

Addis Ababa University
College of Social Sciences
Center for African and Asian Studies

Africa in Search of “True Federalism”: A Comparative Assessment of the Norm and Practice of Federalism in Ethiopia and Nigeria.

By: YohannesTeressa

Advisor: DechassaAbebe (Ph.D)

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Declaration

I YohannesTeressaGeleta do hereby declare that this thesis is original, except as acknowledged in the text, and that the thesis has not been submitted, either in whole or in part for a degree at this or any other university.

YohannesTeressaGeletaSignature..... Date.....

Herewith, we approve the thesis submitted by YohannesTeressaGeleta

Advisor:

DechassaAbebe (PhD) Signature..... Date.....

Examiners:

ZerihunBerhane (PhD.) Signature.....Date.....

AlemayehuGurmu (PhD.) Signature.....Date.....

Abstract

Federalism as a normative concept has two important aspects: self-rule for certain purposes and shared-rule for others with a view of accommodating and promoting distinct identities within a larger political union. The quest for self-rule and shared-rule gives rise to centripetal and centrifugal forces. The delicate balancing of these opposing forces is the real challenge of a truly federal exercise. Given the wide ethno-cultural diversities in African countries, it is surprising that only a few countries on the continent have so far opted for federalism. Among these few countries are found the Federal Democratic Republic of Ethiopia and the Federal Republic of Nigeria. In this thesis, the federal exercise in these two countries have been comparatively examined with a view of finding out the convergences and divergences exhibited in their federal exercises in light of classical theories of federalism. Towards the attainment of this objective, the thesis seeks to answer wheatear and if the federal exercises in the two countries are in par with the tenets of federalism, how their exercises in federalism have impacted the socio-economic developments of the countries and what corrective measures, if any, should they take to fine-tune their ventures in federalism. The methodological approach of this study is qualitative. The main objective of the study being achieving an in-depth understanding of the federal exercises in the two countries by reviewing pertinent literature, this approach is followed. The study has established that, finding the right balance between the centripetal and centrifugal forces and forging a sustainable federal system has been a real challenge in both countries. In spite of their circumstances of extreme diversities, both countries have accumulated political powers and financial resources at the center at the expense of the regional governments. These facts have not only impeded their attainment of tangible socio-economic development but also forced many to question whether and if the countries can truly be considered federal at all. Having considered the problems in the federal exercises of the two countries this thesis recommended that if the countries are to materialize any meaningful socio-economic development and ensure sustainable peace and security for their people, then, they should realign their modus operandi (norm and practice) in line with the classical theories of federalism by truly decentralizing political power and fiscal resources in a way that empowersthe regional governments.

Key Words: Federalism, Centralization, Development, Security, Self-Rule, Shared-Rule.

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Lists of Acronyms & Abbreviations

AfDB	African Development Bank
BTT	Bertelsmann Stiftung's Transformation Index
CPI	Corruption Perception Index
CTT	Capital Transfer Tax
DFID	Department for International Development
DLDP	District Level Decentralization Program
DTM	Displacement Tracking Matrix
EFFORT	Endowment Fund for Rehabilitation of Tigray
ENEB	Ethiopian National Election Board
EPRDF	Ethiopia People's Revolutionary Democratic Front
ESM	Ethiopian Students Movement
FBG	Federal Block Grant
FDRE	Federal Democratic Republic of Ethiopia
FRN	Federal Republic of Nigeria
GDP	Gross Domestic Product
GNP	Gross National Product
GPI	Global Peace Index
HDI	Human Development Index
HoF	House of Federation
ICG	International Crisis Group
IFF	Illicit Financial (Capital) Flight
IGR(s)	Intergovernmental Relation(s)
IMF	International Monetary Fund

IOM	International Organization of Migration
METEC	Metals and Engineering Corporation
MIDROC	Mohammed International Development Research and Organization Companies
MoFEC	Ministry of Finance and Economic Cooperation
MoFED	Ministry of Finance and Economic Development
NDA	Niger Delta Avengers
OLF	Oromo Liberation Front
ONLF	Ogaden National Liberation Front
PMAC	Provisional Military Administration Council
SDGs	Sustainable Development Goals
StAR	Stolen Assets Recovery Initiative
TGE	Transitional Government of Ethiopia
ToT	Turnover Tax
TPLF	Tigray People's Liberation Front
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
USA	United States of America
USD	United States' Dollar
USSR	Union of Soviet Socialist Republics
VAT	Value Added Tax
WFP	World Food Program

Chapter One

Introduction

1.1 Background of the Study

The subject matter of the study being federalism as a system of governance, it would be logical if we begin by looking into its essence. Like many other concepts there is admittedly some difficulty in defining federalism. By looking into the practices of older federations, federalism can be defined as a form of government in which sovereignty or political power is divided between the central (federal) government and the regional and/or local governments. Each tier of government within its own sphere is independent of the other (Paleker, 2006.) Consequently, citizens of Federal countries, have political obligations to at least two authorities. The allocation of power between the governments can vary from one country to the other. However, one fact that applies to all federal countries is that no one tiers of government can unilaterally alter the power delimitation as they are sanctioned by a constitution (Onah, 2006.)

Federalism as a field of study simultaneously deals with fundamental moral questions and amoral matters of fact issues (Burgess, 2006.) The moral basis to federalism emanates from certain inherent issues such as respect, tolerance, dignity, and mutual recognition of the federated communities. The amoral aspect suggests that no such qualities are inherent in federalism at all and that it is nothing more than a particular constitutional and/or political technique for achieving certain overarching goals such as territorial expansion or economic benefit and security (Ibid.) Federalism, as a governance system, provides the most appropriate mechanism for accommodating the increasingly “multicultural” nature of modern societies. It helps in balancing the desire of groups of people to remain autonomous by retaining their cultural distinctiveness on the one hand and the need for acknowledging the fact that these groups are not self-contained and isolated. Rather, they are increasingly and inextricably bound to each other due to modernity imposed political and economic interdependence (Dimitrios & Wayne, 2005.) In all federations there are always vertical and horizontal inter-governmental relationships. In fact, their capacity to effectively discharge their responsibilities is enhanced by the constitutionally sanctioned relationships between them. For example, the Federal governments’ responsibility of ensuring national security is augmented by the regional governments’ (states) law enforcement organs.

Similarly, the regional states' capacity of providing education and health facility for their residents is affected by the grant from the federal government (Ibid). These will be discussed in detail in the thesis.

Federalism as a system tries, to keep at least two tiers of government, working jointly and severally, on same people and similar territories. In doing so it needs to strike a delicate balance so that each tier of government exercises its mandates and responsibilities without undue interference by the other. The independence of the governments gives assurance for the proper functioning of the federal arrangement (Elazar, 1991.) The powers of the governments can be identified as: legislative (law making) powers, executive (enforcement) powers, taxation (revenue collection) powers, expenditure (making use of public funds) powers and concurrent (Commonly exercised) powers.

Today, some twenty-five countries that are home to forty percent of the world population are federations (Dimitrios& Wayne, 2005). There are a number of reasons for which more and more countries are following federalism. Federalism provides solutions wherein societies can practice shared-rule and self-rule at the same time. They use shared-rule for purposes of their common concern and self-rule for purposes of regional (local) concern. Federalism is also viewed as a means to solve ethnic and other conflicts in a given society (Ibid.) Formerly, it was believed that globalization and economic development would diminish the impact of diversities in the form of ethnicity, language, religion etc. on social life. In actual terms, however, these factors reinforced diversity. In situation wherein diversities are gaining momentum and tensions between those who want to maintain *status quo* and those who want to restructure the society, are on the rise, federalism presents itself as a compromise that can hold both interests (Elazar, 1991.)

Ethiopia was particularly known for being a highly unitary polity from the times of Emperor Haile Silassie. Haile Silassie reigned long after Emperor Minilik died. Although their impact in shaping the Ethiopian politics was by far minimal in comparison with the two emperors, LijIyasu and Empress Zewditu were also reigned for relatively shorter periods between the death of Menelik and reigning of Haile Silassie . Emperor Menelik was arguably¹ the founding father of

¹Arguable because some authors claim that even before the incursion of Minilik's army into the southern part of the country and the subsequent formation of present day Ethiopia, there were people to people relationships among the

the Ethiopian empire state. This unitary mode of the country's governance came to an end with the overthrowing of the Derg² by the Ethiopian People's Revolutionary Democratic Front (EPRDF), a coalition of four ethnic based political parties. For reasons that will be expounded on in the thesis latter on, this writer believes that, by far, the most outstanding causes for the demise of the Derg were its insistence on the unitary policy against the obvious self-rule demand of various groups and its intransigence against negotiated settlement of political problems.

The Derg's regime came to power in 1974 on the back of the 1960s and 1970s Ethiopian Students Movement (ESM). The ESM had two main quests which, according to the movement's leaders, were the fundamental impediments for the socio economic development of the country in general and the equality of all its socio cultural groups in particular. Accordingly, the ESM called for cessation of the Melkegna (Balabat)-Gebar land tenure system³ which was the linchpin for the exploitative and inhuman relationship between the land lords, who were, usually, members of the royalty or those who are related to them, on the one hand, and the poor mass whose land was forcefully taken away and were made to serve the former as serfs (gebar), on the other, was the first. This was pursued under the famous slogan of the time that runs as "land to the tiller" (Merara, 2003 (a)). The second, and most important, demand of the ESM was the rectification of the biased and unfair inter-cultural relationship that existed between the various ethno-cultural communities in the country. The contention was that the government which was a highly centralized one unduly benefited the culture and language of the communities in the North, specifically the Amharas and to a lesser extent the Tigreans by imposing them on the various cultural groups in the South, in effect, endangering their right to exist as distinct people with all their culture and language respected (Assefa, 2009.) The Derg, tried to address the land question, by enacting a law that enabled it to confiscate all private land holdings and made them

various communities living in the region. These inter-communal relationships find expression in the cultural and economic ties between the various communities (Assefa, 2009; Asres, 1958).

² The Derg's official name was the Provisional Military Administrative Council (PMAC.) It consisted of a largely anonymous group of 120 young officers and soldiers. It was established to remove the Haile Silasie monarchy from power following sustained mass protests.

³ The land tenure system was essentially a phenomenon that was known and applied only in the Southern parts of Ethiopia. It became prevalent after the conquest by Minilik's army. It proved to be an unjust and harshly exploitative system which privileged some and deprived others. It exposed the tenants (Gebars) to the unbridled whims of the land lord. The tenant (Gebar) could be evicted at any moment; rent paid by the tenant (Gebar) ranged from one-fourth to two-thirds of his produce. On top of these all, the tenant (Gebar) was expected to bring honey and sheep to the land lord on major feast days, assist in building the land lord's house, mend his fences, and serve as porter, messenger and escort. These and the likes of such abuses roused the students to demand land reform. (AberaYemaneab 2016.)

property of the state (Gebrehiwot,2015). This effectively left the nationalities issues,⁴ which were the quest for equality, respect and self-governance, unresolved.

The failure in addressing them became a *raison d’etre* for the emergence of political movements that demand for either equality or secession of their regions such as the Oromo Liberation Front (OLF) and the Tigray Peoples’ Liberation Front(TPLF), the Ogaden National Liberation Front (ONLF) to mention some. The emergence of such type of political movements, laid fertile ground for the mushrooming of many other ethnic based political parties following their footsteps a development that led to intractable and destructive civil war in some quarters of the country mainly in Eritrea and Tigray for the next seventeen years (Assefa 2009; Gebrehiwot, 2015.) Forced by the wars, the Derg belatedly tried to address the question of nationalities by forming five autonomous and twenty-four administrative regions (Assefa, 2009.) The five autonomous regions were: Eritrea, without Afar inhabited areas, Assab for the Afars, Tigray, Diredawa for the Isas, and Ogaden (Assefa 2009.) The newly formed regions divided many of the larger nationalities, notably the Oromos, the Amharas and the Somalis over a number of regions. Thus, it did not in full address the ethno-cultural groups’ quest for self-rule.

Nevertheless, it can safely be argued that, the Dergue’s regional structure most noticeable legacy was the formal recognition of the nationalities quest for self-rule (Assefa 2009.) This being the case, owing to the excessively centralized tendency and constant interference of the Dergue, the newly crafted “autonomous” regions, themselves, could not exercise their administrative mandates as per the legal stipulations. So, it did not help in stopping the wars that were raging in the country (Mengistu, 1988.)

When the EPRDF took power by overthrowing the Derg, a national conference was convened in Addis Ababa. The conference was concluded by the signing of a transitional period charter. The signing of the charter, in clear departure from the trend, heralded two distinct political developments. These were: the choice of ethnicity as a basic principle of political organization of the state and the introduction of a federal system of government. Following the adoption of the

⁴ In this thesis the expressions “nationalities”, “ethno-cultural groups” and “Ethno-national groups” are interchangeably used. They refer to the definition of “nation, nationality or people” conveyed under article 39 (5) of the FDRE constitution. The constitutional definition runs: “ A “Nation, Nationality or People” for the purpose of this constitution, is a group of people who have or share a large measure of a common culture or similar customs, mutual intelligibility of language, belief in common or related identities, a common psychological make-up, and who inhabit an identifiable, predominantly contiguous territory.”

transitional charter, the Transitional Government of Ethiopia (TGE) established a constitutional commission to prepare a draft instrument for submission to the specifically elected constitutional assembly.⁵ Unfortunately, however, by the time the draft was submitted to the constitutional assembly many political parties did withdraw from the TGE. They blamed the EPRDF for tactfully pushing them out of the political process. Thus, the process of ratifying the constitution largely fell under the influence of the EPRDF. The draft constitution was so ratified by the constitutional assembly and came into force on August 21, 1995.⁶

Accordingly a federal government and nine states (regional governments) were established and accorded constitutional recognition (Assefa, 2009 (a); Alem, 2004.)⁷ Some scholars argue that there were, at least, three pressing reasons that led to the adoption of the constitution in that form. These were *inter alia*: a) the urgent need for disarming the armed ethno-nationalist groups (fronts) and the urge to takeout the military option as a solution to political problems.⁸ Hence, it served as an instrument of brokering truce in the post conflict Ethiopia. b) To address the long overdue quest for ethno-cultural justice. In fact, the recognition of the right to self-determination, and the fair representation in the power at center had buoyed many political actors with hope. c) To engender broader accommodation and deeper recognition of diversity. In spite of these expectations, and nearly three decades of federal constitutional exercise, there is no consensus among the people in general and the political elite, in particular, if the federalism put in place has effectively addressed the aspiration of the people for self-rule, peace and economic progress.⁹

⁵ The process of transition from a unitary to a federal system was undertaken under two consecutive and interrelated phases. Namely, the transitional period (1991-1995) and the period after the adoption of the 1995 FDRE constitution (1995- to date.)

⁶ The whole process of the making of the 1995 Constitution was principally guided by the provisions of the provisional charter (that preceded the Constitution) The transitional charter provided the council of representatives shall constitute the constitutional commission to draw up a draft Constitution and submit same to the Council of Representatives. Upon adoption of the draft constitution by the Council of representatives it shall be presented to the people for discussion. The final draft shall be presented to the Constituent Assembly for adoption. The Transitional Period Charter Articles 11 & 12.

⁷ The constitution distributed governmental powers between the two entities. Required them to respect one another and provided them full autonomy with regard to the powers accorded to them.

⁸ A point that shows the urgency of disarming is to be seen in the fact that immediately upon the downfall of the Dergue a national conference was undertaken. Participants were, among others, representatives of twenty-seven political movements and armed groups.

⁹ Proponents of the federalism argue that the system has ushered the country into a new era of democracy and inter-ethnic equality. They assert that it promotes accommodation, self-rule, harmony and co-existence among the various ethnic groups. The opponents on the other hand argue that by encouraging a primordial notion of identity it promotes secessionism and exposes the country for endless conflicts (Zerihun and Samuel 2018.)

The root of federalism in Nigeria, on the other hand, is to be found in the very process of colonialism by which the country came into being. Without colonialism it is doubtful if Nigeria would become a federal state. According to (Alewo, 2017) Nigerian federalism is as much a British creation as Nigeria herself. The Nigerian federal exercise evolved through three principal phases. The first phase covers 1900-1950. During this time, the first British commissioner in north Nigeria, colonel Lugard, introduced “indirect rule”. It was a system of governing the natives through the instrumentality of their traditional rulers. Native laws and customs were allowed to apply provided that they were not repugnant to natural justice, equity and good conscience and are in line with the written laws and public policies put in place (Ibid.) In 1914, Lugard amalgamated the North and Southern parts of Nigeria. This is the time of enactment of the so called “Lugard’s Constitution.”¹⁰ His aim was the unification of the country. He continued governing the whole country through indirect rule. It was taken as the most effective means of catering for the peculiarities of the various component ethnic groups with additional benefit of lower administrative cost. In actual terms, however, the entire country was administered as a unitary state. The local administrators were simply implementers of the policy prescriptions of the British. There was little they could do outside the policies of the colonialists. Nevertheless, some people argued that, Nigeria of the time could not be considered a unitary state, for there were some traits of federalism during this period. They base their argument on the fact that the regions were being administered by fellow clan’s men. However, as the local leaders did not wield any real power that enabled them to decide on their own, it was effectively unitary governance.

The second period runs from 1951-53, in Nigeria, this period is referred to as era of quasi federalism. There was considerable devolution of authority and powers to the sub-national units. But political relations among them were rather inauspicious. Due to divisive political rivalry which gave a sharper edge to the divergences that were initially cultural and ethnic. The emergent regionalism that arose underscored the presence of dual nationalism and ethnic parochialism. These circumstances necessitated an urgent solution to contain these conflicting

¹⁰ It has to be noted that following this constitution, Clifford’s Constitution of 1922, Richard’s Constitution of 1946 and Macpherson’s constitution of 1951 were enacted. All named after the chief governors of the time. However, the period 1914-1950 in a nut shell was dominated by tribalism and regionalization of politics. All the political parties in the country emerged out of ethno-cultural organizations and more often than not emphasized differences rather than similarities of the Nigerian peoples. (Alewo, 2017.)

claims by providing an appropriate governmental system which could guarantee compromise. The third phase (1953-54) brought about adoption of federalism in Nigeria whose political institutions have progressively developed. Hence, one can safely surmise that Nigeria's exercise of federalism began in 1954 under the tutelage of the British colonialism although, as will be discussed in detail in chapter three of this thesis, the federal exercise has undergone significant changes ever since.

Particularly, by the time of its independence in 1960, Nigeria, adopted federalism as a compromise to help the country avoid the prospect of disintegration or piecemeal independence from the British rule. Some contend that it was more an imposition of the British themselves to appease the agitation of the North that were eager to go independent alone than the interest of Nigerians (Oyediran, 2008;Oyeneye, 2001.) One fact that is obvious regardless of the various procrastinations given as reason for adoption of federalism upon the country's independence from the British is that Nigeria's federalism was not arrived at through social contract or plebiscite. It was a product of bargain among handful political elites at the pre independence constitutional conference in London (Majekodunme, 2015.) This makes the Nigerian experience starkly different from the case in Ethiopia where, as discussed above, the process went through a number of interrelated stages of establishing a transitional government led by transitional charter followed by constituting of a constitution drafting commission set by Council of Representatives and then culminated by the approval of the Constitution Assembly.

According to (Oyediran, 2008;Oyeneye, 2001) regardless of the fact that it was a handiwork of few political elites, the factors that militated for the adoption of federalism in Nigeria upon attainment of independence from the British were: 1) heterogeneity of the people in language, culture and religion: Nigeria was made up of diverse ethnic groups, religions, customs, traditions and languages. These diversities were a problem to the operation of a unitary system. The peoples, therefore, opted for federalism which would enable them preserve their identities. 2) Land size and population: The country is too large both in terms of territory and population number to be governed by a unitary state. Thus, the administrative convenience of federalism was beyond question. 3) Colonial legacy: The Nigerian people had different administrative practices owing to the British colonial principle of indirect rule which permitted every region to preserve its cultural and traditional practices distinct from those of the other regions.4) Economic

factors: Natural resources of various types are scattered in all the regions. Thus, the regions were better united in a federation so that they can make the most use of these natural endowments for their mutual benefits and rapid economic development. 5) Fear of being dominated¹¹: The various ethnic groups were suspicious of one another, particularly, the major ones like the Yoruba, the Igbo, and the Hausa-Fulani. On top of this, the minority groups were also fearful lest they become dominated by the major ones. Federalism, therefore, offered them the possibility of self- preservation for all ethnic groups.

Having these political, economic and social realities in the two countries as background, this writer opines that a research that assesses the practice of federalism in the two countries will come up with helpful recommendations that could be taken as useful feedbacks for future endeavors in the direction of improving the federal exercises with the intention of making them more workable, productive and satisfying for the communities of the countries under study.

1.2 Statement of the problem

Ethiopia, as a country has come through tough times. Its problems are of various shapes, and natures. It ranges from being unable to provide its citizens with basic necessities such as food, sanitation, education, health; housing etc. to becoming one of the most unsafe countries to its citizens. According to a report by International Organization of Migration (IOM) as of July 2020 there are about 1.8 million internally displaced persons in Ethiopia. Out of this IDP population, 1,233,557 are victims of conflict induced displacement.¹² The remaining are displaced by drought and floods. The figures attest to the fact that inter-communal conflicts on the rise in the country(Zerihun and Samuel 2018).¹³ It has to be remembered that the above figures are only moderate estimates as other sources put it at much higher. For example, Africa news magazine in its May 2019 edition put the figure at about 3.2 million. The ongoing military confrontation

¹¹ Many authors claim that the fear of one ethnic group of being dominated by another one was a creation of the British divide and rule policy. A policy primarily aimed at undermining cooperation among the various ethnic groups that could have led to a more unified and stronger resistance against the colonial power (Nnoli, 1978.) However, one cannot conclude ethnic mistrust (rivalry) to be a sole creation of colonialism in Nigeria as there were ethnic tensions even before that. Rather colonialism embedded it in Nigerian political psyche since then (Mbao, 2014.)

¹² According to the Displacement Tracking Matrix (DTM) (2019), report Ethiopia is one of the leading countries in IDP population. The report identifies communal conflict as the prime cause of the problem.

¹³ If we look into the data of conflict induced IDPs for the recent three years, the gravity of the problem would be very clear. By 2017 there were 670,999 IDPs, in 2018 another 187, 592 were additionally displaced and by 2019 the figure soared by another 1,431, 682 IDPs (Yigzaw&Abitew 2019)

between the federal government and the regional state of Tigray in North Ethiopia is expected to swell up the problem. Although Ethiopia has been exercising federalism, for nearly the last three decades, many of the communities whose quests were so thought, to have been addressed, still demand for genuine self-governance rights. The rise in inter-communal conflicts could partly be attributed to these dissatisfactions.¹⁴ Owing to this lack of peace, the economic gains that were accrued for the last ten or so years are fast evaporating making the future look very bleak for its people.¹⁵ Thus, at this particular moment in time, it would be mandatory to identify causes of the malaises, and look for possible cures.

Some scholars opine that one of the causes and the major one at that, of all these debility is the lack of observance for the constitutional order. The delicate balance the constitution set between the two tiers of government, (federal government-regional governments IGR) arguably is not properly observed. They further contend that what is being manifested in Ethiopia is exercise of unitary governance under the guise of federalism. This, they assert, destabilized the societal interdependence which is supposed to be mutually beneficial and created an atmosphere of doubt and mistrust. Other scholars, however, argue otherwise; their contention is that the main cause of the problems lies not with the lack of implementation of the constitution, but rather, the constitution itself. As ethnicity was made the basic criteria for state creation by the constitution, it inculcated animosity and mistrust among the various ethnic communities of the country. Thus, the solution for the problem is to be found in the total annulment of the current constitution at best or its amendment at worst. This writer submits that the polarization of opinions in relation to the current constitutional order being a deep-seated one, it might necessitate conducting of constitutional referendum if the country is to enjoy sustainable peace and economic development.

It is also a known fact that the country aspires to be one of the lower middle income countries by 2025. Moreover, it is expected to meet the sustainable development goals (SDGs), as set by the

¹⁴ There are various types of ethnic conflicts (reasons for the rise in ethnic conflicts): Conflicts induced by demand for recognition as distinct ethno-national group, conflicts that emanate due to being put in one or the other federal state, intra-regional conflicts in regions that house more than one ethnic group, conflict between titular and non-titular groups. Some scholars argue that the reason for the rise in ethnic conflicts is the implementation of ethnic federalism (Zerihun and Samuel, 2018.) Others contend that the ethnic based federalism is the right solution to reduce inter-ethnic conflicts and abate secessionist tendencies (Andreas, 2003.)

¹⁵ Ethiopia has experienced sustained growth of about 10% per year over the last decade. In 2019 GDP growth was at 7.4. For the year 2020 it is expected to decrease to 7.2 and for 2021 reduce slightly to 7.1. (IMF 2020)

international community. Above all these, if the country is to continue as a viable political entity it has to address the long standing quest for development of its people which according to World Population Review 2021 the current estimates are about one hundred and eighteen million, and provide them employment and basic services. Studies indicate that(Smoke, 2003) many of the investments to achieve the sustainable development goals are better undertaken at the (regional) state level as they have better access to local preferences and, consequently, have an informational advantage over the federal (central) government. It is also believed that, such a decentralization of revenue and expenditure powers can ameliorate efficiencies by fostering stronger accountability(Monsse and Ivohasina,2015.)

Under the normative framework of the Ethiopian federalism, the states are responsible for state wide planning, execution of a range of public services, infrastructural investment and maintenance among others. It goes without saying that Ethiopia, as a country, suffers from big gaps in public service provision and availability of basic infrastructure essential for attainment of the targeted development goals. The need for these public goods keeps on surging with the population growth and the fast expansion of urban centers. Owing to their relative proximity to the society under their jurisdictions, it is believed that, regional states have better potential and motivation than the federal government in responding to the needs of the society. Thus, the proper implementation of federalism in its true sense seems to be an inescapable duty of the country.

Coming back to the case in Nigeria, in spite of exercising federalism since 1954 it still suffers from a range of political social and economic malaises. There are many unresolved issues in the exercise of federalism in contemporary Nigeria. The problems range from over concentration of power at the center (federal government) to corruption, bad governance, favoritism and nepotism. Currently poverty rate and unemployment is on the rise in Nigeria. Inflation is also a daunting challenge (Nkwede, Dauda and Orija 2018). Out of the 184,635 million population about 110 million were poor and two tenth of this figure were in extreme poverty. About 14.2 % of the population is unemployed (Ibid.) On top of this, insecurity and political instability are constant features of the country. Issues such as electoral violence, ethnic agitation for state creation (resistance against marginalization) are some of the causes for political instability. The insurgent attacks by Boko Haram, the Fulani-herdsmen conflict, bombings and military attacks

in the south regions portend dangers to the process of nation building, political stability and national cohesion (Ibid.) Particularly, the poor implementation of the Federal Character principle is one of the factors contributing toward this state of affairs¹⁶.

Nigeria being home to people of diverse ethnic, linguistic, religious and cultural backgrounds, the agitation for political power among these groups, and political parties mostly leads to ethnic conflicts. Revenue allocation in the Nigerian federation is another source of conflict. The current issue of the NDA (Niger Delta Avengers) who seek secession from Nigeria and take violent measures such as bombing of pipelines and vandalizing of public properties is a showcase of this fact (Ukwai&Anam, 2017.)

In its sixty years of independence the country could neither forge national coherence and integration nor addressed the urgent issues of poverty, inequality, identity conflicts and popular democracy. Nigeria's internal organization is rigidly stratified. Throughout its history Nigeria has been held together in artificial unity more by coercion than by the consent of its people. It is indeed disheartening that (Doma, Shat and Shigaba, 2017) assert Nigeria operates a federal system only on paper, for the federal government has always assumed superiority over state governments and the relationship is one of master and dependent. They conclude that, this state of affairs made attainment of socio-economic development much difficult in that country.

Other scholars also subscribe to the above assertion. (Ajasin, 1992; Odisu, 2015) contend that Nigeria only operates Federal system on paper. Real federalism never existed in Nigeria. Their reasons are not farfetched, the federal government ever since the intervention of the military into politics has always assumed superiority over the Regional governments (states). This gave the Nigerian federalism two distinct features of military federalism as opposed to civil federalism. As explained above, in essence, Nigeria emerged a federation in 1954. The 1954 constitutional order, the first federal experiment for the country, was cognizant of the heterogeneity of Nigeria (Omoregie, 2015.) It recognized both the national and regional governments as independent and coordinate. The power sharing between them truly reflected

¹⁶ The Federal Character Principle is one of the federal principles adopted in Nigeria to prevent the predominance of persons from few states or ethnic backgrounds in public bureaucracy or political governance by establishing equitable representation. In Ethiopia too, efforts were made to ensure equitable representation of the various ethnic groups in political appointments. Some oppose to this approach labeling it as anti-meritocracy and main reason for the poor and unprofessional performances of government bureaucracy.

this. Regions were fully autonomous to collect their revenues and paid agreed royalties to the national government (Falae, 2017.) Every region had its own constitution. This had facilitated Nigeria's development endeavors. It prevented accumulation of political power at center.

However, the military's adventure into the Nigerian political space by virtue of unification decree number 24/1966 threw away this cooperative federal system and replaced it with an over centralized political structure that has plunged the country into its current socio-political and economic debacle. According to (Oni and Olumuyiwa, 2018) this was not unexpected for the military institution itself is characterized by unity of command, concentration of authority and hierarchy of relations, all qualities inimical to true federal political order (Ibid.)¹⁷

Therefore, the future of Nigeria lies only in one direction that is true federalism together with fiscal federalism and resource control by the owners of the resources. Some Nigerian scholars propose that the states must be given economic power to carry out their increased political, social and economic responsibilities. Until that is done, they further argue, that there will always be the search for alternatives like the BokoHaram to the Nigerian State (Ola, 2017.)

1.3 Research Questions

This study deems to answer the following questions:

- What deficits, if any, do the federal exercises in the two countries have in light of the theoretical basis of true federalism?
- What are the consequences of these deficits on the overall political, social and economic development of the countries?
- What corrective measures could be taken to enable the countries benefit from the exercise of federalism?

¹⁷ There are scholars who support the move of the military into Nigerian politics. They argue that the military takeover was necessitated to check the drift toward anarchy and disintegration. The manipulation of ethno religious factors for political goals had become serious centrifugal force which threatened the corporate existence of the nation. The coming of the military was, therefore, widely acclaimed as a solution for the problem of nation building.(AjayiAdegboyegaIssac, 2013.)

1.4 Objectives of the Study

The study posits to assess the structure and application of federalism in Ethiopia and Nigeria.

The specific objectives are:

- a) To assess the merits of true federalism in ensuring sustainable peace and development of the two countries.
- b) To investigate the causes that hampered the two countries from attaining sustainable peace and economic development regardless of their being in federal exercises for relatively long time.
- c) To identify challenges that needs to be addressed so that the countries can fully benefit from the merits of federalism.

1.5 Scope of the Study

Federalism, as alluded to herein above, is a constitutional mechanism that divides powers between various tiers of governments the major tiers being the federal government, the states (regional governments) and the local governments. In this thesis, focus will be had only on the powers and responsibilities, of the two major tiers of government, namely, the federal government and the states (regional governments) and their *de jure* and *de facto* relationships. Although the Nigerian constitution extends recognition to local governments as well in addition to the federal and regional governments unlike the Ethiopian constitution that recognizes only the federal and regional governments, for the purposes of this study only the issues pertaining to the federal governments and the regional governments will be assessed.

1.6 Limitations of the Study

Due to constraints in time and necessary resources, the intergovernmental relations (IGR) between the federal government and each and every regional state of the two countries are not separately discussed. It has to be remembered that, the two countries have about 46 regional states in between themselves. Thus, each federal structure is studied as one whole. Similarly, the relationship among the regional states (horizontal IGR) is not part of this study. These facts might, to some extent impair a holistic look in terms of both vertical and horizontal IGR.

Additionally, owing to limitations in resources and time, collection of primary data from the study areas was impossible. Hence, the study is wholly based on analysis of secondary data and expert interview. The secondary data include, books, journals, official documents and unpublished research works.

1.7 Rationale of the study

Ethiopia is a country that is home for people that come from diverse ethnic and linguistic backgrounds. As pointed out earlier, the country adopted an ethnic based federal constitutional order in 1991. Federalism was hoped to give answer to the long standing question for self-government of the various nations and nationalities (ethno-national groups) in the country. As mentioned above, and also as (Markakis, 2003) rightly asserted this form of federalism was necessitated by the popular struggle that used to be waged against ethno-linguistic domination in Ethiopia since the 1960s.

Accordingly, at the time of the ratification of the constitution there were nine regional states. With the addition of the Sidama National Regional State in 2019, now the figure stands at ten. The main basis for forging the states is ethno linguistic criteria, in a bid to address the quest for self-rule. Nevertheless, despite near thirty years of experience in federalism, on the one hand, still there is demand for genuine self-rule which is a subject of heated debate in political discourses of the country and on the other; there are calls for wholesale revocation of the constitutional order citing it as a precipice for its disintegration.

In a similar vein Nigeria, one of the multi ethnic nations of Africa is exercising federalism since 1954. The country's federal dispensation was meant to ensure the right of self-rule for the diverse ethno-linguistic groups. Thereby, it was expected to secure the peace and prosperity of the entire nation. However, this expectation could not be materialized. In fact the country is increasingly known for conflicts of various natures and magnitudes.

The problems in both countries are directly or indirectly related to the implementation (according to some) or lack thereof (according to others) of the federal system. However, it is largely believed that the social, political and economic maladies that befell the countries could be corrected by implementing federalism in its true sense. Federalism that truly meets the aspirations of the people. This thesis seeks to identify the problems pertaining to implementation

of the federal system in both countries and will try to come up with recommendations for the betterment of their futures.

1.8 Significance of the Study

Federalism is largely believed to be a suitable form of governance for countries with diversity such as those in Sub-Saharan Africa including Ethiopia and Nigeria. This study comes at such a high time when, in spite of the growing calls for more African countries to adopt federalism as a system of governance, the veracity of the way it is being implemented in the two big African countries is becoming more controversial: In the case of Ethiopia, some observers contend that federalism is a hallow promise put in official documents, and laws including the constitution but hardly put into practice. In the case of Nigeria, on the other hand, centralization of political power and fiscal resources is a basic feature of the constitution itself. A fact many a commentators consider as anti-federalism in nature. Thus, it is hoped that evaluating the validity of these two federal exercises in light of the principles of a true federal arrangement, will shade some light on what the root causes of the social, political and economic problems of these two countries are in spite of their venture in to federalism for relatively longer period of time and also help in coming up with possible recommendations that the two countries may consider to implement as part of their political and economic reforms.

In recent years there are many researches conducted on the federal exercises in the African countries including Ethiopia and Nigeria. However, little works tried to systematically compare two African federal exercises in light of the normative basis of federalism. This research, therefore, is meant to fill such a gap. Hopefully, the findings of this research not only can serve as an input for future endeavors in the improvement of the federal exercises the two countries but also can be used as background for other researchers interested in the study of federalism within the broader context of Africa.

1.9 Methodology

The study is about the normative basis of the powers of the two tiers of government in the countries under study and the proper exercise of power by both tiers of government. As such, the topic necessitates review of books, articles and essays. Hence, the research is mainly based on

review of pertinent documents. However, some semi structured interviews and discussions will be conducted with scholars in constitutional affairs.

1.10 Organization of the Study

The thesis is organized into five chapters. The first chapter is introduction to the thesis. It outlines the background of the study, statement of the problem, the questions that the thesis seeks to address, objectives of the study, the scope of the study, and the rationale of the study. The second chapter is review of related literature. The chapter tries to extensively look into the concepts relevant to the thesis. The concepts like federalism and its typologies, administrative and fiscal inter-governmental relationships, and the socio-economic(developmental) impacts of federalism, are discussed at length so that it gives a good conceptual background for the discussions in the chapters that follow. The third chapter is wherein data about the federal exercise in the two countries are collected, reviewed and discussed. The normative and institutional basis for federalism in Ethiopia and Nigeria are also discussed under this chapter. In chapter four, the socio-economic impacts of the federal exercises in the two countries are evaluated. Particularly, with a view of attaining both the developmental and self-rule aspirations of the people, an exercise referred to as “true federalism” in this thesis. Finally, chapter five is the last chapter wherein the findings of the study are summarized and recommendations are forwarded.

Chapter Two

Literature Review: Theoretical Basis of Federalism

2.1 Federalism

The word federalism is derived from the Latin term *foedus* which means treaty or alliance. This implies that all federations have a form of an agreement or treaty among the member states. Owing to the difficulties in theoretical formulations and also variations in practices in federal countries, it is increasingly difficult to get a definition of federalism on which a unanimous agreement can be reached. Thus, what we have is a plethora of adjectives that indicate a particular “type” of federalism.¹⁸ However, in light of the questions this research posits to address, the definitions coined by imminent authors will be discussed below.

Federalism is one form of state structure.¹⁹ It is a constitutional mechanism for dividing power between different tiers of government so that member states of the federation can enjoy substantial, constitutionally guaranteed autonomy over certain policy areas while sharing power over other areas (Bulmer, 2017.) According to (Elazar, 1987) it is a combination of partial self-government with partial shared government. Federalism is usually associated with countries that have culturally diverse population and/or large territorial area. In relation with this (Watts, 1990) explained that “Federalism is basically not a descriptive but normative term and refers to the advocacy of multi-tiered government combining elements of shared rule and regional self-rule. It is based on the presumed value and validity of combining, preserving and promoting distinct identities within a larger political union. The essence of federalism as normative principle is the perpetuation of both union and non-centralization at the same time.”

Federalism as a form of government divides sovereignty or political power between the central and local governments, so that each of them within its own sphere is independent of the other (Garran cited in Palker, 2006.) The federal idea rests on the principle that political and social institutions and relationships are best established through covenants, compacts or other

¹⁸. These are like cooperative federalism, competitive federalism, coordinate federalism, quasi federalism, dual federalism and the like. These will be discussed later on in this thesis.

¹⁹. Three forms of state structure are known. They are: unitary a form of state structure characterized by centralization of power and indivisibility of sovereignty, confederation, a voluntary association of independent states and federation (federalism).

contractual arrangements, rather than, or in addition to, simply growing organically; in other words that humans are capable of making constitutional choice (Elazar, 1987.) Similarly, (Anderson, 2008) proclaims that perhaps the primary feature of a federal system is the existence of at least two levels of government, each with their own institutions, which have the autonomy to exercise power assigned to them by the constitution and the authority to directly deal with the people on those matters.

In a similar tone, (Wheare, 1963) who is believed to be an iconic scholar on federalism has set the basic tenets of federalism which can serve as a litmus test to find out if a given country is truly a federal polity or not. Although some scholars have criticized the tenets set by Wheare for being too legalistic²⁰ and thus tried to come up with their own approaches, still their propositions could not get any further from the legal or constitutional framework laid by Wheare. Thus, since the features of federalism put forward by the other scholars are mere variations of Wheare's, this thesis uses his tenets as yardstick for the evaluation of the two federal systems under study.²¹

The basic tents of federalism according to him are:

- a) Existence of at least two tiers of governments and there must be constitutionally sanctioned division of power between them.

²⁰Wheare's (the classical theory of federalism) was attacked for being too formalistic. Nevertheless, due to various challenges in the governmental process the governments may not strictly adhere to the legal formalities and might encroach on the area that is not legally delimited to it. Additionally the use of the term "independent" conveys sense of the tiers being isolated from each other but if a federal polity is to be viable neither the central nor the regional governments can operate in isolation from each other. (ShardaRath, 1978.), Thus, federalism is not only about the division and allocation of power between the various tiers of government but also it is about the multifaceted arrangement and negotiation of identities (sociological dimensions of federalism.) Thus, they further argue that aside from political structures that are common to all federal political systems, that distinguish them from unitary systems, the federal political system is designed to fit into the uniqueness and sociological peculiarities of individual countries. Hence, there is no true federalism as such. The contention of this thesis is that although the socio-cultural realities between federal countries necessitate moderate difference in the application of the basic tenets of federalism, wheare's definition being the minimum condition that all political systems need to meet to be classified as federal, it would be correct to evaluate the practice of the two countries in light of Wheare's definitions. Look at the discussion about true federalism in section 2.2

²¹Even though scholars generally unite in their analysis of federalism's most fundamental characteristics, (Kincaid, 2005 cited in Elem E. Tepeciklioglu, 2012) maintains that, it should, however be made clear that there exists no universal list of the functions or jurisdiction of each level of government in a federal system or no ideal federal institutions. Hence, in considering, the adoption of federalism as a viable political order the peculiarities of each and every country must be examined with care.

- b) Each tier of government must be co-ordinate and independent of the other.²² Thus, the essence of independence of the two tiers from each other is central to classical theory of federalism. Each level of government must be financially independent. This will enable each tier to undertake its constitutional powers with independence. They should not appeal both vertically and horizontally for financial assistance.
- c) There must be independent judiciary (Supreme Court) that can adjudicate constitutional disputes.
- d) No one level of government should be given undue power in the constitutional amendment process.

From what has been provided for herein above, one can surmise that, federalism is a political contrivance intended to reconcile unity and power with the maintenance of state rights. (Elazar, 1987), has rightly put it as “adesire of union short of unity.” It offers the means to maintain and foster human heterogeneity (diversity) without endless political fragmentation.²³

A federal governmental system genuinely works only if there are good reasons for the member states to remain in it. This boils down to two critical points. First, the member states should not try to take advantage of one another (there must be spirit of mutual trust and cooperation) and second, that the central government should not try to usurp power from the states overtly or covertly. The existence of such conditions could lead to frequent disputes and suspicion.

Where the members lose trust in each other, their eagerness to remain in the federation will gradually decrease and possibly end up in the disintegration of the federation (Bednar, 1998). In

²²The notion of independence includes: Political capacity which is the ability of governments to establish a presence in the minds of citizens as an important center of authority and initiative. Legislative capacity: the ability to legislate and monitor and scrutinize the executive. Fiscal capacity: is the power to command resources necessary to execute assigned responsibilities. Bureaucracy is about delivering service to citizens and intergovernmental capacity which refers to the power of the states to cooperate and coordinate their activities with each other with a view of maximizing service delivery. (Buhler, Luther, Olan eds. 2016)

²³To make a conceptual clarity, it would be important to understand the difference between ‘Federalism’ and ‘con-federalism’. Thus, Con-federalism in contrast to federalism (discussed above) is a political order with a weaker center than a federation. It is often dependent on the constituent units (states). Typically a) member states legally exist (have international recognition) b) the center exercises only powers delegated to it by member states c) the center is subject to member states veto (on many issues) d) center decisions bind member states but not citizens directly e) the center lacks an independent fiscal or electoral base e) the member states do not cede power to the center permanently (Stanford Encyclopedia of Philosophy)

some putative federations, decision making has been so concentrated at the center that the states resemble mere administrative extensions of the federal government rather than autonomous governments within their own mandates (Bednar, 1998.) This state of affairs prevents the countries to enjoy the benefits of federalism in its wholeness.

Furthermore, only in well-functioning democracies (especially consociationalism)²⁴ can federalism be a stable and effective form of government. Outside of the democratic context, federalism is ultimately an unstable form, which logically progresses either to territorial disintegration or to becoming a mere constitutional formality (Bednar 1998, Filippove and Shivetsova, 2006)

2.2 “True Federalism”

In this thesis the term ‘true federalism’ refers to strict adherence to the classical principles of federalism, as discussed herein above, both in its constitutional form and its practical application. True federalism is thus a proposition for the respect of sovereign authority of each order of government in a federal polity²⁵. By true federalism, therefore, is meant a proper application of federal principles in order to avoid constitutional or practical over centralization of sovereign power and control over decision making and resource. As Madison (author of the US constitution) in federalist paper No 39 put it ‘true federation comes into being through the unanimous assent of the several states that are parties to it’, each state being considered a ‘sovereign body, independent of all others and only bound by its own voluntary act’ accordingly a genuine (true) federal arrangement between states will preserve the fundamental principle of their sovereign equality.’

True federalism gives a constitutional mandate guaranteeing the legitimacy of the authority of the federating units (regions) and their claims of right against the central

²⁴Consociational democracy is a system employed by heterogeneous societies to stabilize the political environment by ensuring the political power sharing arrangement is legitimized on the basis of consensus among the critical sectors of the society.

²⁵It must, however be remembered that there are many scholars who argue that there is no “true” federalism as such. Their conviction is that every federal system is designed to achieve some specific goals with regard to the peculiar situation of each society; therefore whatever achieves that specific mission becomes a true federalism for that particular society. Nevertheless, federalism is necessitated to balance the centrifugal and centripetal forces in a given polity. True federalism, thus, is concerned with a goal and means to achieving and maintaining equilibrium between the political entities that want to be united and the forces that make them want to remain separate, autonomous and independent (Kalu, 2016.) Look also the discussions under footnote 20 above.

government(Elazar,1987.) In a unitary state, decentralized power is a matter of grace liable to be reclaimed at the discretion of the central government. By contrast, in a federal system “subordinate units possess prescribed areas of jurisdiction that cannot be invaded by the central authority and leaders of the subordinate units draw their power from sources independent of that central authority(Rubin and Feeley, 1994.)

In this study , therefore effort will be made to evaluate both the constitutional framework in relation to the distribution of power and resources between the two orders of government (federal government –regional governments) and their practical application *vis a vis* the principle and essence of true federalism as defined and discussed herein above.

2.3 Justifications for Federalism

More and more countries worldwide are becoming federal. Close to 40% of world population live in federal countries. This is so because its advantages in comparison with the other forms of political organization (such as unitary and con-federalism) have nowadays become very clear. In relation to Africa, in particular, some scholars have argued that federalism is the most suitable form of government as it has the potential to accommodate diversities such as ethnicity and language which is an obvious reality of African countries(Kassie, 2013.) Others, including those African leaders who were in the forefront of the anti-colonial struggle, argue otherwise. They posited that federalism exacerbates division and enmity among the population leading to state fragmentation and eventual failure of the post-colonial countries of Africa (Ibid.) The nationalism fervor that engulfed the continent during the years immediately after their independence from colonial rule seems to be the driving reason for the anti-federalism stance to take the precedence.

Hence, in spite of the fact that many African countries exhibit high ethnic and linguistic diversities most of the governments are unwilling or at times even hostile to the entire idea of adopting a federal political order. (Mazuri cited inkassie, 2013) has accurately explained this fact in the following terms: “Africa has been a virtual grave-yard of federal experiments” Where it comes to ethnic or identity based federalism; in particular, there is a general distaste and hostility

in Africa.²⁶ Many countries in Africa have legally banned political parties from being organized around diversities such as ethnic, linguistic and religious (Becher, et al, 2008.) This is in clear departure from the experiences of European countries such as Belgium, Switzerland (in cases of some cantons) and Spain where their governance structure is mainly along ethnic and linguistic lines. One study conducted by scholars from German Institute of global and Area Studies, concluded that the ban of particularistic political parties, in these countries, did not spare them from experiencing inter communal conflicts or even civil wars.²⁷ Some scholars argue that if the Sub-Saharan Countries are to achieve semblance of any political stability and economic development, they have to grapple with the challenges of ethnicity (Alemante, 2003.)

This, however, does not in any way signify that federalism is without any form of detrimental or negative impacts of its own.²⁸ In the following section a glimpse will be had to some of its advantages in light with the research questions this thesis posits to address.

²⁶ Despite official hostility to the idea however, ethnicity based demand for self-rule have not abated. The reasons being that in most cases in sub-Saharan Africa ethnic groups are concentrated in a certain region of the country and many ethnic communities exercised a degree of self-rule prior to becoming part of the current unitary state (Wamala, 1994)

²⁷ Look at parties in chains: Do ethnic party bans in Africa promote peace? *Party Politics*: 17(2) 2011.

²⁸ Some of the benefits (in addition to those discussed above) of federalism are: Diffusion of power between the central and regional governments thereby protect tyranny, increases (political, economic and social) participation of the citizens, it makes governments more accountable to the people. Some points that are mentioned as its disadvantage are: it causes inequality between states; it may force the states into a race to the bottom competition. Duplication of work, additional operation cost, potentially excludes minorities, ineffective governance due to lack of capacity. Though federalism is useful as tried to mention above, it has also its own potential risks (indicated above) that need proper attention in implementing a federal political order.

Federalism maintains multiple levels of government which makes it more expensive than the unitary system. Each federated unit has its own bureaucracy that needs expenses like offices, salary and allowances. The federated units may vary one from the other in relation to their natural endowments, sources of revenues and levels of development. These states of affairs can lead to developmental discrepancies among the federated units which cause disparity of outcomes in terms of provision and quality of public services. This in turn leads to inter-state migration and communal conflict. The other potential challenge to a federal system is the harmful economic competition between the states. In a rush to attract capital the states might enter into a competition to lower wages and costs. This downward spiral also known as “race to the bottom” can undermine solidarity and make it more difficult to pursue economically progressive policies.

The other point of worry is the challenge of corruption. Corruption is a difficult challenge in any form of government. However, in a federal form of government it is more challenging as it might be embedded in local networks and the local authorities who usually have control over access to employment, land and other provisions force people to vote for them. Hence, it is pretty difficult to ensure that federalism is decentralized democracy and not decentralized oligarchy or autocracy. The other challenge is ineffective governance due to lack of essential

2.3.1 Federalism as a Means to Increase Administrative Efficiency

One importance of having federalism in a given polity is for the sake of enhancing administrative efficiency. In countries that have large territorial area and population size the distance between the government and the people grows. This makes difficult communication between the government and the people. The government thus fails to understand the needs, aspirations and priorities of the people. This in turn can lead to unpopular, inappropriate and unworkable policies, as well as a sense of alienation and frustration that can damage the reputation of the political system as a whole (Bulmer, 2017.) Federalism can help to resolve this problem, since it enables substantial powers to be exercised at the state or provincial level, in order to give people greater opportunities to exercise democratic control and to tailor policies to their own needs while entrusting to the center only those powers that need to be handled centrally like security and defense (Ibid.) By empowering the states to handle much of their domestic affairs (administration and service delivery) it eases the burden of the central government so that it can focus on its constitutionally delimited strategic issues and national priorities.

It makes possible the planning of local development goals to be made through a participatory process and also closely follow execution of development projects. This eases the bureaucratic encumbrances and fosters attainment of state-wide, national and global development goals (Burgess, 2006.) Federalism also helps in tailoring development goals by taking into account the specificities and peculiarities of regions. It also may increase transparency and accountability by bringing the officials closer to the populace. Although there are arguments to the contrary as indicated under footnote no 27 here in above, this writer opines that owing to the proximity of administrators to the people, federalism is comparatively better in minimizing the problems of grand corruption than centralized forms of government.

human and financial resources necessary to fulfill their functions. If the states are too weak to effectively undertake their constitutional duties and expectations of their constituency then this will be source for disillusionment, distrust and discontent. Lastly, federalism having multiple centers of power, if not supported by consolidated democracy might be cause of instability and conflict. Hence, depending on the issues that crop up from time to time there should be mechanism of further transfer of power (Bulmer 2017.) Additional points are discussed under section 2.4 The points raised as disadvantages of federalism are in themselves controversial as various authors argue these same points to be the benefits of federalism.

2.3.2 Federalism as System that Enables Accommodation of Diversities

Federalism provides a framework for recognition of ethnic, religious, linguistic or other cultural communities reflecting their desire to be recognized as a people with a distinct identity and particular interests (Young, 1994.) By granting substantial autonomy to such groups, federalism can allow them to exercise partial self-government through state, provincial or regional institutions while still sharing certain functions with other communities through federal institutions.²⁹ By satisfying demands for autonomy and recognition, a federal constitution may protect minorities, prevent conflict increase the legitimacy of democratic institutions and reduce pressure for secession (Bulmer 2017.)³⁰

In discussing federalism, it is a mistake to take unity and diversity as opposites. Unity is contrasted with disunity and diversity with homogeneity. It is possible that a federal system can create a strong unity in the midst of high degree of diversity as in the case of Switzerland and similarly, it is also possible to make a great disunity from diversity as in the case of Iraq (where the Arabs and Kurds are in protracted conflict) (Elazar, 1987.) In trying to create unity in a given polity, one needs to differentiate between consolidated unity and federal unity. Consolidated unity attempts to depoliticize or carefully limit the political effects of diversity. Federal unity on the other hand, accepts diversity as an important and legitimate political issue that should be directly addressed (properly accommodated) (Elazar, 1987.) Thus, for consolidated polities, diversity is not desirable as such even under circumstances wherein ignoring them seems impossible.

In a unitary form of government politics takes place in the capital, thus, population in the periphery are excluded from active political participation. In a federal country, a larger portion of the society has the chance to participate in politics and decision making.³¹ This participation in

²⁹ Federalism usually begins from where the unitary form of government fails. However, the mere change of political system from unitary to federalism does not in itself address the political and socio-economic quests of the marginalized and exploited sections of the society. Thus, it is mandatory to make the federal system work in its true sense.

³⁰It should be noted that there are writers who have reservations on this assertion. According to their view federalism results in the erosion of national unity and the promotion of ethnic hostility or inter-group rivalry. Apart from escalating ethnic tensions, it erodes the limited national identity or sense of common political destiny. They further argue that federalism has the propensity to promote ethnic fundamentalism. (Haysom, 2003 cited in Yonatan, 2008.)

³¹ One basic prerequisite for federalism is democracy. Without democracy it would be impossible to assure the participation of the populace in decision making process—a major objective federalism seeks to achieve.

turn contributes toward the building up of peaceful coexistence and conflict resolution practices. It promotes intergroup harmony by giving each constituent group a political space of their own in which they are able to express their own values, identities and interests without fear of domination by a central government controlled by a dominant ethnic majority (Buhler, Luther, and Olan,2016.)

2.3.3 Federalism as a tool for Policy innovation

One advantage of the existence of federalism in a given polity is the fact that it bestows the states with the chance of independence to try out different policy alternatives (innovative public programs) without affecting the entire polity. This bottom up approach is based on the fact that states are like laboratories where new and creative ideas and methods can be applied and tested. In case, the policies are found to be useful and productive, they can be shared with the other members of the federation and also inform federal (national) policy formulations. (Brandies, 1932 cited in Oates, 1999) summarized this argument in the following words “It is one of the happy incidents of the federal system that a single courageous state may if its citizens so choose, serve as a laboratory and try novel social and economic experiments without risk to the rest of the country.”

In unitary systems, one source of policy failure emanates from the fact that they take into account only rational considerations (efficiency and effectiveness) in coining their policies. Under federal systems on the other hand, in addition to rational choices, the issues of regional identities, traditions or culture are taken into account. National policies in federal states are, therefore, compromises of regional world views (Buhler, Luther, and Olan,2016.)

The logic of rational choice cannot always lead to successful policy making (Kostogiannis and Schwager, 2004.) The states being able to articulate their distinct interests which might differ from the federal government or that of the other states, this makes possible entertainment of plurality of interests in the polity. Thus, public policy formulation will not be monopolized by a single tier of government. In relation with this, it creates perfect opportunities for experimentation and innovation in policy making. States are enabled to pioneer innovative policies that would not be politically viable at the national level.

Fiscal federalism (financial decentralization) is a crucial precondition for state policy innovation efforts to succeed. If regional preferences differ from that of the other member states of the polity, then, they must have the means to implement same. As long as regions lack the financial wherewithal to put the policy variation into practice then the federal exercise becomes mere symbolic politics³² (Hanns Buhler, Susanne Luther, and Volker L.Olan 2016.)

2.3.4. Federalism as a tool for Enhancing National Development

The important role of political institutions in advancing economic development cannot be overemphasized. Constitutional design which includes the form of government viz, unitary, federal or con-federal and choice of institutions, not only define the relationship between the state and the economy but also has tremendous impact on economic performance and competitiveness. Sociopolitical analyst (Elster, 1994) posited that “constitutions (*forms of government*) matter economic performance to the extent that they promote stability, accountability and credibility. According to (Ginsburg and Spitz, 2019) National development refers to the holistic development of all the constituent parts of the country. Although the concept of (national) development suffers from a single definition in which all agree, suggestions have been made by various authors.

One such definition captures development as an idea that embodies all attempts to improve the condition of human existence in its all ramifications. It implies improvement in material wellbeing of all citizens in a sustainable way such that today’s consumption does not imperil that of the progeny. It also demands that poverty and inequality in access to the good things of life be removed or drastically reduced. It seeks to improve personal, physical security and livelihoods by expanding the horizons and possibilities of attainment of one’s aspirations (Gboyega, 2003.)

On a similar tone (Naomi, 1995) argues that development does not involve economic growth only but also equitable distribution, provision of health care, education, housing, and all essential services that improve the quality of life for individuals and the community as a whole.

³²Most federal states are tempted to use their national control over resources as instrument to undermine autonomy in regional policy making. In Federal countries like Nigeria, Mexico, and Ethiopia the central governments control about 90% of financial resources. (Buhler, Luther and Olan, 2016.)

(Chrisman, 1984) on his part, views development as a process of societal advancement, improvement of communal wellbeing is generated through strong partnerships between all sectors and stakeholders. Similarly (Devissen, 2005) argues that development has three main features: material element that refers to the tangibles brought about by the process of development. Choice: that refers to the opportunity that people have to make decisions in order to satisfy their needs and their personal and collective development and finally, equity that refers to collective well-being. That is everyone (including future generations) getting benefits equally. From the above, one can surmise that development encompasses socio-economic, political and cultural issues (Daniel, 2015.) National development, therefore, includes the expansion of industrialization, infrastructural growth, social and human development as a whole. In other terms, it refers to an all-round and even development of all the component parts of a country (Kyson, 2017.) This includes political, social, human, cultural, and material aspects.

The relevance of federalism for the ascertainment of national development is derived from its convenience for administrative efficiency and its suitability for conflict resolution. In most developing countries including the two countries this study focuses on, whatever has passed for national development is not evenly distributed throughout the countries. Rather they are concentrated in few metropolitan areas and the capitals. Such areas not only monopolize whatever investments the countries get but also pull resources necessary for development away from the peripheral areas. This ends up in the impoverishment of rural areas though the metropolitan areas themselves also do not witness any significant development. The impoverishment of the rural areas drives the population to the metropolitan centers in mass in pursuit of subsistence. Turning them into ghettos there by siphoning whatever resource they could produce. Being cognizant of these facts, countries with centralized political systems such as Norway, China and Sweden are now finding a federal style of governmental decision making to be very important to implement economic reform measures (Inman, 2008.)

The existence of a federal political arrangement creates a conducive environment for competition. Competition in turn enhances political innovation. Federalism thus, leads to a higher innovative capacity of the political system (Zimmermann, 1990.) Resources are evenly distributed among the various regions. At the very least, seats of the states get some share of the national resource that helps its development, thereby, averting the single metropolis syndrome.

This helps in laying the groundwork for ensuring genuine national development.³³ Federalism encourages more geographically diverse economic and social development, in contrast to a unitary system wherein everything money, power, culture gravitates to the capital, metropolitan centers (Elazar, 1987.)

2.3.5 Federalism as a Tool for Conflict Resolution

Conflict resolution refers to a process of transforming violent conflicts in to more constructive relations between the conflicting parties (DFID 2001). Conflict resolution does not end by stopping the violence. It is a more comprehensive process that demands arresting and transforming the root causes of the conflict. Federalism, as pointed out in the sections above, rests on the principle of self-rule and shared-rule. Its major focus is celebration of diversity, mutual respect, reciprocity and will to cooperate and live together. In multi-ethnic countries, in particular, conflicts usually evolve as a result of a history of cultural, economic or political subjugation of one group by another.³⁴ They can also take different forms either as a struggle for independence or as a struggle for recognition and autonomy.³⁵

It can be safely surmised that the reasons for all the conflicts revolve around the different nation building outlooks of the various communities. Federalism could be a good tool for conflict resolution if the cause of the conflict is for recognition of diversity, self-rule or power sharing in the government.³⁶ Owing to its self-rule and shared-rule principles, federalism as a system is

³³ Here it should be noted that the member states of the federation might vary in their natural endowments and other revenue generating potentials. This might cause developmental disparity between states and widen intra-state poverty gap. Thus, some people argue that centralization (unitary) is the only solution for this problem. Such arguments fail to see the monumental developmental advantage states gain by taking their own initiative toward their own development. (Look the discussion above under section 2.4.2) The risk of extreme disparity (which is a rare event) can be taken care of by IGR mechanisms.

³⁴ In countries like Liberia where the Americo-Liberian elite controlled the political powers and economic resources at the expense of the natives, Sierra Leone where inter-ethnic (the Limba against other ethnic groups) conflict escalated as political control over the state apparatus became essential to control the rent from the country's diamond trade and Rwanda, where following independence, the apparatus of political power and economic resources was transferred to the Hutus from the Tutsis who were better off under the colonial rule triggered the civil war in that country. These are examples of where political power and its benefits were monopolized by one or the other group that eventually led to conflict.

³⁵ If we take the case of Quebec in Canada for example, it was not about the independence of the province from the rest of Canada. It was a quest for the recognition and protection of the distinctiveness of the province. It was only when the English speaking Canadians failed to listen to and deliver on this quest that it turned into the quest for total independence.

³⁶ It should be noted that federalism should be accompanied by other complex institutional infrastructure to transform conflict into new peaceful pattern of interaction

widely believed to better addresses the demands and aspirations of both the majority and minority groups in a country. It is convenient to give minority groups limited control over their economic, political and social affairs, while, at the same time, sustains the territorial integrity of the state.

In the post-cold war world most violent conflicts are intra state conflicts. They are waged between rival groups within one country (rather than between different countries). Under such circumstances, federalism has unrivaled potential in facilitating the accommodation of differences, protection of minority groups, prevention of territorial disintegration, maintenance of political stability and preservation of peace.³⁷ Thus, it can be taken as one of the best conflict resolution strategies in the contemporary world politics (Anderson &Keil, 2017.)

Additionally, as discussed elsewhere in this thesis, federalism creates the opportunity for various interest groups within a country to participate in governance issues. The opportunity of participation enables people to come together and share views. This again enhances the spirit of trust and cooperation. People come to recognize that the attainment of the wants of one group of people will be achieved and sustained only with the support of the other groups. This understanding curtails the possibility of conflict from the outset.

This does not; however mean that federalism as a conflict resolution mechanism is absolutely flawless. It is not uncommon to witness conflicts, demands for independence and secession persisting even after federalism is put in place.³⁸ This is because of the fact that the federal options are made only after the conflict has developed to a stage wherein mutual trust, willingness to cooperate and the political motivation for compromise have lost their vigor.

This writer opines that federalism should not be a last option to turn to after other solutions like war have been tried and failed. It should be given the chance before it is too late. As societies

³⁷. The peace preserving characteristic of federalism underlines that it accommodates all political interests and ensures democratic solution for ethno-cultural tensions. In the absence of it the alternative would be either inhuman response like ethnic cleansing and genocide or secession options that only worsen the conflict. (Anderson &Keil, 2017.)

³⁸The case of the well-established federations of Spain, UK and Canada can be used as a show case. (Anderson &Keil, 2017.)

indulge themselves to resolve their conflict by war and defeating one another, embitter their relationship beyond the point where federalism can be used as a solution. Many writers agree on the fact that federalism to be one of the ideal strategies in resolving ethnic conflicts and achieving measurable democracy (Keller 2002.)

2.4 Typology of Federalism

As I tried to hint at in the beginning of this chapter, federalism as a concept suffers from lack of a definition that everyone agrees on. Hence, various adjectives are attached to the word “federalism” to imply the variations. Thus, depending on the historical and political realities of a given country one or the other form applies. Some of these variations are discussed in the following sections.

2.4.1 Competitive (Dual) versus Cooperative Federalism

Competitive Federal systems, provides the enabling environment for competition among the states (horizontal competition). Simply put, it is largely a state versus state competition. This form of federalism gives options and choices for the people to make under which state they wish to live. The states also compete with each other to attract investment for better provision of services and public goods. They also vie among themselves to narrow down economic and other disparities.³⁹ The competitions should be guarded within normal ambits.⁴⁰ Such competitions, if managed properly, in the long run will benefit the whole country. If the competitions go out of control and tend to build bitter rivalry, however, they could be harmful for the federation.

It should, also, must be noted that competitive federalism is not emphatic about a situation in which the central government is in competition with the states. As the two tiers of government are designated with different roles and responsibilities in the constitution, there is little that they can compete on. However, in situations where their responsibilities overlap some minor competitions might ensue.

³⁹One good example in this regard is India. In India recently competition among the states in sectors like investment attraction, job creation and public goods provision has increased. This in turn, forced all political parties both regional and national to make development issues their main mantle in their competition for political office. (Buhler, Luther, & Olan eds. 2016)

⁴⁰ The federal government, as a neutral arbiter, should make and enforce the rules of competition.

Nevertheless, some authors suggest that, vertical competition can happen where the federal and regional governments regard themselves as fundamentally distinct. The idea is that the two tiers overlap in territorial jurisdiction but occupying separate legal spheres. Each level has at least one area of action in which it is autonomous. Each gets on with this area of action on its own ignoring the other. There is some form of guarantee for each tier of government as regards its autonomy in its sphere of action. This writer does not subscribe to this latter argument as one cannot categorize as competition where they perform their distinct responsibilities without looking for cooperation from the other. Lack of consultation and cooperation does not necessarily convey the existence of competition.

In Cooperative federal systems national and subnational institutions regard themselves as partners in government, sharing power for the common good. States have extensive role in policy formulation by the federal government. The federal government on the other hand relies on the states for the proper implementation of its policies. This form of federalism goes beyond the mere exercise of fiscal federalism and application of IGR principles. The mere application of these principles does not mean that federalism, in its cooperative form, has attained its objectives. The central government needs to jointly work and share expenditures with the states on certain projects. The bottom-up IGR approach is also necessary to augment the cooperative federalism (Buhler, Luther and Olan 2016.) While there are significant differences between the two, it should not be exaggerated. Informal cooperation exists even in competitive federal systems and competition for resource and power is found in cooperative federal systems.

2.4.2 Symmetrical and Asymmetrical Federalism

Asymmetrical federalism is a form of federalism in which different parts of a country's territory have different degree of autonomy. It is usually but not necessarily a product of holding together federalism. When an existing country is dividing itself into federalized units in order to accommodate desire for autonomy it often has to accommodate different parts of the country to different extents, depending on the different intensities separate identity or interest, rooted in cultural, historic or geographic particularities (Brock, 2008; CharlesTarlton, 1965) has explained it as "each state would have about it a unique feature or set of features which would separate in important ways, its interests from those of any other state or the system considered as a whole.

Clear lines of division would be necessary and jealously guarded in so far as these unique interests were concerned.”

Symmetrical federalism on the other hand, is one in which all regional states have equal juridical status and powers. It is more often than not is a product of “coming together” federalism. When independent countries come together to form a federation they usually do so on coequal terms (Tarlton, 1965). This mode of federalism also applies where the states have equal territory and population with similar economic opportunities, similar climatic conditions and cultural patterns and political institutions. In the workings of this system every state deals with more or less similar problems and development of similar potentials (Ibid.)

2.4.3 Identity Federalism versus Efficiency Federalism

Identity federalism occurs when two or more culturally, linguistically, religiously or otherwise distinct national communities have enough commonality of interest or identity to make them want to live together in one polity, but enough distinctiveness of interest or identity to make them demand substantial autonomy within that polity. Efficiency federalism occurs when a culturally homogeneous but geographically large country wishes to improve democratic representation and accountability by decentralizing power and giving greater control over resources and policies to local people while maintaining national unity and the ability to act coherently in matters of national policy (Bulmer; 2017.)

2.4.4 Coming Together and Holding Together Federalism

Coming together federations are the result of a bargaining process whereby previously independent states have joined to form a bigger unit. By doing so, they pool together sovereignty and retain distinct identities at the same time. Thus, they could secure a common good such as collective security and common market (Riker, 1964.) The autonomy of the states is secured by a written constitution (Lijphart, 1986.) Conversely in holding together federations a former unitary state comes to a decision to divide its power between the national government and the regional states (Watts, 2008.)

Federations that came into being through the holding together approach tend to lack the integrative values of civic reciprocity and mutual respect that we see in coming together

(voluntary compact) federations (Mackintosh, 1962.) In such types of federations governments push for centralization in a bid to solidify the unity of the country. This involuntary push toward centralization will put the government in collision course with centripetal forces, the resultant effect is a move toward over centralization or conversely toward secession.⁴¹

2.5 Intergovernmental Relations in Federalism

If a federal system is to function properly, the need for a vibrant and institutionally entrenched Inter-Governmental relation cannot be overemphasized. In the following section glimpse will be had to the various IGR mechanisms with a view of having theoretical basis for the evaluation of the federal exercises in the two countries.

2.5.1 Administrative and Regulatory IGR

As tried to point out earlier intergovernmental relations in federalism set up is a must regardless of the specific type of the federal arrangement. They are critically important if the federal arrangement is to remain healthy and functional. As governments that administer same territory and people with constitutionally sanctioned division of power, the practice of IGR in general and that between the federal government and the states (vertical IGR) which is the focus of this thesis in particular, is of multifaceted importance for the federal exercise. (Ogbuishi, 2007 & Malan, 2005 cited in Chiamogu, 2020) list the following points, among others, for the relevance of IGR in federal systems:

- Promotes peace, trust and harmony among the federated units
- Fosters cooperation and reduce (hostile) competition between the governments
- Facilitates effective and efficient utilization of human and material resources.
- Reduces conflicts
- Fosters national integration and cohesion
- Makes the (two) tiers of government to be aware of their corresponding duties and functions.

⁴¹Both Nigeria and Ethiopia (subjects of this study) are holding together federations. Hence, as will be discussed at length in chapter three, they tend to be more structurally and institutionally centralized, but less politically integrated and structurally coherent, than the coming together federations. This is due to the fact that the centrifugal forces are compulsive rather than voluntary.

- Facilitates achievement of national policy goals across the country
- Enables cost effective service delivery in all states.

IGRs are so pervasive that they could take legislative, executive, administrative, fiscal and judicial dimensions. The relations can also be undertaken through formal mechanisms and/or informal ones.⁴² The subject matter of IGR is so wide and complex that it deserves a separate research on its own. In this section a brief look will be had only to the fiscal and administrative aspects of IGR to enable us address the research questions set in the beginning.

Inter-governmental relations (IGRs) are conventionally defined as important interactions between governmental units of all types and levels within a political system (Wright, 1988.) In relation to federal political systems; in particular, it encompasses legal, financial and administrative spheres. The impact of IGR on the efficiency of the works of the governments at all levels is monumental. The study of IGR is only one aspect of the multifaceted study of federalism.⁴³ For the success of a federal system there should be vertical interaction between the central government and the states. Horizontal relationship between the states is also as important.⁴⁴ As explained above, such interactions (vertical and/or horizontal) could take place through formal or informal mechanisms.

IGR is important in a federal system because it is a practical impossibility to clearly demarcate these powers among the various tiers of governments in such a way that overlaps of functions are wholly avoided (Chiamogu, 2020.) Interdependence between the federal government and states within one federal polity is unavoidable. It also helps in attaining policy coordination, consultation and experience sharing, important attributes for efficiency of governmental functions (Ayana, 2019.)

⁴²Formal mechanisms could be constitutional, statutory or by way of non-statutory institutions, agreements. Informal relations refer to unspoken rules, conventions or principles that are important to the conduct and effectiveness of the system. Informal IGR are as important as formal mechanisms if not more so.

⁴³Although, owing to constraints in time and space, this thesis limits the discussion of IGR to federal political setups and to the federal-state relations alone, IGR is known in all multi-tiered political systems as well. These include decentralized unitary systems and confederal systems. It also covers inter-state, state-local and inter-local relations (Hugelin and Fenna, 2006)

⁴⁴Horizontal IGR enables the states to have a common stand on certain issues that are necessary to influence the national policy debates and neutralize any centralization tendencies on the part of the central government.

As hinted out earlier, in federal countries IGR is a two dimension process, vertical and horizontal. Vertical IGR refers to the relationship between the federal government and the states. Horizontal IGR refers to the relationship between states (Watts, 2003.) The existence of IGR principle in federal countries is important for fostering exchange of information and builds mutual trust and confidence between the governments. IGR could take place through policy alignment, reporting requirements, fiscal grants and transfers, planning and budgeting, as well as informal communications among officials in the various tiers of government (Ayana, 2019.)

Federalism as a system very much depends on the mutual respect and cooperation of the federating units. Hence, it is inimical to the existence of hierarchical (superior and inferior) relationships between the central government and the regional governments. Unless the interaction between the federal government and the states is undertaken on coequal basis with the spirit of mutual respect and cooperation, the whole purpose of having a federal arrangement will be defeated. Therefore, all IGR endeavors should be undertaken in line of the constitutional principles (formal) or must be agreed on by the parties by mutual understanding.

As both tiers of government (the federal government and the state) administer and compete for the same people and resources, occasional conflict between them is inevitable. IGR helps in mitigating these conflicts and resolve same by negotiation and in a mutually satisfying fashion. IGR also helps to achieve, *inter alia*, policy coordination and sharing of experience between the federal government and the states.⁴⁵

2.5.2 Fiscal IGR (Fiscal Federalism)

The finance aspect of IGR also known as Fiscal federalism refers to the financial relations between the different tiers of government in a federal government system. In our case this implicates the federal government and regional governments or states. The term, “fiscal federalism” was introduced by Richard Musgrave in 1959. The subject matter of fiscal federalism is very central for any study of federalism. In deed it is a basic element of the pervasive concept of federalism itself. The fiscal dimension of any form of federalism is crucial

⁴⁵ Some writers argue that IGR can be used as a mechanism as “a means to adapt changing circumstances without having to resort to formal constitutional amendment” (Watts, 1999). This writer does not subscribe to this proposition as it could potentially lead to proliferation of unconstitutional exercises that ultimately create mistrust and conflict between the central government and the states.

for the success or failure of the entire exercise. Just as the case with federalism, fiscal federalism does not have a definition that all agreed upon. Some authors defined it in the following ways.

Fiscal federalism denotes an intergovernmental fiscal relation defining functions and responsibilities among the various tiers of government as well as the financial resources to achieve stated objectives (Ajibola, 2008.) The classical theory of fiscal federalism asserts that it is important for attainment of three key goals of the public sector namely, economic efficiency, macroeconomic stability and income redistribution. (Musgrave, 1959, Oates, 1972) The authors further note that the federal government should be responsible for macroeconomic stabilization and income redistribution⁴⁶ while regional states which are closer to the people and possess more information as to the choices of people under their jurisdiction (states), should provide public goods.

(Wheare, 1985) argues that if service activities accorded to one tier of government in a federal set up are too expensive to perform with their own financial means and call on the other tier to provide grants and subsidies they are not coordinate but subordinate to it. According to him financial subordination makes an end to federalism in its true sense. (Onwe, 2011), on his part asserts that in a true federalism neither the federal government nor the states should be financially dependent on the other to undertake their statutory duties. From the above one can surmise that fiscal federalism refers to the assignment of functions to the (two) tiers of government and the appropriate fiscal instruments for carrying out these functions. It deals with revenue raising power and expenditure responsibilities between the layers of government.

The normative theories of fiscal federalism start from the premise that tax powers are both a means of generating revenue and instruments of expenditure powers⁴⁷(Taddese, 2010.) Thus, a logical point of departure should be to identify the constitutionally sanctioned expenditure

46. The federal government uses monetary and fiscal policies to ensure macroeconomic stability and inter-personal equity. Monetary policy refers to matching the supply of money being circulated in the market with growth rate of real national income of a country by setting interest rates, bank reserves, evaluating exchange rates and credit policies. Fiscal policy implies the use of government's spending, taxing and borrowing policies.

⁴⁷ Expenditure powers refer to the powers of the state in relation to 'allocation', 'distribution' and stabilization functions. The allocation function is the process by which total resource use is divided between private and public goods and the mix of public goods is chosen. Public goods are those goods for which the market mechanisms are unsuitable such as defense. The distribution function refers to the adjustment of the distribution of income and wealth in conformity with what the society sees as fair and just. The stabilization function has the objective of maintaining high level of employment, price stability and economic growth. (Richard and Musgrave, 1959.)

powers of each tier of government, namely, federal and regional state, first and then to allocate revenue powers in such a way that enables both to undertake their expenditure powers (Shah, 2007.) Thus, it follows that assignment of expenditure powers should precede the assignment of revenue collection. Otherwise, the governments might fail to achieve their developmental goals as the revenue and expenditure powers fail to match. Political power division between the federal government and the states without the enabling financial resources that correlate with such political powers comes to nothing.

It is widely believed that states (regional governments) are better positioned for the provision of most public goods on grounds of efficiency.⁴⁸ Owing to their proximity to the people, they are presumed to better understand the wants and concerns of residents under their jurisdictions. They are expected to be more responsive to the demands of the local population as they want to get the chance of reelection. In comparison with the federal government they being closer to the people, unnecessary bureaucracies, and therefore, expenses are cut. Decision making, competitions and innovations are enhanced. Hence, except for public goods owing to compelling reasons⁴⁹ are set to be provided by the federal (central) government, all others are best served by the regional (states) governments.

According to (Shah, 2007) fiscal federalism basically addresses three issues in relation with fiscal decision making. These are:

- a) Expenditure assignment refers to the power accorded to each tier of government to spending public fund for provision of services and exercise of regulatory functions. Regardless of having constitutionally guaranteed expenditure power and the comparative advantage of proximity described above, often times the states do not have the technical capacity to spend. Under such cases service delivery becomes a challenging endeavor. Therefore, the states must take capacity building measures for their civil servants. As stated herein above, expenditure assignment must precede the revenue assignment. Because revenue assignment is generally guided by the spending requirements of the different tiers of government and cannot be determined in advance. However, this writer

⁴⁸. Look at the discussion under section 2.3.1 above.

⁴⁹. Compelling reasons are the existence of substantial externalities or economies of scale and countervailing administrative compliance costs (Shah, 2007.)

opines that in deciding the expenditure assignment the capacity of the states in exercising it must be closely scrutinized and corrective measure be made.

- b) Revenue assignment on the other hand, is naturally the second stage in the exercise of fiscal federalism. After the expenditure assignment is agreed on the next contentious problem is the issue of assigning revenue. The revenue assignment must match the expenditure assignment. The states cannot exercise genuine self-rule if they do not have financial autonomy. The entire purpose of having a federal system will be rendered meaningless if the federal (central) government controls the resource base and the states made dependent units. Overdependence of the states on the central government for all or major financial needs is against the spirit of federalism. In extreme cases this might tend to make such countries *de facto* unitary states.

Political stability of the federal states to large measures depends on the financial autonomy of the states. Such autonomy enables the states to take their own decisions and execute projects as per the development needs and priorities of the particular state. It also lays fertile ground for healthy competition between the constituent states of the federal polity (Buhler, Luther, Olan, 2016.)

- c) Intergovernmental transfers: the distribution of taxing power and provision of public goods does not follow symmetrical pattern. This gives rise to a phenomenon known as fiscal imbalance. The imbalance can be vertical or horizontal. Vertical fiscal imbalances are the result of allocation of expenditure responsibilities with higher cost than the sources of revenue assigned to it. In other words, this indicates the case in which the level to which revenue sources are decentralized is lower than the decentralization of expenditure responsibilities. Horizontal fiscal imbalance, on the other hand, emerges as a result of concentration of tax bases due to uneven distribution of economic resources and activity across regions (states) whereas; expenditure requirements are spread more evenly.

The problem of fiscal imbalances necessitates correcting measures. The most common measure of correcting the imbalances is federal fiscal transfer. However, intergovernmental transfers are not without their own draw backs. When vertical fiscal imbalance is significant, the states will be too weak and heavily dependent on the federal

government. A fact that makes them compromises their constitutional autonomy. On the contrary, it motivates them to expand their budget requirements beyond their revenue assignment powers with the intention of getting more from the federal coffer. Horizontal fiscal imbalance, on the other hand, causes development disparity between states and may lead into related socio economic problems. Like internal migration and inter-communal conflict.

2.6 Summary

In the present chapter key concepts of federalism and more specifically of “true federalism” are discussed. This will enable us to make objective evaluations of the two federal exercises in light of classical theories of federalism: an objective this study seeks to attain. Furthermore, it is hoped to shade light through which readers can see how truly federalism is being articulated in relevant normative instruments and/or put into practice in the two polities under discussion.

Moreover, effort has been made to throw light into the reasons why countries prefer federalism to other forms of governments. The factors such as administrative efficiency, accommodation of diversities, advantage for policy experimentation, enhancement of development and conflict resolution are put forward as possible justifications for adoption of federalism. These are discussed so that proper evaluation can be made as to whether the two countries opted for federal arrangement to take advantage of these merits of federalism and if yes, to what extent they actually have benefited.

Moreover, the various types of federalism are discussed under this chapter. Depending on the way the federal system is constituted or the purpose it is meant to serve, a given federal arrangement can be categorized into one or the other type of federalism. Thus, competitive and cooperative, symmetrical and asymmetrical, identity and efficiency and coming together and holding together federalisms are discussed. The writer aspires that this will give edge to the comparative study of the two federal exercises. Finally, the forms and importance of the relationships between and among the various tiers of governments in a federal arrangement are discussed. The mode of relationships between tiers of government, particularly, between the central and regional governments is a key litmus test to know how true a federal exercise is. Generally, the discussions made under this chapter are hoped to serve as spring board for the discussions in subsequent chapters.

Chapter Three

Methods and Data Presentation

3.1 Methodology

3.1.1 Research Approach and Design

There are two main research approaches to choose from qualitative or quantitative. The main differences between these two are the assumptions they are built on. In the qualitative research approach the data collection is based on “soft” data such as document reviews and qualitative interviews. As a rule, qualitative studies are not experimental but descriptive of everyday life. The quantitative research approach, on the other hand, refers to measurements by data collection and statistical facts (Yin, 2003).

This study aims to achieve an in-depth understanding of the norm and practice of federalism in Ethiopia and Nigeria in light of the basic principles of federalism. As such it is important to discuss the theoretical aspects of federalism and its historical development in the two countries. Moreover it is essential to collect and examine “soft” data that depicts political and fiscal power matrix in the constitutions of the two countries. As such, it employs qualitative research approach which is based on document analysis. According to (Bowen,2009 and O’Leary, 2017) document analysis is a form of qualitative research in which documents are interpreted by the researcher to give voice and meaning on topics under investigation. (Bowen, 2009), further argued that “document analysis is a systematic procedure for reviewing or evaluating documents both printed and electronic material”. In qualitative research like other analytical methods document analysis needs data to be studied and interpreted in order to elicit meaning, gain understanding and develop empirical knowledge (Strauss, 2008). (Martin and Stella,2007), note that the policy document, research papers, and records give the researcher access to necessary information and insights into the issue under investigation. Accordingly, a thorough analysis of the normative basis of the two federal exercises, namely, the Constitution of FDRE 1995 and that of the FRN 1999 was made. Additionally, scholarly works such as books, journal articles, government policy documents, reports of international organizations, newspaper articles,

editorials and research documents pertaining to the subject matter of the study were thoroughly reviewed and analyzed.

3.1.2 Method of Data Analysis

Thematic data analysis was employed to review the documents collected. As (Bowen, 2009) argued, document analysis is a systematic procedure for reviewing both printed and electronic materials. The documents that might be used for reviewing purpose have a variety of forms, such as “manuals, background papers, books and brochures, diaries and journals, newspapers and the like (Ibid). (Miles & Huberman 1994) define data analysis as three concurrent flows of activities: data reduction, data display and conclusion/verification.

Data reduction is to select, focus, simplify abstract and transform the information received from the collected data to be able to verify it and draw conclusions. This is a continuous process parallel to the data analysis until the research work is completed. The data reduction can either be qualitative or quantitative. The qualitative data can be reduced through selection, summary or paraphrase by being put in a larger pattern.

Data display is the process of organizing and compressing the information to be able to easily understand and draw conclusion.

Conclusion Drawing is the process of studying regularities, patterns, explanations, possible configurations and propositions. Final conclusions and recommendations should be discussed when data collection and data analysis are completed. In this study all the three stages (techniques) of data analysis have been followed.

3.1.3 Discussion and Presentation of Findings

In the discussion section the researcher presents the result and discussions pertaining to the data that emerged from the review of the documents. (Yin, 2003) describes that the researcher can choose from two general strategies in interpreting and discussing data: Either relying on theoretical propositions or developing a case description. Relying on theoretical propositions is used when there is a substantial amount of previous research within the subject. Developing a case description is suitable when limited research has been conducted within the subject. This

thesis is based on theoretical propositions as it is based on previous researches in the area of federalism.

Data can be analyzed in two ways when conducting a case study either a within case analysis or a cross case analysis. In a within case study analysis, empirical data from different cases are compared (Yin, 2003). As this study focuses on two cases both a within case and a cross case analysis was performed. This made it possible to compare one reality to another reality and to theory as well. The findings are then discussed in the subsequent chapter.

3.2 Data Presentation

3.2.1 Federalism in the Context of Ethiopia and Nigeria: A Prelude

In the first chapter we have tried to have some glimpses of federalism within the context of the two countries of Ethiopia and Nigeria. In the present chapter effort will be made to go into the subject matter with some details so that the reasons that informed their federal exercises could be better understood.

3.2.1.1 Ethiopia

A closer look of the problem environment is the first step in any research work. The problems are defined on the basis of the insight gained from this step. Thus, in the following section, an introduction will be made into the historical background of federalism in the two countries.

Ethiopia is a country situated in the Horn of Africa neighboring Sudan, South Sudan, Kenya, Somalia, Djibouti and Eritrea. It is the largest and most populated country in the region. Recent estimates put the number of its population around 118 million. The population comprises communities that speak different languages, practice various cultures and religions. According to some estimates the number of such communities nears about eighty (Kimenyi, 1997.) (Conti Rossini, 1937 cited in Kimenyi 1997), on his part described Ethiopia as a “museum of peoples.” One feature of the Ethiopian state that distinguishes it from the other SSA countries is the fact that along with Liberia it was one of only two countries in Africa that were never colonized by the European powers during the scramble for Africa.

Although federalism is said to be a Western model of governance imported into Africa, there are researchers who argue that federalism was actually part of Ethiopia's long political tradition. (Serra-Horguelin, 1999) reported that, some scholars argue that during the Era of Princes (1770-1855) Ethiopia had "*feudal federalism*". (Abbink, 1997 cited in Wondosen&Zahorik, 2008) similarly asserted that "*the powers of the monarch were often superficial and remote, and regional autonomy substantial.*" (Bahiru, 2001; Clapham, 1988,) on their part maintain that, since its earliest period as state Ethiopia, particularly the northern part, arguably, used to practice devolved governance. The king of kings serves as a pillar of unity while the various local kings exercise taxation and administrative powers over their respective localities and they in turn pay dues and taxes to the king of kings who is entrusted to oversee the administrative and political issues of the whole territory and ensure their unity. Other scholars, however, do not subscribe to this line of argument. (Serra-Horguelin 1999 cited in Wondosen&Zahorik, 2008) for example, assert that the above lines of argument are not sufficient to claim that Ethiopia was a federation. For them, therefore, "Ethiopia was closer to an empire than a federation."

This be as it may, the Ethiopian state, in its current form, took a centralized and unitary turn with the reigning of Emperor Menilik II (1889-1913) and further consolidated by Emperor Haile Silassie (1930-1974) and the Military regime (the Derg) that ousted him (1974-1991). The anchor of the centralization drive was to assimilate the various ethnic and religious communities that constitute the country into the dominant Amhara culture, language and religion. And create a country with one culture, religion and language (Clapham,1988); (Keller & Smith, 2005.) This effort to assimilate the various communities into one identity led to the proliferation of protracted civil wars and political instabilities in most parts of the country (Gebru, 1991).

The centralizing of political power, particularly during the time of Emperor Menelik, was accompanied with the usurpation of all land holdings from the local population and distributing it to the royal family and members of the imperial army. This exercise created the "land lord-gebar" socio-economic system which had far reaching consequences on the lives and livelihoods of the population whose land was so usurped.⁵⁰ The new ruling class was, thus, distinct both in terms of economic privileges and identity. This fact together with the forceful assimilationist move heightened the popular resentment and enflamed the uprising spearheaded by the ESM.

⁵⁰. See the discussion under chapter one.

That in due course culminated into the eruption of the 1974 revolution, that ended up in the downfall of the imperial regime and rise of the military government (Assefa, 2019).

Thus, it can be surmised that the major reason behind the revolution that catapulted the military into power was the quest for socio-economic justice. One of these demands, among others,⁵¹ was the nationalities question also known in Amharic as *ye biherbihersebochtiyake*.⁵² The overthrow of the Monarchy by the Derg ushered in a new era whereby the various issues that the ESM used to raise could be answered. Nevertheless, the move of the Derg in answering these multifaceted demands of the student movement was not as wide and deep as expected. The major reform it introduced was that of the land wherein land was made property of the state and the tenants were accorded the right to use. As to the other demands of equity and social justice nothing was done in practice apart from hollow political rhetoric. The governance system remained highly centralized, in a clear departure from the nationalities quest for self-rule, one burning issue it was meant to address. Only few political or cultural rights extended to the population (Andargachew, 2009.) The possible reasons for Derg's failure in this respect were discussed under chapter one.

Eventually, it became clear that the Derg had neither the capacity nor the willingness to address the long standing grievances of the nationalities for genuine self-rule. This enticed members of the marginalized ethno-cultural communities to seek their rights through the barrel of the gun that led to the final demise of the Derg. This opened the way for the coming into power of the EPRDF, a coalition of four ethnic based political parties that eventually oversaw the making of a federal political order.⁵³ In relation with this (Kidane, 2019), asserts that the prime objective of the EPRDF in pursuing the federal option in a way that addresses the national question was to arrest the country's ethnic conflicts. By doing so it was hoped that the nation building process

⁵¹The other demands were land to the tiller, equality of religions and social justice.

⁵²For the then student movement (ESM) Ethiopia from the times of Emperor Minilik till then was a prison house of the various ethno-national groups. Thus, one among their demands was that they be accorded the right to self-rule.

⁵³Upon the downfall of the Derg, (Assefa, 2019) argues that there were four divergent views in relation to the way the national question should be addressed. The first were the centrist political elite who claim that the territorial integrity of the country must be given preeminence over the nationalities question. It would be impossible to combine Ethiopian statehood with self-rule. Those who held this view did not have answer for the long standing nationalities question. Those in the second group who can be identified as moderates or instrumentalists opted for federalism on geography but not ethnicity. This group did not suggest any plausible solution for the nationalities issue. The third group who can be dubbed as ethno-nationalist group argued that the nationalities question must be given preeminence over the national identity. The last view, which the EPRDF adopted, held that Ethiopia should be constructed through the voluntary association of the nationalities and as such they found the ethnic federalism approach to be the most appealing one.

would be facilitated and the political, economic, social and cultural quests of the various national groups could be addressed. However, some writers (Siraw 2015), argue that the nationalities quest for self-rule was a mere pretext the TPLF-EPRDF used to divide and rule the Ethiopia people. Although, Ethiopia, thus, was made a federal polity, the federal arrangement could not be without its own criticisms. The criticisms usually come from two points. The first is that the regional states are drawn mostly along ethnic lines which could be a precipice for future conflicts.⁵⁴ Seven of the regional States (Tigray, Amhara, Afar, Harari, Oromia, Somali and Sidama) are named after ethnic identities. While the remaining three (Benishangul Gumuz, Gambella and South Nations and Nationalities) are multi-ethnic regions. The second point of criticism is related with its recognition of the right of nations and nationalities to self-determination up to secession. The detractors contend that as if a highly mobilized and politicized ethnicity is not enough to destabilize the country, the granting of the right to secede will bedevil (worsen) the situation and might also lead to the gradual disintegration of the whole country. Supporters of the idea on the other hand, argue that the secession option would not be attractive to any ethno national group as long as the political system is made democratic and inclusive enough.

3.2.1.2 Nigeria

Nigeria is located on the western coast of Africa. Its population is estimated to be around 211 million which is comprised of more than 250 ethno-cultural groups. The historical development of federalism in the Nigerian state has in some details been discussed under chapter one. In this present section a brief review of that will be made with emphasis on how, closer or further it grew from the basic tenets of federalism in its long history. The Nigerian Federalism is the oldest in the African continent (Kutigi, 2017). It dates back to 1914⁵⁵ when the Northern and Southern protectorates were amalgamated into a semblance of unitary administration. (Ibid). And then it

⁵⁴ But some scholars (Brietzke, 1995) assert otherwise. They claim Ethiopian federalism cannot be categorized as ethnic per se in its strict sense. Because, even those states that are dubbed after an ethnic community are not homogeneous. There are many minority ethnic groups within their fold. Thus Ethiopia's federalism can be best described as an ethno-regional arrangement than ethnic.

⁵⁵ It is observed that before Nigeria attained its independence from the British in 1960, the amalgamated units (East, West and North Nigeria) could withdraw from the amalgamation and declare their independence. However, they chose to remain together and thus, some argue, that the notion that the 1914 forced amalgamation was the root cause of Nigerian federalism is totally unfounded.

evolved through various constitutional procedures (Amendments and developments of new ones) before it attained its current form⁵⁶.

The Nigerian federal experiment, as will be discussed in detail in the sections below, is saddled with a number of unaddressed questions and ensuing controversies. The federal structure endows the central government overwhelming dominance over the states in many respects. The federal government has exclusive legislative power over many issues of importance including minerals such as oil and gas. The states have no say at all. In addition to this, the federal government has virtually all taxation powers leaving the states almost wholly dependent on transfers from the federal government for their fiscal needs (Akande,2003). Owing to this fact, many scholars in the country refer to the first twelve years of the federal system, those before the advent of military rule, as the era of “true federalism.” Others in a similar tone refer to it as the golden age of Nigerian federalism. During this period, the states were as or more powerful than the federal government. They exercised their self-rule mandates properly. Some scholars, on the other hand, argue the opposite to be true.⁵⁷

With the assumption of power by the military in the 1960s the Nigerian federalism is said to have derailed of its federalist path. With the mere exception of the first military government that took power in 1966, which did not bother to hide its intention of establishing a unitary government system in place of the federal set up, all the successive military regimes preferred to pursue federalism in their own way⁵⁸. Thus, the incident gave rise to a new type of “federalism”

⁵⁶. Nigeria has had a total of nine constitutions from 1922 to date. Five of them 1922, 1946, 1951, 1953, and 1960 were either created by the colonial masters or midwived by them. Four Constitutions 1963, 1979, 1989 and 1999 are post-colonial constitutions. Out of these only the 1963 constitution was enacted by civilians. Look at the discussion under chapter one.

⁵⁷.They argue that, the first Nigerian republic (1963 constitution) was clearly a failure as the states were more powerful than the center. They had strong constitutional powers, contending ethnic nationalisms. The states controlled all matters of policy and administration, education, agriculture health public works and secondary roads. Revenue sources (had great financial autonomy) income tax, derivation on major federally collected taxes such as import, export and mining(Suberu, 2019.)

⁵⁸. All military governments with the exception of the Ironsi government (1966) maintained the federal status of the country by shifting power and resources to the center. Throughout its rule the military enacted a number of laws that encroached on the powers of the states and entrenched them in the constitutions that it bequeathed to the civilian administration. A comparison of the legislative list (Power) of the pre military constitution of 1963 and that of 1979 is a clear indication of the extent of the centralization move. In 1963, 16 legislative areas that were concurrent are made exclusive powers of the federal government these include: arms, bankruptcy, censuses, commercial and industrial monopolies, drugs and poisons, finger prints and criminal records, labor, prisons, professional occupations, quarantine, business registration, regulation of tourism, traffic on trunk roads, public holidays, regulation

which Nigerian scholars refer to as “military federalism” Some authors actually do not subscribe to the phrase they instead refer to it as “bastardized” federal system (Kutigi, 2017.)

3.2.2 Federal-State Intergovernmental Relations (IGR) in Ethiopia and Nigeria

“If there is to be federalism one condition must be fulfilled. There must be some matter, even if only one matter, which comes under the exclusive control, actual or potential of the general government and something likewise under the regional government. If there were not, that would be an end of federalism,” (Wheare, 1963.) Broadly speaking, as discussed under chapter two above, intergovernmental relations (IGR) are mechanisms that are meant to facilitate cooperation among the various tiers of governments in a federation as they exercise their constitutional mandates. In this thesis focus is had only to such relations between the federal government and the states (regional governments).⁵⁹ As has been outlined under our discussion in chapter two, one feature of federalism is a political formula in which the ‘general’ and the ‘regional’ governments are each within a sphere, coordinate and independent of the other (Ibid.) Many writers doubt if this truly represent the current reality of federalism. They argue that a strict practice of federalism in which the general and regional governments of a country shall be independent each of the other within its sphere and shall not be subordinate one to another but co-ordinate with each other appears fraught with problem and is impracticable (Neumann, 2006). However, (Irabor, 2011) asserts that in spite of the criticisms, (Wheare, 1963) definition is by far the most persuasive definition of federalism. The formulations that were forwarded by subsequent scholars such as (Livingston, 1952), (Macmahon, 1955) and (Riker, 1964) are mere reformulations of the core values set by Wheare. Owing to this fact, as discussed under chapter two, Wheare’s definition of federalism is used in this thesis to evaluate the federal exercises in the two countries.

of political parties, and the execution of federal civil and criminal processes. The list grew to 67 from 45. The constitutions after the 1979 one also reinforced the centralization further. Hugely expanded powers and resources of the federal government Change from parliamentary to presidential. From 1999 to date long civilian rule has been in place. However, in spite of long period of multifaceted and contentious constitutional politics, in a bid to reform or restructure the centrist and undemocratic legacy of the military, the legacies remained intact (Suberu, 2019.)

⁵⁹The FDRE constitution (1995) recognizes only the federal and states as orders of government. The constitution of the Federal Democratic Republic of Nigeria (1999), on the other hand, extends recognition two three orders of government. Namely: federal, state and local.

The mode of relationship that governs the co-ordination between the various tiers of government is what is referred to as IGR. (AKoli 2004 cited in Nwafor-Orizu; Chinyere&Tochukwu, 2018) maintains that IGR is the activity of different orders of government which roam across each other's domain of specified authorities and in which they interact cooperatively and conflictually to achieve parochial and collective objectives. It is the formal relationship, interaction, transaction, interference and interdependence that exist between and among different tiers of government.⁶⁰

In light of the above, this writer tries to examine if the IGR practice in the two federations are as per the spirit and letter of their respective constitutions and/or the general principles of federalism and also whether or not the interactions between the two tiers of governments are undertaken in the form of subordination or coordination. Although, IGR can take place in different forms, owing to limitations in space and time, in this thesis emphasis will be given only to the administrative and regulatory (political aspects) and the fiscal aspects only. It is hoped that this approach will be useful to closely scrutinize how truly federal the practices in the two countries are.

3.2.2.1 Administrative and Regulatory IGR⁶¹

3.2.2.1.1 Ethiopia

In Ethiopia we do not have formal guidelines according to which center-state IGRs could be conducted. The absence of such a guideline, nevertheless, did not put any limitations on the relationship between the federal and the regional governments.(Assefa,2009 (b)) posits that though the Ethiopian federalism is cooperative federalism in nature,⁶² it lacks formal institutional

⁶⁰. See the discussion on IGR under chapter two.

⁶¹. IGR in relation with administrative and political issue in this context refers to the relationship of the two tiers of government in relation with the distribution of legislative, executive or judicial powers. For the purpose of our study, though, it refers mainly to executive powers.

⁶²Cooperative federalism is one in which the tiers of governments exercise their respective powers and responsibilities with a spirit of mutual trust and cooperation as opposed to competitive federalism in the case of which the opposite is true. The FDRE constitution under Article 50 (8) in support of this assertion provides for the need for the existence of cooperative relationship between the two tiers of government. The preamble of the constitution that states its objective as the "building of one political and economic community" is also a precursor of the cooperative nature of the federal structure that was thought to be established.

mechanisms to make sure the application of proper IGR practices.⁶³ Nevertheless, owing to the country's long lived unitary system, there are extensive relations between the federal government and the states both formally and informally.⁶⁴ However, unless some formal mechanism is set whereby the governments relate and coordinate with each other, the relationships could be arbitrary and unpredictable that might eventually lead into competitions and intergovernmental conflicts.

In Ethiopia, owing to the absence of formal IGR mechanisms, *de jure* (legally stated) political devolution is not equivalently accompanied with *de facto* (what is practiced) political devolution to the states. Powers that have been formally constitutionally decentralized are not actually being exercised by the state governments. The gap between *de jure* and *de facto* powers of the states is wide. If the federal arrangement is to work as per the spirit and letters the constitution, the states should have the capacity and culture to defend their constitutional mandates. In Ethiopia, as tried to touch upon earlier, as a result of long exercise in unitary and centralist governance system and political thoughts embedded in it, states never dared to contest the federal government's decisions including in instances where the decisions are made in clear violation of the federal arrangement. In relation with this (Keller, 2002) posits that "although the constitution provides that states may prepare their own constitutions, decide their own official language, develop their own administrative system, establish separate police force, collect certain taxes and much more, the initiative for these arrangements came from the federal government than from the states themselves."

Hence, crafting some sorts of formal mechanisms for IGR remains an imperative that seeks due attention. So that the cooperation (and not subordination) of the two orders and the existence of functioning federalism be ensured. As indicated above, some writers argue that there are institutional arrangements in the form of HoF, each ministry with their counterpart bureaus in the regions and the party channel as institutional frame works for IGR. However, as these institutions have their own missions, distinct from facilitating IGRs, they cannot make up for the comprehensive formal channel that the federal arrangement necessitates (Bekalu, 2015).

⁶³. There are some scholars that argue the institutions such as the House of Federations, the ministries with their counterpart bureaus in the states and party structure can be considered as formal institutional framework for federal-state IGR

⁶⁴. See the discussion under chapter two for formal and informal IGR.

The FDRE constitution contains clear stipulations for division of power between the federal government and the states and also concurrent powers, that which the two exercise jointly⁶⁵. All residual powers, that is, those which are not ascribed to either of them or are concurrent, are said to be powers of the states. The constitution also imposes the duty of mutual respect on both tiers of governments. Non-interference into each other's mandates is a constitutionally sanctioned sacrosanct principle⁶⁶. Interstate equality is also stipulated.⁶⁷ The constitution further provides for the possibility of the federal government delegating some of its powers to the states. Although the two tiers of government have clearly designated powers and responsibilities under the constitution, this by no means implies that the two need not interact. As the governments act side by side in the same country, inevitably many issues arise that obligate them to relate with each other. There are a number of issues that necessitate the mutual relationship between them (Hashim, 2010.)⁶⁸ The following table 1 shows the mandate areas accorded to the two tiers of government under the FDRE constitution.

Table 3.1

Functions	Federal	State
		All powers not given expressly to the federal government alone or concurrently to the federal government and the states are reserved for the states.
General Public Service	Protect and defend the constitution	Protect and defend the constitution

⁶⁵ See Articles 51, 52 and 97 of the FDRE constitution.

⁶⁶ See Article 50 (8)

⁶⁷ See Article 47 (4)

⁶⁸ See also supra note 13

	Determine and administer the utilization of the water or rivers or lakes linking two or more states or crossing the boundaries of the national territorial jurisdiction	
	Administer and expand all federally funded institutions that provide service to two or more states (51/13)	
		Establish state administration that best advances self-government
		Enact and enforce laws on the state civil service and their condition of work
National defense and security	Establish and administer national defense and security forces	
Police and security	Deploy at the request of the state administration. When problems are beyond the powers of the state	
	Establish and administer federal police force	Establish and administer state police force
Justice and law	Determine matters related to	

	<p>nationality</p> <p>Determine issues relating to immigration, granting of passport.</p>	
	Determine on patent and copyright issues	
	Establish uniform measurement and calendar	
	Regulate possession and bearing of arms	
	Legislate on historical sites and objects	
	Enact laws regarding political parties and elections.	
	Impose and lift state of emergencies	
Inter-state commerce	Regulate foreign and inter-state commerce	
Economic and social policy	Formulate and implement national policies	Formulate and implement state wide policies.
Land and natural resources	Enact laws on the utilization and conservation of land and other natural resources.	Administer same in accordance with federal laws.

Agriculture	Make researches be conducted and disseminate information to the states and the public.	Make researches be conducted and disseminate findings within the state.
Mining	Issues licenses for mining, and exploration other than those issued by the states	Issues license for artisanal mining and exploration for local investors
Transport and Postal communication	Develop, administer and regulate air, rail and waterway transport, telecommunication and postal service	
Roads	Develop, administer and regulate inter-state roads	Construct, upgrade and maintain link and feeder roads within the state. Administer vehicles and issue driving licenses.
Monetary and financial policies	Formulate and execute national policies relating to finance, monetary and foreign investment.	
	Print and borrow money, regulate foreign exchange	
	regulate state borrowing	

International relations	Regulates international relations, negotiates and ratifies international agreements	
Revenue collection and budgeting	Levies and collects taxes and duties on revenue sources reserved for the federal government	Levies and collects taxes and duties reserved for the states
	Prepares, approves and administers federal government budget	Prepares, approves and administers state budget
Environment protection	Draw national environment protection policies, Conduct inter-state impact assessment	Conduct state wide impact assessment
	Draw policies on pollution control	Carryout pollution control measures.
Health Service	Build and administer federal specialized hospital coordinate immunization	Build state referral hospitals, health centers health posts and carryout immunization programs.
Education	Establish and implement national standards	Prepares and implement education plans and standards in line with the policy framework set by the federal government.
	Establish and administer public universities	Establish and administer higher education institutions

	Develop curricula for secondary, preparatory & TVET	Develop curriculum for primary schools determine language of instruction.
		Publish textbooks, coordinate supply of teaching materials.

As a matter of principle, Councils of the regional governments have the power to formulate the economic and social policies and strategies of their respective regional states and submit same for approval by the regional state council. The councils of regional states have the power to approve the social, economic and developmental programs of the regional state⁶⁹. This seems to be in line with the self-rule principle of federalism. One of the reasons for having a federal system is its suitability for the various components of the federation to make policies and programs that suit their peculiarities and priorities as opposed to those of the other members of the federation.

However, in the case of Ethiopia, in a clear departure from their constitutional mandates, more often than not the regional states accept the economic, social and developmental plans issued by the federal government instead of developing their own. (Mahari, 2008) maintains that this is because of institutions that bypass the constitutional federal principle and operate with centralizing tendencies. The two most centralizing institutions according to him are 1) the central government and its ministries: they hold monopoly on several areas of public life due to the resource they control particularly from international aid. As the country is dependent on aid that comes through the central government it leaves the states dependent on the central government. 2) Centralizing political party: the ruling parties in Ethiopia formerly, the EPRDF and Now Prosperity Party, drive their agendas to the states through their regional structures. The dominance of the ruling party in the state councils and cabinet members enabled interference from the center, however unconstitutional in nature, to go through and take effect without resistance.

⁶⁹See as an example Article 49(3) (9) and 49 (3) (10) of the revised constitutions of the Oromia and Amara regional states.

(Watts, 1989) asserts that an evaluation of the proper functioning of the federal arrangement in a given polity requires more than an examination of the formal constitutional and governmental structures. The functioning of the constitutional and institutional framework is dependent upon the underlying political, social and economic factors. The way political parties are organized and operate is one of these factors that directly or indirectly impact the proper functioning of the federal arrangement.

(Riker, 1964, cited in Alefe, 2014) maintains that a federal system is centralized to the extent the parties organized to operate the central government control the parties organized to operate the states (constituent governments). Power decentralization will be mere rhetoric as long as leaders of a single party control both the federal government and the state governments. (Elazar, 1987) on his part, strengthens this point when he asserts “the existence of a non-centralized party system is perhaps the most important single element in the maintenance federal non centralization”. Hence, it can be safely summarized that the measuring of federalism necessitates the measuring of political party centralization.

The Ethiopian federal exercise is one that is being operated by a single political party dominance in both orders of government since it was introduced as a form of governance. This trend led to the development of a wrong outlook wherein the federal governments and the regional states are viewed through hierarchical lens as superior and inferior (subordinate) in contradistinction with the basic tenets of federalism. The senses of “mutual respect” that need to be the norm between the two tiers is not respected as the party especially, the EPRDF used to manage both the party and government affairs through the principle of democratic centralism⁷⁰. Thus, executives of the regional organs view themselves as mere functionaries of the federal government and the ruling party rather than representatives of a government with all its rights (Assefa, 2007.)

Usually, policy documents are developed as party programs and party members at both tiers of the government (Federal and State) discuss them and decide to implement them as governing

⁷⁰ Democratic centralism is the governing principle of the workings of the EPRDF. In theory the principle has both democratic and centralist aspects. The centralist aspect is seen through the subordination of all the lower bodies to the decision made by the higher ones. The democratic aspect of the principle is asserted in the fact that the highest body of the party is its congress to which delegates were elected by lower level member parties. Also individual members have freedom to discuss and debate matters of policy and direction. But once decision is made by majority vote all members are obliged to be governed. This practice is supported by *gimgema* (evaluation) which serves as an institutionalization mechanism to discipline party members. (Lovice, 2002 cited by Alefe, 2014)

policy of the whole country irrespective of the uniqueness of member states. This renders the constitutional powers of the regional governments to develop the region's economic, social and developmental policies and strategies without implication. The federal government over the years has produced a number of major policy documents that have clear encroachment into the powers of the regional states (Ibid). These documents touch upon issues that constitutionally fall under the jurisdiction of the regional governments such as elementary education and agriculture.⁷¹ Many writers underline the fact that the Ethiopian federal system grants considerable powers to the regional states sometimes even greater than what has been the norm under other federations.⁷² Its exercise, nevertheless, is heavily encumbered by centralized policy making trends. One eminent scholar on the Ethiopian federalism (Keller, 2002) summarized this fact as follows, "In spite of the fact that the constitution gives a great deal of power and administrative authority to regional states, the overwhelming amount of political power rests with the federal government. Because of this Ethiopia in practice operates like a unitary state." Not only the policy making mandates of the states but also their political, economic and social privileges *de jure* assigned to them are now in practice controlled by the federal government. In relation with this (Merera, 2003) asserts that the states are not in a position even to elect their administrators. They are appointed by the ruling party that controls the federal government. This he argues is a feature of unitary governance and not of federalism. (Lidetu, 2010) on his part, maintains this position by arguing that the Ethiopian federalism is federation of constitutional principles which is failed to be materialized as the polity still functions as a unitary state.

Similarly, (Assefa, 2019) on his part asserts that while administration of land constitutionally belongs to the states, federal laws regulating land extend the mandates of the federal government to administer land, making state mandate hollow. The federal government even violates the constitution by inducing the states to delegate their mandates of administering land while the

⁷¹ Some legal scholars (AssefaFisseha 2009) argue that the power delimitations have in some places overlaps. Thus, the federal government's incursions in to the territory of the regional states might emanate from this lack of clarity. However, it is very clear that the federal government's interference goes beyond these shadowy areas as well.

⁷² Several writers including (Abbink; 1997) claim otherwise they assert that the constitutional division of power is not federal enough the reason being that the regional states are not given any mandate whereby they can debate on the policies made and laws enacted by the federal government. He bases his argument along this line on the practices of other federal polities like Germany, Canada, Nigeria and Mexico. Where regional governments are endowed by such powers. Thus he argues in Ethiopia the power balance is unfairly tilted toward the federal government.

constitution envisages only downward delegation. All these developments fuel ethno nationalism and the perception of marginalization from all the states.

According to (Assefa, 2019) three interrelated developments are clear indications of the shift in orientation from self-rule to a centralized federal practice: the Addis Ababa-Oromia integrated development plan,⁷³ the developmental state ideology, and land related policies and laws.⁷⁴ All the above are results of a centralized decision making (political practice) compromising the constitutional mandates of the states for self-rule

Since the coming into power of the new ‘reformist’ leadership that is being led by PM Abiy Ahmed, in 2018, the country is trying to adopt a new political notion called “Medemer”, an Amharic word roughly translated as “coming together.” This new notion which is spearheaded by the prime minister’s new Prosperity Party is blamed by some as an attempt to take the country back to a more centralized federalism or even to a wholesale unitary system (Solomon, 2021, Abdissa 2021.)⁷⁵They, base their argument on the fact that, the new Prosperity Party has branch offices in every regional state under a unified one national party. Hence, decisions are going to be taken at the center and then handed down to the regional chapters of the party for implementations. (Solomon, 2021), maintains that the bylaws of the Prosperity Party provide that the heads of the regional chapters of the party are directly appointed by the central committee of the party, this, he argues, is a clear indication of the party’s intention to centralize power and “homogenize” the Ethiopian federal polity in violation of the principles of federalism and the self-rule mandate of regional states. As outlined by (Gardner, 2020), others, however, argue that the move by the government is a step in the right direction. It gives the right to representation, in

⁷³The Addis Ababa and surrounding Oromia integrated Development plan” which was enacted in 2014 had the objective of integrating which the plan detractors view it as expanding the current size of the city by at least twenty times within the twenty five years that follow its enactment. This plan not only clearly violates what has been provided for under article 49(5) of the constitution but also the way it was made and intended to be implemented is a vivid indicator of how deep the federal government has encroached into mandates of the states, in a way that can be taken as practice of a unitary state. This un-federal practice emanates from the developmental state ideology that the country used to pursue and also the long held practice of unitary governance the country went through.

⁷⁴The FDRE constitution separates the legislative and administrative aspects of utilization and conservation of land and other natural resources (Article 51.5). But in actual terms the federal government acts in these issues with no heed to the mandates of the regional states. The show cases being In 2010-11 the federal government in a clear violation of the constitution (Article 50(9) forced the states to delegate their power to administer lands under their jurisdiction to the federal government and then leasing of state lands to domestic and international investors without due consultation with the concerned states.

⁷⁵See also Addis Ababa University Institute for Peace and Security Studies (2020), Ethiopia: Conflict Insight, Addis Standard News Magazine Oct. 2020 edition, The Christian Science Monitor Nov 12, 2020, Aljazeera Opinion Dec. 2020 and others.

the party to all Ethiopians across the country in a clear departure from the trend under the EPRDF. (This is to imply that the EPRDF was a coalition of only four ethnic based parties leaving the other ethnic political parties in the cold with a mere depiction of “affiliates”). This in turn, according to them, has nothing to do with abolishing federalism. In fact, it will foster the building of one, strong and unified state. The overall impacts of this move on the formation of true federalism and on ensuring peace and development of the country that the federal system was, in the first place, adopted to attain remains to be seen. In Nigeria as opposed to the experience in Ethiopia centralization is a constitutionally entrenched *modus operandi* of the state. The next section will examine how the 1999 constitution of Nigeria pulls political power to the federal government with little regard to the principles of federalism.

3.2.2.1.2 Nigeria

The division of political power and of fiscal resources entrenched in the 1999 constitution of Nigeria⁷⁶ is overwhelmingly, and perhaps immorally, skewed in favor of the federal government. As can clearly be observed from the table below, powers which ordinarily are within the exclusive province of the states are invariably assigned to the federal government. This elevated the federal government to the status of an overlord and subjugated and pauperized the states and caused ethnic unrest and regional instability (Kunuji, 2018.)⁷⁷ One of the main reasons for Nigeria’s current political and economic woes is the concentration of power in the hands of the federal government (Chiamogu, 2020.)

The federal government’s arbitrary incursion into areas within the competence of the other orders of government and its excessive dominance in areas of concurrent powers violates the

⁷⁶ The 1999 constitution by itself is subject to acrimonious debates in Nigerian political forums. The constitution was made in haste by the military government and imposed on the citizens to facilitate the transition to civilian rule in 1998-99. The making of the constitution was neither participatory of the citizens nor cognizant of ethno-regional heterogeneity of the country. So, various writers maintain that this mal-federalist practice outrightly make Nigerian federalism a false federal arrangement without even looking into its extremely centralizing contents of the constitution. The call for restructuring the constitution and thereby the federal arrangement has not so far bear fruit owing to various challenges such as elite interest, fear of domination, corruption, military interference and the like.

⁷⁷ There are ample evidences in Nigeria of such conflicts the recent resurgence of violent agitations for a breakaway of South-Eastern Nigeria to form the sovereign state of Biafra is an expression of discontent with the current power distribution structure in Nigeria. The militancy in Niger Delta in South-South Nigeria, the Boko-Haram crisis in North-Eastern Nigeria, and the agitations for the creation of Oduduwa Republic in South-Western Nigeria are just manifestations of deep regional resentment of the centralist division of power and fiscal resources in the 1999 constitution.

autonomy⁷⁸ of the other orders to self-rule, a cardinal principle of federalism. The separate and autonomous existence of each order of government and the plenary character of the powers assigned to it on specific matters by the constitution, necessarily imply that the exercise of those powers is not to be impeded, obstructed or otherwise interfered with by the other order of government while acting within its powers (Kunuji, 2018.) The autonomy of the constituent states of a federal polity is the hallmark for a truly functioning federal arrangement. The current constitution of Nigeria, however, unfairly impinges on the ability of each state to exercise effective and efficient control over its own internal affairs and determine its destiny with regard to matters that fall within its competence. This state of affairs is the prime reason for the various ethnic and intergovernmental conflicts that the country is condemned to go through.

The 1999 constitution views the federal government as the dominant custodian and repository of power. It pays scant attention to the need to significantly engage the federating units. This neglect and mal federalist approach remains the mainstay of the various conflicts in Nigeria (Ibid.) The current constitution of Nigeria (constitution of 1999) forces the states to be dependent on and subordinate to the federal government instead of fostering cooperative relationship between the two orders of government. It grants overriding power to the federal government. It stipulates that in case of conflict between laws of the federal government and that of the states (even in areas where the states have exclusive powers) then the federal laws override and render the legislations made by the states null and void to the extent of their inconsistencies with the former.⁷⁹ Similarly, if any executive actions of the states, in any way, contradict with those of the federal government, then the latter will be governing for all intentions and purposes⁸⁰. These are clear indications of how power is concentrated in the hands of the federal government to unilaterally interfere in any matter of public importance at the expense of the states. This implies that the states are dependent on the federal government for all administrative issues.

According to the 1999 constitution of Nigeria, the states share sovereignty with the federal government. Member states of the federation have constitutional existence and powers that cannot be unilaterally changed by the federal government. The federal government and the states

⁷⁸ Autonomy in this context is meant the capacity of every order of government in the federation to exercise, as far as practicable, their legislative and executive mandates without any impediment.

⁷⁹ See section 4 (5)

⁸⁰ See section 5 (3)

are given recognition as federating units⁸¹. The third tier of government, that is, the local governments remain administrative units of the states. The constitution further states the extent of the powers accorded to the two tiers of government as indicated in table number two below⁸². It also prescribes that matters that are not put under the exclusive or concurrent mandates of the federal government are clearly given to the states⁸³. In principle, this is in accord with the fundamental tenets of federalism that each tier of government within its own mandates can operate without undue interference by the other tier and also that it has the right to self-rule. Nevertheless, in Nigeria the states are mere appendages of the federal government as their mandates, few as they are, technically dominated by the decisions of the federal government as indicated above.

Assignment of responsibilities under Nigerian 1999 constitution

Table 3.2

Federal Government	State Government	Local Government
Defense and national security	Higher education	Sewerage disposal
Police	Secondary education	Environmental sanitation
Foreign affairs	Primary education	Maintenance of federal earth roads
Inter-state roads	Maintenance of standards	Primary education
Mineral exploration	Urban & rural waters	Market stalls
International roads	Transportation	Craft and small scale industry
Rail ways	Housing	

⁸¹See section 2 (2)

⁸² See section 4

⁸³ See sections 4(2) and 4 (7)

Airports	Health	
Aviation Facilities	Lighter Industries	
Power supply	Agriculture	
Communications	Tourism and town planning	
Management of territorial waters		
Higher education		
Secondary Education		
Agriculture		
Commerce and tourism		

Thus, on top of the insignificance of the powers accorded to the states, the states' capacity to exercise their mandates is curbed by various constitutional stipulations, as hinted above. A number of cases are mentioned herein below that can show the veracity of this fact. Thus, it can safely be surmised that Nigeria is run as though it were a unitary state while the constitution proclaims it to be a federal polity. To see how increasingly, through its history, power shifted from the states to the center in Nigerian federation it is important to see the successive constitutions⁸⁴. The federal government's legislative list which numbered 45 in the 1963 constitution grew to 67 in the 1979 constitution and to a further 68 in the 1999⁸⁵. Included in this list are matters that should ordinarily be part of the state legislative list as a result of their relevance to the state governments than to the federal government (Tochukwu, 2018.)

⁸⁴ For the discussion on the *raison d'être* of the excessive centralization look at section 3.1.2 Inception and Development of Federalism in Nigeria (above.)

⁸⁵.Here it would be very interesting to observe the difference in the mode of the centralization move in the two countries. The centralization process in Ethiopia is largely a *de facto* move whereas that of Nigeria is largely *de jure* (ironically, supported by the constitution itself that was meant to effect a federal system)

Some of these include election to the offices of governors and deputy governors of states, election to the house assembly of states, local policing and other local security services, mines and minerals in the states, censuses in the states, local aviation, regulation of regional political parties, judiciary of the states, formation, annulment and dissolution of marriages in the states; incorporation and regulation of companies in the states; registration of business names in the states as well as wireless broadcasting and television. Moreover, even in relation with the concurrent issues, that contains only twelve items, the effectiveness of any state legislation is dependent on its consistency with the legislation of the federal government on similar issue. In case of any inconsistency the state legislation will be null and void. Thus, state power is subject to the overriding authority of the federal government (Kunuji, 2018.)

On top of that, as indicated above, even residual matters that are exclusively assigned to the states under the constitution are known to be usurped by the federal government without the consent and agreement of the states. For instance the federal government has of late taken over a significant part of primary education policy, healthcare policy and development, which are residual and thereby, constitutionally, fall within the ambits of state mandates (Ibid.) On top of the skewed power distribution, the federal government's incursion into the legal mandate areas of the states (concurrent and residual) violates the cardinal principle of federalism which is autonomy to self-rule of the states.

As tried to mention above one area that naturally falls within the province of state power but assigned to the federal government is the state police and security apparatus. This is one showcase of how the states are made so weak and dependent on the federal government as regards their executive power and internal security issues of the states themselves. State police commissioners, directors of state security services and other security agencies operating within the states are directed by and responsible to the federal government leaving the states without any executive mandates. This makes difficult for the states to ensure the personal safety of their residents and protection of public and private properties under their jurisdictions (Chiamogu, 2020.)

The unprecedented surge in insurgency, terrorism, armed robbery and kidnappings across the country is to a great extent caused by this lacuna in state authority on security issues (Chiamogu, 2020, Chiamogu etal, 2012.) Moreover this state of affairs made the states vulnerable to the

tyranny of the federal government. Owing to absence of state police, the federal government can enter into state territories on all sorts of excuses. On top of the federal constitution that is skewed in favor of the federal government, the fact that the state governments do not have their own constitutions, whereby they can protect their autonomy, made it easy for the federal government to produce legal excuses for its unwarranted intervention in matters that literally fall within state competencies.⁸⁶

Another area that shows how the federal government keeps the states in a position of subordination is the issue of minimum wage setting. The federal government by virtue of its power to set minimum wages across the country, recently has lifted minimum wages of federal government employees from Naira 18000 to 30000 whereas employees of state governments with similar qualifications who also buy their wares from similar markets and pay similar fees for services they get are condemned to earn much lower wage causing unusual rift between the two tiers of governments. This created unprecedented perchance for federal appointment (jobs) making the states even more dependent on the expertise of the federal government employees (Chiamogu et al, 2012.) Furthermore, the federal government set similar minimum wages throughout the federation without paying any heed to the differences among the member states. This practice is totally inimical to principles of federalism, as it does not foster diversity and takes into account regional or local realities (Ibid.)

As if these administrative and regulatory power usurpations were not enough, major centralizations were also made in relation to fiscal matters as we look into in the next section of this thesis. This undue concentration of power at the federal government has given a staggering blow to the Nigerian federalism. Thus, nowadays many scholars in Nigeria and beyond proclaim that Nigeria neither practices democracy nor federalism; rather what we have at best is disguised Unitarianism and dictatorship which they term as “pseudo federalism”. And hence, calls for the

⁸⁶Some scholars argue that true federalism require that state governments have their own various constitutions citing the case in the USA, Australia and Canada. They argue that a federation run by one single federal constitution without state constitutions is one that is unitary in disguise. The state governments do not give all their powers to the federal government for the formation of a federal polity. Rather they surrender some parts of their power to the federal government while retaining others in their individual constitutions. As a federal government is an arrangement between separate autonomous governments it therefore follows that there should be separate national and regional governments which implies separate constitution for each government. This is not so in Nigeria where one federal constitution is used to run the affairs of the entire country (Abah&Nwokwu, 2017.)

restructuring and renewal of the federation to make it less centralized, less suffocating and less dictatorial is being reverberated throughout the nation (Tochukwu, 2018.)

3.3.2 Fiscal IGR (Fiscal Federalism) in Ethiopia and Nigeria

The importance of finance for healthy functioning of a federal system cannot be over emphasized. The administrative and regulatory autonomies of the states cannot be fully materialized if the states are dependent on the federal government for their fiscal needs. A number of scholars have extensively written about this issue. Alexander Hamilton, Jon Jay and James Madison the founders of American federalism, in the Federalist Papers number 31, have argued that “it is necessary the state governments should be able to command the means of supply of their wants whilst the national government should possess the like faculty in respect to the wants of the union”. (Wheare, 1963) on his part, maintains that the federal principle requires the general and regional governments not only to be coordinate but also that each must have under its independent control financial resources sufficient to perform its exclusive functions.

In developing countries, allocation of taxing power and setting a fair norm of intergovernmental fiscal relations is a murky affair. The fact that these countries depend on natural resources for the bulk of their income and the uneven distribution of resources among the member states of the federation makes fiscal federalism a very horny issue. Ethiopia and Nigeria also cannot be any different. The approach conventionally applied to solve the problems is either to centralize the revenue mobilization power at the federal level or to decentralize the revenue sources among the states. Both ways, the approach remains controversial as it contradicts the essence of “true” federalism.⁸⁷

As has been discussed at length under chapter two, fiscal federalism posits to answer four fundamental questions: a) who is responsible for which type of expenditure b) who controls which type of revenue sources c) how is the fiscal aspect of IGR managed and d) who decides expenditure responsibilities and revenue sharing. Thus, apart from and in addition to the federal-state governmental administrative and regulatory powers relationships, federal-state

⁸⁷ If the revenue sources are centralized then the expenditure responsibilities also should be centralized in the case of which federalism ceases to exist. On the other hand, if state boundaries are to be marked taking into account fair distribution of natural resources then might cause conflict as it contradicts with the self-rule quest of ethno cultural groups.

governmental fiscal relationship is one aspect of evaluating the alignment a federal practice with the tenets of federalism.

3.2.2.2.1 Ethiopia

The Ethiopian constitution defines the assignment of tax and non-tax revenue sources to the federal and regional governments.⁸⁸ This assignment provides exclusive right for the federal government to tax international trade, and the dominant share of the domestic indirect taxes. These two sources have on average a combined share of about 64% of the tax base (Abu Girma, 2003.) Hence, the most potent of the tax revenue is assigned to the federal government (MoFEC Report2012.) In a similar tone (Enderias, 2003,) asserts that the federal government controls 80 percent of domestic revenue, 88 percent of indirect taxes, all international trade and foreign assistance that on the whole accounts for 90 percent of revenue. The regional governments are assigned with the collection of direct taxes within their jurisdictions, land use fees, and taxes on a subsistence based house hold farms. Moreover, according to the constitution of FDRE, the federal government collects payroll taxes, sales taxes and non-tax revenues from public enterprises owned by the federal government irrespective of their location across the country. See table three below.

Table 3.3

Income Tax Power Matrix

No	Type of Tax	Levied and Collected by	FDRE Constitution Article
1	Income tax on Federal Government and international Organizations employees	Federal	96 (2)
2	Income tax on federal government enterprises	Federal	96 (3)
3	Income tax on lottery wining and other	Federal	96 (4)

⁸⁸See Articles 96-98

	chance games		
4	Income tax on air, rail and sea transport services	Federal	96 (5)
5	Income tax on federally owned houses	Federal	96 (6)
6	Income tax on monopolies	Federal	96 (8)
7	Income tax on state government employees and employees of private enterprises located in the state.	State	97 (1)
8	Income tax on private farmers and agricultural cooperatives	State	97 (3)
9	Income Tax on individual Traders	State	97 (4)
10	Income tax on inland transport services	State	97 (5)
11	Income tax on rental of private houses and other properties	State	97 (6)
12	Income tax on State government owned enterprises	State	97 (7)
13	Income tax on employees of enterprises owned by state government	State	97 (7)
14	Income tax on Companies and shareholders	Federal/State (concurrent)	98 (2)

Sales Tax (VAT), Excise Tax, Charges and Royalties Matrix

1	Sales Tax (VAT) and Excise tax on enterprises owned by the federal government	Federal	96(3)
2	Sales Tax (VAT) and Excise tax on enterprises owned by the state government	State	98 (7)
3	Sales tax (VAT, TOT), excise tax on individual traders	State	97(4)
4	Land use fee	State	97 (2)
5	Fees and charges on licenses issued and services rendered by the federal government	Federal	96 (7)
6	Fees and charges on licenses issued and services rendered by the state government	State	97 (9)
7	Custom duties, taxes and other charges on imports and exports	Federal	96 (1)
8	Federal Stamp duties	federal	96 (9)
9	State Stamp duties	State	96 (9)
10	Royalties on large scale mining and all petroleum and gas operations	Federal/State (concurrent)	98 (3)
11	Royalties on forest resource	State	97 (10)

The tax base allocated to regional governments generates relatively meager revenues and is more or less stagnant with a property of low buoyancy. The situation is more or less similar with

respect to non-tax revenue sources in which the federal government collects 80% of non-tax revenue⁸⁹ of the fiscal system (Abu, 2003.) The combined regional share of revenue collection has remained within a range of 12-20 percent of total revenue and further declining in recent years (Ibid). The states have legislative power to set tax rate regarding the taxes assigned to them. However the tax rates are uniform all across the country.⁹⁰ One might ask as to why the states fail to set their own tax rates taking into account differences (particularities) among them. Various suggestions might be given as reason for this. However, one obvious fact is that there is the centralization trend in which the states powers are taken by the federal government in violation of the self-rule mandate of the states. Tax rate that applies across the country is set by the federal government as if Ethiopia is a unitary (not federal) polity⁹¹.

The assignment of revenue sources and expenditure responsibilities between the federal government and the regions is such that almost all of the regional governments cannot generate enough own revenue to cover their expenditure responsibilities. This mismatch has given rise to the problem of acute vertical fiscal imbalances. The regional governments have a combined expenditure responsibility about 34 percent of total consolidated government expenditure whereas their share of own revenue was just about 17 percent (Ibid.) This is a clear indication of a situation wherein revenue decentralization is by far narrower than expenditure decentralization the apparent consequence of which is the emergence of vertical fiscal imbalance.

The extent of vertical fiscal imbalance in Ethiopia is quite high and increasing. The dependence of regional governments on federal grants is so significant that without federal grants most of the regions could not even cover their recurrent expenditures⁹². Moreover, the dominant part of their

⁸⁹ Sources of government revenue can be categorized as tax revenue and non-tax revenue. Tax revenue consists of government receipts that are compulsory and unrequited, which means that they are not paid as direct compensation for provision of a certain good or service. All other government income is non-tax revenue.

⁹⁰ There are tax rate differences among the states only in relation with agricultural income tax, rural land use fee and urban land lease fee.

⁹¹ Although it lies outside of the scope of this paper, the vertical fiscal imbalance is accompanied with horizontal fiscal imbalance which refers to the uneven distribution of revenue mobilization capacity among the regions. In spite of this, nevertheless, even the regions that are considered to be relatively prosperous have problems providing essential public services for their resident citizens.

⁹² Theoretically, vertical fiscal imbalance refers to a situation where in one order of government generates revenue in excess of its expenditure assignment whereas the other fails to generate enough revenue to undertake its expenditure assignment. The feature of the vertical fiscal gap in Ethiopia is that even the federal government itself is not in a position to generate revenue in excess of its expenditure assignments. In 2001/2002 fiscal year, for example, the federal government was able to cover only 63 percent of its expenditure assignments. So the federal government itself is dependent on domestic and foreign loan and aid. (MoFED, 2019.)

expenditure is absorbed by recurrent payments such as salaries and allowances, which are difficult to reduce and leaves little for important development efforts. It is therefore, clear that the fiscal policy stance of the federal government directly affects the policy choice variables at regional levels despite the nominal fiscal autonomy that the regional governments seem to exercise. Fiscal autonomy of the states relates to their capacity to generate by themselves (without recourse to the other tier of government enough amount of finance to be able to undertake their legislative and executive mandates efficiently. In Ethiopia, as a result of the uneven distribution of expenditure assignment and revenue mandate, the states are as shown in table four below heavily dependent on the fiscal transfer from the federal government, there by losing their autonomy for self-rule. Thus, it can be observed that, the exercise of federalism in Ethiopia is far from the cardinal tenets of “true” federalism.

Table 3.4

No	Budget Year	Inter-governmental Transfers in millions
1	2003	25555.8
2	2004	45555.8
3	2005	55555.8
4	2006	57465.3
5	2007	65958.4
6	2008	84850.1
7	2009	99420.1
8	2010	120904.1

3.2.2.2.2 Nigeria

In Nigeria, the states and local governments (the Nigerian federalism unlike the one in Ethiopia has three orders of government) bear the heaviest financial burdens (expenditure assignment) whereas the federal government takes the lion's share of the most lucrative sources of revenue, especially petroleum oil which accounts for more than 70 per cent of the gross national product (GNP) (Stanley, 2015.) This fact forced the states to depend on the federal government for their financial needs. Though there are differences among the states on the average 80.8 percent of their fiscal requirements are covered by the transfers from the federal government while only 15.6 percent is covered by their own means (Alm, 2002.) The federal government uses this advantage to intrude into the autonomy of the states under the guise of giving them financial grants and loans. (Abah and Nwoku, 2017) assert that financial subordination marks an end of federalism no matter how carefully the legal forms may be preserved. True federalism does not permit over concentration of power and resources in the hands of either the federal government or the component units as to make it more powerful to lord its will over the others. The dependency status of the states forced them to stay in constant acrimony in the struggle to get the greatest possible share of the national revenue thereby brewing sense of mistrust among them. Owing to this state of affair, (Oruebora 2015 cited in Nwafor-Orizu, Chinyere & Tochukwu, 2018) referred to the Nigerian federalism as the "feeding bottle federalism."

The military in Nigeria whittled down the financial powers of the states ever since it assumed power. A showcase is to be found in the fact that by the end of the first military administration in 1979 the states were left with less than 25 per cent of the national revenue as opposed to 70 per cent in 1966, the federal military government retaining more than 75 per cent (Musa, 2017.) The 1999 constitution has significantly distorted the configuration of power initially created by the 1960 and the 1963 constitutions to the detriment of the states. The 1963 constitution was a mere rewriting of the 1960 (independence constitution). Thus it would be logical if we use the 1963 constitution as our point of departure to see how aggressively the Nigerian federal exercise has shifted fiscal resources to the center at the expense of the states.

The 1963 constitution provided that each region shall get a sum equal to fifty per cent of the proceeds of any royalty received by the federation in respect of any minerals extracted in that

region and any mining rents derived by the federation from within that region.⁹³ This gave the states considerable financial autonomy to effectively manage their internal development issues. But this approach weakened the central government. Thus by the end of 1966 when the first republic collapsed the military who assumed power applied a two-pronged approach to weaken the states and strengthen the center (Oyewo, 2019.)

Thus, the successive, constitutions focused on creation of additional states (minimizing their size and resource base) and to alter the derivation principle with the approach that mandates the national assembly to divide the proceeds to the states in accordance with the criteria set by itself. After fierce resistance by the states and much debate the current constitution reinstated derivation but only at thirteen per cent. Hence, still the call for true federalism is heard in Nigeria's political discourses (Eremie, 2014.) Power sharing arrangement under Nigeria's federal system assigns to the federal government powers and resources so overwhelmingly greater than those assigned to the states thereby depriving the latter of any meaningful autonomy in relation to the federal government. This distorted configuration of power sharing under the 1999 constitution is one of the main reasons for the call for constitutional reforms to create "true federalism" (Oyewo, 2019.)

In Nigerian federalism in addition to the skewed tax mandate that the constitution gives for the federal government, it is argued that, it has also forcefully taken tax sources that were constitutionally belong to the states. The issue of VAT is a showcase of the usurpation by the federal government of the tax powers of the states. VAT was introduced in 1993 replacing sales tax which was under the jurisdiction of the states. Moreover, VAT is listed neither in the exclusive nor in the concurrent mandates of the federal government. Thus as per section 4(7) of the constitution, it should automatically fall under the jurisdiction of the states (Oyewo, 2019). This being as it may, in Nigeria the 1999 constitution plays a primary role of centralizing and decentralizing all the accruing revenue and resources⁹⁴. The problem of revenue allocation within the Nigerian federation is one that recurrently pitched the protagonists for less revenue to the federal government against the protagonists for the centralization of resources in the federal

⁹³ Section 140 (1), this section is based on the principle of derivation which mandates each region to get in proportion to its contribution to the federation in terms of resources.

⁹⁴See section 80 of the 1999 constitution.

government. As can clearly be depicted from table five below, the federal government controls the lion's share of the revenue sources.

Table 3.5

No	Type of Tax	Tax Assignment
1	Import duties	Federal
2	Excise Duties	Federal
3	Export duties	Federal
4	Mining rent royalty	Federal
5	Petroleum profit tax	Federal
6	Capital gains tax	State
7	Personal income tax other than those listed in 8 below	State
8	PIT on army and police forces, external affairs officers, non-residents, residents of federal capital territory	Federal
9	Value added tax	Federal/State concurrent
10	Company tax	Federal
11	Stamp duties	State
12	Gift tax	State
13	Property tax	State/Local

14	Licenses and fees	Local
15	Motor park dues	Local
16	Motor vehicle	Local
17	Capital transfer tax (CTT)	State
18	Pools betting and other betting taxes	State
19	Entertainment tax	State
20	Land registration and survey fees	State
21	Trading license and fees	Local

Source: FRN Constitution 1999

The current formula applicable to revenue allocation is federal government 52.68 per cent, states 26.72 percent and local governments 20.60 percent. Thus the concentration of fiscal power in the hands of the federal government is not only un-federal in nature but also clearly unsustainable. The unsustainability of such a concentration is being reinforced by the glaring fact of the failure of the federal government to manage the resources of the nation efficiently and bring about the desired developments in the states (Ibid). In Nigeria voices, that call for change in this skewed fiscal resource distribution is being heard loud and clear. The argument is that such allotment ratio if at all is said to have some benefit; it is that we can get growth without development. The big investments the federal government makes may show numerical economic growth but if the states (and local governments) who are closer to the people do not have the means to do projects that impact day-to-day lives of the ordinary citizens, then the giant industries that are built by the federal government alone cannot ensure the equitable development of the population in all localities across the country.

The more contentious and volatile issue in revenue sharing and fiscal relationship in Nigeria is focused on the derivation principle and the counter argument of resource control.⁹⁵ As a result of

⁹⁵The Nigerian constitution of 1999 under section 162 (2) stipulates that the derivation states can get could not be less than 13 percent of the revenue accruing to the federation account directly from the said natural resource.(This is

the multiple challenges extraction of natural resources cause, various groups are agitating for an increase in derivation to either 50 per cent or at the minimum 25 per cent. Failure to implement these modest recommendations seemed to have pushed the recent agitations for the reforms of the revenue allocation formula and derivative principles up to outright demands for resource control by each state with a condition that it pays to the federal government necessary revenue.⁹⁶ However, much of the current agitation for “true” federalism may be interpreted as less of a wholesale rejection of the military’s integrative strategy than of an attempt to rein on the military’s centralization and restore some balance to Nigeria’s IGR (Suberu 2019.)

The bottom line seems to be, if the issue of revenue sharing in the Nigerian federation is not held with the utmost care the issue demands, the Nigerian federal arrangement, sooner than later, will face insurmountable nation building challenges. People are getting impatient by the extreme dependence of states on the federal government for their developmental needs. In Nigeria, as discussed above, the states lacking the powers (fiscal and political) and being almost entirely funded by the federal government currently they are more of conduits for the dissemination of corrupt patronage than centers of true decentralized and democratic governance. They failed to complement national macroeconomic reforms, formulate and implement economic policies, provide necessary infrastructure and services in support of local businesses, and effectively deliver education, health and poverty-alleviating social services (Ibid).

3.3 Summary

The British colonialists had tried to implement federalism in their colonies including Nigeria. Ethiopia too had a brief experience of federalism with Eritrea. However, with the mere exception of Nigeria, which has maintained it to date, many of the federations in Africa have failed to bear fruit.⁹⁷ One reason for this seems to be the fact that many anti-colonial leaders in

down from 50 percent in the 1963 constitution), Now, the 13 percent derivation is being contested for being inequitable considering the environmental degradation, health risk, abject poverty and extreme underdevelopment , on the local community, occasioned by the exploitation and extraction of natural resources.

⁹⁶ This was one of the points stressed by the YURUBA Summit which proclaimed “....The greatest imperative of restructuring Nigeria is to move from rent seeking and money sharing anti-development economy to productivity and ensuring that the federating states are free to own and develop their own resources. They should pay agreed sums to the federation purse to implement central service. (Yoruba Summit 2017)

⁹⁷ Among others, mention can be made of Cameroon where initially federal constitution was adopted at the end of colonial rule but then quickly opted for a centralized unitary state in spite of opposition from the territory that was part of the British mandate. It was also tried during the pre-partition of Sudan into South Sudan and Sudan. There

African countries such as Kwame Nkrumah strongly resisted the British idea of federalism as a tactic to divide and rule the African communities. Having waged the independence struggle with this mindset many African rulers after independence opted for the unitary form of government (Agbu, 2004, Jinadu 2002 cited in Teshome, 2008.) Many African leaders today are not willing to give federalism a trial in their countries citing that it reinforces tribalism and fragment the society. Others, however, argue that the real problem the African leaders have with federalism is not fear of tribalism as they would like to claim but emanates from their fear of federal constitution (principles) that necessitates limitations of power (Ibrahim, 2003.)

Most of the African countries being plural in nature, that is, composed of diverse ethnic and religious communities; the unitary form of governance was viewed as an effective means to maintain national unity. Hence, the various constituent communities were expected to give up their identity for the “sacred” cause of national unity. However, this much talked about system of Unitarianism could neither salvage the continent from the feared curse of ethnic conflict nor brought about the much aspired peace and economic prosperity. In fact, shortly after independence, military coups and ethnic conflicts (civil wars) became the mainstay of the African political discourse.

If federalism is applied in its “true” sense, this writer opines, by combining the advantages of self-rule with those of shared-rule, it, could offer plausible solutions for political, social and economic malaise of Africa. Nevertheless, there are many others who don’t subscribe to this assertion. In fact, the literature on the relevance of federalism for Africa is fraught with diverse and opposing views. There are as much skeptics as adherents. The skeptics argue, among others, that federalism in African context might fuel secessionist movements and engender new conflicts that can ultimately lead to the demise of the state (Rothchild, 1997.)

Thus, it could easily be speculated that, the debates will continue for sometime to come. Whichever way the debates might go, our study of the Ethiopian and Nigerian federal exercises, in this chapter showed that, in both countries federalism is not being implemented according to its cardinal tenets discussed under chapter two above. This seems to have hindered the countries from fully enjoying the political, social and economic benefits the system could bring them had it been applied in its true sense.

was also the Ethiopia and Eritrea federation, which was reversed by Emperor Hailesilassie and ended up by the secession of the Eritrean state from Ethiopia..

Chapter Four

Discussions

The Socio –Economic Impacts of the Federal Arrangements in Ethiopia and Nigeria

4.1 Introduction

Federalism is a multipurpose political order. Various countries adopt federalism for its one or the other benefits.⁹⁸ Ethiopia and Nigeria are among the most populous countries of Africa. On top of the enormity of their populations their similarities in ethno cultural diversities are among the reasons that made them adopt federalism as mode of governance.

As discussed in this thesis earlier, before the adoption of federalism, Ethiopia was a highly centralized polity.⁹⁹ The centralization process which was nurtured and developed for over a century led to the concentration of all political and economic powers within a group of specific ethnic and social background leaving the rest of the population marginalized and disgruntled (Kidane, 2001 cited in Zemelak, 2008.)¹⁰⁰ This in turn led to a half a century of protest and decades of civil war in the country that ultimately culminated into the adoption of federalism as a possible way out of the political morass it was embroiled in.

On the other hand, Nigeria’s federal exercise as discussed under the previous chapters has a history that stretches as far back as the colonial period. Nevertheless, in spite of the different ways, the two countries adopted federalism; the reasons that purportedly necessitated the pursuance of federal system and therefore decentralization in both countries are more or less similar. Despite their official depictions, as “federal polities”, namely, the Federal Democratic Republic of Ethiopia (FDRE) and the Federal Republic of Nigeria (FRN) respectively, however, both countries used to exercise highly centralized governance systems.

⁹⁸ The Benefits of Federalism are discussed under Chapter two above.

⁹⁹ Look at the discussions under chapter one on the history of pre-federal Ethiopia.

¹⁰⁰ In relation to this (Markakis cited in Vaughan, 2003) has the following to say “the nexus between ethnicity, state power and access to resources was forged in the aftermath of the expansion, when land the prime resource in the conquered areas, was expropriated and distributed to the Abyssinian nobility, clergy, soldiery, and state officials.

4.2 Why Opt for Centralized Federalism in Ethiopia and Nigeria

The question that needs to be addressed at this juncture is why then did they prefer to follow an over-centralized system in clear departure from the precepts and principles of federalism discussed under chapter two? In the following section attempt will be had to look into the reasons put forward as justification very briefly.

4.2.1 To Ensure Unity and Stability

Unity and stability is one of the reasons put forward for centralization.¹⁰¹In the Nigerian case, supporters of the argument contend that the unity and stability of Nigeria is best served and promoted by concentrating the most significant powers of the federation in the hands of the federal government, which, in their view is the best position to deploy power fairly among the constituent units of the federation, and thus ensure that no part of the country lags behind the others in terms of development. This approach is claimed will forestall unhealthy rivalry among the constituent units of the federation and thus help to promote Nigeria's unity and its political and economic stability (Kunuji, 2018.)

Unlike Ethiopia where we did not have sufficient practice of decentralized governance, in Nigeria, the unity and stability argument first gained currency in the aftermath of the ill-fated 1966military coup (Ibid). But, it became particularly pronounced in the wake of the Nigerian civil war of 1967-1970.¹⁰² The Biafra experience created perceptions that Eastern Nigeria was emboldened to declare its secession from Nigeria because of the substantial political powers and fiscal resources available to regional governments under the 1963 Constitution. (Crowder, 1978

¹⁰¹There are other reasons suggested by writers for the centralization move. For example, (Solomon Gebreyohans, 2009,) contends that the reason lies with the form of Ethiopian federalism. Which, according to him, is 'holding together' federalism as opposed to 'coming together' federalism. A holding together federalism is one which decentralizes a once highly centralized power in order to mitigate identity based conflicts. Thus, this type of federalism, unavoidably sticks to the tradition of centralism it inherited from the former centrist practices and bureaucracies, at least, during its formative stages. Ethiopia is not an exception to this. However, these types of arguments are difficult to accept as their assertions do not hold true always, in spite of their claim to be universally true. In our case for instance this does not hold true for Nigeria which came from a very decentralized governance to a highly centralized one.

¹⁰² It would be helpful to look into chapter one for the reasons of the military coup and its aftermath. Look also footnote number 103 below) The Nigerian Civil war was an ethnic and political conflict caused by the Southeastern province of Nigeria proclaiming themselves as the republic of Biafra. It caused loss of many lives and destruction of property.

cited in Kunuji, 2018.) Consequently it was thought that in order to prevent future secessionist attempts the country's political stability and unity should be secured by investing the federal government with more powers *vis a vis* the regional governments (Adedeje, 1993.) Several powers hitherto exercised by the regional governments were thus, transferred to and vested in the federal government over the next few years. (Kunuji, 2018.)

Unfortunately the unity and stability argument remained the cardinal principle of constitutional arrangement, first in 1979 and then in 1999. In relation to the centralization move in the 1999 constitution (Nwabueze, 2003) asserted "The marked imbalance in the power and financial relations between the federal and state governments originated in the 1979 constitution and the belief among its makers since belied by experience that the concentration of powers and financial resources in the federal government would bring about national unity and progress."¹⁰³

In connection with this, one should remember the event of 1966 wherein the military authority and their civilian acolytes had invoked the same unity and stability argument while issuing the so called "unification decree" to abolish federalism and merge together the administration and finance of all parts of Nigeria, with the aim of foisting a unitary political arrangement of the whole country.¹⁰⁴

In the case of Ethiopia, up until the demise of the EPRDF the official line of argument, at least theoretically, was that the unity and stability of the country is best served not by concentrating power and resources at center but rather by decentralizing it and empowering the states and nationality groups. Therefore, in principle, centralization was not given recognition as a means

¹⁰³ As will be discussed in this thesis, the lesson from that experience in both countries shows that an over strong national government increases the intensity of the competition for its control, undermining national unity and stability. It also increases the incidence of corruption and abuse of power, negatively impacting regional (local) development efforts.

¹⁰⁴ The previous experiences in Nigeria have revealed the greater danger of a highly centralized (unitary) as well as the likely outcome of a weak center. As stated above, the unification decree of General Aguyi Ironsi which *abinitio* was unpopular among all sections of the country was one of the major factors that precipitated his removal from office through a military coup in July 1966. Similarly some scholars argue that excessive regionalism and the seeming weakness of the center are part of what accentuated the secession attempt by the Eastern region and the consequent war of unification between 1967-1970. (Abdulrasheed A Muhammad 2007) (look the discussion under chapter three) A showcase for the need of balancing the two is to be found in the federal exercise of the US. The shift from confederation to federation in that country was necessitated to avoid problems associated with weak central government (Legese Tigabu 2016) In a similar vein, in Ethiopia, some observers contend that, given the loud and clear calls being made by the close confidants of the PM (Abiy Ahmed) for abolishing ethnic federalism and outlaw ethnic political parties, the government might ultimately move in that direction. If that will be the case, whether and if the outcome will be any different from what was witnessed in Nigeria remains to be seen.

to solidify unity of the country. In practice, however, as discussed in detail in chapter three, the governance system was a highly centralized one.

The problem with Ethiopia, many argue, is that the country is sliding back into a more centrist tendency rather than graduating on the decentralization process. (Rameshshanker, MacIntyre&Stewart, 2020) posit that the current Prime Minister, Abiy Ahmed, perpetuates Ethiopia's top down (centralized) administration, and has implemented new urban mega projects in the economic interest of domestic (urban) elites who largely are Ethiopian nationalists. In contradistinction with the rural political elite that value cultural pluralism and federalist sentiment. In particular, they contend that the Prime Minister's creation of the pan-Ethiopian Prosperity Party rekindled fears of subversion of the constitutionally guaranteed self-rule right of ethnic groups. Given our discussion of the centrist nature of military establishments everywhere under chapter one, the Prime Minister's proclivity toward centralization can possibly be attributed to his military background.

While the merits of unity are not contentious, in multi ethnic countries like Ethiopia and Nigeria, it neither can be materialized by deliberately trespassing the constitutional watershed principles and norms as in the case of Ethiopia nor can it be decreed into existence as the 1999 constitution framers apparently intended to do in Nigeria. Thus, this writer opines that centralization of political powers and resources aggravates instability and hasten societal fracture than solidify unity in countries with multiple diversities like Ethiopia and Nigeria.

4.2.2 To Actualize Socio-Economic Development

In the case of Ethiopia, various writers attribute the centralization move to a number of other reasons on top of and in addition to the unity and stability argument. One of such arguments implicate the reasons for such a centralizing move partly to the interest of the core of the ruling party (EPRDF) to concentrate power in the hands of the premier, (who is normally the chairperson of the party) who sat at the helm of the party state. The justification is the advancement of the developmental state project.¹⁰⁵ The party argued that the developmental state

¹⁰⁵ Federalism in Ethiopia is a multi-national exercise. It is meant to accommodate the aspirations of the various ethno-national groups in the country through decentralization and empowerment. Developmental state on the other hand is a governance style wherein the state in a bid to attain development, devise a cohesive, focused set of goals mobilize and allocate resources for investment that are in line with national goals; and execute policies expediently

requires regime stability to oversee the implementation of the developmental state for a minimum of few decades¹⁰⁶ (Tefera, 2019.) Another but closely related principle applied by the TPLF and later by the EPRDF was democratic centralism which remains instrumental to the emergence of ideas (plans and programs) and their dissemination from the center.¹⁰⁷ According to (Markakis 1993), though the purpose of democratic centralism in theory was preventing factionalism, in practice it served the TPLF/EPRDF leadership to discipline members from any challenge within the party (Negash, 2019.) The various shades of leftist ideological claims facilitated the concentration of power in the hands of party leadership and its cadres. The democratic centralism principle of governance and centralized management of the economy are just parts of these. (TeferaNegash, 2019.)

In Nigeria, even though the developmental state and democratic centralism ideologies were not applied, the fact that excessive centralization was made the constitutional norm, the country could not register the required socio-economic development. The Nigerian case differs from the experience we have in Ethiopia in that their centralization is part of their constitutional norm whereas in Ethiopia it is the political ideology that contradicted with the constitutional norm and ultimately rendered the latter inapplicable.

Thus, it can be safely concluded that centralization whether constitutionally entrenched as in Nigeria, or ideologically induced as in Ethiopia, could not bring about the desired socio-economic development¹⁰⁸. Instead it culminated in the suffocation of the economy and reduction

across the nation with little or no procedural hurdles. Developmental state is predominantly a centralized system (Lefort and clapham cited in Zekarias, 2019,) observe mutual incompatibility between Ethiopian federalism and the developmental state model the party seeks to implement. The two follow divergent course as one is centralizing and the other decentralizing with little or no point of convergence (Zekarias, 2019)

¹⁰⁶ Such strong intervention by the party state especially in the economy was not welcome by many observers. One of such observers (Medhane cited in Tefera, 2019) pointed out that at his best the former Prime Minister Meles Zenawi inserted the rudiments of the developmental state in Ethiopia, but at its worst he made it intimidating and suffocating. Suffocating because many of the beneficiaries of state development projects are in one way or the other related to the EPRDF itself.

¹⁰⁷ It should be remembered that all member states of the federation are controlled by the EPRDF and its affiliate political parties. Most or all of the federal government executives are top members of their respective regional political parties. (Aalen 2002 cited in Solomon, 2009) posits that “theoretically if the same party organization controls both the federal and regional governments and has a centralized party structure, this is likely to weaken the regional governments and undermine regional autonomy. On the other hand, if a party system is genuinely decentralized or if the regional governments are run by parties that operate independently of the party in power in the center this is likely to enhance the power of the regional governments and strengthen their capacity both to run regional affairs and genuinely to represent regional interest at central level.”

¹⁰⁸ This can be seen from some key socio-economic indicators of the two countries in which mostly they are trailing the world: demographics, economic growth, employment, poverty, food security, housing, living conditions,

of regional governments into mere parasites that could not deliver on the development demands of their constituencies.

4.2.3. To Ensure Minimum National Standards in the Provision of Goods and Services

As the states in both countries are on varying status of development, it is thought that decentralization of resources will worsen the horizontal disparity. Less endowed or developed states cannot provide equal public service for their residents with similar tax rate as the relatively prosperous states. In the case of which they will be obliged to impose higher tax rates. Higher tax rates instigate labor migration and other social problems. Thus, one of the tasks of the federal government is to address the disparity among the states in service delivery (Gebrehiewet, 2015.)

(Keller & LahraSmith (2005) in Roeder and Rothchild (eds.) 2005) on their part posited that centralization is taken as a solution where: a) the fact that in most states the private sector is underdeveloped or non-existent leaving the states without meaningful tax base, b) Shortage or non-availability of skilled manpower to undertake the bureaucratic works in most of the states,¹⁰⁹ c) Both countries being highly aid dependent, the donors need strong control mechanism. When they fail to find this in most of the regions, they opt to channel their assistance through the federal governments jeopardizing state autonomy.

I posit that although these arguments have some grain of truth, in actual terms, however, they only keep all states in perpetual poverty. Division of limited resources cannot end up in the desired development of the states. Development cannot be attained by distributing the limited resources of the one to the rest. If development is to happen all states should generate resources and not depend on consuming resources generated elsewhere.

4.2.4. To Benefit Own Political Base

On the other hand, (Merera,2003(b)), in relation with the Ethiopian case, posits that power and resource sharing (decentralization) and democratization was thought and feared toundermine or

education and health care. Look at detailed data in Key socio-economic indicators Nigeria and Ethiopia. Look also at the discussion under section 4.3.2

¹⁰⁹ Decentralization needs the duplication of institutions and functions at all tiers of government. Thus, mainly the poorer regions could not meet the need for qualified personnel

may even totally reverse the gains the Tigrean elites achieved through the blood and fire struggle they waged nearly for a couple of decades. This is simply because the TPLF's Tigrean interests may not be easily achieved in a democratized Ethiopia. According to him several reasons can be cited for this. First and foremost the population of Tigray, the home base of the TPLF constitutes only about 6 percent of the Ethiopian population. Thus, they represent a numerical minority group especially when compared to the population of the Oromo and the Amhara which are respectively about six times and five times larger than that of Tigray. Thus, in a democracy the Oromo and Amhara have an advantage of numbers. Free and fair elections would mean loss of power at the center that was achieved at a greater cost.

Secondly, the available resources in Ethiopia are not sufficient to develop war torn Tigray and the rest of Ethiopia on an equal basis. Under a condition of scarce resources the choice of the TPLF leadership seems to end up favoring Tigray. Thus, in order to materialize these aspirations pulling of power and resource to the center was simply a must (Ibid). This seems to hold true for Nigeria as well as discussed in section 4.3.1 below.

The International Crisis group report 2009, on its part, gives a slightly different take on the centralization move in Ethiopia, it says, the EPRDF relies on total control of the state bureaucracy not only due to its ambition to cling onto power, but also because public resources are the main patronage it can provide to its followers to get their unreserved allegiance. As the centralization move could not help the party to win popular support. (For the Amhara and pan-Ethiopia national elite it impedes a strong unitary state. For ethno-national groups it remains artificial (false federalism). In such a condition, soliciting of support from party members and other members of the society through rent was found to be indispensable. Thus, the TPLF-EPRDF regime ran highly centralized governance mode, in pursuance of controlling the resource base.

4.3 Problems Caused by Over-Centralized Federal Exercises in the Two Countries

As was discussed above, the federal practices in the two countries are rendered meaningless due to over-centralization of political power and financial resources. Federalism in Nigeria is unique in certain respects due to its stark departure from the classical federal theory which canvases

government based on constitutionalism and the constitutional sharing of political and revenue powers between the federal and state governments. Federal systems are expected to uphold a degree of self- rule for the constituent units and shared rule that is practiced at the central government (Umoh and Adeyi, 2019.) Nigeria’s constitution contravenes these elementary principles of federalism.

In the case of Ethiopia, on the other hand, although the constitution has laid down the sharing of political powers and fiscal resources, they are controlled by the federal government in spite of the constitutional provisions. These state of affairs ended up in a number of ramifications some of which are discussed below.

4.3.1. Centralization Creates Unhealthy Competition for Power among the Various Ethnic Groups

In his analysis of the cases of conflict in Africa (Annan, 1998 cited in Ferim, 2012) ascertains that the nature of political power in many of African states together with the real and perceived consequences of capturing and maintaining power is a key source of conflict across the continent. According to him, it is frequently the case that political victory assumes winner takes-all form with respect to patronage and the prestige and prerogatives of office. Besides, there is insufficient accountability of leaders, inadequate checks and balances, non-adherence to the rule of law, absence of peaceful means to change or replace leadership and lack of respect for human rights. This makes political control to be excessively important and the stakes become dangerously high.

In the checkered history of Nigeria, a major problem associated with the centrist approach is its tendency to encourage unhealthy competition for power at the center. The concentration of powers and fiscal resources at the center has for decades incentivized unhealthy scramble among the constituent units of the federation for political offices at center¹¹⁰ (Kunuji, 2018.) This scramble for political offices at the center is often fueled by the widely held belief that the ethnic groups from which the key leaders of the central government emerge automatically gain access

¹¹⁰ Incidents of such conflicts are abound across the country and predominantly in Borno, Plateau, Kaduna, Adamawa, Kanu, Ibadan, Benue, Anambra, Zamfara states and so on as fall out of strong ethno-religious cleavages arising out of decades of distrust misunderstanding and the zeal for political power and control of government machineries at center (Kunuji, 2018.)

to unrivalled political and financial patronage over and above other ethnic groups.¹¹¹ Conversely ethnic groups that are unable to win elections or secure important political offices at the center are invariably marginalized fiscally and politically (Ibid).

A closer review of the situation shows how true this fact is for Ethiopia as well. Throughout Ethiopian history, the various political forces which have challenged the central power have always aimed at capturing the center in order to have a larger share of the central resources (Aalen, 2006.) Since the establishment of the federal constitution this struggle for the control of the resources at the center by the various ethnic group based political parties is intensified. Regarding this (Merera, 2007) posited that the Ethiopian federalism never achieved its historic mission of creating both shared-rule and self-rule. Contrary to the claims of the ruling party, what it has achieved is facilitating the divide and rule policy of the regime by pitting one ethnic group against the other for control of the center.

Some even fear that this intense fight for the center might eventually lead to the total demise of the state as we know it. However, others (Lovise Aalen, 2006) argue that due to the fact that parts of the Ethiopian State share a pre-colonial history of territorial and administrative unity (unlike the case of fragmented states like USSR and Yugoslavia,) disintegration is an unlikely possibility. They even argue that the glue that keeps the Ethiopian federation intact may continue to be the struggle for the center. (Lovise Aalen, 2006) further posits that during the regimes prior to the adoption of federalism the key to access the central resources was to acquire an ‘all Ethiopian’ identity and be assimilated into the central culture by learning the Amhara language and becoming follower of the Orthodox Christianity.

Under the regime of the EPRDF the key to access to the resources of the central government is to acquire a separate ethnic identity and an ethnically identified administrative structure. Though, in practice, the TPLF-EPRDF centralization of political power had made this difficult to happen. Compared to the situation under the regimes of Haile Silassie and Derg, ethnic conflicts in Ethiopia today are not taking place on a wider national scene threatening the survival of the

¹¹¹ It is, for instance, argued in a certain scholarly work that the marginalization of other ethnic groups and the dominance of leadership positions by Hausa-Fulani is a consequence of the romance they had with the British during the colonial period. The British by installing these people from the north as the “husband” of the South and master of Nigeria ensured that the reigns of power remain with them at the expense of the rest. (Umoh&Adeyi 2019)

Ethiopian state but are scaled down to the local level focusing on the control of resources at the center .The lack of disintegration of the federation is not a result of the government’s ability to ease ethnic tensions through the appeal to a common citizenship or through a democratic process. The containment of ethnic uprisings on the national level must rather be understood as an outcome of the centralized structure of the dominant party and its repression of the opposition (Aalen, 2006.)

Similarly, in the case of Nigeria, the discovery of oil in Nigeria brought a huge increase in state revenue and consequently heated the struggle among the ethnic groups to get access to and control these resources (scramble for resource among the various ethnic groups). The country is plagued by the so called resource curse. Thus, rather than contributing to democratic governance and economic growth, Nigeria’s oil wealth has weakened state institutions and triggered inter-ethnic conflict.

Existing evidence suggests that state control of oil resources gave rise to a struggle to control the federal government and subsequently the oil revenues (Amundsen, 2010, Beekers&Gool 2012 cited in Martini, 2014) comment that Nigeria is a “renter state” where the political class seeks the control of the state by diverse means in order to capture the rents generated from the natural resources for personal enrichment. The political consequence of oil-driven wealth in Nigeria has been an excessive centralization of power, authoritarianism, a disregard for other economic activities such as agriculture, and manufacturing, the non-pursuit of internal taxation and the development of pervasive patronage and rent-seeking cultures.

As pin pointed in Horn Policy Brief number 8, 2018, Ethiopia’s stability depends to a larger extent to the degree the new political leadership of PM Abiy Ahmed manages the issues that necessitated the changes judiciously. According to the policy brief, the threats to Ethiopia’s stability are mainly ethnic competition (for power and resource) grievances against repression, economic and political exclusion, weak political institutions, and democratic deficit. The new Prime Minister has a unique opportunity of addressing these challenges through empowerment of the regional governments in line with chapter ten of the FDRE constitution so that they can effectively play their legislative, judicial, security, governance and developmental roles. Thus, more resources and power should be devolved for the purposes of implementing chapter 52 of the federal constitution.

The centralized federal arrangement in the two countries particularly that of financial resources destroyed the nexus between expenditure authority and revenue raising responsibility of the sub national entities (States and local governments) thereby is undermining the development of the multiplicity of point of political and economic power that constitutes a defining feature of ‘true’ federalism. Given the diversity among their populations, the economic and political centralization has engendered considerable frustration, cynicism and apathy, which has been the basis for violent conflicts and clashes among the various ethnic groups and communities in the countries¹¹². As such (Omotso&Abe, 2014) posit that Nigeria’s ethnic groups believe strongly that they must control the federal government or the presidency in order to feel secure and thrive in the Nigerian federal arrangement¹¹³.

This belief which is often reinforced by actual instances of nepotism and ethnic favoritism perpetuated by leaders of the central government propels a frenetic struggle for ascendancy among ethnic groups. It instigates rancorous competition among them for the power and fiscal resources concentrated at the center. Indeed it is often a major cause of bitter inter-ethnic rivalry marked by political assassinations, campaigns of ethnic hatred, electoral malpractices, bribery and other grand corruptions that will be discussed later on in this thesis. Competition for the highest offices in the country, the presidency, is often considered a matter of life and death among the country’s ethnic groups and among politicians. Indeed a former president of Nigeria once declared that winning an election was for him , his ethnic group and his political party “a do or die affair”¹¹⁴

(Ake cited in Kunuji, 2018) captured this point impeccably when he wrote that interactions among the ethnic groups in Nigeria are “essentially relations of raw power in which right tends to be coextensive with power and security depends on the control of power. The struggle for power is everything and is pursued by every means.” Writing in the same vein another scholar, (Orji, 2014) declares that “Nigerian politics is largely a struggle for the privatization of the state

¹¹² Inter-ethnic conflicts are on the rise in Ethiopia recently. Both in physical assault and verbally To the extent of denouncing one another as was manifested in the case of the recent public demonstrations in the Amhara regional State denouncing Oromuma or (oromovaluses)

¹¹³ The struggle between the states (socio cultural groups) is not limited to the controlling of the central (federal) power alone. Short of that, as discussed in chapter three in detail, owing to the wide vertical fiscal gap all states (in both countries) are heavily dependent on federal transfers. Thus, there is always acrimonious struggle between the states to secure the largest possible share of the federal transfer for themselves. Thereby brewing sense of mistrust and doubt between and among the states.

¹¹⁴KolawoleLarewaju, Nigeria: Obasanjo Explodes “April polls do or die for PDP” All Africa February 11, 2007

for the benefit of personal or sectional interests. Since election outcomes in Nigeria greatly determine access to power and to the enormous resources controlled by the state (in this case the central government) electoral contests often extend beyond the electoral space and are conducted in ways that undermine the rule of law. In this way elections are inevitably akin to war, and therefore, prone to manipulation and violence.

4.3.2 An Impediment to Effective and Efficient Socio-Economic Development

Apart from its tendency to foster disunity and unhealthy competition for power over-centralization also carries with it the tendency to impede and constrain effective and efficient provision of public goods and services at the sub-national levels of government. Because of their relative proximity to the population, their cost of production (of goods and services) is minimal. The usual “middle-men syndrome” and bureaucracy involving contract procedures will also be reduced. Thus, regional governments are presumed to be better positioned to provide public goods and services at lower costs than the central government. Decentralization of service delivery to lower tiers of government, on top of improving service delivery has also positive impact on the performance of the central government itself by allowing it concentrate on national and international issues that naturally fall within its ambit.

In this regard the experience in Nigeria is quite informative. In Nigeria, it may not be uncommon to see local communities that are condemned to grapple with federal programs, policies or projects that are ineffective, inefficiently executed, or completely out of sync with local aspirations.¹¹⁵ In the case of Ethiopia, too although the regional states have *de jure* constitutional power in development planning and execution, the practice is highly centralized for reasons

¹¹⁵ A typical example of this in Nigeria is the centralized provision of security and policing services throughout the country. Under the constitution the federal government is assigned with the power to exclusively legislate and provide police services in every part of the country. Policing in the local communities however is a service that may be better provided by state or local governments who know better the security issues and needs of their constituencies better than the federal government whose seat is the federal capital. The high level of insecurity in most states of Nigeria may be directly related with this illogical and impolitic centralization of police services (Kunuji, 2018). Similarly the centralization of electric power provision caused a lot of problem to the public at large. Taking into account the inefficiencies in service delivery, the federal government recently decentralized the power sector through public-private partnership (PPP) to enhance electricity generation (Umoh&Adeyi, 2019.)

elaborated herein above.¹¹⁶ Thus, service delivery is inefficient and ineffective in a similar way as in Nigeria.¹¹⁷

In both Ethiopia and Nigeria the central governments' dominance in revenue generation has created a center-state vertical dependency. Ideally federalism is characterized by a fiscal balance; where taxing power is devolved to regional states to enable them generate adequate revenue that at least offset their expenditure. The Ethiopian and the Nigerian experience is the other way round. In fact, today both Ethiopia and Nigeria are classroom examples of vertical imbalance where the variance between expenditure responsibilities and revenue generating capacities is outrageously wide¹¹⁸. Dependency of states on grant transfers from the federal government affects and limits the self-rule autonomy and development endeavors of the regional governments. Hence, social service delivery in both countries is by far below the expectation of local communities (Okezie& Amir Baharuddin, 2011.)

Federal form of governance enables the society to exercise the right to self-rule, to participate in planning process and to deliver social services at the local level to meet the need of the population at the local level. A certain study (Sintayehu, 2017) conducted to evaluate the impact of decentralization of fiscal and political power in service delivery in Ethiopia found out that communities' satisfaction in service delivery to be by far better after the introduction of decentralization through federalism.

¹¹⁶ In a multi ethnic country like Ethiopia Federalism is the unsurpassed solution to embark on the path of development while keeping the unity of the nation in-tact. But the success of a federal exercise is contingent on keeping the balance between self-rule and shared-rule. To resurrect Ethiopia's moribund federalism and to go forward it is vitally essential that the constitution and norms of federalism be upheld (Ephrem). Similarly, (Crawford & Hartmann 2008 cited in Yishitila, 2018) Posit Federalism (Decentralization) is arguably the most successful pathway for sustainable development and poverty reduction (in countries with diversity).

¹¹⁷ The Ethiopian government has put in place three major policy strategies to address rural poverty; 1. Enhancing agricultural productivity through improved technology (PADETS) 2. Developing resilience to vulnerability and food insecurity through improved technology through a productive safety net program (PSNP) and 3. Resettling farmers from drought prone areas into fertile but less habitable locations in selected low land areas of the country. However the programs failed due to lack of resources and decision power at state level and below and absence of local participation in the planning (Yeshitila, 2018.)

¹¹⁸ For example, in one of the first five year federal experience in Ethiopia the total expenditure of the regional states was birr 3.14 billion out of which only birr 807 million (25.6%) was financed by regional revenues. The rest of the money (74.4%) came from the federal treasury in the form of block grant. Obviously the power of the purse plays a critical role in the center-region relationship and has been the main tool by which the federal government goes to the extent of limiting powers of the regional governments. The power of the purse gives the central government the ability to manipulate and control the actions of the regional states by withholding funding or putting stipulations on the use of the funds.

In a similar vein, Ethiopia country report on the implementation of the Brussels Program of Action (BPOA),(MoFED, 2010) submits that subsequent to the adoption of the federal constitution in 1995 improvements were achieved as the government of Ethiopia has laid out the goal of promoting democracy and economic development through a decentralized federal administration. The intent was to empower the people to exercise self-rule at different levels and advance their collective socio economic interest. An equally important goal was to empower hitherto disadvantaged and marginalized groups to fully and actively participate in the political process through democratic representation and election.

Devolving power and authority to woredas (a lower level of government structure) have been critical to local empowerment and meaningful self-government in Ethiopia. In Recognition of this, the government has launched the expanded program of woreda decentralization otherwise known as district level decentralization program (DLDP) in 2002/03. This is an important measure that has added to the institutionalization of democratic governance and participatory development that could adequately respond to the needs of the people.

There have been significant strides in public services delivery at the woreda level. Primary and secondary education enrollments have significantly increased in many regions. Access to modern health services and supply of clean drinking water has substantially improved. Noticeable successes have been registered in rural and urban roads, expansion of agricultural extension services, registration and certification of farm land, water wells and small dam constructions, and provision of fertilizers and selected seeds to rural farmers (MoFED, 2010). There have been significant improvements in openness and accountability in woreda governments. Woreda officials have improved the quality of public services by taking the opinion of the public into account. In addition woreda councilors have become more responsive to the needs of the citizenry (MoFED, 2010). Although there are undeniably some grains of truth in this government report, studies conducted since then indicate prevalence of significant inefficiencies and ineffectiveness in service delivery owing to the excessive centralization of the governmental powers.¹¹⁹

¹¹⁹ Despite gains however, major challenges remain: eighty-seven percent of the population is “multi-dimensionally” poor. Suffering from some combination of food insecurity, insufficient access to adequate education, and health services, and inadequate employment opportunities. These challenges are experienced differently among

Another study conducted in 2020 came out with similar findings. Hence, according to the study, Ethiopia in recent years was able to register economic development. However, these developments were low hanging fruit. And the country has failed to achieve sustainable outcomes. Ethiopia's service delivery sectors persist in a capability trap engaging in isomorphic mimicry, unable to deliver functional output¹²⁰ (Rameshshanker, MacIntyre&Stewart, 2020.)

The local administrative units neither have adequate budget nor are they allowed collecting any financial resources to undertake local economic development activities. They do not have a mandate to plan and execute locally based development nor the capacity and institutional structure to undertake development activities. Hence, their role in development and poverty management is very limited (Yeshitila, 2018.)

Poverty in Ethiopia portrays multi-dimensional features and is deeply imbedded in the social structure of the society. Therefore the poverty reduction strategy must be one based on extension of resources and power to the local level. It is very difficult to mitigate persistent poverty without empowerment of local governance.

Ethiopia's microeconomic and development situation is challenging. The risk of debt distress, low level of domestic resource mobilization, high inflation, high unemployment and the like are, arguably, partly or wholly attributable to the centralization of resource at the center. If we look at the problem with domestic resource mobilization we can see that in 2018/19 fiscal year only 10 percent of GDP was mobilized. This is considerably lower than 19 percent of the Sub-Saharan Africa average. This limits fiscal space to undertake development activities. Rural unemployment is very high. Ethiopia's poverty line is Birr 7,184 per annum or birr 19.628 per day based on 2015 prices and 2015/16 household survey data. While basic needs have not changed dramatically since then purchasing power has been eroded significantly due to relative high inflation (UN Assessment, 2020.)

different population groups owing to gender and other systemic inequalities. In particular pastoral and other lowland areas mainly in the regions of Afar, Oromia and Somali lag behind on nearly all social indicators. (World Food Program (WFP) Ethiopia Country Strategic Plan (2020-2025))

¹²⁰ Roughly a third of the population lives under the international poverty line. Average years of schooling totals a mere 3.9 years for males and 1.6 for female and fifty-seven percent of children under five suffer from anemia, a critical indication of under nourishment. Ethnic, gender and rural-urban horizontal inequalities are undeniable the gap in prevalence skilled birth attendant deliveries between Addis Ababa (97%) and Afar (16%) demonstrate rural-urban disparities in health care access. Similarly, inequalities are evident in education as well as water and sanitation access. (Rameshshankar, MacIntyre& Stewart; 2020,)

A study (Faguet&Khan, 2019) concluded the impact of federal block grant to regional governments showed significant increase in Ethiopia. With the increment of FBGs the regions' social service provision also increased.¹²¹ If regions can improve their social service provision based on grants from the federal government it is beyond question that they will perform better if their resource raising power is more assured.

Hence, it can be subsumed that centralization in the countries impeded the local population from playing constructive role in the planning and execution of projects that affect their lives (World Bank, 2000/01.) That is the major reason why service delivery of amenities such as water, sanitation, education, health and the like are in dire conditions at the local level in both countries.¹²²(Omotso and Abe, 2014) posit that without effective involvement and participation of the poor in the design, implementation and monitoring of the policies, programs and projects that are targeted and meant to eradicate their poverty and enhance their contribution to the overall national development one can hardly expect these efforts to bear fruit.

4.3.3. Centralization as an Impediment to Local Initiative and Creativity

As discussed under the previous chapter, in both countries the federal governments use their political prerogatives and financial leverages to force states to strictly follow their political and economic programs. With strong power of the purse, due to over-centralized fiscal systems they control the policy making process both at the national and regional levels. None of the regional governments have the full freedom to set their regional development priorities because their spending decisions are overwhelmingly influenced by the amount of grants transferred to them

¹²¹The study found that FBGs Increased tenfold between 1996 and 2013 from USD 450 million to USD 4456 million.

¹²² Eighty-three percent of the Ethiopian population lives in rural area (Central Statistics Authority 2015). But the country has one of the lowest road densities in the world. Road density in Ethiopia stands at 33KM/ 1000KM2 for the entire classified road network and around 22 KM/100KM2 for roads in fair or good conditions. This is well below the average road density of Sub-Saharan countries. 90 percent of these road networks accounts for federal roads, which are inter-regional trunk roads. The rural road network is by far less than these. A small portion of the rural population gets dry weather roads with even less portion gets all weather roads. Thus, a substantial part of the rural population has yet to travel about six hours to reach a road.(Kifle, Wondimu&Weiss, 2012.)

Similarly in Nigeria beyond low density of rural roads they are unpaved, narrow, with narrow bridges, not well-maintained, and passable only during dry seasons. The government (federal government) rarely sees provision of rural roads as apriority. This is so because of the inability of local governments to shoulder the financial responsibility of building and maintaining these roads. This in turn aggravated the problem of low productivity and high level of poverty in rural areas.(AbdulkadirBolajiUsman, 2014.)

and the priorities set by the federal governments. All in all the decision making power of the regional governments is constrained. With reference to Ethiopia in particular deviation from the dictates of the center is virtually impossible given the vanguard party structure and the democratic centralism ideology.

The case of Nigeria is different as the centralization is a constitutionally entrenched principle. The cumulative impact of these excessive centralization norms is that tiers of government other than the central government totally lose the necessary initiative and creativity in policy making and revenue generation.¹²³ Which otherwise would help them to look for local solutions for the specific problems that afflict their communities. On the other hand, if states are truly empowered to govern their affairs within the principles of federalism they compete among themselves to better satisfy residents of their regions. The competition will lead to an overall country-wide developmental gain.¹²⁴

4.3.4. Centralization as an Impediment to Fighting Corruption

Apart from the deleterious effect that centralization might have on local policy and fiscal creativity, centralization could also constitute a disincentive to local accountability. The World Bank identifies corruption as the key element in economic underperformance and a major obstacle to poverty alleviation and development. Both countries perform very badly in all corruption measurement mechanisms.

On the Corruption perception Index ranking Ethiopia and Nigeria stand at 94/180 and 149/180 respectively for the year 2021. Further Ethiopia scored 34 out of 100 which placed the country among one of the most corrupt globally. Bertelsmann Stiftung's Transformation Index (BTI) 2018 rank Ethiopia and Nigeria 113 and 133 out of 180 respectively. The report indicated that

¹²³.In both countries the states are afflicted by the problem of 'fiscal laziness' as they are guaranteed that they will get fiscal transfer from the center they do not show the necessary initiation to exhaustively collect taxes on which they are mandated let alone go beyond that and devise other mechanisms whereby they improve the lives of their constituencies. A Nigerian writer (Usman, 2014) captured these facts in the following words: "in Nigeria the main problem is that governments at all level concentrate more on how to share poverty {the national income from the oil wealth) than looking for creating additional wealth. By creatively looking for other sources of income each state depending on its peculiarities could capitalize on".

¹²⁴ The role of the federal government will be then to regulate the general macro-economic policies of the country lest the states embroiled in "run to the bottom" situation and cause social and political problems.

the magnitude of the corrupt practices is so pervasive that it may call into question the well-being of the countries and their economies.

African Union's high level panel on illicit financial flows from Africa put Ethiopia among the top ten African countries that lose considerable revenue through illicit capital flight (IFF). IFF is caused by multiples of factors; however, the role of the political element (centralization of public resources in the hands of few elites) is of enormous impact.¹²⁵ (Boyce & Nidikumana, 2012 cited in Idris, 2020) posit that inappropriate governing framework encourages looting and stealing of public funds, trade mis-invoicing, and high rate trafficking of wealth across boundaries aggravating political and economic problems in Nigeria.

It is also reported that there is a widespread corruption in the defense, security, telecommunications and pharmaceutical establishments of Ethiopia (IFF, 2015 cited in Himont 2020.) According to (kebede, 2013 cited in Haimanot, 2020), political corruption is also so pervasive in Ethiopia that it has stunted the democratization process the country purported to implement, eroded rule of law, politicized the civil service and facilitated the monopolization of the country's economy by few business firms or individuals.

The World Bank in its 2012 report clearly indicated that party member favoritism is widespread in Ethiopia. Because of the centralization of development planning and directing and the sectors being heavily regulated, party members routinely get unfairly preferred access to public contracts.¹²⁶

In a similar fashion, centralization in Nigeria has engendered and promoted a culture of corruption, economic inefficiency and stagnation at all tiers of the Nigerian federal system. (Caccia, 1993 cited in Omotso&Abe, 2014,) commented on the endemic nature of corruption in

¹²⁵ IFF Can emanate from productive or non-productive activities. The non-productive activities include corruption which includes bribery, embezzlement, and abuse of official authority, trading in influence, illicit enrichment and other acts (UNCTAD). The problem of IFF in both Ethiopia and Nigeria is more related to non-productive activities.

¹²⁶State capture and high level corruption in Ethiopia also manifest itself as a clan based organized elite cartel which ended up controlling the commanding heights of the countries' economic sectors. This has led to the Ethiopian economy being effectively controlled by two economic empires. The TPLF owned interlocking conglomerate EFFORT and MIDROC. These are aided and abated by their affiliates including the highly corrupt MeTEC (Metals and Engineering Corporation) that have extended their tentacles throughout the Ethiopian economy. The other manifestations are the staggering amount of capital unlawfully leaving the country each year and the direct and indirect attacks made on competitive private businesses such as levying hefty taxes, expropriation on flimsy excuses giving out lucrative contracts directly to affiliated businesses etc.(Seid, 2019.)

the Nigerian polity as “Not only does theft go on in the state apparatus, but the state itself is the main apparatus of theft. In Nigeria not only do officials steal but stealing is official.”

Estimates from African development bank (AfDB) show that Africa loses about 148 billion to corruption every year. Conservative estimates by the Stolen Assets Recovery Initiative (StAR) based on 2007 data show that in a range of 20-40 billion every year are stolen by public officials from developing countries. In recent times investigative journalists uncovered the magnitude of African private wealth in offshore accounts. In 2015 for example, an investigation provided details on almost 5000 individuals from 41 African countries with assets of about 6.5 billion dollars (UNCTAD, 2020).

As hinted at earlier, given the cultural and ethnic heterogeneity of Nigeria, many Nigerians pay more allegiance to their regions and ethnic groups. According to (Umaroho, 2006) this fact might explain the ease with which public officials have been willing to plunder the national treasury to enrich themselves and their followers. It is widely believed that one of the main reasons for corruption in Nigeria is the over centralization of political power and financial resources at the central government. Politics provides the easiest route to wealth and status and politicians do anything to acquire federal political office.

In a political milieu of both countries where the federal governments practically control all the significant powers and fiscal resources of the federation, and where the states and local governments depend on and are guaranteed, regular fiscal transfers from the federal government, there may be no incentive for local political leaders to be politically and financially accountable to their constituents. In essence federal dominance of the political and fiscal spheres may disincentivize political and financial accountability at the local and state levels of government. Non-performing local leaders may blame their own irresponsible and abysmal performance in office on federal incompetence or insufficient fiscal transfer from the federal government.

And since the states and local governments know that they are guaranteed some form of fiscal subvention from the federal government every month the incentive for prudent and responsible spending is removed. This can result in embezzlement of public funds or wasteful and indulgent expenditure. Such wasteful spending of scarce financial resources and criminal embezzlement of public funds have, in fact been common place under the current political dispensations of

Ethiopia and Nigeria. Since they are not responsible for generating the revenue that they expend, many state governments have had no trouble engaging in profligate spending and embezzlement of funds meant for financing projects in their constituencies.

4.3.5. Centralization fosters Authoritarianism.

Centralization of power and resources also tend to facilitate authoritarianism and arbitrariness in the exercise of the power of the federal government. This authoritarian tendency is reflected in many areas of governmental activities. One area, among others, where this is clearly manifested in Nigeria is the case of policing services. As discussed under chapter three above, the whole of policing services are (irrespective of the self-rule principle of federalism) put under the auspices of the federal government. The federal government uses this power of law enforcement as a pretext to subdue the rights of the states and impose its political will on the administrative apparatus of the states and even also on the ordinary residents of the states without any need of talking to and obtaining of permission from the states prior to the policing operations. Thus, the states are effectively kept in the dark as to the security and peace of their residents.

The other apparent showcase of how centralization has given the federal government an authoritarian edge is the case of disbursement of federal grants in aid to the states. According to the constitution¹²⁷ of Nigeria, the disbursement of federal grants in aid to subnational governments is at the discretion of the federal government a condition that renders the administration of the grants prone to the vagaries of politics. The implication of this is that states and local governments controlled by opposition political parties may be unable to secure fair access to the grants.

Similarly state governments that are constantly critical of policies of the federal government may also arbitrarily be denied the grants for political reasons. In fact the federal government has, on a number of occasions, deliberately denied states controlled by opposition political parties of revenues that are rightfully and legally theirs (Kunuji; 2018.) If the federal government could do

¹²⁷ Section 164 of the 1999 constitution

this in respect of funds that legally belong to the states, it is certainly capable of worse in respect of funds that are disbursed at its discretion.

An instance of this is to be found in the discriminatory disbursement of federal grants of ecological funds (funds for the maintenance of the environment) to states controlled by the ruling party exclusively while those controlled by the opposition got nothing. This is a clear manifestation the authoritarian tendency the federal government developed as a result of its unfettered control of the financial resources. (Kunuji, 2018.)

A similar incident has happened in Ethiopia in 2020 when the government of Tigray decided to hold regional elections in defiance of the decision of the federal government to postpone the elections indefinitely due to COVID 19. Then, the federal government considered a number of punitive measures against the government of Tigray region including cutting federal funds (as discussed in chapter three all the states in Ethiopia are highly dependent on federal transfers) to the region and even taking military actions. These were taken by the government of Tigray as threat against their hard won self-rule mandate and might be forced to initiate the secession clause of the Constitution (ICG, 2020.)

By the time of writing this thesis, the regional government of Tigray has held elections, refusing to recognize the legitimacy of the federal government. The Federal government on its part, has annulled the election held in Tigray and refused recognizing the newly 'elected' leadership and the two parties are already being engaged in intense fighting (that involved Eritrean forces) for nine months. The Tigrian forces have recaptured the regional capital and most parts of the region that they were forced out of at the beginning of the war. The conflict has now spread into the neighboring states of Afar and Amhara. Although the federal government repeatedly claimed that the war did not begin due to the elections held in the region, it could be one of the possible causes if not the only one.¹²⁸ The way this war will eventually culminate and it's, presumably, long lasting impact on its federal experiments remains to be seen.

One fact that enabled development of authoritarianism in Ethiopia as distinct from the experience in Nigeria is the fact that prior to the change of government in 2018, the Ethiopian government was one that was caught in between being developmental state while at the same

¹²⁸ Look at the New York Times (Nov.2020), The Atlantic Council (Nov 2020), Sky News (Nov.2020) and others.

time trying to be democratic. The two can seldom be applied together. Regarding this, (Onis 1991 cited in Endalcachew 2018), asserts that a developmental state model is inconsistent with the vision of a pluralistic form of democracy. Developmental state works in line with centrally tailored developmental priorities. It does not have space for entertaining the diverse interests of every group for sharing of political power and financial resources separately. Thus, the diversity of Ethiopia's population was found to be an impediment for the smooth implementation of the developmental state model (Sehen&Tsegaye 2012 cited in Endalcachew 2018.) Hence, the federal government found it plausible to strengthen its control at the center and made policies and agenda to be implemented without securing the necessary consent of the diverse communities. The single vanguard party continued deciding (solely) on behalf of the people arbitrarily and with obvious authoritarian dent that some would like to depict as "I know for you" arrogance.¹²⁹ This move of the party away from the principle of plural democracy and closer to centralism and authoritarianism made the country to score 0 out of 16 on the 2018 Freedom House assessment of political pluralism and participation.

In both countries, the opposition by the people to this authoritarian tendency of the party and government were quelled by brute force of the police and the army. (Fantini 2013 cited in Endalcachew 2018) posited "development policies targets and programs are designed at the center, authorizing regional and local authorities little room for maneuver in a centralistic and top-down logic." Despite the constitutionally entrenched federalism and decentralization of political and fiscal powers, there has been little to none recognition for local knowledge or the autonomous aspirations of groups and individuals" (Ibid)¹³⁰ Owing to these facts (Thakur, 2009 &Matfess, 2015 cited in Endalcacew, 2018) described the Ethiopian system of governance as "Developmental Authoritarianism" as opposed to the "developmental democracy" it would like to be depicted in.

¹²⁹ Here care should be taken that this does not by any means entail developmental state theory is compatible only with authoritarian states as one can adduce the case of Brazil, India, South Africa, Mauritius and Botswana which run democratization and developmental programs simultaneously (Fritz &Menocal,2007 cited in Endalcachew, 2018). However, as the primary focus of developmental state is economic growth the likelihood of human rights violation is obvious. In relation to this (Bolesta, 2007 cited in Endalcachew, 2018) submits that it seems justifiable to claim that a developmental state would be difficult to sustain in a fully democratic system in which people enjoy extensive rights."

¹³⁰This authoritarian approach of the government was glaringly observable in the abysmal human rights records the country has for consecutive years.

In Nigeria too the federal government employs security agencies to deal with dissenters. It also uses intimidation, arbitrary arrest, arson, kidnappings and even out right assassinations as tactic to silence any opposition to its rule. The government further uses controlling of democratic and human rights institutions such as the judiciary, human rights organizations, election authorities, the police and creating of factions within opposition political parties as techniques to weaken them and legitimize its hold onto power (Kura, 2007.)

The tactics the Ethiopian government employs to narrow down the political space to ensure the continuation of its political hegemony is not only strikingly similar with the case in Nigeria but also a clear case in point that shows how authoritarian the government is.¹³¹ In relation with this (Merera, 2007) summoned that the major institutions which were supposed to act impartially in accordance with the constitution such as the Ethiopian National Election Board (ENEB), the parliament, the judiciary, the police, the army and the civil administration were put under the influence of the ruling party. This resulted in the merger of the three branches of the government and then complete fusion between state and party. Hence, what Mererarefered to as “shadow state” was created wherein the state was privatized by the leaders and deemed to serve personal interests of same.

In particular the federal government with authoritarian tendency used its enormous political and fiscal powers to arbitrarily dispense patronage to those states and ethnic groups that support its policies to the detriment of those that are openly in opposition. Important social amenities can be deliberately withheld from those states and ethnic groups considered hostile to the federal government. A ruling political party controlling all the levers of political and fiscal power at the center can conveniently utilize this advantage to harass, victimize and muzzle opposition political parties and opposition states, as shown above.

4.4 Summary

In this chapter effort has been made to show how the centralization of political power and financial resources has debilitated the economic development and democratic exercises in the

¹³¹This was manifested by either extensively using public funds and public infrastructure to undertake its own political activities particularly during election seasons or by channeling same to political parties that it considers to be allies or those it created to form semblance of a multi-party democracy at the expense of those genuine political parties it considers threats to its political hegemony.

two countries. Because of the excessive centralization move of the countries they could not fully utilize their development potentials as every state and local administration waits for the yearly federal transfers instead of devising mechanisms whereby they can finance their own context specific development projects and hasten their development thereby increasing competition for development among the regions.

Corrupt practices are rampant in both countries largely due to excessive accumulation of political power in the hand of just a few people who have clout on the federal government. Moreover, they could not ensure the peace, unity and security of the countries that they present as excuse for their centralizing moves in the first place. In fact the rivalry between the various interest groups in the countries intensified as all of them vie to control the central government which is the sole base of power and resource. These struggles among the groups unavoidably increased mistrust between them and endangered the unity in diversity objectives their federal arrangements were meant to attain.

Finally, the move of the two countries away from the basic tenets of federalism in favor of centralization caused multiple harms on every aspect of the lives of their citizens as discussed in the present chapter at length. Thus, it is the contention of this writer that both countries on their own specific conditions should return to the signposts of true federal arrangement. In the next chapter, recommendations will be made toward this objective.

CHAPTER FIVE

CONCLUSION and RECOMMENDATIONS

5.1 Conclusion

Federalism is claimed to be the best form of governance in countries with multiple diversities like Ethiopia and Nigeria. Its efficacy in assuring inter-communal peace and grassroots development has been proved in different countries around the globe. Countries like the USA, Canada and Australia are but few in the long list of countries that used federalism successfully. As discussed under chapter two, federalism has a plethora of definitions. For the purpose of our discussions in this thesis, though, it is depicted as a political system or arrangement of government in which there is constitutional division and devolution of power to two or more levels of government which are often independent and coordinate in rank with each other.

In federalism the various tiers of government roam across each other's domain of specified authorities and interact cooperatively and competitively to achieve parochial and collective objectives of the states and the general government. Their relationships cut across their political, social, administrative, constitutional, fiscal and other lines of authority in which they act either cooperatively, competitively or conflictually to achieve the objective of their independent existence as component units of the general government and their collective existence as a systemic body within a country.

Federalism as a normative concept has two essential aspects: autonomy and union. Simply put the 'autonomy' aspect refers to the self-government mandate of the constituent units. The 'union' aspect refers to the co-management of the whole society and about the desire of people and polities to come or stay together for common purposes. As discussed in detail under chapter two, federalism is a product of the elements of self-rule for some purposes and shared-rule for others with the objective of accommodating and promoting distinct identities within a larger political union in some constitutionally entrenched basis.

Countries adopt federalism for various reasons as discussed in this thesis. In the case of countries with diversity as Ethiopia and Nigeria, it is believed to serve as a device for accommodating the interests of two or more distinct ethnic communities locked within the boundaries of a single

state thus providing a sound strategy for promoting national unity and political legitimacy. As (Watts, 2003), have rightly argued federalism has a solution for societies where political demand for integration and for separatism are at odds with each other, the adoption of federal system provides a solution to the problem of reconciling these conflicting pressures.

Federalism needs the careful balancing of the self-rule and shared-rule norms. If one is given prominence over the other then the federal exercise will lose its symmetry and fail to attain its purposes at the best and even become a source of more conflicts at the worst. This seems to be what is hanging in balance both in Ethiopia and Nigeria.

In the case of Ethiopia as discussed at length under chapter three, the constitution has laid out list of powers to be exercised by each tier of government separately and by both concurrently. However, owing to mainly the facts that both tiers of government are controlled by one political party, bureaucracies are staffed by party members, policy documents are first developed as party programs and then handed down to the states (irrespective of their differences) for uniform implementation, absence of formal IGR mechanisms and the like, the constitutionally sanctioned federal principles are violated in practice. Thus, Ethiopia was undertaking a futile exercise by trying to reconcile the developmental state, vanguard party and democratic centralism notions with an entirely different notion of federalism and its basic prerequisite: democracy.

The case of Nigeria is a bit different in that the problems emanate from the constitution itself. Unlike the case in Ethiopia where, as mentioned above, the problem lies in the contradiction between the developmental state and democratic centralism, notions the country used to follow on the one hand, and the precepts of federalism, on the other. In the case of which, the former held the latter hostage. In Nigeria, both political and fiscal powers are overwhelmingly (some say immorally) skewed in favor of the federal government. This fact made the Nigerian federal exercise one of subordination and subservience instead of cooperation and mutual respect. The constitution gives too little powers to the states to consider them truly self-ruling. On top of this, those scant powers they are accorded with themselves are either technically curbed by the constitution itself or usurped by the federal government. The constitutional provision that nullifies executive actions of states (including those within their constitutional mandates) that contradict with those of the federal government and the usurpation of VAT by the federal government in clear violation of the constitution are just some of the cases in line.

In relation with fiscal issues in Ethiopia, unlike administrative issues the powers accorded to the federal government are by far bigger than the states'. The tax and non-tax revenues states are entitled to collect are by no means commensurate with their expenditure responsibilities causing big vertical fiscal gap. The case in Nigeria is also not much different. The states and local governments in Nigeria are very much dependent on transfers from the federal government for their expenditure responsibilities. The federal governments in both countries dictate the states in their daily activities using their clouts on financial resources. These facts (to large measures) rendered meaningless the self-rule notion of federalism in both countries.

The excessive centralizations of political power and fiscal resources in both countries were apparently intended to ensure unity of the countries and materialize socio-economic development. Nevertheless, as discussed in detail under chapter four, it was proved not to be helpful in resolving the said problems. In fact, the centralization moves, in both countries complicated their problems. The rivalry among the various communities is more intensified and augmented than abated. States could not ensure efficient and effective provision of public good and services to their residents leaving the people in dire poverty.

The states could not plan and implement development projects in accordance with their specificities and peculiar realities, calling into question their self-rule mandates. Moreover, with the accumulation of power in few hands and with the distance between those in real power and the people increased so are corruptions of various nature forcing the countries lose millions of dollars every year while millions of their citizens are languishing in perpetual poverty.

Furthermore, excessive centralization created fertile ground for the growth of authoritarianism in both countries. Authoritarianism being inimical to the development of multi-party politics, it stifled the flourishing of genuine democracy. Both countries having obvious democratic deficits they could not implement true federalism that politically and economically empowers communities at the state and locality levels.

It should be remembered that Nigeria, a multi-national and big country, blaming federalism for the Biafra war, had abolished it and installed a unitary form of government. But due to stiff resistance from the population and the political elite such a government was deposed within a short time and federalism was reinstated. Owing to successive military governments that ruled

the country for long time, the federal arrangement so reinstated, though, was a highly centralized one. Compelling many scholars to call into question Nigeria's claim as a federal polity.

Similarly, in Ethiopia, Unitarianism was tried for a longer period of time than in Nigeria. But, as indicated elsewhere in this thesis, arguably, it failed to deliver the much aspired for unity, peace and economic prosperity for the country. Thus, it would not be far from truism if one submits that the viable option available for the countries seems to be perfecting (making necessary amendments, where necessary by even holding plebiscites) on their exercises in federalism and move forward than going into political power and fiscal resources centralization as is the case in both countries now.

Finally, it can be summarized that True federalism, among others, is important to foster: national unity and stability by recognizing diversity, promotes democratic and accountable exercise of power, enhance participation of people in self-governance and decision making on issues that affect their lives, allow communities to manage their own affairs and further their development, protects and promotes the rights of minorities and marginalized groups, promotes socio-economic development and provision of goods and services all over the country.

Hence, this writer submits that Ethiopia and Nigeria need to improve their abysmal performance in all development indices such as human development index (HDI), corruption perception Index (CPI), Global Peace Index (GPI) and the like, and also if they are to give some semblance of hope to the progeny, if they are to attain wholesome economic development that benefit the citizenry and ensure unity and perpetual peace in their respective countries, they need to implement federalism in its true sense. Toward the attainment of this objective, this writer forwards the following recommendations.

5.2 Recommendations

1. It is a known fact that in Ethiopia there is no consensus on the basis of the territorial demarcation of the states. There are those who favor the existing norm wherein a mix of both ethnicity and geography are being applied, others, however, detract this and propose one based mainly on geography. Such types of issues, this writer believes, can be handled through the procedure of constitutional amendment. Otherwise, it seems that, given the

big size of the country and diversities in its populations, the option of federalism as a form of governance seems to have been accepted by most, if not by the whole, of the people. The country's first ever federal constitution of 1995 also has laid down basic tenets for division of political power and fiscal resources between the two orders of government. The problem, now, is basically one of putting the constitution into practice. Thus, mechanisms should be made whereby the tenets of federalism enshrined in the constitution can be implemented in full.

The Nigerian Case is different in the sense that while in Ethiopia the federal exercise is sidelined covertly, Nigeria, regardless of being the oldest federation on the continent of Africa, has overtly, (by the constitution itself) denigrated the precepts of federalism. Thus, the Nigerian constitution needs an overall review of the sharing of political power and financial resources between the three tiers of government if it is to meet the bare minimum prerequisites of federalism.

2. In Ethiopia the existence of State (Sub-national) constitutions is in par with the norms of federalism. Hence, notwithstanding the possibility for their amendments where appropriate, steps must be taken to ensure their enforcement. Constitutionalism is one facet of the exercise of democratic self-governance and, therefore, of true federalism.

In Nigeria the States (sub-national governments) do not have their own constitutions. This is one of the weak points of Nigerian federalism. Hence, in Nigeria states should have their own constitutions whereby the residents of the states reflect their unique values, cultures and symbols and also hold their governors accountable.

3. One Impediment of true federalism in Ethiopia was the centralized party structure of the EPRDF and its ideology of democratic centralism. Now, the EPRDF is gone and the Prosperity Party (PP) has assumed power. The gains this will usher in for the country's exercise in federalism is something that will be seen in the future, although some have already begun contending that the omens are not good enough to build a truly federal governance. However, if Ethiopia is to become a truly federal polity, it needs to extricate itself from the centralized or vanguard party structure and embrace a genuine multiparty democracy.

The practice in Nigeria with regard to multiparty politics is better than the case in Ethiopia. The problem in Nigeria is that a political party that controls the federal government has the power, (due to the excessive accumulation of political power and financial resources at the center by the constitution,) to use all sorts of excuses to force a (different) political party that wins in a given state into submission to its will. This accumulation of political power and fiscal resources at center made all political parties to focus on winning the federal government. Winning of the federal government is a do or die affair in Nigerian politics causing a lot electoral irregularities and post-election conflicts. Therefore, the solution lies with implementing a truly decentralized federalism.

- 4 In federalism, the various tiers of governments have their own powers and responsibilities in the provision of goods and services to the people. Thus, no one tier of government can single handedly manage the whole work. A fact that calls for collaboration and cooperation among the governments through IGR.

In Ethiopia one of the reasons for not having a truly working federal system is absence of formally institutionalized and empowered mechanism for Inter-Governmental Relations (IGR). In Ethiopia, IGR takes place through party-structures and networks in the bureaucracy. There are no formal mechanisms that govern the relations. It is a big challenge to exercise true federalism without having a regime of laws that regulate the relations between and among the various orders of governments. Hence, Ethiopia needs to develop a formal and vibrant IGR mechanism if it is to reap the fruits of federalism.

Nigeria has put in place formal mechanisms of IGR but owing to lack of capacity and undue political interference, one cannot conclude the country has made full use of this mechanism. Thus, along with the constitutional amendments recommended herein above, the IGR mechanism need to be strengthened and put into practice.

- 5 In Ethiopia fiscal decision making is highly centralized. This is resulted in excessive dependence of the states on grant transfers from the federal government. The vertical fiscal imbalance thus created, has made the states inefficient and ineffective in the provision public goods and services. The problem also has horizontal dimensions owing to the difference in socio-economic development of the regions. The fiscal imbalance of the states with lesser socio-economic development is even much wider making them much vulnerable to the vagaries of political interference by the federal government.

The practice of fiscal federalism in Ethiopia is concentrated on revising the formula of sharing the national cake instead of trying to forge mechanisms whereby the states boost their fiscal power and minimize their dependence on federal transfers. Boosting of state fiscal power might need constitutional amendment. In the long term this should be considered if the country is to register any meaningful development that can change the lives of the people at the grassroots level. Until then, however, the states should be capacitated (should have tax offices with skilled man power and essential material inputs) to exhaustively collect revenues due to them from their local sources. The current trend of fiscal laziness should be changed. The state officials show little effort to exhaust their revenue sources, as they expect and rely on the regular transfers from the federal government. The practice has turned the states into parasites that feed from the federal government. Most of the transfers are used to cover the salaries of bureaucrats at various levels of government. Hence, states do not have the capacity to forge and execute capital projects that can change the lives of the people.

Similarly in Nigeria, the vertical fiscal gap is wide between the three tiers of governments. The Nigerian constitution is just as unfair in fiscal distribution as in the case of political and administrative decision making. In Nigeria, not only is the tax regime extremely skewed in favor of the federal government but also the federal government has forcefully usurped tax mandates of the states such as VAT leaving the states even more dependent on the federal government. One good point in enhancing fiscal capacity of the states is the application of the derivative principle that currently stands at thirteen Percent. This unquestionably will have a positive consequence of economic diversification and development. Although there are arguments in favor of “resource control” as opposed to the “derivation principle.”

This writer opines that Ethiopia has a lot to learn from Nigeria in this regard. My submission is that at least in the short run it would be good for economic development if Ethiopia adopts a certain amount of derivation. In the long term, however, as the horizontal gap between states gets narrower the resource control option might be more useful. All the states having one or the other type of natural resource this approach will instigate them to look into their untapped resources.

6 In both countries the gap between the revenue generation power and expenditure responsibilities of states is so big that it is unlikely to match them with each other and enable the countries meet the SDGs by implementing the recommendation stated under number five above alone. Due to weak economies and limited tax bases it would be a difficult task to reconcile the two at least in the short run.

Thus, it would be important if mechanisms are designed whereby the states could procure long term development funds (from domestic sources) through borrowing. Nigeria has detailed rules and guidelines for this mechanism. However, the states get the loans subject to approval by the federal government and close monitoring of the flow of the money (for the intended purposes) by same. Although, some argue that such deep interferences by the federal government curbs freedoms of the states to plan and prosecute their own projects, Ethiopia, as a starter, could draw lessons from the experiences in Nigeria.

This writer submits that the states' power to borrow without prior permits by the federal governments is very important for their self-initiated development programs and exercise of their self-rule mandates. Nevertheless, owing to the fact that the federal governments are responsible to oversee the normality of the economies of their respective countries, it is equally mandatory that they should put in place necessary institutional and normative tools that enable them to closely monitor the whole process so that the overall macroeconomic stability of the countries are guaranteed and bailout risks are effectively forestalled.

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