous developmental policy overall their country may seem vague for a country, Ethiopia, having a constitutionally guaranteed federal form of state structure with significant autonomy of regional states to design and implement their respective economic, social and developmental policies and strategies.*

*This research reveals some of the difficulties to implement a developmental state economic ideology in federal Ethiopia, on the one hand and how its unmanaged rush towards its implementation affect the autonomy of regional states, on the other. In doing so whether, there exist any possible means and institutional solution to resolve this contradiction is the central question of the research. The research underscores that Intergovernmental Relations (IGR) with its guideline and institutions could serve as a best solution and bridge between the contradictory points of developmental state and federalism. Intensive and a duly managed use of IGRs between the federal and regional states may help a federal country like Ethiopia to balance regional states autonomy, to design and implement their developmental policies and strategies [prior concern of the country's federalism] with the demand of a developmental state ideology, for a harmonized and parallel developmental policy all over the country. However, this research finds that, little emphasis has given to the area of IGRs in Ethiopia that, it fails to play its great roll of being a forum of policy harmonization between the federal and regional states of the country than being a center to dictate the wish of the central government to regional states on national developmental policy matters.*

**Keywords:** *Development, Developmental State, Ethiopia, Federalism, Intergovernmental Relations*

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# CHAPTER ONE

## INTRODUCTION

### 1.1. Research Background

In 1991, following the collapse of military rule, new leaders of Ethiopia established a federal system composed of largely ethnic-based territorial units. The main purpose was to achieve ethnic and regional autonomy, while maintaining the state of Ethiopia as a political unit.<sup>1</sup>The initial process of federalization lasted for four years and formalized in a new constitution in 1995.<sup>2</sup>

In a federal system, the constituent units typically maintain their separate legislatures, executives, and often judiciaries, entailing a two-tier structure, saving their representation at the federal level,<sup>3</sup> that the case of Ethiopia is not exceptional. The Ethiopian federation is composed of nine constituent units carved based on “settlement patterns, language, identity, and consent of the people concerned.” Under the FDRE constitution, which classifies the power of the federal and state governments, the two tiers have vested with exclusive and shared powers.<sup>4</sup>

Article 52 of the FDRE constitution begins by giving a “reserved” or residual power (that has not given expressly to the Federal Government alone or concurrently to the Federal Government and the States) to the Regional States.<sup>5</sup>States are also among other things; have the power to set up their own administration, enact and execute their own state constitutions and other laws, *to formulate and execute economic, social and development policies, strategies and plans of the state.*<sup>6</sup> Administration of land within the framework legislations of the federal government, to

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<sup>1</sup>Alem Habtu. (2005) “Multiethnic Federalism in Ethiopia: A Study of the Secession Clause in the Constitution”, 35(2) Publius,313-335 P.313.

<sup>2</sup> Ibid.

<sup>3</sup> Bjorn Moller. (2010) “Pan-Africanism and federalism, Perspectives on Federalism”, 2(3) Centro Studio Federalismo, P.4.

<sup>4</sup> Art. 46, 47, 51 and 52 of the Constitution of the Federal Democratic Republic of Ethiopia, Proclamation No. 1/1995, 1st Year No.1, Addis Ababa, 21st August 1995.

<sup>5</sup>Ibid, Art. 52 (1).

<sup>6</sup>Ibid, Art. 52 (2) (a-g).Emphasis mine.

levy and collect state taxes from their own revenue sources, establish and administer their own police force and many other powers are vested on the regional states authority.<sup>7</sup>

The FDRE constitution does not explicitly stipulate the existence of the principle of federal supremacy, to make federal government, its laws, and institutions supreme, i.e., superior to, and override, the state laws and institutions. Rather the Ethiopian federation, holds, in consonance with the principle of federal comity, that “[T]he states shall respect the powers of the Federal Government and the Federal Government shall likewise respect the powers of the States.”<sup>8</sup> This provision is indicative, at least in theory, of the dual nature of the Ethiopian federation.<sup>9</sup>

On the other hand, scholars of federalism take the position that, developments in the 1930s and following World War II, ancient federations<sup>10</sup> are moving towards the replacement of ‘dual federalism’ by ‘co-operative federalism.’<sup>11</sup> Cooperative Federalism involved interdependence and a variety of co-operative intergovernmental relations (IGRs) made necessary particularly by the growth of social programs and the financial arrangements to support them. According to Ronald Watts, factors that contribute to the emergence of cooperation and intensified relationship between the federal and state government continued in the twenty first century by intensifying their degree of relevance, and he adds that;

*....the interdependence inherent within all federal systems is being further extended and complicated by its widened scope increasingly embracing the international and municipal spheres as well<sup>12</sup>*

The general trend of increased activity of governments at all levels creates more overlaps in the jurisdictional boundaries of the two tiers of government.<sup>13</sup>

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<sup>7</sup> Ibid.

<sup>8</sup> Ibid, Art 50 (8).

<sup>9</sup> Tsegaye Regassa. “Comparative Relevance of the Ethiopian Federal System to other African Polities of the Horn”, 1(1), Bahir Dar University Journal of Law, P. 28. Also <available at; [www.researchgate.net/.../265014408\\_Comparative\\_Relevance\\_of\\_the\\_Ethi...n](http://www.researchgate.net/.../265014408_Comparative_Relevance_of_the_Ethi...n) visited on 11th July 2014>

<sup>10</sup> According to the traditional account, that was how the classical federations of the United States (1789), Switzerland (1848), Canada (1867) and Australia (1901), federal and provincial (or state) governments exist side by side, each separate and virtually independent in its own sphere of constitutionally assigned authority.

<sup>11</sup> Ronald L. Watts. (2003) Intergovernmental Councils in Federations, Constructive and Co-operative Federalism?, A Series of Commentaries on the Council of the Federation, IIGR, Queen’s University and IRPP, Montreal, P. 3.

<sup>12</sup> Ibid.

The ruling elites in Ethiopia are striving to achieve radical economic development like that has witnessed in Asia in the late 20<sup>th</sup> C by adopting the developmental state model. Since 2006, the time when publically declared by the government,<sup>14</sup> the developmental state paradigm in Ethiopia became the central point of academic debates. The government is celebrating the double-digit economic growth. In addition to other factors,<sup>15</sup> that contribute for the economic growth of the country it gave top credit to the adoption of the developmental state policy of the country.

Woo-Cummings explains, the developmental state as the plan-rational capitalist developmental state (*which links*) *selective interventionism with rapid economic growth*.<sup>16</sup> Affirming the interventionist character of the state, Chang defines the developmental state as a state;

.....that should play a vital role by pursuing policies focused on ...coordinating investment plans; has a national development vision; engages in institutional building to promote growth and development and plays a critical role in resolving the conflicts that arise out of the reactions and counteractions to the development trajectory between winners and losers.<sup>17</sup>

The establishment of institutions that can play essential role in the effectiveness of their developmental policies is at the core of developmental scholars teachings. Countries use different kind of institutional mechanisms that fit their own actual condition to achieve their developmental oriented goal. Chang noted that the state must be capable of providing a vision for society and *create new institutions required to achieve this vision*.<sup>18</sup> The type and status of institutions may differ, but they shall be vehicles capable of transporting the countries fate to

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<sup>13</sup> The development of new policy areas such as the environmental issues and energy not contemplated at the time when older federations were designed and the changing conditions affecting over time the allocations of taxing powers and expenditure responsibilities to different governments that creates vertical and horizontal imbalances are also another factors that necessitates cooperation and interdependence between the central and regional governments in federations.

<sup>14</sup> Ethiopian People's Revolutionary Democratic Front Programme (EPRDF). (2006), Addis Ababa, Ethiopia <Available at ;[www.eprdf.org](http://www.eprdf.org)>. Visited on 10 January 2014.

<sup>15</sup> Relative peace the country achieved through the federal approach could be a best example. See infra note 29.

<sup>16</sup> Woo-Cummings M. (1999) "Introduction" in M. Woo- Cumming (ed.), The Developmental State, Ithaca, NY: Cornell University Press, P. 1-2. Emphasis mine.

<sup>17</sup> Chang Ha-Joon. (1999) "The Economic Theory of Developmental State", in Woo-Cummings M. (ed.), The Developmental State, New York, Cornell University Press, 182-199 P.195. Emphasis added.

<sup>18</sup> Chang Ha-Joon. (2003) A: Globalisation, Economic Development and the Role of the State, Zed Book, London, P.54 Cited in, Peter Meyns and Charity Musamba. (2010) The Developmental State in Africa: Problems and Prospects, INEF Report 101/2010, P.18. Emphasis added.

the place called development at the possible short period. In addition to few similar variables,<sup>19</sup> that distinguished a developmental state from others, there are tremendous differences among them that has caused by different state structure, in a literal view.

The involvement and participation of the government directly or indirectly around all areas especially on the economic sphere is highly crucial in the modern times, *particularly in the theory of developmental state model*.<sup>20</sup> The inherent and inevitable interdependence among governments within federations and the absence of clear delimitation of their powers often gives rise to disputes over constitutional jurisdiction and lead to ineffective governance or conflicts. In many instances, bodies facilitating consultation and co-operation between different levels of governments are a desirable alternative for managing interdependence and fostering co-operation.

For Johnson, other most crucial elements of the developmental state of Japan are the creation of a developmental state before development priorities and *its ability to mobilize the nation* around economic development within a capitalist system.<sup>21</sup> It is not simple to create popular mobilization that has done easily in Japan (where society is more homogeneous and made in authoritative way) in a federal state in which diversity is a peculiar feature. Among other things, the creation of intergovernmental relations (hereafter IGR) in one or another way will contribute a lot for countries following a federal form of state structure to create cooperation between the federal government and constituting states and for a better harmonization of their policies.

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<sup>19</sup> Among the features of developmental state the most common are; the existence of strong state or effective government, the existence of “embedded autonomy” bureaucratic autonomy, national consensus or nation-wide public, abolition of non-market coercion, standardized and creative education. See Peter Evans. (1995) Embedded Autonomy: States and Industrial Transformation, NJ: Princeton University Press, Princeton, P. 45; Cited in Samuel Kenha Bonda. (2011) Impact of Ethnic Federalism in Building Developmental State of Ethiopia, A Research Paper, International Institute of Social Studies, The Hague, Netherlands, (unpublished), P. 20.

<sup>20</sup> Out of three main arguments advanced by Johnson as to the developmental state of Japan, he emphasizes on the non-existence of markets in isolation but that they are a creation of the state and politics. That is why the developmental state characterized as a “plan rational” against “market rational” approach of liberalism. Johnson Chalmers. (1982) MITI and the Japanese Miracle. The Growth of Industrial Policy 1925-1975, Stanford University Press:Stanford, P.24: Cited in Peter Meyns and Charity Musamba. (2010) The Developmental State in Africa: Problems and Prospects, INEF-Report 101/2010, P.12.

<sup>21</sup> Ibid.

Genuine and effective institutional IGR will be a two-sided benefit in a country that adopted a developmental state approach of development in its federal state structure. These are preserving federalism by protecting their autonomy from the invasion of a centralized developmental state approach and for the creation of a nationwide consensus, which has needed in a developmental state. It is not simple for a federal government to expect a harmonized and similar policy, strategy and plan on economic and development affairs in all regional states of Ethiopia, which is highly necessitated in a developmental state. Intergovernmental relations is the best forum among others by facilitating civilized bargaining and consensus between the federal and regional governments which ultimately helps for creating cooperation between them hence it facilitates popular mobilization towards the same agenda.

Whether the federal arrangement is a dual, cooperative or executive, it is not possible for each level of government to function in isolation from the other. It is the necessity of both self and shared rule in the federation and for the harmonized preservation of both, that the issue of intergovernmental relations came to the table.<sup>22</sup> According to Elazar, IGRs are universal phenomenon found wherever two or more levels of government interact in the social and developmental policies and programs of the public.<sup>23</sup>

Scholars gave emphasis on the importance and a must existence of IGR to *serve as a forum for the frequent interaction of the two levels of governments in areas, where both levels of governments exercise power jointly and the need for appropriate institutions and mechanisms to coordinate their joint efforts.*<sup>24</sup> However, the need for effective, strong and rule based IGR is more than necessary and tend to be obligatory for country that advocates a developmental state ideology in its federal form of government.

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<sup>22</sup>Assefa Fisha. (2009) "The System of Intergovernmental Relations (IGR) in Ethiopia: In Search of Institutions and Guidelines", 23 *Journal of Ethiopian Law*, 96-131 P.106.

<sup>23</sup> Daniel Elazar. (1987) *Exploring Federalism*, Albama University Press, Tousalusa, P.16; Cited in Solomon Nigussie. (2009) *Intergovernmental Relations and Fiscal Issues in Federations: the situation in Ethiopia and implications to the Horn*, Third Conference on Constitutionalism and Human Security in the Horn of Africa, Inter Africa Group, P.42.

<sup>24</sup>Assefa, *Supra*, Note 22, P.97.

## 1.2. Statement of the Problem

Accepting the unavailability of interactions between the federal and state governments in the area of shared powers within the federations more than anything else does, the FDRE constitution is not free from such type of principles without precisely delimiting the extent of power of each level of government. There are provisions in the constitution that manifest shared powers in the form of framework and concurrent power.

The FDRE constitution after giving power to the federal government to formulate and implement the country's policies, strategies and plans in respect of overall economic, social and development matters as per Art 51(2), also empowers the states, among other things to formulate and execute economic, social and development policies, strategies and plans within the state as per Art 52 (2) c. This power is the basis for shared/framework power covering the bulk of social and economic sphere. It is not a simple task to precisely delimitate and fix the extent of power to each government within the constitution or consecutive legislations, even not to say impossible to think. It will leave the issue to the continuous bargain and mutual decision between the two structures of the state. To do so, the essentiality of the existence of formal institutions and principles to govern IGRs is unquestionable. Otherwise, one may take the power given to another level of government. States should also have a say in the policy and strategy designed by the federal government that directly demands their implementation and diligent collaboration for the effectiveness of the policy. This becomes mandatory in the area of power given in the form of shared power (framework power is the main).

Following the inauguration of developmental state ideology in Ethiopia, different scholars react in different way as to the would-be success or otherwise of the same, by raising many justifications to support their arguments. Some scholars doubt as to the implementation of developmental state ideology by referring to the country's federal form of state structure considering the same as impediment and an evil cause for putting the country in deficit of overall cooperation and mobilization towards development,<sup>25</sup> which is highly necessitated by a developmental state. Moreover, others consider the developmental state as a threat towards not only federalism (and its core principle of regional state autonomy), but also a bullet targeted

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<sup>25</sup>Alem, *Supra*, Note 1.

towards democracy and human right.<sup>26</sup> The government takes different side by arguing in favor of their mutually coexistent character,<sup>27</sup> and propagating for its new invention of a democratic developmental state ideology.

It is normal who deeply observe the Growth and Transformation Plan (hereafter GTP),<sup>28</sup> to worry about the role of the regional states by observing its detailed and all encompassed nature. The role of regional states from inauguration to the implementation of many international documents that stipulate a countries developmental standards like the Millennium Development Goals (hereafter MDG),<sup>29</sup> is also a contemporary issue of federalism, hence regional states are among stakeholders. This paper will try to assess the role of regional states of Ethiopia and the extent of their participation in the preparation and inauguration of developmental policies and strategies of the country before they all start to propagate the implementation of the same through identical voices (which is practically observed in our country now a days), hence it have an impact on their autonomy. On the other hand, it is not possible for the country to achieve its developmental oriented goals policies and strategies and to implement major international policy documents, like the Millennium Development Goal (MDG), without strong relation and highly coordinated action of both the federal and regional states.

Intergovernmental relations are important in installing the culture of negotiation between the federal government and the states, checking the trend of centralization and thereby enhancing the bargaining power of the states.<sup>30</sup> Scholars who wrote about the system of IGR in Ethiopia often fear about the existence of genuine institution to serve as a forum of negotiation and bargaining

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<sup>26</sup> Scholars mention the case of East Asian economies like Korea and Taiwan registered unprecedented levels of growth while they were under authoritarian regimes. Even the bureaucracy in Japan, for instance, appeared to have the upper hand (even as compared to elected officials) in the management of the country. See Bolesta A. (2007) "China as a Developmental State" (5) Montenegrin Journal of Economics.

<sup>27</sup> Former prime minister and the main architect of the developmental policy highly emphasizes on the federal system of the country as a key to the progress the country achieved in the economic field. Further he claims that "the federal government does is set the national framework for development and that national framework for development is articulated on the basis of consultation at all level of government." Interview with MelesZenawi, on Federations magazine, December 2010/ January 2011, Forum of Federations, PP.20-23.

<sup>28</sup> Federal Democratic Republic of Ethiopia Growth and Transformation Plan, 2010/11-2014/15, Volume I, Main Text, Ministry of Finance and Economic Development, November 2010, Addis Ababa.

<sup>29</sup> The Millennium Development Goal (MDG) is a sequence of documents enacted to address the development agendas of the world through the UN and its subagents like United Nations Development Program (UNDP), United Nations Economic Commission (UNEC) and many other trance national organs.

<sup>30</sup> Assefa, Supra, Note 22, P.106.

between the two organs of state.<sup>31</sup> There are few organs referred by the constitution or other relevant laws to facilitate and serve as a forum of IGR in Ethiopia. Out of few literatures around the area of IGR, there is no research as to my knowledge and little investigation, made, by looking IGR in light of developmental state or deeply analyze the latter in light of the interaction between the federal and regional governments of Ethiopia saving the area of power is preserved, especially in the Ethiopian context.

The main area of this thesis is to assess whether those organs and institutional mechanisms designed to facilitate IGR and the method of operation is effective to accelerate and support the demand of effective federal state cooperation for the effectiveness of developmental state ideology, on the one hand, and the autonomy of regional states which is highly advocated under Ethiopian federal system, on the other.

### **1.3. Research Objective**

In undertaking this particular study, this research comprises general and specific objectives.

#### **1.3.1. General Objective**

- The main objective is to assess the role of IGR, among many other factors, for the effectiveness of developmental state ideology on the one hand, and its relevancy to make a balance between the centralist approach of the developmental state and decentralized constitutional framework of the country that advocates for broad autonomy of regional states on the other hand.

#### **1.3.2. Specific Objectives**

- To explore the possible linkage between effective IGR and effective developmental state
- To examine the legal frame work and institutional status of IGR in Ethiopia,
- To examine the possible role of the IGR in preserving the autonomy of regional states, in particular and the federal structure in general, where central attention is directed towards development;
- To assess the role [mode and extent] of the states in the process of design and implementation of major developmental and economic policies of the country;

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<sup>31</sup>Assefa, *Supra*, Note 22 and Solomon Niguse. (2008) Fiscal Federalism In The Ethiopia Ethnic-Based Federal System, Forum of Federation press.

- To assess whether, there exist genuine institutions, or mechanism of managing IGR that the contemporary Ethiopia demands

#### **1.4. Research Questions**

In addition to the main questions that rose in the general and special objective part the research will managed to address the following questions;

- How the implementation of developmental state ideology adversely related with the autonomy of regional states. If so, does IGR reconcile the two interests?
- Weather there exist effective IGR in Ethiopia that will pave the way for the realization of developmental state by enhancing federal-state cooperation,
- What is the legal and institutional setups and its nature, form and extent of IGR in Ethiopia,
- What is the role of HoF, MoFA, particular ministries and the party channel to enhance IGR in Ethiopia and its challenges and prospects, and;
- What is the role of regional states in the design and implementation of major national policy issues?

#### **1.5. Scope of the Research**

Intergovernmental relation is a very broad notion referring principally to the relations (formal or informal) between the federal government and the constituent states (vertical form of IGR), as well as among the constituent units (horizontal). However, the scope of this research is managed, to deal mainly on the vertical relationship and particularly the relation between the federal government and regional states as to the coordination and harmonization of policies, strategies and plans on shared programs. Therefore, main attention is directed towards the economic, social and development policies, strategies and plans of the country; hence, they are designed in light of a developmental state ideological perspective. As to the issue of developmental state ideology the main concern of the research will not extend to deal with its economic aspect in a comprehensive way. Rather, the main issue will revolve around its political aspect and manifestations by looking it from the perspective of the federal setup of the country.

## **1.6. Significance of the Study**

By examining the developmental state ideology of Ethiopia in relation with its system of IGR, from the perspective of the implementation of the former and deepening democracy and federalism through cooperation and understanding of the federal and state governments, the study may have the following significances:

- It may contribute to the understanding of the developmental state in general and the Ethiopian context in particular
- To be used as a tool for the policy framers in the area of development and federalism.
- Adds its share to indigenous studies particularly in the area of development and federalism and to underscore the role and significance of IGR
- Relevant for academicians over the area as an additional reference

## **1.7. Research Methodology and Data Collection**

In order to achieve the objectives and to seek solutions for the lists of research questions of the study, I would be solely devoted to qualitative research methods, by examining and interpreting texts. In doing so, I will try to employ mostly the '*normative/ prescriptive approach*' i.e. aiming to discover how those framed issues or research questions should be entertained, and partly an attempt will be made to adopt '*conceptual analysis*' i.e. aiming to discover the substances of concepts relevant to the general or specific objectives of the research topic. For the sake of better understanding of the case of our country it is better to look countries with an accumulated experience with the issue to be entertained therefore, using comparative way of analysis have its own significance.

The research has conducted by studying a wide array of documentary sources both published and unpublished materials. These include government and non-government report, books, journals, party documents (particularly the EPRDF), newspaper, magazine and internet sources. The research also supported by conducting a primary data like interviews.

## **1.8. Organization of the Paper**

Chapter one of the research paper is composed of research background, statement of the problem, general and specific objectives and research questions. Significant of the research, its scope and limitation and the applicable methodology is also included within this chapter. Chapter

two of the thesis deals with the developmental state in general by using the issue of development as a stepping-stone to briefly discuss the developmental state with its features. The experience of the South Asian countries (that frequently mentioned with the ideology) is also relevant. Therefore, due emphasis was given to these countries. It is also relevant to see the situation in the continent hence any policy and strategy designed towards a specific goal has a direct impact on the individual country. Therefore, the developmental process of Africa beginning from the end of colonization until now has been discussed through its phases. The developmental state is also entertained in relation with federalism in general with its pros and cons.

Under chapter three of the thesis, the writer managed to highlight on the importance and interconnectedness of IGR and its basic principles in the federal and developmental country. Hence, it is essential to duly justify the role of effective IGR from the perspective of a better implementation of a developmental state ideology on the one hand and the protection of federalism on the other, the relevance of intergovernmental relations (IGR) becomes the main area of analysis. Therefore, the need for federal and state governments' interaction through IGRs in federal countries and its special importance in developmental state has been seen from the general point of view hence the case of FDRE will come in detail through the next chapter.

The fourth chapter devoted to deal with the FDREs developmental process and state structure. The current political structure of the country has also dealt in relation with the autonomy of regional states [hence, it is the manifestation of federalism], and their role with its extent in the formulation and implementation of national developmental policies. The developmental state ideology advocated currently is another area dealt exhaustively under this chapter. The developmental policy of Ethiopia, 'the democratic developmental state' inaugurated since 2006 under the EPRDF are discussed with its particular features and expected outcomes.

In addition, the writer manages to see the current structural setup of IGR in Ethiopia in detail. The writer analyzes each form of IGR structure of the country and its relevance and effectiveness to address the claim needed by the developmental state with its pros and cons. On the other hand, since, the autonomy of regional states is highly relevant and mandatory in the FDRE that, the relevance and effect of each mode of IGR towards the protection and enhancement of the constitutionally guaranteed power of regional states through a developmental state process becomes the main theme of the chapter. Therefore, analyzing the challenges and prospects of the

current IGR system in light of the effectiveness or otherwise of developmental state and autonomy of regional states in the FDRE becomes the main concern of the chapter. Then the conclusion and recommendation part comes to the table.

## CHAPTER TWO

### DEVELOPMENTAL STATE: GENERAL OVERVIEW AND THEORETICAL FRAMEWORK

#### 2.1. INTRODUCTION

Academic explorations of East Asian developmental states and their experiences, as well as the concept of the developmental state more broadly, have generally placed a new emphasis on the role of the state in achieving economic growth and poverty reduction. Since the developmental state ideology has mainly conserved about the role of the state in the economic progress of a nation with many relevant principles enshrined within, the issue is not limited to East Asian countries only, rather it manifested in many countries of the world in different times with various form and extent. This chapter mainly aimed at discussing the concept of developmental state ideology, with its basic characteristics. For the better understanding of the issue, the experience of East Asian developmental oriented countries and the stand of Africa discussed in a chronological order. Hence, the main aim of the research is to see the developmental state ideology in light of the federal form of government and its enshrined principle of Intergovernmental Relations (IGR), the writer attempt to highlight federalism and its features in relation with the developmental state ideology.

#### 2.2. Development in General

The issue of development was a center of debate among different scholars. Various theories are developed towards it though differed in perspective beginning from its definition. For many development is seen narrowly and conceived to be similar with economic growth, which is rather its tiny aspect. There are scholars who define development in the form of decrement of agriculture and the increment of both manufacturing and service industries in a country.<sup>32</sup>Such perspective equates development with economic growth, which refers to an increase in the real output of goods and services like increase in income, in savings, or investment in the

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<sup>32</sup> Michael Todaro. (1996)Economic Development, 6<sup>th</sup> ed. Longman, Addison Wesley Longman, P.49; Cited in Sehen Bekele and Tsegaye Regassa. (2012)Democratization in a Developmental State: The Case of Ethiopia Issues, Challenges, and Prospects. UNDP Ethiopia, No.1, P.3.

country.<sup>33</sup> However, such type of approach has suffered critics as; goods centered view of development rather than people centered.<sup>34</sup>

For Seers, it is better to emphasize on at least three variables in talking about a country's development, which seems slightly a broader view of development than the former. These are; what has been happening to poverty? What has been happening to unemployment? In addition, what has been happening to inequality?<sup>35</sup> Then he argues that, "*If all three of these have declined from high levels, then beyond doubt this has been a period of development for the country concerned.*"<sup>36</sup> To the contrary, if one or two of these central problems have been growing worse, especially if all three have, it would be strange to call the result "development" even if it doubles per capital income.<sup>37</sup>

These days a people-centered view of development got high emphasis and recognition through the capability-building approach to development, championed by Amartya Sen. He looks development in terms of the broad concept of freedom and its extent. Expansion of freedom is both the primary end and the principal means of development<sup>38</sup> and capability in turn, is a type of freedom, that "*...the freedom to achieve various lifestyles*"<sup>39</sup> which a person may value. The capability view of freedom emphasizes that freedom consists both pursuing what one has chosen, as well as the simple fact of having a choice to do or not do a number of things, and from those choices, to construct one's way of life. Sen adds, "*...unfreedom means hunger, famine, ignorance, unsustainable economic life, unemployment, barriers to economic fulfillment by*

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<sup>33</sup> Sehen Bekele and Tsegaye Regassa. (2012) Democratization in a Developmental State: The Case of Ethiopia Issues, Challenges, and Prospects, UNDP Ethiopia, No.1, P.3.

<sup>34</sup> Barbara Ingham. (1993) "The Meaning of Development: Interactions between "New" and "Old" Ideas", 21(11)World Development, P.1803.

<sup>35</sup> Dudley Seers. (1969) The Meaning of Development, 11<sup>th</sup> World Conference of the Society for International Development Paper, New Delhi, P.3.

<sup>36</sup> Ibid.

<sup>37</sup> Ibid.

<sup>38</sup> Amartya Sen. (1999) Development as Freedom, 4th ed., , Alfred A. Knopf, Inc.:New York, P.36 and P.76; Cited in "Thom Ringer Development, Reform, and the Rule of Law: Some Prescriptions for a Common Understanding of the "Rule of Law" and its Place in Development Theory and Practice",10Yale Human Rights & Development Law Journal, PP.200-201.

<sup>39</sup> Ibid.

women or minority communities, premature death, violation of political freedom and basic liberty, threats to the environment, and little access to health, sanitation or clean water...”<sup>40</sup>

The preamble of the United Nations Declaration on the Right to Development begins by recognizing development as “...a comprehensive economic, social, cultural and political process, which aims at the constant improvement of the well-being of the entire population and of all individual...”<sup>41</sup>This shows that the perception of development tend towards the human centered approach through time. The Vienna Declaration also reaffirmed the right to development, as *a universal and inalienable right and an integral part of fundamental human rights.*<sup>42</sup>It also expects the commitment of the international community to cooperate towards the realization of these rights. Thus, the right to development has recognized as a human right, which integrates economic, social, and cultural rights with civil and political rights.

Looking to these and the above contemporary definitional aspects of development it is possible to infer that a people centered view of development got higher emphasis and recognition. The human person is the central subject of development and should be the active participant and beneficiary of the right to development<sup>43</sup> in any developmental path that a developmental state ideology cannot be exceptional.

### **2.3. The Developmental State**

The role of the state in promoting economic growth and social progress in the developing world has been a subject of contestation among international development experts and policy analysts for the past 50 years. Saving a recent shift in emphasis towards the importance of human development and the possibilities of establishing a ‘social democratic developmental state’ on

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<sup>40</sup>Amartaya Sen. (1999) Development as Freedom, 4<sup>th</sup> ed., Alfred A. Knopf, Inc.: New York; Cited in Wayne Nafziger. (2007) “From Seers to Sen: The Meaning of Economic Development”, in George Mavrotas and Anthony Shorrocks (eds.), Advancing Development, Core Themes in Global Economics, Palgrave Macmillan, New York, P.55.

<sup>41</sup>UN Declaration on the Right to Development, Adopted by General Assembly Resolution 41/128 of 4 December 1986.

<sup>42</sup>Vienna Declaration and Programme of Action, UN.GAOR, World Conference on Human Rights, 48<sup>th</sup> Sess., 22d plen.mtg., pt. 1, UN Doc. A/CONF.157/23 (1993), reprinted in 32 I.L.M. 1667 (1993); <available at; <http://www.unhcr.ch/html/menu5/d/vienna.htm>, seen 15 January 2014>

<sup>43</sup> Art 2 (1) of UN Declaration, *Supra*, Note 41.

the global periphery,<sup>44</sup> initially the concept of the developmental state was modeled on an analysis of the role of the state in the successful industrialization strategies of Japan and the Asian Tigers. This analysis was emphasizing on studying the role of the state in initiating and shaping industrialization strategies by mobilizing scarce resources and focusing them on selected industrial initiatives.<sup>45</sup>

Bagchi has defined developmental state in terms of its ideological orientation and its institutional arrangements and a state which;

...puts economic development as the top priority of governmental policy and is able to design effective instrument to promote such a goal. The instruments would include a forging of new formal networks of collaboration among the citizens and officials and the utilization of new opportunities for trade and profitable production.<sup>46</sup>

As per this definition, a developmental state should give priority and emphasis for development and shall devote all its potentials towards achieving such end. However, the state is not limited only in designing a development-oriented policy and strategy rather shall be strong and committed enough in facilitating trade and production by creating suitable environment and system that enable private individuals to cooperate with the state. Giving emphasis mainly to its objective, Castells also define a developmental state in such a way that;

A state is developmental when it establishes as its principle of legitimacy, its ability to promote and sustain development; understood as the combination of steady and high rates of economic growth and structural change in the productive system, both domestically and in its relationship with the international economy.<sup>47</sup>

This shows the strong and deeply penetrating role of the state in the economy as a whole and in the market process. Even the state will get its legitimacy as per the extent of its achievement in the economic advancement of the nation by using any means. However the economic role of the state, though decisive and extensive, is not tantamount to running the economic machine, as the

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<sup>44</sup> Karl von Holdt. (2010) "Nationalism, Bureaucracy and the Developmental State: The South African Case", 41(1)South African Review of Sociology, 4-27, P. 6.

<sup>45</sup> Ibid.

<sup>46</sup> Amya Kumar Bagchi. (2000) "The Post and Future of the Developmental State", 5 The Journal of World System Research, 398-442, P.400. Cited in Samuel, *Supra*, Note 19, P.19.

<sup>47</sup> Castells Manuel. (1992) "Four Asian Tigers with a Dragon Head: A Comparative Analysis of State, Economy and Society in the Asian Pacific Rim". in Applebaum R and Henderson J. (eds),State and Development in the Asian Pacific, Newbury Park, Sage Publications, P.56; Cited in Omano Edigheji. (2005) A Democratic Developmental State in Africa?, A concept paper, Centre for Policy Studies, Johannesburg, P.11.

case with the socialist policy was; rather, it is to render a helping hand for the establishment of vibrant private enterprises and a capitalist class too.<sup>48</sup>

Mkandawire gives emphasis to ‘state-structure nexus’ in defining developmental state and it is whose ideological underpinnings are developmental and one that seriously attempts to construct and deploy its administrative and political resources to the task of economic development,<sup>49</sup> that is highly crucial in the developmental state. It is the institutional character in addition to its objective that enables a developmental state to effectively achieve its growth and development plan. Institutions may differ in different countries but shall be in a position to effectively support and facilitate the developmental objective of the state.

## **2.4. Features of Developmental State**

The main shared features of a developmental state among many are, the states ideological commitment to ‘development’ and the idea that such a state is an active or interventionist one, with the capability to set appropriate developmental goals, develop the policies that have the greatest likelihood of achieving those goals, and then implement them effectively. For Evans the role of the state is not one of ‘how much’ but one of ‘what kind,’ and to intervene accordingly when it has needed. There is general agreement that state capability is crucial for the successful developmental state.<sup>50</sup> The following are few features of developmental state among many;

### **2.4.1. Strong State and Efficient Bureaucracy**

In contrast to the neo-liberal approach, that favors a minimal and police state that mainly serves for the protection of peace and security and to enforce private contracts, a developmental state demands a strong state that can interfere in many developmental and economic affairs of a given country. Since the government took, a lion share to transform the country and its people to an

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<sup>48</sup>Messay Kebede. (2011) “Meles Zenawi’s Political Dilemma and the Developmental State: Dead-Ends and Exit”, in Geza Hayet (comp.), Debate on the Developmental State by Ethiopian Scholars, P.7. <Available at; <http://hayet11.blogspot.com>>, Visited 27 May 2014.

<sup>49</sup>Mkandawire Thandika. (2001) “Thinking About the Developmental States in Africa”,<sup>25</sup> Cambridge Journal of Economics 289-313, P.291.

<sup>50</sup>Peter Evans has also provided the most detailed prescription: corporate cohesion and the insulation of the bureaucracy from special interests, the concentration of expertise in the bureaucracy through meritocratic recruitment, and the provision of long-term career rewards as well as a distinctive and rewarding status to officials. See Peter B. Evans. (1995) Embedded Autonomy: States and Industrial Transformation, Princeton University Press, New Jersey and Peter Evans & Rauch J.E. (1999) “Bureaucracy and Growth: A Cross-national Analysis of the Effects of ‘Weberian’ State Structures on Economic Growth”, 64 American Sociological Review, 748–765, P.750.

economic and social advancement through policy design and direct involvement, it is mandatory for a developmental state to be strong and capable of doing different activities at the same time. Indeed, bureaucrats rather than the political elite supervise and direct the economy, with the consequence that, unlike the ruling political elite, the bureaucracy should be established based on merit, efficiency and high skills. Evans take the position that the Brazilian state is failed to put itself in the group developmental states but ‘an intermediate’ is due to their failure to fulfill the main characteristic feature of a developmental state, which is efficient bureaucracy.<sup>51</sup> What is required of the bureaucrats is less political allegiance than efficiency in exchange for handsome remunerations. The advantages enjoyed by the bureaucrats are, therefore, not due to rent-seeking activities but to their contribution to economic growth. A comparative study of many developing countries by Evans and Rauch also shows that the key factor in economic development may be the *quality of state bureaucracy*, rather than any particular model of development.<sup>52</sup>

#### **2.4.2. Autonomy of the State and Embeddedness**

The strength of the state is actually a condition for the other defining character of the developmental state, namely, the autonomy of the bureaucracy. Autonomy of the state is another key feature of a developmental state. The organizational ‘autonomy’ of state institutions, will enable it to define and promote its strategic developmental goals.<sup>53</sup> The state shall be strong and equally autonomous to protect itself from the influence of few private capitalists that try to impose their individualistic interests using state machinery. Embeddedness is also important, which is the state forming alliances with key social groups in society that helps it to achieve its developmental goals.<sup>54</sup> In particular, successful developmental states are those that are not only have a degree of autonomy from private capital but which also have embedded within them a concrete set of social ties that binds the state to society and provides institutionalized channels for the continual negotiation and renegotiation of goals and policies.<sup>55</sup> A close, often mutually beneficial symbiotic relationship between some state agencies and key industrial capitalists is

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<sup>51</sup> Peter B. Evans. (1989) “Predatory, Developmental, and Other Apparatuses: A Comparative Political Economy Perspective on the Third World State”, 4(4) *Sociological Forum*, 561-587, P.569.

<sup>52</sup> Karl von Holdt. (2010) “Nationalism, Bureaucracy and the Developmental State: The South African Case”, 41(1) *South African Review of Sociology*, P.6.

<sup>53</sup> Peter B. Evans. (1995) *Embedded Autonomy: States and Industrial Transformation*, New Jersey, Princeton University Press.

<sup>54</sup> Ibid.

<sup>55</sup> Ibid, P. 12.

highly expected to achieve a developmental vision of a developmental state.<sup>56</sup> However, the balance and extent (the degree of autonomy and embeddedness) varies not only over time but also from organization to organization within the state apparatus itself.<sup>57</sup>

Development oriented elite is also necessary and key feature of a developmental state.<sup>58</sup> What makes the autonomy of bureaucracy possible is the control of state power by development oriented political elites. As the state make political legitimacy conditional on economic achievement, they allow an autonomous functioning of the bureaucracy, given that autonomy is how bureaucracy can function efficiently.

### **2.4.3. Nationalist and Elite Education**

Nationalist and elite education is another feature of a developmental state. The strategy of using skill and merit to perpetuate the rule of political elite fosters the other necessary component of the developmental state, to wit, the centrality of education. In the history of developmental state that was traced back to 16<sup>th</sup> century in the northern part of Spanish Netherlands, the encouragement of education and art by the ruling class is one of the factors among many that made Netherlands a developmental state of the time. The ruling class was literate and often highly educated.<sup>59</sup> Not only does this strategy advocates the expansion of education to increase human resources in all areas of social life, but also insists on providing a quality education. The trend continues to the present day leading developmental states like Japan.<sup>60</sup> Education is a gear toward nation building, and in conjunction with the values of meritocracy; it promotes national consciousness and unity.<sup>61</sup> There are also many other features and characteristics of a developmental state like the need to achieve grass root and mass mobilization of the population, the emphasis towards export led and import substitution strategy through rapid industrialization, designing a homogenous policy mainly from the center etc. Generally, accepting the existence of

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<sup>56</sup> Chalmers Johnson. (1982) MITI and the Japanese Miracle: the Growth of Industrial Policy, Stanford , CA: Stanford University Press.

<sup>57</sup> Evans , *Supra*, Note 51, P.576.

<sup>58</sup> Charity Musamba. (2010) "The Developmental State Concept and its Relevance for Africa", in Peter Meyns & Charity Musamba (eds.) The Developmental State in Africa: Problems and Prospects, Institute for Development and Peace (INEF), University of Duisburg-Essen.

<sup>59</sup> Amiya Kumar Bagchi. (2000) "The Past and the Future of the Developmental State", 11(12) Journal of World-Systems Research, P.401-403.

<sup>60</sup> The Japanese experience shows that even those who came to power are recruited from best law schools and expected to pass the national exam to that effect.

<sup>61</sup> Messay, *Supra*, Note 48, P.8.

some common basic pillars of a developmental state the features manifested in each of developmental states may not be mandatorily similar and differ accordingly.

## **2.5. The Developmental State Paradigm in Africa**

Starting from the time of its independence Africa faced with the choice of a road that enables the continent and its people to be prosperous and civilized. The continent tastes different approaches of development since end of colonization. For a better understanding of the issue and see the phases of its journey, the writer classifies the period in to three and treated them accordingly. However, one should remember that it is not to argue and claim that all countries in the continent are following the same trend and to put them at the same pot. Rather it is to show the exposure of the majority of its members [as part of international phenomenon] towards a particular model of developmental ideology at a given historic time. It also differs from one country to another in terms of many particular features and practical conditions of each state.

### **2.5.1. The Post Independence Period of State Led Development in Africa**

After the end of World War II, with the emergence of newly independent states in Africa and Asia, the international community embraced a state-led model of development intended to bring about industrialization and entrepreneurship through intensive and deliberate effort and state intervention.<sup>62</sup> Though it is difficult to assume a considerable economic responsibility, states became the main economic actors involved in a wide range of activities that included not only social, economic and infrastructure but also the ownership and management of productive industries.<sup>63</sup> In terms of social services, like education and health, notable achievements have done during this period.<sup>64</sup> However, in contrast with the experiences and the recent achievements of East Asia, in many countries of both Africa (and Latin America) the benefits generated by state-led development were captured by narrow interests more concerned with building clientelistic networks than with fostering transformation of the country's economy. What seems to be lacking in the cases of failed state intervention in Africa is a competent and meritocratic core civil service (autonomous and at the same time responsive to society), as well as

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<sup>62</sup> V. Fritz and A. Rocha Menocal. (2006) (Re) building Developmental States: From Theory to Practice, Working Paper 274, Overseas Development Institute, London, P.2.

<sup>63</sup> Peter Meyns and Charity Musamba. (2010) The Developmental State in Africa: Problems and Prospects, INEF Report 101/2010, P.28.

<sup>64</sup> Ibid.

institutionalized political leadership structures that are mainly essential in a developmental state.<sup>65</sup>

By the late 1970s, the state-led model of development had come under strain in Africa.<sup>66</sup> A succession of national economic crises was the result. For some scholars the postcolonial Africa's nation building and the blinded move of national unity with the aim of uniting multi-ethnic, multi-cultural and multi-religious societies was an adverse effect on their developmental failure. Hence, this process was undertaken in a typically top-down fashion with centralizing tendencies, it had far-reaching adverse consequences for development and governance.<sup>67</sup> Since, it ignores their demand of self-administration in addition to representation at the central level of administration many groups of societies feel threatened. These groups turn their face towards different means of opposition including military struggle rather than concentrating their effort towards development. While other scholars associate this failure with the lack of developmental objectives in African states from the beginning.<sup>68</sup>

Mkandawire and many others goes against the above scholars claim by pointing their finger to the adoption of structural adjustment programs (SAPs) as a main cause for the evaporation of the little capacity of the African state by constraining their capacity from designing a policy options available to them.<sup>69</sup> However, others try to show the lack of genuine developmental objective of African states result developmental failure by closely observing how states conceived developmentalism, which is only in terms of poverty reduction, welfare provision, etc and not in terms of economic growth in addition to the predatory nature of the states. Hence, public enterprises were mainly intended to provide basic services to the people. Unfortunately,

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<sup>65</sup> Fritz and Menocal, *Supra*, Note 62, P.5.

<sup>66</sup>State intervention in the economy in many of these countries was often wasteful (with highly inefficient state enterprises or parastatals as a prime example), leading to bloated states that proved incapable of delivering developmental outcomes in a sustained way.

<sup>67</sup>Omano Edigheji. (2005) A Democratic Developmental State in Africa? A concept paper, Centre for Policy Studies, Johannesburg, P.17.

<sup>68</sup> Ferguson J. (2006) Global Shadows: Africa in the Neo-liberal World Order, Durham, NC: Duke University Press, P.5.

<sup>69</sup>Mkandawire, *Supra*, Note 49. Cited in Omano, *Supra*, Note 67, P.18. The export led development, liberalization, privatization and cost recovery social policy among others and highly constrained state involvement in the economy are basic principles come up with the introduction of SAPs.

however, the African state has been unable to both achieve its developmental objectives and foster sustained growth and industrialization.<sup>70</sup>

Each scholar's justification for Africa's state led developmental failure in the 1970s has a truth. However, it will be a mistake to assume one or more justifications of these scholars as an absolute and the only cause for the developmental failure of countries of the continent. Accepting the relevancy of each argument, it is the position of the writer that the predatory nature of the states plays a major role for the developmental failure; hence, it adversely affects many areas of state involvement including development. Those leaders occupying the state machinery are not concerned to the welfare of their citizens than their comfort. Many states extract such large amounts of otherwise investable surplus and provide so little in the way of "collective goods" in return that they do indeed impede economic transformation.

### **2.5.2. The Introduction of SAPs and the Washington Consensus**

By the early 1980s, a growing coalition of reform-minded academics, policymakers and political elites was calling for the abandonment of the state-led model of development and a return to a market based economy. The international assistance community, led by the International Monetary Fund (IMF) and the World Bank, embraced a set of neo-liberal economic policies that converged in what came to be known as the Washington Consensus. At the core of this thinking was an insistence that aid-recipient country to adopt structural adjustment programs designed to reduce the size and reach of the state. These programs involved a complete turnaround of economic policies from the statist approaches of the postcolonial period to the market oriented reforms.

Central to SAPs is the opening up of poor economies to the global market through export-led growth strategies. This is expected to be backed by deregulation, putting an end to price controls and subsidies, currency devaluation, the privatization of public enterprises, and sharp cuts in social expenditure of the state.<sup>71</sup> SAPs advocates for the removal of subsidies on foodstuffs, general reduction of public expenditure, the reduction of civil service through retrenchment, the

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<sup>70</sup>Omano, *Supra*, Note 67, P.18.

<sup>71</sup>Alois S. Mlambo and Evelin S. Pangeti. (2001) "Globalization, Structural Adjustment and the Social Dimensions Dilemma in Zimbabwe, 1990-1999,"TayeAssefa, Severine M. Rugumamu, Abdel Gafer M. Ahmed (eds.), Globalization Democracy and Development In Africa: Challenges And Prospects, Organization For Social Science Research In Eastern And Southern Africa (OSSREA), Addis Ababa, 163-177, P.165.

holding down of wages and the introduction of user fees and cost recovery measures.<sup>72</sup> That is why many argued that SAPs introduced mainly to undermine the social policies of the government and its socio-economic involvement.

By the mid-1980s, in line with the free market ideology, a wave of democratization also began to sweep across the African continent and most African countries have embraced multi party system. Hence, international development agencies and donor countries exerted pressures on African countries to democratize their system as per the western model development aid and loans to the continent were conditional on the willingness of African countries to embrace 'good governance' and democracy.<sup>73</sup> However, the democratization process has failed to bring about fundamental and lasting changes in domestic power structures. In addition, the democratization and the economic liberalization process has not fundamentally led to a qualitative improvement in the living standards of the majority of the African population who continue live in poverty, squalor, hunger and disease.<sup>74</sup> Like the previous developmental ideology, SAPs too failed to achieve its stated objectives in Africa. Therefore, the 1980s was considered as a lost decade for Africa. This was because Africans were worse off in the 1990s than at the time of their political independence, with high levels of poverty, unemployment, inflation and infrastructural decay prevailing in most countries.

### **2.5.3. The Revival of State-led Development in Africa**

Since the mid of 1990s, looking to the failure of SAPs and its political liberalization, development scholars has forced to rethink the development path in Africa and a shift in understanding in the role of the state in process of development has become perceptible. This new thinking is based in large part on the recognition that there has been a very different experience of state-led development in a number of Asian countries, especially in East Asia.<sup>75</sup> The 1997 World Development Report was thus dedicated to 'rethinking the state', and reaffirmed the position that 'the state is central to economic and social development'.<sup>76</sup> It also

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<sup>72</sup> Ibid.

<sup>73</sup> Accelerated Development in Sub-Saharan Africa: An Agenda for Action, World Bank (Berg Report) 1981, Washington DC.

<sup>74</sup> Omano, *Supra*, Note 67, P.20.

<sup>75</sup> See also Johnson, *Supra*, Note 56, and Wade R. (1990) Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization, Princeton, NJ Princeton University Press, among others.

<sup>76</sup> The shift towards the role of the state in the economic development was clear by looking the World Banks World Development Report of 1991 that demands the market to allocate resource and enhance economic growth by

highlights the fact that even market-based economies require functioning and capable states in order to operate and to grow. Furthermore, states came to be expected (once again) to meet the basic needs of the population and deliver essential social services in the modern times.<sup>77</sup>

In the existence of worries as to whether the particular case of a few developmental states in East Asia can be applied to the general case of persistent underdevelopment elsewhere, (obviously in Africa in our case) attention was now directed to the successful developmental experience of East Asian countries. Some of these had been at a comparable level of development with African countries around 1960s and were now marching for ahead. The Asian countries achievement were based neither on Soviet type command economies nor on laissez-fair free market economies, but on market conforming method of state intervention i.e. a capitalist developmental state.<sup>78</sup>

Economic commission for Africa (EAC) advised African countries to follow the East Asian developmental state path in general and the Malaysian developmental state model in particular to accomplish structural economic transformation.<sup>79</sup> In Asia, the implementation of the developmental state plans was almost entirely dependent on discipline and the interventionist power of the state to guide the industrialization process. The Asian developmental paths predominantly designed on the premise that Western democratic values were foreign and a luxury unsuited for the promotion of development in Asia.<sup>80</sup> However, though the African states were required to follow the Malaysian type of development, at the same time the Commission for Africa set standards based on Western democratic values. In the design and implementation the

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expecting the intervention of the state towards the economy to be rare and only when mostly needed, to the recognition of the vital role of the state towards economic progress of countries in its 1997 report. See World Bank. (1991) *The Challenge of Development*, World Development Report (1991), Oxford, University Press, P.9 and World Bank (1997) *The State in a Changing World*, World Development Report (1997), Oxford, Oxford University Press, P.27.

<sup>77</sup> Fritz and Menocal, *Supra*, Note 62, P.3.

<sup>78</sup> Johnson, *Supra*, Note 56.

<sup>79</sup> As stated by the Economic Commission for Africa (ECA), while adhering to the tenets of democratic values, the industrialization policies of the developmental state promote capital accumulation, utilize reserves of surplus labor, relax the utilization of foreign exchange constraints through import substitution, and coordinate and allocate resources through well-designed and strategically focused plans. See Economic Commission for Africa (ECA). (2011) *Governing development in Africa – the role of the state in economic transformation*, Economic Report on Africa 201, Addis Ababa, Ethiopia, P.75.

<sup>80</sup> Desta Asayehgn (2011), Emerging Challenges in Democratic Developmental State: The Case of Ethiopian Growth and Transformation, working paper, P.2, <available at; [aigaforum.com/articles/democratic\\_developmentalstate.pdf](http://aigaforum.com/articles/democratic_developmentalstate.pdf) Visited 12<sup>th</sup> March 2014>

national development strategies, the Commission therefore suggested that political leadership, private sectors and the civil societies in each African state need to collaborate with the committed professional bureaucracy to legally influence the direction of development.<sup>81</sup>

Therefore, after giving closer emphasis to developmental achievement of the East Asian countries and by learning from past mistakes, African states are advised to create a democratic developmental state, which shall be different from the authoritarian character of the former.<sup>82</sup> This form of state developmental state is expected not only to embody the principles of electoral democracy, but also ensures citizens' participation in the development and governance processes. To be effective, however, citizens will have to organize themselves to be able to participate in consultative arenas or networks of consultative decision-making. These organizations should be a grassroots based, voluntary, democratically administered, self-reliant and rooted in the tradition and culture of the society.<sup>83</sup>

## **2.6. Developmental State and Federalism**

Literatures on developmental states have been mainly associated with economic growth. Often however it was growth that was seen to have other social benefits and the concept of a developmental state is often used to denote not only states which have achieved significant growth rates but rather growth rates alongside with a perception of reasonably wide spread legitimacy.<sup>84</sup> Scholars have highlighted that there has generally been significant increases in the standard of living for a large number of the population in countries that believed to implement the developmental states ideology.<sup>85</sup>

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<sup>81</sup> Ibid.

<sup>82</sup> Following the failure of post-colonial state developmentalism and subsequent market-oriented structural adjustment what Africa needs is a "democratic, developmental and socially inclusive" strategy perspective. Mkandawire Thandika. (2005) *Towards A Development, Democratic and Socially Inclusive Africa Once Again*, 3(4) Codesria Bulletin, P.47.

<sup>83</sup> United Nations Economic Commission for Africa (UNECA) (1990), *African Charter for Popular Participation in Development*, UNECA (1990), Addis Ababa.

<sup>84</sup> Leftwich A. (2000) *States of Development: On the Primacy of Politics in Development*, Cambridge, Polity Press, P.166-167.

<sup>85</sup> Chalmers Johnson. (1987) "Political Institutions and Economic Performance: the Government-Business Relationship in Japan, South Korea, and Taiwan". In Deyo F. C. (ed.) *The Political Economy of the New Asian Industrialization*, Ithaca, NY: Cornell University Press, P.143 and Leftwich A. (2008), *Developmental states, Effective States and Poverty Reduction: The primacy of politics*, UNRISD Project on Poverty Reduction and Policy Regimes, Geneva, P.16.

The progressive elements of developmental state ideology have however frequently been accompanied by politically repressive regimes and the exclusion of certain groups,<sup>86</sup> and makes many people hesitant to recognize and appreciate its economic outcomes. It is true that most, if not all, developmental states are strongly centralized unitary arrangements. Historically and politically, regimes and successive governments in these states have borne the conspicuous traditional marks of heavy temptations toward authoritarianism.<sup>87</sup> Scholars are even tended to argue in favor of the nature of politics in these countries as a positive input for the achievement of their developmental aim.

Many scholars are skeptics as to the implementation of a developmental state ideology without affecting democratic values of the state (countries that advocate for a developmental state now a day), if there is any. The case of the South East Asian countries is mainly used as an input for many academicians to question as to whether the federal form of government is a suitable ground to implement a developmental state theory.<sup>88</sup> This claim is not without any ground, because those countries benefited much from the developmental state are known for their centralized form of government and homogeneous society. On the contrary, countries that followed federal form of government are highly decentralized, known for the existence of many diverse interests and power is mainly form on a bottom up basis.

The term “federalism” is derived from the Latin term “foedus”, meaning covenant, referring to the fact that such a covenant is usually the starting point for the merger of two or more political entities.<sup>89</sup> Moreover, the power divided among these political entities through a federal bargaining and kept recorded under the constitution. It is possible to recognize the importance and the concern towards federalism in the contemporary world from different writings and academic discussions. There is a consensus as to the non-existence of single pure model of federalism that is applicable everywhere.<sup>90</sup> Rather the basic notion of involving the combination of shared rule for some purposes and self-rule for others within a single political system so that

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<sup>86</sup>Leftwich A. (1995) “Bringing Politics Back In: Towards a Model of the Developmental State”, 31(3) *Journal of Development Studies*, 400-427, PP.418-419.

<sup>87</sup>Habtamu Alebachew. (2013) “The Developmental State and Federalism in Ethiopia”: Critique of Professor Clapham, P-2, < available at; [aigaforum.com/articles/critique-of-clapham-developmental-state.pdf](http://aigaforum.com/articles/critique-of-clapham-developmental-state.pdf) visited on 2<sup>nd</sup> May 2014>

<sup>88</sup>Public lecture by Christopher Clapham on “Federalism and Developmental State” in September 2013, at AAU, available at; [www.goethe.de/ins/et/en/add/ver.cfm?fuseaction=events.detail...id](http://www.goethe.de/ins/et/en/add/ver.cfm?fuseaction=events.detail...id).

<sup>89</sup> Bjorn Moller. (2010) “Pan-Africanism and Federalism”, 2(3) *Perspectives on Federalism*, P.40.

<sup>90</sup> George Anderson. (2008) *Federalism: An Introduction*, Forum of Federation, Oxford University Press, P.2.

neither is subordinate to the other has been applied in different ways to fit different circumstances.<sup>91</sup>

In a federal form of government despite many differences among countries, at least two orders of government must exist, one for the whole country and one for the regions.<sup>92</sup> Each government has a direct relationship with its citizens through electoral process and is autonomous in their area of competence though not absolute. The well-known expert of federalism George Anderson statement, “a constitution that formally allocates, legislative including fiscal powers to the two order of government ensuring *some genuine autonomy for each order*,”<sup>93</sup> is the main feature of all federations. Federalism is used as a key to accommodate diversities emanated from the difference of many kinds among the peoples of a given country or served as an issue of reserved power of the contracting parties when they agree to form a single center vested with many power (like in coming together federalism).<sup>94</sup>

In establishing a federal form of government, the shared interests among the states are assigned to the federal government and the elements of diversity, which could be manifested in many ways in each federation and for which the states want to retain autonomy, are left for the states.<sup>95</sup> Out of many powers vested to sub national governments of federations either exclusively or with the federal government [this may take shared or concurrent form]<sup>96</sup> the social, economic and development affairs of the regional state is the main. Sub national units of a federation are not by any means excluded from dealing on these affairs either at the time of policy making or implementation, hence it affect the overall wellbeing of their respective citizens. Therefore, they are in a position to issue their own developmental programs they deem fit their actual situation that may be considerably different from other sub national governments within the federation.

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<sup>91</sup> Ronald L.Watts. (2008) Comparing Federal Systems, 3<sup>rd</sup> ed., Montreal & Kingston, London, Queen’s University Press, P.1.

<sup>92</sup> Anderson, *Supra*, Note 90, P.3.

<sup>93</sup> *Ibid*.

<sup>94</sup> The case of USA federalism is a typical example for such type of federalism.

<sup>95</sup> Assefa Fisehia. (2007) Federalism and the Accommodation of Diversity in Ethiopia: A Comparative Study, 2<sup>nd</sup> edition, Addis Ababa, Forum of Federations, P.106.

<sup>96</sup> For detailed discussion on shared, concurrent and framework power in the federations, see Assefa Fisha. (2009) “The System of Intergovernmental Relations (IGR) in Ethiopia: In Search of Institutions and Guidelines”, 23 Journal of Ethiopian Law, P.102-104 and Solomon Nigussie. (2009) “Intergovernmental Relations and Fiscal Issues in Federations: the situation in Ethiopia and implications to the Horn”, Inter Africa Group, PP.42-55.

It is the interest of the developmental state for more centralized planning and an organ to twist the national economy from a single point. This becomes possible without creating significant problem in the East Asian countries where unitary form of government is the type of political system they adhere. Among many features of the developmental state, a government prioritizes economic development among many things is the first and primary. This may be possible for a unitary state to simply mobilize the whole resource towards economic development but it is not the situation in the federal form of government, which is characterized for its diversified interest, and local elites got a sovereign right to prioritize one among others. It is not possible to get anonymous decision and similar path always from regional states of a federation on a particular issue.

Differences expected even in the situation where all regional states of a federation are demanded to prioritize economic development among many issues in the countries overall policy direction. This is because by using the constitutionally guaranteed right and autonomy regional states will tempt to choose their own direction and method to achieve the intended economic growth. In many federal systems, typically in Ethiopia,<sup>97</sup> the constitution provides extensive decision-making, legislative and executive powers and responsibilities to the regional states. The most notable ones are the enactment of state constitution and laws; *formulation and execution of economic, social and development policies, strategies, plans etc.*<sup>98</sup> In exercising their own economic social and development policies, strategies and plans of the regional state members of the federation may vary either from the plan of the federal government or other constituting units. However, this does not mean that they can exercise this power without any limit; hence, observance of the national standard set by the federal government is mandatory over many areas.<sup>99</sup>

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<sup>97</sup> Chapter four of this paper deals with the Ethiopian case of federalism and the autonomy of regional states in detail

<sup>98</sup> Administration of land and other natural resources within their territory, to levy and collect taxes assigned to the regional states, design standards for their respective civil services, establishing and administering state security forces are also among many. See Art 52 of the FDRE constitution.

<sup>99</sup> See Art 51 (3) and 52 (2) (f) of the FDRE constitution that expressly demands the federal government to set and implement national standard and basic policy criteria for public health, education, science and technology, protection and preservation of cultural and historical legacies in addition to stipulating a duty on regional states to take the national standard in to consideration on the work condition, educational, training and experience requirements of any job within a state civil service.

A number of economic, social, and political factors influence the actual size and appropriate role of government in national economies.<sup>100</sup> Among political factors, federalism could be raised as a best example in limiting or permitting any structure of government and its contribution towards the national economy. In the developmental state scholarship, which mainly related and highly affiliated to the state, the type and nature of state highly determines the developmental outcome. According to Ghani a ‘developmental’ state project must possess at least two essential attributes.<sup>101</sup> First, the state must have the capacity to control a vast majority of its territory and possess a set of core capacities that will enable it to design and deliver policies.<sup>102</sup> On the other hand, the federal form of government principally characterized by delimiting the extent of power and the area of competence for each level of government. Federalism directly influences the size of the government in its many ways of decentralization. In the federal form of government, it is not possible for one level of government to stretch its hand towards a specific issue whatever it is beneficial for the intended economic development if it is not the matter assigned to it under the constitution. It is not possible to implement the successful policy interventions of the state to promote growth<sup>103</sup> exhaustively in a federal form of government especially for the central government.

It is also developmental scholars’ advice that, to achieve a developmental state goal it is not enough for the countries to have a development-oriented goals and policies but also it is essential to create a *national mobilization* towards one goal. It is also a hard task for the central government in the federal political structure to create national mobilization towards the same end and if it tries to do that, it may be done at the risk of the autonomy of its constituting members in many cases.

There are few countries including Ethiopia that are trying to test developmental state ideology in the federal form of state structure. It is because of the worry as to the effectiveness of the developmental state ideology in a federal system of government in light of the above-mentioned

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<sup>100</sup> Abu Girma Moges. (2005) Fiscal Federalism and Its Discontents: Theory and Policy, Working Paper on the 3<sup>rd</sup> International Symposium on Ethiopian Development Studies, June 17-18, 2005, Addis Ababa, Ethiopia, P.8.

<sup>101</sup> Ghani A., C. Lockhart and M. Callaghan. (2005) Closing the Sovereignty Gap: How to Turn Failed States into Capable Ones, ODI Opinion 44, London. Cited in, Fritz and Menocal, *Supra*, Note 62, P.4.

<sup>102</sup> The second is; the project must involve some degree of reach and inclusion, and have an institutional framework with a long-term vision that transcends any specific political figure or leader.

<sup>103</sup> Wade R. (1990), Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization, Princeton, NJ Princeton University Press.

contrasting variables of the developmental state and federalism that the main concern of IGR in the developmental federal country will come as a big deal. This forum may minimize the gap and difference between the two levels of government in developmental perspectives. There is also a fear that a federal country that advocates developmental state ideology may trespass the jurisdiction of regional states in the guise of promoting economic growth throughout the whole country.

## CHAPTER THREE

### INTERGOVERNMENTAL RELATION (IGR): AS A BRIDGE BETWEEN FEDERALISM AND DEVELOPMENTAL STATE

#### Introduction

All federations have a considerable interdependence between governments. How politicians, civil servants, citizens, and other stakeholders try to influence outcomes in jurisdictions other than their own goes to the heart of each federations political life.<sup>104</sup>

Interdependence is inevitable and significant in all federations.<sup>105</sup> It is to govern such relationship and interdependence that the issue of Intergovernmental Relations (hereafter IGR), come to the table of discussion. In the modern times where the action of all levels of governments is essential and their involvement of it is mandatory in many areas, IGR is highly relevant. Important strategic policy issues critical to the success of government permeate through this system, and intergovernmental structures take decisions that are critical to the effectiveness with which government can deliver to the public.<sup>106</sup> The main issue of this chapter is to deal on IGR and its structures with its special relevance and importance in a country that applied a developmental state ideology in a federal form of government. IGRs in federations are exhibited in two forms. Vertical IGR, which is an interaction between the federal government and its institutions with sub national constituent units and their local governments and counterpart institutions and horizontal IGR mainly practiced between sub national constituent units themselves. Here the main concern of the chapter is to deal on vertical form of IGR that took place mainly between the federal government and its constituent units of the federation with its relevance in the developmental state perspective.

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<sup>104</sup> Anderson, *Supra*, Note 90, P.64.

<sup>105</sup> *Ibid*.

<sup>106</sup> Ronald L. Watts. (1999) Intergovernmental Relations. A report on Institute of Intergovernmental Relations, Queen's University, Canada, P.4.

### 3.1 Intergovernmental Relations (IGR) In General

Intergovernmental Relations (IGR) are defined as; the interaction between governmental units of all types and levels within a political system.<sup>107</sup> The issue of intergovernmental relations (IGR) is not a new invention of states. Rather it is phenomenon comes with the creation of government. However, it was evolved through time and comes to take a democratic nature in the contemporary times than a coercive type. The issue of IGR takes a lion share in federalism scholarship, hence its nature and type affects the federal system and the enshrined principles<sup>108</sup> constructively or otherwise. The relationship between the federal government and its constituent units highly matters the efficiency of government at both levels and the viability of the federal structure.

Intergovernmental relations are the underlying philosophy for the conduct of government and the relations between the three spheres of government: national, provincial and local. It is a universal phenomenon to be found wherever two or more levels of government interact in the development and in the execution of public policies and programs.<sup>109</sup> As there is no unique form of federalism, IGR is also different and have distinct features in different countries. It differs from executive federalism to dual federalism where each level of government is implementing its own legislation and the degree of interdependence is lesser than the former. In the countries where federalism is designed for the accommodation of diversity,<sup>110</sup> the purpose of IGR may go beyond the administration of shared responsibilities. It may also create an opportunity to challenge secessionist tendencies by reinforcing the values of unity, reducing regional disparity and promoting equitable development.<sup>111</sup>

The main advantage of IGR is its mode of operation and flexibility that makes a federation to work in a manner that meets the need of its people than going to the formal amendment of

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<sup>107</sup> Ronald L. Watts. (2001) "Intergovernmental Relation: Conceptual Issues", in Norman Levy and Chris (eds.), Intergovernmental Relations in South Africa: The Challenges of Government, University of Western Cape, P.22.

<sup>108</sup> The main principle of federalism is the existence of at least two level of government assuming power and responsibility in certain areas. Self-rule over areas that demand peculiar interest and shared rule on common interests is the basic characteristic and feature of federations.

<sup>109</sup> Daniel Eleazar. (1987) Exploring Federalism, Tuscaloosa, Alabama University Press, P.16.

<sup>110</sup> Ethiopian federalism is a typical example of such type of federalism with its unique feature of an ethnic based federal approach.

<sup>111</sup> Solomon Nigussie. (2009) "Intergovernmental Relations and Fiscal Issues in Federations: the Situations in Ethiopia and Implications to the Horn", Inter Africa Group, P.47.

constitutional provisions (which is highly difficult), on the division of power.<sup>112</sup> It helps the governments at all levels to coordinate and harmonize their policies and development agendas. It is also evidenced that the inevitability of conflicts between different levels of government structures that demands a forum of negotiation and reconciliation, hence IGR may serve as a best place rather than going to the court or other dispute resolving mechanisms which is time taking and short of long run importance. There are different modes of Intergovernmental Relations (IGR) in various structures and different federations used any IGR form and mechanism that deem to fit their own situations.

### 3.2 The Structures of Intergovernmental Relations (IGR)

The design of intergovernmental co-coordinating councils will need to find a balance between shared goals, provincial autonomy, political stability, democratic transparency and accountability, equity, efficiency and innovative flexibility.<sup>113</sup>

Intergovernmental relations (IGR) and their respective institutions are out of many institutions that are trust and confidence building institutions and enhance norms such as the rule of law, justice, political stability and peace.<sup>114</sup> In any federal political system, a number of major factors may shape the processes and structures of intergovernmental interactions. Out of many variables, the nature of the constitution and the form of the government, the nature of the party system, the size of the federation, the diversity of the people and internal boundaries of the federating units, the differentials in economic resourcefulness of the federating units, the capability of the provincial states and local self-governing units could be mentioned as the major ones.<sup>115</sup> Since federations are dynamic and evolving, the factor of changing scenarios must also be taken into account as an independent variable influencing intergovernmental interactions.<sup>116</sup>

Countries applied different types of mechanisms and strategies to manage their interdependence and to enhance their IGRs. They can deal with this interdependence through formal, even a constitutionalized mechanisms, or ad hoc and informal arrangements.<sup>117</sup> In federations like

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<sup>112</sup> Ibid, P.48.

<sup>113</sup> Watts, *Supra*, Note 11, P.9.

<sup>114</sup> Governing Development in Africa: the Role of the State in Economic Transformation (2011), ECA and AU Economic Report on Africa (2011), Addis Ababa.

<sup>115</sup> Rekha Saxena. (2010) Intergovernmental Interactions in the Indian Federal System, PSA, University of Delhi, India, PP. 3-4.

<sup>116</sup> Ibid.

<sup>117</sup> Anderson, *Supra*, Note 90, P.64.

Germany, Switzerland, and South Africa there exists a culture of cooperation that makes IGR a constitutional principle. In other federations, IGRs are not part of the constitutional principles or grand legislations while their practical usage is visible. While constitutional based forums are more rigid where informal ones have the advantage of flexibility, the former are less likely to be manipulated by powerful partners, the latter may be open to be taken less seriously and are vulnerable to exploitation.<sup>118</sup>

Out of many federal countries, Australia has established a number of major formal councils to deal with policy issues that have intergovernmental implication for the main purpose of increasing cooperation among governments and to oversee and coordinate the work of the Ministerial Councils.<sup>119</sup> The Council of Australian Governments (COAG) is Australians' primary intergovernmental institution since its establishment in 1992.<sup>120</sup> This organ is chaired by the Prime Minister and includes all the State Premiers and Territory Chief Ministers and the President of the Australian Local Government Association.<sup>121</sup> Through the negotiation of uniform cooperative legislative and executive schemes, COAG has been able to adjust, to some extent, the allocation of powers between the central government and the States, making this allocation more flexible.<sup>122</sup>

German federalism is highly praised for its strong and effective IGR. In Germany, most legislative powers are centralized whereas powers to implement federal law are mostly allocated to the Land governments.<sup>123</sup> Consequently, federal government requires expertise from the Land administration in designing federal legislations that deems to affect Land governments in their administrative competences.<sup>124</sup> At this time, land administrations have the right to participate in the process of enacting laws. This creates a space for sub national units to deal and discuss on

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<sup>118</sup>Rekha, *Supra*, Note 115, P.2.

<sup>119</sup> Anderson, *Supra*, Note 90, P.68.

<sup>120</sup> D.M. Brown. (2002) Market Rules, Economic Union Reform and Intergovernmental Policy Making in Australia and Canada, Montreal & Kingston: McGill-Queen's Press, P.162,182,186,204, 226, 259, 262 and R. Wilkins & C. Saunders. (2002) "Intergovernmental Relations in Australia" in P. Meekison (ed.), Intergovernmental Relations in Federal Countries, Forum of Federations, Ottawa, P.17-23.

<sup>121</sup>Ibid.

<sup>122</sup>Enric Argullol I Murgadas and Clara Isabel Velasco Rico. (2011) Institutions and Powers in Decentralized Countries, Generalitat de Catalunya, Institut d'Estudis Autonòmics, Barcelona, P.546.

<sup>123</sup>Arthur Benz, Intergovernmental Relations in German Federalism – Joint Decision-Making and the Dynamics of Horizontal Cooperation, P.1. <available at [www.forumfed.org/libdocs/2009/2009-03-27-Zaragoza-Benz.pdf](http://www.forumfed.org/libdocs/2009/2009-03-27-Zaragoza-Benz.pdf) Visited on 20<sup>th</sup> may 2014>

<sup>124</sup> Ibid.

matters that may affect them though it is a national issue. This makes the sub national units to feel the nationally planned laws, policies and strategies as their own that positively affects its implementation.

In establishing formal institutions to improve intergovernmental collaboration, federations are advised to take measures that will help to ensure its openness, transparency, accessibility and responsiveness.<sup>125</sup> This will help to avoid any public sense that they will contribute to a 'democratic deficit'. Moreover, in addition to legislation, policy guidance's are also needed on an ongoing basis aimed at strengthening the efficiency and effectiveness of intergovernmental structures according to circumstances.<sup>126</sup>

### **3.3 The Developmental State Theory and the Need for Federal-States' Cooperation through IGR**

The importance of cooperation between the two levels of government in federal system is unquestionable. It is not a matter of choice rather obligation for the federal and state governments to work together on those areas of common interest. The extent of cooperation and the degree of interaction may differ in different federations but always exist. What makes the cooperation between federal and state governments a special concern in a federal and developmental state is governments' multidirectional involvement around the economic sphere of the country. The action of the state intensifies in different aspects and capacities to realize its developmental objectives, hence, developmental state is *a state that has developmental structures and performs developmental roles*.<sup>127</sup> The higher the degree of participation the maximum it demands collaboration and cooperation between different levels of government. It is less probable for the government to get a significant reward of its action by acting independently in many areas of developmental activities. Therefore, IGR can serve as a best forum to enhance such collaboration.

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<sup>125</sup>Watts, *Supra*, Note 11.

<sup>126</sup> Watts, *Supra*, Note 106, P.4.

<sup>127</sup> Laura Routley. (2012) Developmental States: a Review of the Literature, Effective States and Inclusive Development Research Centre (ESID), Working Paper, No. 3, P.8. See also Vu T. (2007) "State Formation and the Origins of Developmental States in South Korea and Indonesia", 41(4) Studies in Comparative International Development, 27-56, P.28.

When each level of government is engaged in different developmental activities extensively, the possibility of conflict over jurisdictions they assume legally will increase. The main advantage of IGR is to reduce the possibility of conflict between different levels of government by enabling the parties to reach in to consensus before they take an action. Even after the happening of any conflict between these levels of government, it will be simple to solve within a short period of time and in a constructive manner if there exists a genuine IGR with a stage that will equally appreciate the claims of all its members.

What makes a developmental state ideology an issue in federations in light of the IGR is, to be benefited from its good achievements<sup>128</sup> by harmonizing its basic principles in a federal setup. Here IGR is a best-suited institutional setup that will harmonize the high degree of independence and autonomy of regional states in a federal country and their expected unilateral act with the developmental states demand of nationwide policy and action of the state towards economic development. It is better to see some of the basic principles of a developmental state ideology and the role of IGR in helping their practical implementation in a federal country in the following subsection.

### **3.3.1 The Need for Common Agenda and Policy Harmonization**

One can ask a question that weather sub national units of federations are bound to follow and adhere to the grand economic and developmental policies that the federal government adopted. In addition, weather regional states are the power to choose their developmental priorities. If so, the extent and scope of such power and the existence of clear demarcation between the federal and state policymaking power is the area of scholarship analysis. It is the demand of developmental state ideologies that, the governments' full attention must be directed towards development of the country.

The National government, elite and popular commitment to a national project or vision focused growth and improvement in living standards are regularly cited as a key feature of developmental states.<sup>129</sup>The national government has expected to and should have a commitment to build a

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<sup>128</sup> The developmental state ideology took a lion share for the rapid developmental success of East Asian countries.

<sup>129</sup> See Wade R. (1990) Governing the Market: Economic Theory and the Role of Government in East Asian Industrialization, Princeton, NJ Princeton University Press, P.7 and Fritz V. & Menocal A. (2007) "Developmental States in the New Millennium: Concepts and Challenges for a New Aid Agenda", 22(5) Development Policy Review, 531-552, P.534, cited in Laura, *Supra*, Note 127, P.22.

nationwide project that can benefit the majority of its population. It is development that, got priority among other things even to the extent of being used as a criterion of categorizing the government as legitimate or otherwise. In the countries where centralization is the main feature of the state and follow unitary form of government it is not difficult to mobilize the whole nation towards common issue, through a top-down approach. The East Asian developmental countries achieve this through a centralized and national economic planning.

In a federal country, it is not possible to expect similar and identical priorities and demands from all members of the federation. The reason is, it is the existence of diversity that demands the formation of federation first.<sup>130</sup> Federalism recognizes such diverse interest and priorities. Federalism is a challenge, of course, to implement national industrial policy,<sup>131</sup> because regional states may have different autonomous strategic choices.<sup>132</sup> On the other hand, the best practice of successful developmental states shows that the mobilization of their scarce resources towards a duly planned and the same target of economic development help too much. Aaron argues that, though diverse policies of regional states simply affirm that federalism is a laboratory of experimentation and “democracy at work” there is a need for state managers to mesh national industrial policy with regional ones.<sup>133</sup> However, it is not simple to suggest a simple and one fits all method to all federations.

In many federations, regional states have constitutional right of enacting their own legislations and policy priorities under their jurisdictions.<sup>134</sup> For the better implementation and realization of the developmental objectives, both federal and state governments should harmonize their developmental policies. It is difficult to cooperate and support each other full-heartedly in many developmental actions if their developmental policies, strategies and plans are quite different. Therefore, it is advisable and mandatory to harmonize their policies in a way that fits their

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<sup>130</sup> This is true especially for holding together federations where a centralized unitary state is change in to a federal form of government to recognize diversity.

<sup>131</sup> Hence, the main concern of a developmental state is to achieve industrialization within a possible short period, the writer scrutinizes the national developmental policy as a national industrial policy. See Aaron Tesfaye. (2010) Federalism and the Developmental State in Ethiopia: Forum of Federations, a working paper on 5<sup>th</sup> International Conference on Federalism, Addis Ababa, Ethiopia.

<sup>132</sup> Ibid.

<sup>133</sup> Ibid.

<sup>134</sup> This happens mainly in countries following a dual form of federal structure, where each level of government is responsible to enact and implement its own legislation. In the case of executive (cooperative) federalism like Germany, the federal government will enact laws and legislations and Landers are highly responsible for its implementation. See Arthur, *Supra*, Note 123, P.1.

developmental oriented goals. It should not be through a coercive action of the central government or a strict and nonnegotiable demand of autonomy of the regional states that makes harmonization of developmental policies and strategies possible. To realize this, the role of genuine IGR will be essential as a forum of bargain between the federal and sub national interests and their policy guidelines.

Here the effective use of IGR mechanisms will help to frame a common (development oriented) goal thought a nation and to harmonize their policies for a country implementing a developmental state ideology in a federal form of government structure. This is because through the IGR process the federal and state governments may reach to an agreement and mutual understanding that economic development is their common goal that demands priority among other things. Reaching to an agreement between the federal and state governments as to the areas that demands priority and giving due emphasis to development is one-step towards fulfilling the requirement of developmental state.

In designing a nationwide projects and developmental policies, the federal government and regional states shall sit together and discuss the issue before it was endorsed as a guideline and ready for implementation. If this is done, through a forum [obviously IGR in our case], that enables both the regional states and the federal government to manifest and reflect their interests and suggestions freely and equally, it will not be difficult to get the cooperation and collaboration of the former for its implementation.

### **3.3.2 The Urge for Grass root Mobilization**

For the successful developmental state, the commitment and participation of the whole population is highly important. The state shall have a capacity to mobilize the whole population towards the countries developmental objectives. It is the mobilization of the population to make sacrifices to achieve developmental ends that; Johnson identifies as the key advantage an authoritarian regime has over a democratic one in terms of its developmental potential.<sup>135</sup> It is not possible and advisable to got popular mobilization through a coercive act of government in the contemporary times. It is hard to ignore some scholars' argument that popular mobilization and participation that a developmental state demands was deemed to be loosed in the federal

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<sup>135</sup>Charmels Johnson. (1999) "The Developmental State: Odyssey of a Concept", in Meredith Woo-Cumings (ed.), The Developmental State, Ithaca, NY, P.52.

countries.<sup>136</sup> It is also practically simple for the state to mobilize a homogenous people for a common agenda than a diversified population. However, by making the national developmental policy and strategy more participatory and inclusive of regional states through IGR it is possible to capture trust of the people and nationwide mobilization towards its implementation.

Until the point where regional self-governing units feel the developmental policy as their own and take a step for its prosperity, it is not possible to mobilize the whole nation towards its effectiveness. In federations, it is not the federal government highly in touch with the individual population at the ground, rather it is the regional states and other subsequent levels of government more closed. Therefore, it is through the lower levels of government that can make possible to create participation of the mass and grassroots mobilization towards development. Therefore, the federal government shall use this opportunity constructively and in a mutually beneficent basis. It is possible to use IGR to deal with regional states and to work together for the sake of mobilizing the society at the grass root level.

### **3.4 Making Developmental Process Deliberative and the Role of IGR**

Democracy is an essential and basic criterion in the contemporary times in any aspect of societal life. Any states action and practice should be in line with the democratic principles and guidelines.<sup>137</sup> The developmental policies, strategies and plans of the government could not be an exception to this basic understanding. What makes the contemporary developmental state theories differentiated from the classical perspectives is their hope of visualizing a democratic developmental state. The developmental policies of the state should be participatory at all levels. It should manifest the wish and interest of the people concerned.

Peoples can exercise democracy through direct election. By electing their representatives, it is possible for the people to participate in the developmental policies of their country. However, the participation of the people is not limited to the extent of electing their officials and let them to handle every matter in behalf of the people. For a vibrant democracy the direct discussion and participation of the people, the state and non-state actors, academic institutions, social

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<sup>136</sup> Samuel Bonda argues that the issue will be worse if a country designs the federal setup in a way that exaggerates diversity than unity, as the Ethiopian ethnic based federal approach is a hindrance and an obstacle of the very demand of developmental state, which is “grass root mobilization of the society”. Samuel, *Supra*, Note 19, P.26.

<sup>137</sup> The democratic principles demands the action and decision of the state and its officials to be Transparent, participatory, based on rule of law etc.

organizations, etc. is necessary and mandatorily relevant, among other things. The society should have a say over their countries social, economic and developmental policies through deliberative form of democracy. This needs a great effort for countries that aim to establish a democratic developmental state.

In a country that follows federal form of government, the deliberation of the developmental agenda should start by making regional states of the federation participant and decision maker to the extent their capacities permit. Regional states shall believe on the importance of the national developmental plan for the federation as a whole and ultimately for themselves. This understanding could not be achieved through a one sided persuasion or coercion of the federal government on regional states. Rather both forms of government shall come to the table to discuss the issue responsibly and reach to the point of agreement towards the national vision on development. In doing so, IGRs are the best forum of negotiation and bargaining in a federal and developmental state, since the agenda demands an agreement and similar understanding between the federal and regional state governments first. Therefore a genuinely designed IGR forum will help to make the developmental policy matters of a given country more deliberative and participatory, hence that will ultimately help for making a not simply a developmental state but also democratic.

Democracy cannot be achieved through a top-down approach. To make a developmental process democratic, participatory and people centered it should come from the lowest level and developed progressively to the higher level of government. Regional states are in a better position to reflect the demand and priorities of their respective administrative and self-governing units at different levels in a condensed manner. In designing a nationwide social, economic and developmental policies and other programs, the federal government shall collect relevant information and take the interest and demand of the people in to consideration. In addition to different menses of getting information as to the local demand of the people and taking the issue in to consideration during national planning, the federal government is in a position to be effectively benefited from IGR as a means of appreciating the interest of the people at the bottom.

### **3.5 The Role of Intergovernmental Relations (IGR) In Protecting the Autonomy of Sub National Units in a Federal Developmental State**

Today, despite the shortcomings of the IGRs regime, it has relevant effects for the operation of the states of the autonomies.<sup>138</sup> It has been through generalization and consolidation in different legislations. It is the autonomy of the regional states in one or many areas is the typical feature of federalism. Out of many importance of IGR in federal countries, preserving the autonomy of regional states from undue infringement of the federal government could be mentioned as one and main. In federations, the federal constitution may stipulate the power and responsibility of both levels of government. However, such area of competence cannot be a clear-cut and free from vagueness. There are areas of competence known by inference and interpretation, which needs basic consensus and understanding between the organs having stake.

The main issue and concern of a developmental state ideology is its demand of more centralized and nationwide economic policy that deems to help in realizing the development of a country within a short period. In a federal country that committed itself to adopt a developmental state ideology, the federal government may in one or in another means try to deal and interfere in many areas that demand policy framework and its practical participation. In doing so, it may interfere in the boundary and power reserved to the regional states in the federal constitution either expressly or impliedly. The contemporary developmental demand of the federal countries may demand a reasonable fluctuation of power and action of both levels of governments. However, such type of action should be made on the basis of mutual consent and agreement of the concerned authorities.

Intergovernmental relations entail consultation and the adjustment of policies by one actor in the plans or intentions of another. IGR may also embody a formal decision-making capacity, where the intergovernmental forum itself is the site where some of the authoritative choices of a federal community are made.<sup>139</sup> If a country establishes such type of institutions, regional states will get a chance to reflect their interests during the creation of a national developmental plan. Scholars argue that centralization was proved difficult in Germany by the federal government because of the desire of Land administrations and the attendant policy networks to maintain their inter-

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<sup>138</sup>Enric, et al., *Supra*, Note, 122, P.553.

<sup>139</sup> David Cameron. (2011) The structures of intergovernmental relations, UNESCO, Blackwell Publishers, P.125.

organizational domain through IGR.<sup>140</sup> To accommodate this autonomy with the widely perceived demand for nation-wide uniformity of policy outputs, the obvious institutional solution was intensification of intergovernmental bargaining”.<sup>141</sup> There is also a general view that, in federations where there exists an extensively cooperative character of intergovernmental relations, it contributed too much to the performance and stability of the federation.<sup>142</sup> However, to achieve these purposes IGRs shall be open, transparent, accessible and responsive to enable for the improvement of intergovernmental collaboration.<sup>143</sup>

### **3.6 Other Contemporary Developments; International Agreements and Policy Documents that Demands Federal-State Cooperation and the Role of IGR**

The role of all levels of the government in the making and implementation of agreements got a practical relevance in the modern times. When their subject matters are within their jurisdiction, international agreements entered into, by the federal government, are expected to be implemented by provincial governments. Therefore, regional states shall have a say when the federal government is negotiating to inter in to international agreements and treaties. In doing so, IGR may facilitate their participation and to reflect their concern as to its impact. In Australia in addition to Council of Australian Governments (COAG), which is an intergovernmental forum, there is also a *Treaties Council* with the same membership as COAG. This body deals with significant treaty negotiations that have an impact on the states and territories.<sup>144</sup> Therefore, regional states and territories will got a stage to reflect their stand and worries (if there is any), during the implementation of these treaties. Giving this power to these sub national governments and territories through IGR is a best trend that needed other federations due observation.

The need for federal state cooperation increases as domestic policies become increasingly subject to international standards.<sup>145</sup> The cooperation of regional states and local governments at any

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<sup>140</sup> Gerhard Lehbruch.(1989) “Institutional Linkages and Policy Networks in the Federal System of West Germany”, 19(4) *Publius*, 221-235, PP.227-228. Cited in Arthur, *Supra*, Note 123, PP.3-4.

<sup>141</sup> *Ibid*.

<sup>142</sup> This issue particularly emphasized in the case of Germany, where cooperation is the core value of its federal approach. K.D. Schnapauff. (2002) “The Federal System of the Federal Republic of Germany,” in P. Meekison (ed.), *Intergovernmental Relations in Federal Countries*. Ottawa: Forum of Federations, PP.24-32. Cited in Watts, *Supra*, Note 11, P.5.

<sup>143</sup> Watts, *Supra*, Note 11, P.9.

<sup>144</sup> *Ibid*, P. 4.

<sup>145</sup> Enric, etal., *Supra*, Note, 122, P.545.

level is highly demanded for the realization of international duties like Millennium Development Goals (MDGs). It is difficult for the federal government to achieve the MDGs and many other international developmental obligations through its own independent actions and without the cooperation of regional states. The developmental expectations of international treaties and standards are also mainly fall under the jurisdiction of regional states in many federations makes the unilateral action of the federal government impossible if not unlawful.

It is a big task of federations how to harvest the cooperation and support of each level of government towards the realization of international duties and standards expected from a nation. Federations can use IGRs effectively to make both the federal and regional governments to work together towards the realization of international duties. It is not only the central government assuming an obligation for the realization of these international duties in given country. Rather each level of government is duty bound and responsible for the realization of the same. It is also the contemporary international arena (glocalization), makes impossible to neglect the role and participation of sub national and local governments in the process of striving towards the implementation of international duties and standards. Therefore, it is better for different levels of government in the federation to act cooperatively and hand in hand. In doing so they can use IGRs forum to discuss and frame a comprehensive strategic guideline that will enable them to work together towards achieving best result.

## CHAPTER FOUR

### INTERGOVERNMENTAL RELATIONS (IGR) AND ITS COMPETENCE IN THE REALIZATION OF PARTICIPATORY AND DEMOCRATIC DEVELOPMENTAL STATE OF FDRE BY PRESERVING THE AUTONOMY OF REGIONAL STATE

#### Introduction

In 1991, the period when ethnic based armed groups took the control of power and formed a transitional government, the structure of power was completely changed from its long history of unitary form of government to a federal type. The 1995 FDRE constitution confirmed and constitutionalised such form of state structure by choosing a unique form of federalism, which is an ethnic based and peculiar to the country. The FDRE constitution after recognizing nine regional states<sup>146</sup> and an umbrella federal state grants them both the mandate and power to formulate and execute their respective economic, social and developmental policies, strategies and plans to both the federal and regional states without clear demarcation of these areas.

On the other hand, after passing through many forms of development and economic policies through the current and previous regimes, the country is now advocating for a developmental state as a leading ideology hoping to join middle-income countries within a short period as possible. The countrywide movement towards a developmental state economic ideology in FDRE and its core point mainly revolves around the boundaryless areas of power granted to both levels of government under the constitution.

This chapter will deal on Ethiopian federalism in relation with the autonomy of regional states by giving due emphasis to the policy framing issues and the impact of developmental state ideology on their autonomy on the one hand and the impact of implementing a developmental state in country's federal structure on the other. Moreover, the constitutional, legal and institutional (formal and informal) mechanisms of IGR in Ethiopia and their status in serving as a means of balancing regional autonomy and effectiveness of a developmental state ideology is deeply analyzed with all the challenges and prospects.

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<sup>146</sup> The FDRE constitution did not limit the number of member regional states to be only those mentioned in Art 47 (1) of the constitution. Rather it recognizes the fact that other regional states could established in the future up on the fulfillment of some prerequisites and procedures. See Art 47 (3) of the constitution.

#### 4.1. Federalism and State Structure of Ethiopia

Ethiopia is the oldest “state” in Africa and one of the aged in the world as its history dated back to 3000 years. The Ethiopian state traces its roots back to the empire of Axum in the first centuries AD. The modern Ethiopian state took shape in the second half of the 19<sup>th</sup> century that the territory of the Ethiopian empire expanded considerably by the rulers from the northern part of the country.<sup>147</sup> Since the time of the creation of modern Ethiopian empire, the form of government is highly centralized and unitary. However some scholars claim that the period of emperor Menelik II should be seen in term of “decentralized monarchy,” rather than a centralized one.”<sup>148</sup> *It was during the time of Emperor Haile Selasea I the central government tightening its control over the state territory by the means of a “modernization” process.*<sup>149</sup> More importantly, it was through its 1995 Constitution, Ethiopia created a devolutionary federal state structure, which is devised as a means of holding together the polity.<sup>150</sup>

The foundation of the Ethiopian Federation is the 1995 federal constitution that gives constitutional guarantee to the division of power between the federal and regional states.<sup>151</sup> Andreas Eshete after exhaustively discussed about the situation of the country before the establishment of the transitional government of the country<sup>152</sup> claims that, it is federalism that enable both the survival of the state and the establishment of legitimate political authority in Ethiopia.<sup>153</sup> He adds that “*thanks to federalism, many who felt they had been renounced by their*

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<sup>147</sup>Christophe Van Der Beken. (2007) “Ethiopia: From a Centralized Monarchy to a Federal Republic”, 20(1-2) *Africa Focus*, 13-48, P.13.

<sup>148</sup>Bahiru Zewde. (2002) “Introduction”, in B. Zewde and S. Pausewang (eds.), *Ethiopia. The Challenge of Democracy from Below*, Nordiska Afrika institutet, Uppsala and Forum for Social Studies, Addis Ababa, P.10.

<sup>149</sup> Ibid, Bahiru adds that, centralized and modern system of administration and bureaucracy and the creation of a unified national army could be mentioned as possible manifestations of a strong move towards centralization. In particular, Haile Selassie’s first written constitution (1931) provided the legal and institutional framework for the achievement of his “modernizing” objective: introduction of a national taxation system, prohibition of local taxation by regional lords, establishment of a paid civil service, the creation of a national army and the prohibition of any local feudal army.

<sup>150</sup>Getachew Assefa. (2011) “Federalism And Legal Pluralism In Ethiopia: Preliminary Observations On Their Impacts On The Protection Of Human Rights”, 17(1) *African Journal of Peace & Human Rights*, 173-194, P.173.

<sup>151</sup>Mulatu Teshome. (2005) *Case Study on Ethiopia, Ethnic Federalism in Ethiopia: a Model?* Working Paper on the Third International Conference on Federalism (March 3-5), Brussels, Belgium, P.5.

<sup>152</sup> After the demise of the *Derg* in 1991, the victorious forces of the country agreed to establish a transitional government that run the country until the 1995 first election.

<sup>153</sup>Andreas Eshete. (2010) *Abuses and Uses of Cultural Diversity: African Past, Ethiopian Present*, a working paper on fifth International Conference on Federalism, Addis Ababa, P. 9-10.

*birthplace were now persuaded not to renounce Ethiopia but instead to join together to form a legitimate political order for peaceful mutual cooperation.*"<sup>154</sup>

Ethiopia chooses an ethnic based federalism, which is prescribed and regulated through the federal constitution. The preamble of the constitution already indicates the new nation and state building strategy.<sup>155</sup> This strategy focuses on protecting the rights of ethnic groups and ensuring the unity of the Ethiopian state, hence, unity in diversity.<sup>156</sup> The preamble of the constitution expressly recognize that it is the nations, nationalities and peoples that have adopted the constitution and grants all sovereign power to these nations, nationalities and peoples.<sup>157</sup>

What makes the Ethiopian federalism unique from other federal experiences is its express permission for every nation, nationality and people of Ethiopia to have an unconditional right to self-determination, including the right to secession.<sup>158</sup> After recognizing Ethiopia as a multiethnic state, and affirms that the Ethiopian peoples, in full and free exercise of [their] right to self-determination, it also emphasizes their commitment and wish to build “one political community” and “one economic community” based on their “common interests, common outlook and common destiny.”<sup>159</sup>

The FDRE Constitution provides for a federal government and nine regional states<sup>160</sup> known as “Killil”, conferred with different sets of responsibilities relating to important political, economic and social matters.<sup>161</sup> The constitution is, however, silent on the structure of state governments. It leaves the matter to state constitutions. Establishing a state administration that best advances self-governance is a responsibility left to each regional state.<sup>162</sup> The constitution assumed the delimitation of regional states based on the settlement patterns, language, identity and the

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<sup>154</sup> Ibid.

<sup>155</sup> Christophe Van der Beken (1991), Federalism and the Accommodation of Ethnic Diversity: The Case of Ethiopia, P.8. <available at; <https://www.uni-leipzig.de/~ecas2009/index.php?option...> visited on 20<sup>th</sup> June 2014>

<sup>156</sup> Ibid

<sup>157</sup> *Supra*, Note 4, Art 8.

<sup>158</sup> See Art 39(1) of the FDRE constitution. Canada also recognizes the right of secession for constituting members of the federation, but not necessarily as a unilateral right.

<sup>159</sup> The preamble of FDRE constitution, *Supra*, Note 4.

<sup>160</sup> At the transitional period, the number of regional states was 12 in addition to the cities of Addis Ababa and Harar, both made separate regions, makes the total number of regions to 14. See the National/Regional Self-Governments Establishment Proclamation No. 7/1992.

<sup>161</sup> *Supra*, Note 4, Art 47.

<sup>162</sup> Ibid, Art 52(2) (a).

consent of the peoples concerned.<sup>163</sup> The determination of the regional boundaries was guided by the concern to create as many ethnically homogeneous regions as possible.<sup>164</sup> The constitution after exhaustively listed out the nine member states of the Federal Democratic Republic of Ethiopia with equal rights and powers, it also permeates those nations, nationalities and peoples within these regional states to form their own states at any time.<sup>165</sup>

#### **4.1.1. Autonomy of Regional States**

The regional states of Ethiopia are vested with many powers and responsibilities on matters considered to be within their domains. Hence, the main principle of federalism is the existence of 'shared and self rule,' states are in a position to exercise many powers that are given to them expressly or otherwise under the constitution. The Regional states are empowered to establish their own administration at any level they find necessary. What the FDRE constitution expects is to make their administration decentralized and to devolve to the extent that it will enable the participation of the people concerned.

Regional states formulate and execute regional state laws, economic, social, and developmental policies, strategies and plans of the state as well as to administer their own budgets.<sup>166</sup> Above all, regional states are empowered to adopt and implement their regional constitution through their state councils.<sup>167</sup> States have also established State Supreme, High and first-instance courts.<sup>168</sup> State Supreme Courts has the highest and final judicial power over state matters.<sup>169</sup> The power to establish and administer state police force and being responsible to for the maintenance of law and order within the state is also another area of a vital jurisdiction vested to all regional states of Ethiopia. In addition to these and many other powers, those areas of jurisdiction that are not expressly given to the federal government are also reserved to the regional states.<sup>170</sup>

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<sup>163</sup> *Supra*, Note 4, Art 46(2).

<sup>164</sup> The case of some regional states like SNNPR, Gambella and Benishangull-Gumz reminds us to question the attainability of these objective hence there are many ethnic groups under each regional state that manifest many considerable differences.

<sup>165</sup> *Supra*, Note 4, Art 47 (1, 2&4).

<sup>166</sup> *Ibid*, Art 52.

<sup>167</sup> *Ibid*, Art 50(5) and 52(2) (b).

<sup>168</sup> *Ibid*, Art 78(3).

<sup>169</sup> *Ibid*, Art 80(2).

<sup>170</sup> *Ibid*, Art 52(1).

In assuming these and many other areas of jurisdiction, regional states are autonomous and full-fledged power to exercise it. The organs of government within regional states are responsible and accountable to the peoples of the regional states or the organ referred under their respective constitutions. The federal government has no power to specifically guide or supervise the actions of states in their constitutionally granted jurisdictions. Therefore, regional states are not responsible and accountable to the federal government unless, in exercising the delegated power of the latter. There exist only a constitutional mandate of respecting the power given to one level of government by another not principle subordination; hence, the federal government is in a position to respect the power of the regional states and vice versa.<sup>171</sup>

#### **4.1.2 The Formulation and Execution of Economic, Social and Development Policies, Strategies and Plans**

Policy is a course of action; a program of actions adopted by a person, group, or government, or the set of principles on which they are based.<sup>172</sup> In addition, strategy is a plan designed to achieve a particular long-term plan.<sup>173</sup> Under the FDRE constitution among many powers given to regional states of Ethiopia, one and the main is to formulate and execute economic, social and development policies, strategies and plans of the State.<sup>174</sup> The power granted by the FDRE constitution also affirmed equivocally under all regional states constitutions.<sup>175</sup>

It is the power and duty of the council of regional governments,<sup>176</sup> to formulate the economic and social-development policies and strategies of their respective regional states and to submit it for the regional council for approval. It is one of the specific functions of the council's of regional states to approve the social, economic and developmental programs of the regional state.<sup>177</sup> However, there exists a suspicion that regional states are more likely to accept the economic, social and development plans issued by the federal government. In theory, they can adopt the

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<sup>171</sup> Ibid, Art 50(8).

<sup>172</sup> Microsoft Encarta, 2009, © 1993-2008 Microsoft Corporation.

<sup>173</sup> Concience Oxford Dictionary, Tenth Edition, Oxford University Press. In addition, plan is a detailed proposal for doing or achieving something.

<sup>174</sup> *Supra*, Note 4, Art 52 (2)(c).

<sup>175</sup> Art 47 (2) (a) of Oromia Regional State Revised Constitution, Art 47 (2) (2.1) of The Amhara National Regional State Revised Constitution, Art 47 (2) a of the Somali (currently named as Ethiopian Somali) Regional State Revised Constitution, Art 47 (2) of the Harari People Regional State Revised Constitution and all constitutions of the rest of regional states of Ethiopia mentioned this power.

<sup>176</sup> This is the highest executive organ of the regional states consisting of head of government, deputy head of government, heads of executive bureaus and others determined by law.

<sup>177</sup> See Art 49 (3) (10) of the Amhara National Regional state revised constitution, Art 49(3) (9) of the Oromia regional state revised constitution and others as an example.

policies to fit their own circumstances but the federal government does play a key role in influencing through national policies mainly due to the party congruence and decision-making structure that regional states are in a position to relay on the position mainly taken by the federal government.<sup>178</sup> There are clear indications that even after the change of government in 1991, the federal system, despite the wide powers granted to the states, is operating under a widely centralized party system and centralized policy-making.<sup>179</sup>

In addition, since regional states lack the required expertise to bring alternative policies and to formulate their own they inclined to copy the federal government policy and strategy as their own.<sup>180</sup> Owing to this trend, some perceive the relationship between the states and the federal government in a hierarchic rather than in a federal context. The sense of 'federal partnership' that is expected to exist between the federal government and the states has not yet taken roots. Regional officers view themselves as 'functionaries of the national government and the EPRDF, rather than genuine representatives of state governments.'<sup>181</sup>

Most policy documents mainly originated as party documents; however, party members at federal and state level discuss them and decide to implement them in their capacity as government officers.<sup>182</sup> This makes the regional states capacity and power to enact and implement their constitutionally guaranteed power of formulating regional state economic, social and developmental policies, plans and strategies insignificant.

The federal government has currently issued several policy documents having extended jurisdiction and application.<sup>183</sup> These documents outline sometimes areas covering even elementary education, agriculture and many others that are according to the Constitution within the competence of the regional states. Many writers claim that, though the constituent units in the Ethiopian federation do have important powers, and at times, their powers even far exceed the

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<sup>178</sup> Assefa Fiseha. (2007) Federalism and the Accommodation of Diversity in Ethiopia: A comparative study, Revised edition, Forum of Federations, P.381.

<sup>179</sup> Ibid, P.279.

<sup>180</sup> Ibid, P.381.

<sup>181</sup> Ibid, P.279.

<sup>182</sup> Ibid, P.381.

<sup>183</sup> “*Ye Ethiopia Democrasiyawi Republic Mengist Ye Masfetsem Akim Gillbata Strategy ena Programoch (Ministry of Information, Addis Ababa Yekatit 1994 E.C)*” and “*Be Ethiopia Ye Dimocraci Sirat Gillbata Gudayoch*”, Ministry of Information, Addis Ababa, ‘Ginbot’ 1994 E.C. could be cited as an example. Cited in Assefa, *Supra*, Note 178.

powers of the constituent states in other federations, this constitutional grant of power is constrained by a centralized party structure and centralized policymaking.<sup>184</sup>

#### **4.2. Development Process of Ethiopia: Historical Perspective**

The country has passed through various mechanisms and ways of development process since the creation of modern Ethiopian empire in 1855. However, it was after the return of the king from exile in 1941 from London due to the Italian aggression that tangible economic and developmental policies are observed. In the 1960s and 70s Ethiopia had hosted doctrines of development which are inspired by “big push” (emphasized on the importance of economies of scale) of 50s and the “doctrine of dualism” (the relationship between agriculture and industry as the former was considered as the supplier and partner of the latter) of the 60s.<sup>185</sup>

There were, thus, purposive economic development projects like the Awash Valley Authority, a carbon copy of the Tennessee Valley Authority of America, which attributed successful projects like the Chilalo Agricultural Development Unit (CADU).<sup>186</sup> Moreover, based on the study conducted in 1958 there was an attempt to built dams on the Blue Nile (Abbay) was the “lost opportunity” for Ethiopia that could have been helped a lot to economic “take off”.<sup>187</sup> The imperial period was finally replaced in 1974 with the Dergue socialist system.

The political objectives of the Ethiopian state under the Marxist-Leninist Military regime was to lay the foundations for a socialist economic system by passing through the stage of a national democratic revolution. The military government was nationalist, but the revolution that ensued had nothing to do with a democratic revolution. The Dergue socialist system favored central economic planning and banned private ownership. Nationalization measures that make the proliferation of new government institutions and corporations were taken. This enables the government to take all the possession of economic activities including land and its resources. As the leftist military regime was pro-Soviet and anti-Western in its ideological and foreign policy

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<sup>184</sup> Assefa, *Supra*, Note 177, P.283.

<sup>185</sup> Elias N. Stebek. (2012) “Ambiguities and Inconsistencies in the Prescriptions toward Development”, 6(2) Mizan Law Review, 311-332 PP.317-8& 329.

<sup>186</sup> Christopher Clapham. (2006) “Ethiopian Development: The Politics of Emulation”, 44(1) Commonwealth & Comparative Politics, 108–118, P.113.

<sup>187</sup> Elias, *Supra*, Note 185, P.330.

orientations, it failed to mobilize Western foreign private investment as well as bilateral and multilateral development assistance.

Post revolution policies that are emulated from Russia and China resulted in land reforms that led to nationalization of all land, followed by the establishment of state farms and agricultural producer cooperatives, settlement and villagization programs were sought to be keys to success.<sup>188</sup> However, it was unsuccessful since the Marxist political groups had little experience and were organized “top-down” unlike the experienced Communist Party of China that was structured “bottom-up” with strong mass base.<sup>189</sup> “Marxism inspired” dependency theory<sup>190</sup> had been prominent in the late 1970s and 80s though it failed to achieve its goals as state-owned farms were inefficient and import-substitution was unsuccessful. The country adopted mixed economy in 1990.<sup>191</sup> However, despite some belated attempts at economic and political reform, the Ethiopian People’s Revolutionary Democratic Front (EPRDF) finally replaced the Dergue in 1991.<sup>192</sup>

The political dimension of the transition was expressed in changing the form of government (from unitary to federal) and instituting national/regional self-governments by way of devolving tasks and authority to the newly created sub-national entities. A wider attempt was made to effect a policy of transition from the old practice of single party hegemony to a multiparty system and the centrally planned economic model to a market variant.<sup>193</sup>

The 1990s also witnessed the intensification of the involvement of the international financial institutions in the developmental sphere of the country. The adoption of Structural Adjustment Programmes (SAPs) focused on two major areas: macroeconomic policy reform and institutional

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<sup>188</sup> Clapham, *Supra*, Note 186, P.114.

<sup>189</sup> Elias, *Supra*, Note 185, P.330.

<sup>190</sup> Dependency theory which advocates import substitution and strong involvement of the state in the market as well as states mobilization of capital resources is said to be inspired by Marxism as the former had taken some elements like considering underdevelopment (of the Third World) as a result of Western exploitation and skepticism towards “Modernization Theory” and the need for “protectionist approach”. Lan Cao. (1997) “Law and Economic Development: A New Beginning?”, 32(545) Texas International Law Journal, P.551-55.

<sup>191</sup> Elias, *Supra*, Note 185, P.330.

<sup>192</sup> Mengisteab K. (1992) “Responses of Afro-Marxist States to the Crisis of Socialism: A Preliminary Assessment”, 13 Third World Quarterly, 77-87, P.80. Cited in Getachew Hailemariam and Richard K. Common. (2006), Civil Service Reform in Ethiopia: Success in two ministries, Research Memorandum 59, P.5.

<sup>193</sup> *Ibid*, Getachew and Richard, P.5-6.

reform.<sup>194</sup> The economic side of the reforms manifested themselves in the denationalization and deregulation of many public enterprises that were formerly under the custodianship of the state.<sup>195</sup> Although the Ethiopian government has appeared to steadily improve the economic performance of the country following market reforms in the 1990s,<sup>196</sup> though economic stability is far from assured. Furthermore, there is little to suggest that economic progress was based on the market reforms hence other extraneous factors such as peace and good weather also had a part to play.<sup>197</sup>

#### **4.2.1. The Introduction of Developmental State in FDRE**

After taking power in 1991, EPRDF had done many reforms related with the economy, as there was a change from command/ mixed to free market economic system; among these reforms, liberalization of commodity distribution, the program of privatization and the introduction of a land-lease system, could be mentioned.<sup>198</sup> The policy contained a shift toward market orientation, removal of most restrictions on private sector activities, and liberalization and reforms in sectoral, investment and public enterprise laws.<sup>199</sup> Meanwhile, the Interim Government retained some features of the previous regime such as the state ownership of land and on its development centered on agriculture and rural areas.

The adoption of the developmental state paradigm by EPRDF is interpreted within the broader tradition of “the politics of emulation” followed by different Ethiopian regimes over history: namely “the attempts by ‘modernizing’ Ethiopians to identify the mechanisms of developmental success of countries perceived as having some similarity to their own.”<sup>200</sup> Similarly, in the last

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<sup>194</sup> Though dictated by loan conditionality from the international financial institutions attached to SAPs, Institutional reforms are also applied in Ethiopia through the Civil Service Reform Program (CSRP) of 1996. Atkilt A. (1996) “Civil Service Reform and Administrative Modernization”, 5 Merit: A Quarterly Bulletin of the Ethiopian Civil Service Commission, P.56.

<sup>195</sup> Getachew and Richard, *Supra*, Note 193, P.5-6.

<sup>196</sup> Hope Kempe R. (2004) “Economic Performance, Trade, and the Exchange Rate in Ethiopia, 1990-2002”, 3 African and Asian Studies, 61-76, P.70. Cited in Getachew and Richard, *Supra*, Note 193, P. 5.

<sup>197</sup> Bigsten A., Kebede B. and Shimeles A. (2003) “Growth and Poverty Reduction in Ethiopia”, World Development Report 31, 87-106 P.87. Cited in Getachew and Richard, *Supra*, Note 193, P.5.

<sup>198</sup> Zemenu Yesigat. (2013) “The Pitfalls of Ethnic Federalism in the Realization of Effective Developmental State in Ethiopia”, Term paper prepared for the graduate class CPL, AAU, unpublished, P.9.

<sup>199</sup> Economic Policy for the Transitional Period, Addis Ababa, 1992.

<sup>200</sup> In the past, references to Imperial Russia, the Meiji period of the Japanese Empire, the British Monarchy or the Soviet Union have been central in the discourse of Ethiopian political elites on development, modernity, state reform and country transformation. Clapham, *Supra*, Note 41, Cited in Emanuele Fantini. (2013) Developmental State, Economic Transformation and Social Diversification In Ethiopia, ISPI, No. 163, P.3.

ten years, the adoption of the developmental state model as an EPRDF official ideology has been inspired by the experience of East Asian industrialization in the 1970s and 1980s, quoting Taiwan, Japan and more recently China.<sup>201</sup> There are also scholars who argued that the adoption of developmental state in Ethiopia is a result of popular election of 2005 and the crackdown on the opposition parties, civil society and the media, the Ethiopian government seeks to invoke its legitimacy on the sustained high rate of growth and infrastructural development that were witnessed in the country.<sup>202</sup>

The deep divisions within the party and the ultimate split in 2001 is also rose as the cause for developmental state of Ethiopia.<sup>203</sup> The 2001 EPDRFs division was caused by divergence on development strategies together with ideological differences. After the problem in the party that made it close to disintegration, the party came up with ‘*tehadso*’ /resuscitation/ and a declaration that expressed its commitment to building a developmental state in the country and Revolutionary Democracy has explicitly declared as a facilitator of developmental capitalism.<sup>204</sup> Clapham said, “*the group led by the late Meles Zenawi only very narrowly carry it nowadays. But it undermined the original coherence of the group and therefore made it easier for the victorious groups to impose its own revisionist idea- the developmental state ideology.*”<sup>205</sup> It was since 2006 that, the government has begun to publically propagate Ethiopia is a developmental state.<sup>206</sup>

There are other views claiming that the developmental state of Ethiopia is a result of a long journey in searching alternative path of growth which suits the countries immediate and strategic interests.<sup>207</sup> After the collapse of socialist camp in late 90s and failure of socialist planned economy paradigm, neo liberalism was seen as a triumphant ideology and a remedy to

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<sup>201</sup>Ibid, however, observers claim that, had it not been for the raging civil war, the Ethiopian state under the Marxist-Leninist military regime was developmentalist in its aspirations. Despite its adoption of extremely radical economic as well as political policies latter, the regime’s initial intentions were more or else nationalistic and its overall policy direction was based on the slogan “Ethiopia First”.

<sup>202</sup>Messay, *Supra*, Note 48, P.6.

<sup>203</sup>Public lecture by Christopher Clapham, Developmental State and Federalism in Ethiopia, 2013, AAU.

<sup>204</sup>Ethiopian Peoples Revolutionary Democratic Front Programme (EPRDF) (2001).Addis Ababa, Ethiopia, P.38. Available at; [www.eprdf.org](http://www.eprdf.org) and New Vision (*Addis Raeli*), Ethiopian People’s Revolutionary Democratic Front Programme (EPRDF), Ideology Magazine (special publication), (2008), P.38.

<sup>205</sup>Clapham, *Supra*, Note 203.

<sup>206</sup> Ethiopian People’s Revolutionary Democratic Front Programme (EPRDF) (2006). Addis Ababa, Ethiopia. <Available at; [www.eprdf.org](http://www.eprdf.org). accessed on 12th June 2014>

<sup>207</sup>Befekadu Woldegabriel, *EPRDF, Developmental State and Rent seeking*, P.4 <available at; [www.aigaforum.com/articles/EPRDF-DS-RS.pdf](http://www.aigaforum.com/articles/EPRDF-DS-RS.pdf) visited on 12th June 2014>

African problem.<sup>208</sup> However, the Structural Adjustment Program (SAPs) which developing nation has been subjected to follow by international financial institutions and their donor western countries has failed to bring expected development and success.<sup>209</sup>

The architect of Ethiopian developmental state, the late Prime Minister Meles Zenawi argued that, *“The fundamental nature of the neo-liberal paradigm has thus led Africa into another economic dead end and into a fragile unstable democracy that is not only incapable of evolving into a stable and mature democracy but actually hinders the development of an alternative path of democracy that leads overtime to such a mature and stable democracy.”*<sup>210</sup> He believed that if twenty first century to be a century of African renaissance, then there has to be a paradigm shift and democratic developmental state is the right paradigm.<sup>211</sup> Not surprisingly, UN Economic Commission for Africa has taken this recommendation as a framework.<sup>212</sup>

Recently different surveys and reports presents their own different list of countries belonging to the “awakening”, “rising” or “emerging Africa”,<sup>213</sup> by looking to the potential and the performance of their economic growth according to their area of focus and indicators they adopted. Ethiopia stands among the few countries always mentioned in these analyses, by virtue of the score of GDP growth at an annual rate of nearly 10 per cent for the last seven years.<sup>214</sup> Ethiopia has achieved one of the fastest growing economies in the world for the last consecutive years. Many claim that, Ethiopia has achieved these results by adopting a development model based on a strong developmental state, driving and dominating the national economy.<sup>215</sup> The implementation of development strategies and policies, made the country among the few African states in track for reaching the MDGs. Building on these records, the Ethiopian government

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<sup>208</sup> Ibid

<sup>209</sup> Ibid

<sup>210</sup> Meles Zenawi. (2006) [Africa's Development: Dead Ends and New Beginnings](http://africanidea.org/m_zenawi_aug_9_2006.pdf), Unpublished paper, <available at; [africanidea.org/m\\_zenawi\\_aug\\_9\\_2006.pdf](http://africanidea.org/m_zenawi_aug_9_2006.pdf) visited on 15th September 2013>

<sup>211</sup> Ibid

<sup>212</sup> Economic Commission for Africa (ECA). (2011) [Governing Development in Africa: the Role of the State in Economic Transformation](#), Issues paper on Meeting of the Committee of Experts of the 4th Joint Annual Meetings of the AU Conference of Ministers of Economy and Finance and ECA Conference of African Ministers of Finance, Planning and Economic Development, Addis Ababa, Ethiopia, PP.24–27.

<sup>213</sup> S. Radelet. (2010) “Success stories from “Emerging Africa”, 21 [Journal of Democracy](#), P.88. Cited in Emanuele, *Supra*, Note 201, P.1.

<sup>214</sup> International Monetary Fund (IMF). (2011) [The Federal Democratic Republic of Ethiopia: Joint Staff Advisory Note on the Growth and Transformation Plan 2010/11–2014/15](#), IMF Country Report No. 11/303, Washington, D.C. P.1.

<sup>215</sup> Befekadu, *Supra*, Note 207, P.1.

officially aims at attaining the status of “middle income country” by 2025, as explicitly foreseen in the Growth and Transformation Plan (2010/11-2014/15).<sup>216</sup>

The development strategy has been aimed to bring a structural change and transformation of the economy through rapid industrialization and modernization of agriculture. Under the slogan “we will make poverty history”, the government, as a leading actor and moderator of the economic process, has been trying to mobilize a wide section of society and resources to reach this goal.<sup>217</sup> In order to sustain the agenda of development and transformation promoted by the political vanguard, the EPRDF strategy aims at building a national consensus, relying on administrative decentralization and different channels to ensure people participation, mobilization and encadrement mainly through the party channel.<sup>218</sup>

The Constitution adopted by FDRE in 1995 introduced in Ethiopia a federal architecture, officially structured along ethnic lines to promote the right of self-determination of nations, nationalities and peoples” living in the country. The Ethiopian federal system grants significant autonomies and prerogatives to national regional states, including the right of secession to the nations, nationalities and peoples.<sup>219</sup> Since 2011, the federal structure was attempted to be better implemented through a process of devolution and deconcentration of powers and responsibilities at district (woreda) level. Scholars show their worries claiming that, the federal and decentralized structure of the Ethiopian state seems to stand in sharp contradiction with the centralistic and top down logics that inspired the developmental state model and practices.<sup>220</sup> It is also a scholarship debate that whether the FDRE constitution foresees a developmental state of Ethiopia?<sup>221</sup>

For the country found among the most poor and underdeveloped economy in the world that ultimately puts its survival at stake, it is urgent and mandatory if not late, to design and committed to implement a policy that deems to help the nations developmental demand within a

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<sup>216</sup> Federal Democratic Republic of Ethiopia Growth and Transformation Plan, 2010/11-2014/15, MoFED, Addis Ababa, November 2010, <http://www.mofed.gov.et/English/Resources/Documents/GTP%20English2pdf> cited in Emanuele, *Supra*, Note 201, P.1.

<sup>217</sup>EPRDF EthiopianPeoples Revolutionary Democratic Front Programme (2005), Addis Ababa, Ethiopia. See also Befekadu, *Supra*, Note 207, PP.3-4.

<sup>218</sup> In order to promote people participation at grassroots level, the EPRDF has engaged since 2006 in recruiting massive party membership, rising from 760.000 in 2005 to 4 millions in 2010. Emanuele, *Supra*, Note 201, P.5.

<sup>219</sup> *Supra*, Note 4, Art 39 (2).

<sup>220</sup>, Emanuele, *Supra*, Note 201, P.3.

<sup>221</sup> This is a question rose by Assefa Fissaha (Dr) on a public lecture titled “Developmental state and Federalism in Ethiopia”, 2013, at Gothe Institutute, Addis Ababa.

short period of time. The regime in power after checking the capitalist model of economic development at its initial periods (since the countries adoption of the transitional charter and the 1995 FDRE constitution), shift its development ideology to the East Asians model of development; a developmental state ideology due to the above mentioned or many other reasons<sup>222</sup> and started to achieve promising results.

In addition to some scholars view of the ethnic based federal structure of the country as unfavorable field for the implementation of a developmental state ideology (which shows its effectiveness for the East Asians successful developmental emergence) in Ethiopia,<sup>223</sup> there are others that claim Ethiopia's move towards developmental state as a real treat and a gun pointed towards a constitutionally established federal structure of the country.<sup>224</sup> The worries reflected mainly from the federalism scholarship and their fears of Ethiopia's developmental state move may shake the pillars of its federal structure is not groundless when we deeply observe the main characteristics and requirements of an effective developmental state.<sup>225</sup>

The government and its officials argued that it is impossible to separately observe the countries developmental achievement from its adoption of federal structure emphasizing that they are interlinked and two sides of the same coin.<sup>226</sup> This is because of the fact that the country now has a system that allows accommodating diversity. This makes possible to concentrate mainly on development and ultimately achieved promising result.<sup>227</sup> Meles adds, "*The fact that we have a system that accommodates diversity means that every group, every village, as I said, is able to design its own plan within the national framework and therefore is able to maximize the impact of its own local assets, much more so than any centralized plan could ever achieve.*"<sup>228</sup>

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<sup>222</sup> The Ethio-Eritrean war and the unexpected massive mobilization of the Ethiopian people from every corner of the country to defend their border is also raised as for the late prime minister of Ethiopia to chose the East Asian developmental state paradigm believing to apply the unexpected massive mobilization of the people towards war to development. Clapham, *Supra*, Note 203.

<sup>223</sup> Samuel, *Supra*, Note 19, P.20.

<sup>224</sup> This concern comes mainly from scholars' of federalism by looking the theoretical and practically observed centralistic character of the developmental state ideology in countries (East Asians) where it was implemented successfully.

<sup>225</sup> Some of the characteristics of developmental state are exhaustively discussed under chapter two the thesis.

<sup>226</sup> Interview with Meles Zenawi, Federations (December 2010 / January 2011), *Forum of Federations*, P. 21.

<sup>227</sup> *Ibid.*

<sup>228</sup> *Ibid.*

It is critical to question whether the recently launched national developmental plan<sup>229</sup> of the country designed by the federal government has any impact on the policy making power of regional states on their developmental affairs. When we look to the country's Growth and Transformation Plan (GTP) inaugurated in 2010/11 through the Ministry of Finance and Economic Development (MOFED) it is possible to suspect that a strong hand of the federal government is pointed towards the areas of power reserved to regional states of the federation. The national plan is too specific and deep that it doesn't seem to leave a room for the regional states developmental policies rather than expecting them to perform activities that enables to achieve the plan.

The government as always tries to defend this question claiming that, "What the federal government does is set the national framework for development and that national framework for development is articulated on the basis of consultation at all levels of government."<sup>230</sup> Therefore, the national developmental plan has taken as a good opportunity to set a common framework. "Within that common framework, the various *regions are free to devise their own development strategies.*"<sup>231</sup> However, whether regional states are only permitted to design and implement their *developmental plan and strategy*<sup>232</sup> within the framework of the national developmental policy (which is too specific and doesn't seem to allow another modification) is controversial.

In the GTP policy matrix that specifically puts the details of action to be taken to achieve the national GTP and Millennium Development Goals (MDG) specifically mentioned the name of regional bureaus expected to implement the national plan together with their federal counterparts. In the plan designed for the development of agriculture and rural development, urban development and construction, education and training, health and HIV/AIDS prevention, capacity building and good governance of the justice sector and in the area of children and woman development the respective federal and their regional counterparts (bureaus) are

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<sup>229</sup> It is reasonable to suspect that the Growth and Transformation Plan (GTP) inaugurated in 2010, has designed under the framework of a developmental state policy that the country adhered since 2001 (officially 2006).

<sup>230</sup> Federations, *Supra*, Note 226, P.21.

<sup>231</sup> *Ibid.* Emphasis added.

<sup>232</sup> Meles repeatedly mentioned that every group and village design its plan as per the national developmental framework as an expression of practical decentralization in the federation. Federations, *Supra*, Note 226, P.21. Emphasis added.

specifically mentioned as an implementing agencies.<sup>233</sup> In other areas of the developmental plan where only federal ministries, agencies and authorities has mentioned as an implementing agency, the actions to be taken are too specific and detailed that it is not possible to be implemented by them solely.<sup>234</sup>

Unlike executive federalism, it is unlikely to expect regional states to implement the policy and plan designed by the federal government in the areas assigned to the regional states under the constitution. On the other hand, participation of all stakeholders and the whole population towards the implementation of the national developmental agenda is at the heart of developmental state scholarship and practice. Therefore, the collaboration and cooperation of the regional states respective bureaus and other stakeholders at any level is mandatory. To get the cooperation of regional states easily, enabling regional states to participate during the processes of developing the national developmental plan should be a primary alternative.

In the country where the federal form of structure is praised together with the developmental state policy for its economic progress in the last consecutive years,<sup>235</sup> it is mandatory and essential to make a balance between them. These needs some form of institutional arrangement that will made possible to create a balance and mutual coexistence rather than become enemies of each other. There should be a system that enables for best implementation of the country's overall developmental plan through a strong cooperation of regional states saving that their autonomy is best protected. If this is so, the action taken by the federal government during the formulation of the national developmental policy and plans should take due care not to affect the constitutionally guaranteed federal structure of the country and subsequent rights of regional

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<sup>233</sup> Ministry of Finance and Economic Development (MoFED). (2010) Federal Democratic Republic of Ethiopia Growth and Transformation Plan 2010/11-2014/15, Vol. II: Policy Matrix, The Federal Democratic Republic of Ethiopia: Poverty Reduction Strategy Paper, IMF Country Report No. 11/305, 2011.

<sup>234</sup>The plan for road development which aimed at accelerating economic growth through increased construction of quality road infrastructure (including the road to be constructed at the Wereda and Kebele levels), the plan designed for potable water supply and irrigation development by increasing the quality and access to safe drinking water and to improve sanitary services, under transport and communication the objective to improve public transport services and many others could be mentioned as an example. See Ministry of Finance and Economic Development (MoFED). (2010) Federal Democratic Republic of Ethiopia Growth and Transformation Plan 2010/11-2014/15, Vol. II: Policy Matrix, The Federal Democratic Republic of Ethiopia: Poverty Reduction Strategy Paper, IMF Country Report No. 11/305, 2011. Table 5,7 and 8, P. 13,15 and16.

<sup>235</sup>The late prime minster of Ethiopia Meles Zenawi and many other top government officials repeatedly mentioned this fact. See Federations, *Supra*, Note 226.

states, nations, nationalities and peoples of the country in framing their economic, social and development policies, strategies and plans.

### **4.3 Why IGR matters Under the FDRE Constitution?**

The FDRE constitution is aimed at building one common political and economic community founded on the rule of law and capable of guaranteeing sustainable peace, democracy and socio-economic development.<sup>236</sup> Although the federal government and the regional states are vested with different powers distinctly delineated under the constitution, they are interdependent in a wide range of matters.<sup>237</sup> There exists a deliberate and some unintentional overlaps in the division of powers.<sup>238</sup> One and the main overlap exist in framing economic social and developmental policies.

In economic, social and development matters, the federal government is authorized to formulate and implement the overall policies and strategies of the country while the jurisdiction of the regional states is limited to specific policies and strategies.<sup>239</sup> However, the constitution did not clearly stipulate the extent of power of the federal government and the areas of power that should left to the regional states.

It is also possible to observe their possible interaction on matters of education, health, science, technology, protection of cultural and historical legacies under which the federal government sets the national standards and basic policy criteria while the regional states are the conduits for the protection and promotion of the languages, cultures and histories of their respective constituent ethnic communities.<sup>240</sup> It is the power of the federal government to legislate on the area of utilization and conservation of land and other natural resources. The federal government is responsible to enact laws and regional states are responsible and empowered for the administration of such resources within the framework of the federal laws.<sup>241</sup> We can observe another area of interaction between the federal government and regional states in the collection

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<sup>236</sup>The preamble of the 1995 FDRE constitution.

<sup>237</sup>Hashim Tewfik. (2010) Transition to Federalism: The Ethiopian Experience, Forum of Federations, P.16.

<sup>238</sup>Assefa Fiseha (2009), "The Systems of Intergovernmental Relations in Ethiopia: in Search of Institutions and Guidelines", 33 Ethiopian Law Journal, P.99.

<sup>239</sup> See *Supra*, Note 4, Art. 51 (2) and Art.52 (1) (C).

<sup>240</sup> See *Supra*, Note 4, Art. 51 (5) and Art.39 (2).

<sup>241</sup> See *Supra*, Note 4, Art. 51 (5) and Art. 52(2) (d).

of tax and revenue since it has assigned to both levels of government under Art 98 of the FDRE constitution.

Even though, each order of government is in principle, assigned executive authority over the same matters for which it has legislative authority, federal laws are in practice largely executed through the regional states.<sup>242</sup> It is difficult to implement any policy document of one level of government free from the influence of any action of the other level of government. Therefore, in all the foregoing matters, the interdependence of the federal state and the regional states necessitates their cooperation hence effective form of intergovernmental relations (IGR) is crucial for the smooth and efficient application of their responsibilities.<sup>243</sup>

Saving the fact that, the establishment of a federal system of government is a recent phenomenon in Ethiopia and organizing institutions it demand will take a long time and practical process, the need for an effective and genuine institutional setup of IGR backed with a legal framework to govern its purpose and function is obviously essential. However the FDRE constitution fails to give a clue as to the mode of relationship between the federal and regional states of Ethiopia and how they will work together especially in areas of shared powers that demand a mandatory interaction among the two levels of government.

Formal mechanisms of intergovernmental relations are important means of cooperation and solidarity between the centre and the federal units. Scholars claim that, though the Ethiopian federal system has the feature of cooperative federalism, there is an institutional lacuna for intergovernmental cooperation between the centre and regional states.<sup>244</sup> Moreover, cooperation, not only between the centre and the federating units, but also among constituent units, is crucial for building a common political and economic community.

The House of Federation, the Ministry of Federal Affairs, sector based (each ministerial office with its regional and local counterparts) and the party channel are considered as the major means's and mechanisms through which IGRs are functioned in Ethiopia. To better understand the issue and make it possible for giving judgment as to the institutional and practical intergovernmental relations (IGR) in Ethiopia, it is better to deeply entertain each form of IGRs

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<sup>242</sup>Hashim, *Supra*, Note 237, PP. 16-17.

<sup>243</sup> *Ibid.*

<sup>244</sup>Assefa, *Supra*, Note 238, P.109.

mechanisms with its challenge and prospects in relation to the preservation of regional states autonomy in a developmental state ideology and for effective implementation of the latter.

#### **4.4. Intergovernmental Relations (IGR) and its Institutional Setups in Ethiopia: inquiring their status**

##### **4.4.1 House of Federation**

In “Legislative federalism”, the use of the federal second chamber is mainly to serve as a forum representing the states. In this model, the federal second chamber becomes an important instrument of articulating state rights or interests.<sup>245</sup> The case of Ethiopia is different from many federations concerning the purpose of the upper house (HoF) which repeatedly mentioned as a complete departure from known practices.<sup>246</sup> As enshrined in the FDRE constitution, interpreting the constitution, safeguarding the rights of nations and nationalities to self-determination including secession, accommodating ethnic diversity to forge unity with mutual solidarity and equality, solving disputes that may arise between different regional states, and ensuring the equitable fiscal distribution of shared revenue sources among the states at the federal level are amongst the crucial business of the HoF.

The door to potential constitutional conflict between the federal and state governments that mainly emanated from the division of power is not closed. However, the FDRE constitution is silent about who entertains disputes or misunderstandings that might occur between the federal government and any of the regional state or states. Many claim that, by looking to the rationale of its existence, the HoF is a competent institution to mediate and arbitrate non-constitutional disputes between the federal government and regional states.<sup>247</sup> Since HoF is the only appropriate organ in terms of ensuring the object of creating one economic and political community within the federation, the mandate and power to solve such type of conflicts and misunderstandings is obviously under the authority of this organ.

The FDRE constitution, unlike other federations, neither has envisaged the system of vertical intergovernmental relations (IGR) nor give us a clue as to the guiding principles and the institution in charge with such authority. However, by virtue of Article 48 and 62 of the FDRE

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<sup>245</sup>Rekha, *Supra*, Note 115, P.3.

<sup>246</sup>Alem, *Supra*, Note 1, P.330.

<sup>247</sup>Mulatu, *Supra*, Note 151, P.18.

constitution the HoF is empowered at least to conduct some aspect of IGR. Arguably some even think that it is the HoF mandated to coordinate the entire IGR system in the country”.<sup>248</sup> However, it is not possible to suggest and conclude that HoF as an organ of serving as a forum of IGR [which is an important task that demands due care and emphasis in federations] by inference and interpretation.

By admitting the fact that the list of powers enumerated under Article 62 of the constitution are unclear and aiming to fill the gaps, the House of Peoples Representatives (HPR) enact a legislation that makes the HoF an organ to reconcile and mediate any conflict and misunderstanding between the federal and regional states in 2001.<sup>249</sup> This act seems to solve some of the illusions raised around the issue of IGR between the federal and regional states through implied recognition of the HoF as a mediating organ. However, since the systems of IGR is more than a one time job of solving disputes and misunderstandings it is not possible to safely say that it is the HoF established through the FDRE constitution and this proclamation to facilitate and serve as a forum of IGR between the federal and state governments of the country.

In Germany where there exists an interlocking relationship, between the federal government and the Landers, the Bundersrat is a key institution in facilitating and managing their relationships. Established by the constitution as a federal second chamber, its powers include an absolute veto over all federal legislation affecting the Länder.<sup>250</sup> Its composition, consists of Land delegations each led by its Minister-President (Premier). This means that the Bundesrat and its many committees also serve as a powerful intergovernmental institution for co-coordinating the Federal and Land governments and the Länder with each other, albeit often along political party lines.<sup>251</sup>

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<sup>248</sup>Assefa, *Supra*, Note 238, P.108.

<sup>249</sup> Art 23 and Art 32(3) of the proclamation provide that the HoF serve as the focal forum in intergovernmental relations between the federal and states government. Proclamation No. 251/2001, Consolidation of the House of the Federation and Definition of its Powers and Responsibilities, 7<sup>th</sup> Year, No. 41, Addis Ababa, 6<sup>th</sup> July, 2001. See also Assefa, *Supra*, Note 238.

<sup>250</sup> In practice, about 60 percent of federal legislation are prone to be screen out by the Bundesrat(the upper house composed of the representatives of the 16 Germany state governments) hence it is the constitutional setup of Germany (executive federalism), that makes many legislations are enacted by the federal government and to be implemented by the Landers.

<sup>251</sup>F. Scharpf. (1988) “The Joint Decision Trap: Lessons from German Federalism and European Integration”, 66 *Public Administration*. Cited in Watts, *Supra*, Note 11, and P.4.

Though it is in the process of evolution, the HoF does play a modest role in the area of fiscal transfers, which is one field of IGRs between the federal government and the states.<sup>252</sup> There is also a practical trend started at the HoF that the heads of regional states are become members of the house which probably made them to reflect the interests of their respective regional states. Once again, though the FDRE constitution is silent about formal mechanisms for horizontal relations among the states, practically the HoF organizes regional consultations annually in which all the nine regional states share their experiences.<sup>253</sup> However, this also lacks an institutional framework and carefully designed guideline that will safeguard its effectiveness and continuity.

The House of Federation is an organ established with the secession clause in mind and was designed to safeguard ethnic self-determination. This house is “composed of representatives of Nations, Nationalities and Peoples.”<sup>254</sup> This makes the HoF a house of ‘ethnic groups’, not ‘regional states’. Therefore, unless we hope to expect the protection of interests of regional states through their respective nation and nationality representatives the house is not established with the aim of representing regional states at the center. Under these situations, we may not be surprised of observing a constitutional mandate that is different from other federations’ upper houses. Therefore, let alone in the constitutions denial of the HoF from being a focal point of IGRs, making this house as a sole coordinator and facilitator of IGR may not probably address and satisfy the interest of regional states.

#### **4.4.2 Ministry of Federal Affairs**

Federations, weather they design adequate legal and institutional framework to govern IGR or not, they cannot escape from its practical demand. Even if the FDRE constitution fails to give an elaborate and conclusive guideline on IGR, the federal government was attempted to establish legal and institutional frameworks to govern the same. At the past, the Regional Affairs Office of The Prime Minister was the main organ established to serve as a forum of IGR between the federal and regional states, which was highly prone to the direct influence of the federal government. Even though this office was mainly focused on supporting those regional states that

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<sup>252</sup>Assefa, *Supra*, Note 238, P.107.

<sup>253</sup>Leulseged Tadesse. “Can Diversity be accommodated? The Case of Ethiopia”, PP.10-11. <Available at; [www.forumfed.org/libdocs/.../Volume.../IntConfFed07-Vol5-Tadesse.pdf](http://www.forumfed.org/libdocs/.../Volume.../IntConfFed07-Vol5-Tadesse.pdf) visited on march 15th 2014>

<sup>254</sup> See *Supra*, Note Art 61 (1) and see also Alem, *Supra*, Note 1, P.329.

need special support, it was served as a forum of IGR for long until replaced by the Ministry of Federal Affairs (MoFA).<sup>255</sup>

Since 2001, several proclamations that stipulate the power and duty of executive organs including the ministry of federal affairs were enacted that gave and reaffirm the power of the MoFA on coordinating IGR and empowered the same to serve as a focal point on federal and regional state interactions. However, the proclamation that first establishes the MoFA did not expressly mention that the Ministry is an organ dedicated to facilitate and lead IGR between the federal and regional states.<sup>256</sup> During this time, it was the HoF that assumes the mandate and authority to undertake IGR between the federal government and regional states under proclamation 251/2001 though implied, as we highlight on the discussion about HoF. Under proclamation No. 256/2001, the MoFA was not satisfactorily organized to facilitate IGR between the center and states and its supervisory and coordinating role is limited to few institutions.<sup>257</sup>

Under the subsequent proclamations that define the power and responsibility of federal executive organs, the MoFA got an explicit recognition of being a center of IGR among many other powers. As per Art 21 (1) and (6) of proclamation 471/2005 the MoFA got the power and mandate to cooperate with concerned federal and regional state organs in maintaining public order, serve as a focal point in creating good federal-regional relationship and cooperation based on mutual understanding and partnership and thereby strengthen the federal system.<sup>258</sup> Art 14 (1) (e) of proclamation No. 691/2010 also reaffirms the power of the Ministry to be the focal point of interaction between the federal and regional states of the country.<sup>259</sup>

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<sup>255</sup> A Guideline on The Activity of the Directorate, Intergovernmental Relations Directorate General, Ministry of Federal Affairs, Addis Ababa, (date unknown), P.11.

<sup>256</sup> As per Art 11 of the proclamation, facilitating for the proper resolution of misunderstandings raised between regional states and giving assistance to regional states particularly to those less developed ones are mainly related with the function of IGR. Proclamation No. 256/2001, 'Reorganization of the Executive Organs of the Federal Democratic Republic of Ethiopia,' Federal Negarit Gazeta, 8<sup>th</sup> Year No. 2, Addis Ababa, 12<sup>th</sup> October 2001. See also Assefa, *Supra*, Note 238, P.121.

<sup>257</sup> *Ibid*.

<sup>258</sup> Proclamation No. 471/2005, 'Definition of Powers and Duties of the Executive Organs of the Federal Democratic Republic of Ethiopia,' Federal Negarit Gazeta, 12<sup>th</sup> Year No. 1, Addis Ababa, 17<sup>th</sup> November 2005.

<sup>259</sup> See Art 14 (1) (e) of Proclamation No. 691/2010, a Proclamation To Provide For The Definition of Powers And Duties of The Executive Organs of The Federal Democratic Republic of Ethiopia, 17<sup>th</sup> Year, No. 1, Addis Ababa, 27<sup>th</sup> October 2010.

The MoFA has different directorates each have a distinct and specialized function. Intergovernmental Relations Directorate General is one among different directorates<sup>260</sup> currently functions within the MoFA, with the aim to promote and support intergovernmental relations (vertical and horizontal) and resolve conflicts that may arise among different levels of government. To create a harmonious IGR the directorate general on IGR has the following functions; doing research that could show and fill the lacuna of IGR to support and strengthen the federal structure, support and assist for the creation of IGR based on mutual consent and benefit between different regional states, designing a guideline for the interaction between governments, give advice and support for the realization of harmonious policies, strategies and plans between governments, support and advice for the establishment of institutions that facilitate IGR between the federal and regional state governments, facilitating for the creation of forums of IGR between different levels of governments and other related activities.<sup>261</sup>

Generally the ministry in general and the directorate of IGR is established and aimed at looking after all the regions and makes the federation work. However, this is not at the legal and institutional level, because there is House of Federation as far as constitutional problems are concerned as per Article 48 and 62(6) of the Constitution, but with administrative, political, and economic development issues.<sup>262</sup> In short, it undertakes a non-binding and consensus building political negotiations.<sup>263</sup> Generally, the ministry gave particular emphasis to those states that are previously disadvantaged to enable them to catch up with the other states.<sup>264</sup>

By making the MoFA as a center and coordinator in creating good federal-state relationship, the latest proclamations try to solve the legal and institutional lacuna concerning IGR in Ethiopia. However looking to the complexity and broad nature of IGR in other federal countries, Ethiopians attempt seems insignificant. The task of transforming IGR from the informal to the

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<sup>260</sup> Religious Affairs Directorate General, Conflict Prevention and Resolution Directorate General and equitable development promotion directorate general are also within the ministry in addition to the intergovernmental relations directorate general.

<sup>261</sup> Intergovernmental relations directorate General, a guideline on the activity of the directorate, Ministry of Federal Affairs, (date unknown), PP.16-17.

<sup>262</sup> Federations Interview with Dr. Gabreab Barnabas (February 28, 2003), 3(3) Federations, P.17. See also Assefa, *Supra*, Note 238, P.121.

<sup>263</sup> Assefa, *Supra*, Note 238, P.121.

<sup>264</sup> Federations, *Supra*, Note 262, P.17.

formal institutional level cannot be effectively done by a sub-article in a proclamation made for the reorganization of the federal executive organs.<sup>265</sup>

It is a generally acceptable idea that, intergovernmental institutions need to be genuinely collaborative in character, rather than instruments for intergovernmental imposition. As Assefa describes this fact, “...*the new proclamation has hinted at least some of the principles that should guide IGR in Ethiopia: namely mutual understanding and partnership.*”<sup>266</sup> The proclamation states that IGR is no more a forum where the federal government is to dictate its terms but should be based on some sense of partnership and mutual understanding.<sup>267</sup> Whether the institutional and the functional set up of the directorate established with in the MoFA with the purpose of serving as the focal point for IGR fulfilled such expectation of the law is a question that needs an answer.

There are scholars who question the legality of the law itself that gives many controversial powers including being the center of IGR to the MoFA. They question its constitutionality claiming that empowering a federal institution to assume the power of coordinating IGR between the federal and regional states in the absence of any constitutional principle established to govern IGR and its institutions is ultra virus. They question the act of the parliament for enacting the proclamation that gives the power of coordinating IGR to a federal ministry claiming that, “... *the HPR cannot ascertain the power of lawmaking hence an issue touches generally touches the constitutional division of power and broadly affects the interests of the regional states.*”<sup>268</sup>

In a federal arrangement, the center cannot unilaterally change, abolish or modify the covenant that creates the federal polity.<sup>269</sup> In that sense, sub-national units derive their rights and existence

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<sup>265</sup>Assefa, *Supra*, Note 238, P.122.

<sup>266</sup> *Ibid.*

<sup>267</sup> *Ibid.*

<sup>268</sup>Endalkachew Geremew. (2012) Legislative Constitutionality of The Federal Parliament on Matters Uncovered under the FDRE Constitution: Based on Empirical Appraisal of Laws, LLM thesis submitted to Addis Ababa University School of Law, Graduate Studies, Unpublished, P.120. The writer goes to the extent of demanding a constitutional amendment before the legislature give those powers enumerated under the authority of MoFA (including the power to regulate and serve as center of IGR between the federal and regional states), hence the constitution says nothing about it. That makes the HPR incapable of giving a power that the constitution says nothing about, to a newly established federal institution (MoFA).

<sup>269</sup>Getachew Assefa. (2011) “Federalism and Legal Pluralism in Ethiopia: Preliminary Observations on Their Impacts on the Protection of Human Rights”, 17(11) East African Journal of Peace & Human Rights, P.174.

not from the national government but from the constitution, that creates them both.<sup>270</sup> If there exist a demand for the alteration of power and responsibility given under the constitution it demands a special procedure that aimed at making member states participatory and decision maker. Though it is a constitutional duty of the federal government to perform those functions and establish institutions that helps for the best implementation of a constitutional design of preserving unity in diversity and creating one political and economic community, the mode of establishment of such institutions shall take the interest of regional states into consideration. It is the basic principle of IGR and the spirit of the law that, regional states are no more on the receiving end but is a forum where they will be treated as partners in the process.<sup>271</sup> Many alleged that regional states are not consulted and got adequate opportunity to participate in the process of institutional design and duly represented within this institution to a minimum requirement that the forum of IGR so demands.<sup>272</sup>

The Name of the Ministry itself “...*Federal affairs*” refers to an organ established to oversee and implement those functions that are constitutionally given to the federal government. It is not possible for a specific federal institution to assume a power and responsibility that directly or indirectly affect the interest and authority of regional states under the guise of coordinating the two levels of government. In the case of IGRs, matters entertained are not the only concern [*“affairs”*] of the federal government rather the concern of regional states too.

When we see those powers given to the ministry concerning IGRs seems that it is an advisory organ without any authoritative decision. This limits power of the institution and makes incapable of making a binding decision. If we look this organ in light of its decision making power it may not to be considered as a forum of IGR that makes it less significant. However, in the contrary there exists a practical temptation to widen the scope of its power in many areas whereas the main purpose of IGR process is to establish a good federal-regional state cooperation and coordination on shared programs and policies.<sup>273</sup>

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<sup>270</sup>Ibid.

<sup>271</sup>Assefa, *Supra*, Note 238, P.122. It should be participatory both in the process of institutional establishment and during performance of its day-to-day function of creating a federal-state smooth cooperation and coordination on shared policies and programs.

<sup>272</sup>Endalkachew, *Supra*, Note 268, P.120.

<sup>273</sup>Assefa, *Supra*, Note 238, P.122.

#### 4.4.3. Sector-based IGR

It is an unavoidable fact that different ministries, authority, agency and related institutions of the federal and regional states are in a continuous interaction with their respective counterparts in exercising their functions. The mandate given to MoFA to be the focal point in coordinating IGR nation-wide under proclamation also gives an implied recognition to other federal and regional institutions to continue in undertaking some aspect of IGR related with their routine functions.<sup>274</sup>

The question is not whether these institutions are interacted frequently and act jointly in many areas that demand a joint effort which is natural, rather it is, weather the form of interaction made in different forums (formal or informal) protect the interest of both participants. In other words, whether it is participatory and decisions are made through joint decision-making or are a mechanism used by the federal institutions to inform and give directions to their regional counterparts.

There are recent trends in an attempt to establish sector based IGR between the federal and regional states. Among them, the joint forum of speakers of houses, educational practitioners joint forum, discussions made by House of Federation by visiting regional states, public prosecutors joint forum, an interaction made by the former Ministry of Information with its counterparts of regional states, the efforts made by the Ministry of Capacity Building in different areas of capacity enhancement, the interaction made by the Ministry of Finance and Economic Development together with Revenue and Customs Authority with their regional counterparts and many similar forums could be mentioned as examples.<sup>275</sup>

It is natural and a must that, federal institutions are highly interacted and works together with their regional counterparts or many other institutions established within regional states to coordinate and effectively implement policies and strategies in federations that the case of Ethiopia is not be exceptional. However, there is no legislation or guideline to govern such type of relationships in our country. Looking to the Australian experience, it is only when an issues take a major intergovernmental significance, that it will be raised in Council of Australian Government (COAG).<sup>276</sup> The COAG, after setting out a strategy and action plan may return a

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<sup>274</sup> Ibid.

<sup>275</sup> *Supra*, Note 261, P.11.

<sup>276</sup> For the detail description of Council of Australian Government (COAG) refer back to chapter three of the thesis the discussion on “The Structures of Intergovernmental Relations (IGRs)”.

particular issue to an appropriate ministerial council for implementation.<sup>277</sup> A number of these ministerial councils have decision-making mandates assigned by legislation and have voting rules, which makes these forums genuine intergovernmental co-decision making mechanisms.<sup>278</sup>

The absence of rules and guidelines to govern the ministerial relations with the concerned bureaus (sectoral) IGR of federal and regional states institutions will also open a hole for the federal institutions to influence their regional counterparts in the guise of coordinating their shared policies and programs. The strong influence of a federal institution in harmonizing policies and programs with their regional counterparts may help a development-orientated national government to collect the fruits of its policies easily. However, the superiority and influential character of the federal institutions will hinder the process of creating a full-fledged institutional structure and organs committed in designing and implementing economic, social and developmental policies and programs in the regional member states.

Designing and implementing developmental policies, strategies and plans which are highly influenced by the federal government and its institutions on shared areas, is not by itself a problem, if institutions of both levels of government are sit together discuss, the issue and decide equally. To make this discussion and decision genuine, participatory, and continues it highly demands a formal or informal forum that was established by the consent of organs of the two levels of government. Most of the time, a federal organ summons officials of organs in regional states when the issuance or implementation of a particular strategy or program demands an active involvement of regional state organs. In such type of forums and conferences, there are no pre-established rules that will enable officials of regional states to decide and vote over the issue on the table. Rather it is used by the federal government organs to give direction and order to the respective officials without or with little incorporation of suggestions of state officials. Looking to the experience of other federations such as Australia its participatory nature in many aspects of issues makes a sector based (ministerial council) forum as one of an active and genuine IGR model. This also enables the forum to play a major role in fostering co-operative and flexible intergovernmental relations in Australia federation.

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<sup>277</sup> In Australia, there are some 30 intergovernmental ministerial councils dealing with sectoral responsibilities at which a minister of the Commonwealth and of each state and territory attends. See Watts, *Supra*, Note 11, PP.4and5.

<sup>278</sup> *Ibid.*

#### 4.4.4. The Party Channel

Party System is perhaps the most important factor that influences the working of a federal constitution.<sup>279</sup> In Ethiopia, vertical and horizontal intergovernmental relations have been relatively smooth thus far because a multiethnic ruling coalition and its allied ethnic parties have enjoyed a monopoly of power at all levels of government.<sup>280</sup> Implementation and coordination of shared policies and programs facilitated to a large degree by party channels. Assefa elaborated this fact in a way that, "...indeed even after MoFA took the mandate of coordinating IGR between the federal and regional states, the party channels remain the most pervasive scheme used by the federal government to influence state governments as well as to guarantee uniformity of policies."<sup>281</sup>

Many believes that the dominance of the EPRDF both at the federal and regional state levels<sup>282</sup> limits political pluralism and puts in question the viability of multiethnic federalism.<sup>283</sup> Scholars justify how the party system affects federalism by looking the experience of other federations like the U.S.S.R, which is the extreme case by reducing the federal constitutional arrangement of the country in to a unitary model.<sup>284</sup> The constitution of the former U.S.S.R. was the most federal document on paper granting the federating units the right to secede.<sup>285</sup> Yet, in its actual working, it was so highly centralized because of the Communist Party being the only political formation

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<sup>279</sup> Rekha, *Supra*, Note 115, P.21.

<sup>280</sup> Alem, *Supra*, Note 1, P.332.

<sup>281</sup> Assefa, *Supra*, Note 238, P.123.

<sup>282</sup> The ruling party EPRDF is a coalition of four major regional political parties named Tigray Peoples' Liberation Front (TPLF), Amhara National Democratic Movement (ANDM), Oromo People's Democratic Organization (OPDO), and Southern Ethiopian Peoples' Democratic Front (SEPDF). These parties operate in the four major regions of the federation, including the capital, Addis Ababa. In addition, the EPRDF has its affiliates operated in all other regional states. These are the Afar People's Democratic Organization in Afar Regional State, the Somali People's Democratic League (SPDL) in Somali Regional State; the Gambella Peoples' Democratic Front (GPDF) in Gambella Regional State, the Benishangul-Gumuz Peoples' Democratic Unity Front (BGPDUF) in Benishangul-Gumuz Regional State, and the Harari National League (HNL) in Harari Regional State; see AssefaFiseha. (2006) "Theory versus Practice in the Implementation of Ethiopia's Ethnic Federalism", in David Turton. (ed.), Ethnic Federalism The Ethiopian Experience In Comparative Perspective, East African Studies, Addis Ababa University Press, Addis Ababa, 131-157, PP.156-155. Cited in Endalkachew, *Supra*, Note 268, P.24.

<sup>283</sup> Alem, *Supra*, Note 1, P.332.

<sup>284</sup> Rekha, *Supra*, Note 115, P.21.

legally sanctioned to contest elections that in practice it was a unitary political system par excellence.<sup>286</sup>

For others, mainly officials of EPRDF contested the above-mentioned argument by emphasizing on the benefit of having the same front at the federal level as a key of balancing the two extremes of federalism. This group argues that;

The diversity of our system has not been stifled by the fact that we have a common umbrella organization. On the other hand, the fact that we have a common umbrella organization running many of the states has created a certain sense of common purpose. This means that we have this unique circumstance that has allowed us to have unity on the basis of diversity...<sup>287</sup>

Meles adds that it could be impossible to pass the transitional period of the country without such type of party arrangement hence it could go either way; either too far toward unity and stifle diversity, or go too far toward diversity and the centrifugal forces would take over and becomes the end of federalism.<sup>288</sup> Therefore, it is the current arrangement that made it possible for to not only design but also implement federalism in an effective manner.<sup>289</sup>

Facilitating IGRs through the party channel is not a newly invented means of integrating the federal and regional states. Aged federations as India used such mode of IGR for long and intergovernmental issues were often, sorted out at party, rather than governmental forums.<sup>290</sup> However, this was made possible during the existence of a dominant single party at the national and provincial levels. This also becomes similar in the case of our country, hence EPRDF and affiliated parties are assuming majority of both at the federal and regional state houses. Though, reaching easily at common decision for the harmonization and coordination of shared developmental and other policies and programs between the federal and regional states through a party channel have many advantages and makes IGR smooth, it will have also an adverse effect on the process of creating a full-fledged and genuine federalism that regional states are

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<sup>286</sup> Rekha, *Supra*, Note 115, P.21.

<sup>287</sup> *Supra*, Note 226, P.22.

<sup>288</sup> *Ibid*.

<sup>289</sup> *Ibid*.

<sup>290</sup> Rupak Chattopadhyaya, *Intergovernmental Relations: A comparative survey of structures and processes* P. 4. <Available at; [www.forumfed.org/.../Intergovernmental\\_Relations\\_RupakChattopadhyaya](http://www.forumfed.org/.../Intergovernmental_Relations_RupakChattopadhyaya) visited on 10th February 2014>

autonomous and competent enough to bargain with the federal government in matters of common interest.

Reaching at a similar decision easily through a party channel may also no longer continue hence, there is a possibility of different political parties to assume power (majority) in, either at the federal parliament or at regional state councils, which is expected in genuine and dynamic federations. This will disable (if not make hostile and antagonistic) the smooth functioning of IGRs that existed between the federal and regional states through the party channel. Therefore, it is not advisable to highly rely on the party machineries to solve IGR issues by looking its short run benefits.

#### **4.5. The Role of States in the Formulation and Implementation of National Developmental Policies**

Letting alone other developmental policies and strategies that serve as a guideline for a countries developmental vision at the past or present, by looking to the GTP that currently regulates the countries overall developmental agenda, it is possible to raise questions like; weather there exist enough and genuine consultation made between the federal and regional states in designing the country's overall developmental policies (mainly the GTP), through what mechanism (a top down and explanatory or a bottom up and constructive), and the availability of a regular forum that enable regional states to submit their stand and deal accordingly and other related.

At its introductory part, the main document of GTP states that, through a leadership of a high-level macroeconomic team for the process of its preparation, implementing agencies from the federal up to the regional and local levels were participated through their functional linkage of their respective federal institutions.<sup>291</sup> This was made through a circular calling for the preparation of the GTP to all concerned federal and regional governments (made in the second faith of its working schedule), by conducting a country wide consultation forum on the draft plan

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<sup>291</sup> The participation of regional states and other implementing agencies also rose as the main achievement of the current GTP preparation that makes it different from the previously enacted national developmental documents like the SDPRP and PASDEP. See Federal Democratic Republic of Ethiopia, Growth and Transformation Plan, 2010/11-2014/15, MoFED, Addis Ababa, November 2010, P.2.

(during the fifth step of preparation of the document) and by incorporating comments and feedbacks both from the regional and federal consultations.<sup>292</sup>

It is the position of the writer that regional states are not treated as expected to be in the process of formulation of the national developmental plan, GTP. This is because, firstly the document did not clearly define and stipulate the role of regional states in the process of its formulation and says nothing more than mentioning their names here and there. The document mentioned that senior government officials both at the federal and regional level led the discussion made over the draft document with civil servants and government officials, elected peoples representatives, professional associations etc. However, the federal government and regional states are not seat together and fairly decide on the process of its formulation and contents to be enshrined in it. Officials of regional states are observed in justifying and advocating about this document in different forums and sessions without questioning its nature (a federal or state matter). The party based IGR may help too much for the federal government to persuade officials of regional states to work together and accept the plan as their own.

Out of an extensive number of extra-constitutional intergovernmental forums that have been established in India, the National Development Council (NDC) that was set up in 1952 for intergovernmental approval of the five-year plan can be seen as a best experience that Ethiopia could learn too much. Such type of forum will enable regional states to participate and jointly affect the content of a national policy and plan hence it will ultimately affect them. It may be correct for the federal government and regional states to reach in to consensus either at the beginning of its formulation or before the final draft of the GTP was submitted to the HPR for approval. In India, there are also several intergovernmental national councils in many policy areas such as local government, health and population shows us that, the agreement of both levels of government is necessary before policies and plans are inaugurated if they will affect both levels of government.<sup>293</sup>

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<sup>292</sup> Ibid.

<sup>293</sup> Watts, *Supra*, Note 11, P.6.

## **CONCLUSION AND RECOMMENDATIONS**

### **Conclusion**

It was mainly after the massive economic growth and developmental emergence of the East Asian countries that the area of developmental state scholarship comes to the table of discussion. It is a developmental state ideology and orientation appraised as a cause of their success. Those East Asian countries (Asian tigers) have been in a comparable level of development with the African countries around the 1960 but now placed among the technologically and economically leading ones. Inspired by this fact, among many forms of developmental and economic policy perspectives that many African countries are applied since their independence, the developmental state ideology has got a greater attention now a day among policy framers in the continent. Now a day the name of few countries like Botswana, South Africa and Ethiopia are repeatedly mentioned with the developmental state ideology and rapid economic growth.

The developmental state ideology is not free from criticism from its underling political orientation and consecutive outcomes. Looking from the experience of successful developmental states of East Asia, which are mentioned as a model has sown a fear of authoritarian regime in the mind of scholars. Most of these East Asian countries designed their developmental path on the premise that western democratic values were foreign and a luxury, which are unsuited for the promotion of development in Asia. However, it is not possible to ignore democratic values that got a universal recognition and consensus among different state and none state actors in the modern times. The issue of development is not an independent and neutral phenomenon treated in prior than other democratic and human right values and principles. This obliged countries advocating for a developmental state ideology to reframe it in a way that encompass democratic and human right values too.

Now a day it is not only countries having unitary form of state structure following a developmental state ideology, rather federal countries like Ethiopia are merging to this group. This raises a question as to the effectiveness of the ideology in a political culture that is completely different from its model countries and raises a fear that its basic features and underline principles may affect federal form of state structure. It is the principle of federalism that gives a considerable authority and a degree of autonomy to the sub national governments.

This puts the implementation of a developmental state ideology under question hence it demands a more centralized planning and a centralized organ to control the overall economic process.

It is not a single state with a highly devolved power exist in a federal form of government. There are two levels of government having different jurisdiction and power exist in a federal arrangement that, it is not a center-periphery relationship rather the existence of different centers having different power. Therefore, one level of government cannot order or influence the other level of government out of its constitutionally granted jurisdiction by the mere fact that it will help to facilitate economic growth.

It is the degree and area of state involvement in the economy that took the main issue in a developmental state scholarship. The size of the state matters the outcome of a developmental state ideology. The state shall either itself perform a specific function or support a private investment in the areas where state intervention is necessary. The areas of jurisdiction given to the federal or sub national governments are constitutionally fixed that federalism will limit the extent of state involvement hence the power to decide depends on the discretion of state having such power. Generally, giving unmanaged emphasis and priority to the developmental state and mere economic progress may affect the federal system by eroding the division of power and the reverse may put the implementation of a developmental state under question.

It is true that the design of institutions and their respective performance have a direct impact on the effectiveness of a developmental state. Many developmental countries design and organize different types of institutions that could fit their actual demand and practical circumstance. If a federal country chooses, a developmental state ideology to govern its economic, social and developmental objectives it may demand an additional institutional structure that enable to made a balance between them. IGR and its respective institutions come in a prior position among others to help to achieve such balance and even make them mutually beneficial.

IGRs are the best mechanism to help both the federal and sub national governments to coordinate and harmonize their developmental policies and strategies, which is highly demanded by a developmental state ideology. Unless the federal and sub national governments reach to consensus and took a common agenda towards development with its many forms, their efforts will be fragmented and puts the efficiency of a developmental state in question. It is only when

both levels of governments reach in consensus and understanding as to direction of their developmental policy that popular participation and mass mobilization becomes possible. It is difficult to build a nationwide project without the support and participation of the sub national governments. This can be achieved through mutual understanding and agreement between the federal and sub national governments than through coercion, hence IGR will help them.

IGRs and respective institutions are also the best forums to protect the autonomy of sub national units from the infringement by the federal government in areas of jurisdiction given as concurrent and framework power. The federal government may systematically bypass the the boundary of power in the areas concurrent and framework jurisdiction by enacting a detailed and specific legislations, policies and programs that will ultimately limit the scope of power of sub national governments. Through IGR, both levels of government may sit together and peacefully decide on the extent of power each level of government should have as per what the actual situation demands.

Coming to our country's experience it was since 1991 that Ethiopia experienced a federal form of government and latter affirmed by the FDRE constitution in 1995. By choosing, an ethnic based federal form of arrangement the constitution grants all sovereign power to the nations, nationalities and peoples of the country. The constitution grants every nation, nationality and people to have an unconditional right to self-determination, including the right to secession. The FDRE constitution after recognizing nine regional states without limiting the right to establish additional states for the nations, nationalities and peoples, it renders a wide range of powers on numerous areas to these constituent units of the federation. It is the power of regional states to enact and implement their own economic, social and developmental policies, strategies and plans. After recognizing this and many other mandate and power to the regional states solely or with the federal state the FDRE constitution fails to stipulate and give us any clue as to the issue of IGRs between the federal and regional states. This creates a hole for the federal parliament to enact many contested legislations over the area of IGR assuming this area as within the mandate of the federal government.

It is the demand of a developmental state that, either the core policy and program to be more centralized or at least it should not be fragmented like in a country having regional states with the power of policy and strategy making like Ethiopia. It is unconstitutional for the federal

government to impose its own economic and developmental policies and strategies over regional states of FDRE. Rather it is advisable to sit together and discuss about the possible policy choice and its implementation over areas that makes them common (esp. in the areas of shared and framework jurisdictions). This demands an effective, efficient and consensual institutional setup that will serve as a center of IGRs.

Nowadays it is a federal institution within a Ministry of Federal Affairs serving as a center facilitating and harmonizing IGRs between the federal government and regional states of Ethiopia. Appreciating the attempt of institutional based IGRs through the MoFA, its significance and efficiency will be under question compared with the nature of IGRs and its complexity. It is also questionable whether an institution established by the sole authorization of the federal government through its law maker is genuine enough to serve as a best forum for the interaction between the federal and regional states without partiality. It is a good attempt on the side of the federal government for doing its best to systematically enhance cooperation between the center and regional states through an institutional coordinator. However, this cannot be mentioned as a national forum that will best advance IGRs of the country, hence its form of establishment and method of operation did not satisfy their interest and guarantee an active participation of regional states.

Other than the MoFA there are other institutions and forums like the HoF and sector based interactions that can be mentioned as a forum to serve as IGRs between the federal and regional states in Ethiopia. Doubting as to its impartiality of the sector based interactions, hence it is practically a top-down approach and will fail to satisfy the core principles of IGRs that demands equal footing and bargaining power of the participants, it is still serving as a best mechanism for effective implementation of their plans in addition to coordinating their policies and strategies. Though it seems a better place and forum than other means' IGR in Ethiopia, the HoF is not legally and practically bestow with the affair of IGRs between the federal and regional states. This makes the house inefficient and ignorant of the big deal of federations, IGR.

It is through the deliberate and exhaustive use of the party channel and commitment that the federal and regional states of Ethiopia are facilitating their IGRs today. This enables the federal state to guide and impliedly lead the developmental and other policies and strategies of the regional states with little or no confrontation from the side of the regional states. It is true that

this form of IGR is unavoidable and helps them to easily coordinate and harmonize their developmental policies and strategies to the extent that a developmental state ideology demands. However, scholars are worried as to the countries dependence on party channel to facilitate IGRs between the federal and regional states. This is because it makes the autonomy and power of the regional states under question hence it is the top down and centralized decision making trend will overrun a specific concern of a regional state. It is also the party discipline and political commitment of the members comes first in EPRDF hence it will adversely affect the position of state representatives in their relation with the federal government that practically seen in the case of upward delegation of administration of land for investment to the federal government. Such type of trend will ultimately hinder regional states to articulate distinct regional interests and a viable political unit that can compete with the federal government in IGRs.

It is also true that a party based IGR is possible only when a single party continues in power over both the federal and regional states. This trend shall come to end for the future if the country and its political elites are committed themselves towards the realization of multiparty democracy and rule based federalism, hence it will come a time when a political party assume power in one or more regional states different from a party having power at the federal state. This will let the countries IGRs in vain that it will ultimately lead them to follow an independent path which is ultimately be a destructive move for both parties.

It was repeatedly said that the nature and type of IGR have a direct impact on the federal arrangement of a country. It is the position of the writer that the present status of IGRs in Ethiopia is not in a position to enhance and enable the federal structure outshine more due to its lacuna of establishing a strong, consensual and transparent institutions and guidelines. Looking from the perspective of a developmental state, even though the practical similarity on the area of emphasis and the choice of identical developmental policy and strategy in both federal and regional states seems positive in the short run, its consequence will be harmful and may endanger the federal setup in the near future if it continues unchecked.

Recognizing the role of systematic, rule based, effective and institutionalized IGR in addition to informal mechanisms (which is unavoidable) of IGR, to enable regional states to participate and decide over national developmental or any other policies and strategies that ultimately affect them, its deficiency will hinder their role and ultimately affect their interest. This is what

happened practically in the design and inauguration of a national developmental plan, GTP in Ethiopia. Even though, this document exhaustively deal on many areas including those that fall under the jurisdiction of regional states their participation is insignificant. Appreciating the optimistic view of the government towards achieving an overall developmental progress in the country within short time (which is reflected in the five year GTP document), it is not possible to pass without questioning the move of the federal governments' ignorance of due consultation and participation of regional states during the preparation of the document. The federal government should not be also tolerated in enacting detailed and specific plans over numerous areas (not only on seemingly shared areas but also over those vested to the regional states) under the guise of a developmental demand of the country. By doing so, the federal government seems to forget the constitutionally guaranteed scope of power of the federal and regional states of the country.

## **Recommendations**

The federal form of state structure and its subsequent arrangements of power sharing through self-rule have a global recognition around political analysts. The Ethiopian federal form of state structure with its shortcomings captured the attention of scholars for its promise of relative peace, satiability and tried to enhance the democratic culture of the country by promoting the autonomy and self-administration of the nation's nationalities and peoples. Therefore it is the duty of all citizens, organs of state, political organizations, other associations as well as their officials to obey the constitution and its enshrined principles that, the federal state structure of the country is among one.

It is the duty of the government to carefully choose the economic, social and developmental policies and strategies that best advance the interest of the country and its people. In transplanting different developmental policies that are proved effective in other countries and nations, main emphasis should be given how to make them fit the actual situation of the country. In choosing a developmental state ideology as a national policy to enable to achieve the national and international developmental goals of the country the government should take due consideration not to jeopardize the federal arrangement and the power sharing between the federal and regional states of the country.

In implementing a developmental state ideology in the Ethiopia's form state structure, federalism, it is advisable to give emphasis to the IGR between the federal and regional states of the country. Using IGRs effectively and constructively may not only support the implementation of a developmental state in Ethiopia's federal arrangement of state structure but also it enhances and supports the countries federalism to mature best.

To enhance the system of IGRs of the country and enable to serve both sides constructively (the autonomy of regional states and the implementation of developmental state) it is better to set binding and consensual guidelines for its functioning. In doing so, giving constitutional recognition and framework to the countries IGR system will help much like other matured federations around the world.

It is true that, facilitating all IGRs through a single institution is difficult if not impossible. However, the demand of a charismatic institution to supervise and coordinate the issue of IGRs

from the above shall not left for tomorrow. Such type of institution shall be established through the effort of both federal and regional member states through independent but mutual and consensual agreements.

It is the interest of federalism in general and the demands of regional states in particular to make regional states of the country to be an active participant and stake holder in the process of designing a national economic, social and developmental policies of the country. This is mandatory especially in the areas where is no clear demarcation of authority and power (shared and concurrent jurisdictions) between the federal and regional states. Therefore, it is the position of the writer that regional states of Ethiopia should have given a chance of being a member and stakeholder in the designing of major developmental policies like GTP, in the future. It is also the demand of a developmental state to have an overall cooperation and mutual support between the federal and regional states for its best implementation. Therefore, both the federal and regional states of the country have expected to sit and agree together from the designing to the implementation of social, economic and developmental policies of the country.

Settling most of IGR issues through the party channel will have an adverse impact on the autonomy of regional states of the country and put a dark shadow on the countries hope of the road to democracy. Therefore, the government shall open its eyes towards other means's of IGRs and play its role of putting the federal state structure in a stable ground. This can be made possible through the institutionalization of the regime of intergovernmental relations to enable the cooperation and mutual partnership of the federal and sub national governments on matters shared between them. Therefore, institutionalizing IGR in a way that will advance the active participation and decision-making ability of the regional states is strongly advisable.

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