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Politics and Governance of the 'Reform Agenda' in Ethiopia, 2018–2023

Exploratory Studies

Jon Abbink (ed.)

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Introduction. Studying the 2018 ‘reform agenda’ in Ethiopia: a first assessment¹

Jon Abbink

Backgrounds

Issues of efficient public administration, broad (or inclusive) economic development and ‘good governance’ remain at the forefront of policy in most countries, including in Africa (see AU 2022; Mo Ibrahim Foundation 2023), at least rhetorically and as laid down in the Millennium Development Goals declared in 2000 and other UN and multilateral agreements. Theories on what exactly ‘good governance’ (GG) is, differ, but the baseline could be said to be transparent, accountable management of public affairs a) within the rule of law, b) in a (preferably but not exclusively) democratic context, c) with a results-based track record and d) a possibility for correction and improvement. In other words, GG is a political-managerial ‘public good’, always retaining an edge of normativity. It is the concern of wider public and political debate, but a global ideal nevertheless. Part of the GG ideals received an extra impulse with the promulgation of the global SDGs (Sustainable Development Goals) in 2015, although they are far from being within reach (cf. Tollefson 2023; *Nature* 2023). The SDGs carefully ignored more direct and usually cherished political goals like accountability, transparency, robust rule-of-law, respect for human rights or democratic politics that would make their full realisation possible, but seemingly these latter aspects remained controversial in the UN context. In addition, the SDGs might only be ‘sustainable’ if the historically unprecedentedly global population growth² is contained/managed, but notably none of the SDGs mention this aspect.

While Africa’s role in global affairs continues to grow in importance, major challenges and threats present themselves, impacting directly on political reform processes: ecological constraints,³ global climate change, demographic imbalances, global market and commodity volatility, and socio-political instability. The latter is evinced most recently by the *coups d’état* in West Africa, continued Islamist-jihadist violence (e.g. in northern Mozambique, the Sahel, Somalia and Nigeria), and persistent armed conflicts elsewhere (as in Cameroon, Sudan, the DRC

1 Final editing on the Introduction was done in July 2024.

2 See the real-time movement on: www.worldometers.info.

3 Cf. the FAO 2023 report by Mansourian and Berrahmouni.

and Ethiopia). African countries also face the intricacies of manoeuvring in the changing international system that shows a relative decline of the power of the developed, industrialized ‘donor’ country blocs (mainly the EU and the USA) and global realignments due to the politico-economic clout of, among others, China and India and that often play upon a rhetoric of antagonism and rivalry. The recent positioning of the ‘BRICS’ group⁴ is an example, as are the controversies around North Korea, China’s aggressive foreign policy, and Russia’s war against Ukraine since February 2022. African countries are sought out as potential new allies and also engage on their own in these emerging new power configurations.

In Ethiopia in 2018, after a reset of its political regime and leadership, major challenges of governance and economic development presented themselves in the country and its regional states. The new prime Minister, Abiy Ahmed, was chosen in March 2018 in a surprise internal EPRDF⁵ party election (not in a parliamentary general election) after prolonged governance crisis, ruling party rivalry and violent public protests during the preceding years. His election, supported by the OPDO and ANDM sections of the EPRDF, announced the end of the 27-year rule of this party under TPLF domination. The new PM initiated the comprehensive programme of political and economic reforms, together with a normalization of the ‘no-war – no peace’ stalemate with Eritrea that existed since 2003.⁶ This soon led to a peace accord with the Asmara government in September 2018, breaking the 15-year stalemate, and resulted in PM Abiy being accorded the Nobel Prize for Peace in 2019. Domestically, his programme became known as the ‘Reform Agenda’, envisaging a different, more cohesive, prosperous, and democratic Ethiopia, and all seemed to augur well. This Reform Agenda, hailed by much of the Ethiopian population as well as donor country governments as a fresh and promising (re)start of Ethiopia’s developmental trajectory, provided the key context that the case studies in this book refer to.

Our project proposal in 2018 was geared to studying some core aspects and requirements of this Reform Agenda via field research missions, workshops and written reports – by Ethiopian researchers – and ultimately aimed at enhancing inclusive patterns of regional governance and new economic opportunities as well as improving citizen-state relations. From the project title, it was clear that

4 Cf. www.reuters.com/world/what-is-brics-who-are-its-members-2023-08-21, and www.rosalux.de/en/publication/id/4047/the-brics-competition-and-crisis-in-the-global-economy.

5 ‘Ethiopian Peoples Revolutionary Democratic Front’ (sic), a ‘coalition’ of largely ethnic-based parties (TPLF, ANDM, OPDO and SEPDM) organized and dominated by the insurgent Tigray Peoples Liberation Front (TPLF) that had ousted the *Derg* regime (1974–1991) by armed force (See Aregawi, 2009, for a history of the TPLF).

6 The year of the ICJ ruling on the contested border. See: Abbink, 2021.

we embarked upon thematic research projects that were expected to have some policy impact, although driven and shaped by academic interests and procedures.

In March 2020 the Ethiopian government also issued its ‘homegrown economic reform agenda’ (FDRE 2020), which happened to reflect some key issues and background factors also contained in our research project. This economic agenda’s aims (*ibid.*) were to: ‘safeguard macro-financial stability and rebalance and sustain economic growth’ through ‘creating an economic environment supportive of higher private investment and structural transformation.’ Macro-financial reforms should aim ‘to reduce the risks associated with public debt, lower external vulnerabilities, arrest inflation, and enhance growth, investment, and exports.’ The structural reforms were to address bottlenecks inhibiting the private sector (*ibid.*), while the sectoral reforms were to address ‘market failures and (...) sectoral regulatory and investments constraints to promote investment in sectors including such as agriculture and manufacturing, and unleash new growth potentials in sectors such as tourism, ICT, mining, and the creative industries.’ These aims were not all reached (as of yet), and in mid-2024 the economic situation was fairly dismal, with stagnating FDI, the GDP growth rate flattening out,⁷ hesitant private investment, a weak and unpredictable regulatory environment, rapidly growing national debt, and chronic lack of foreign exchange. All was aggravated by the effects of the Northern war and of the ongoing one in the Amhara Region since April 2023 – a conflict the logic of which escapes most observers. In addition, there is also much insecurity in the Oromia Region, including violent attacks on local communities and road unsafety (highway robbery and ransom kidnappings). The effects of such insecurity have been serious and are not only economic but also undermine social-psychological cohesion of the nation. Numerous observers commented on the derailment of the reforms and even of the home-grown economic agenda, but clear and unequivocal explanations of this ‘discomfiture’ – in view of the good start in 2018-19 – are yet to be given.⁸

Since November 2020, the urgency of governance and policy reforms in Ethiopia had additionally been demonstrated, with contradictions and major political ten-

⁷ See, e.g. www.imf.org/en/Countries/ETH (accessed 4 April 2024).

⁸ In July 2024, after a months’ long and difficult round of talks, the Ethiopian government (in principle) reached a new agreement with the IMF and World Bank for a bail-out support package over four years (2024-2028) to the tune of \$ 10.7 billion (of which \$ 3.5 to be borrowed, and an equal sum to be saved via ‘debt restructuring’). But this agreement makes Ethiopia rather dependent on outside forces (IMF, World Bank) and includes a ‘flexible exchange rate regime’, i.e. a massive devaluation of the *birr* that will greatly increase economic pressure on the Ethiopian population. What the implications of the radical new economic approach and forex regime will be for business activity, markets, trade and productivity in Ethiopia remain to be seen. See: NBE 2024 for the official directive on forex policy.

sions within the ruling elites of the Ethiopian ‘ethnic-based federation’ emerging publicly and leading to aggressive responses. The political elites’ internal divisions and traditional lack of serious accountability to the wider population showed themselves again, and armed conflict to secure or protect elite interests could not be prevented. Elite fragmentation ensued, and, as said, a two-year destructive war in northern Ethiopia began, with an insurgency in Tigray by the forces commanded by the TPLF elite (ruling the Region) in early November 2020. The background was that a recalcitrant TPLF, resenting being no longer in charge of the EPRDF and ousted from the premiership, after early 2018 felt threatened politically (by a momentum of democratization), and economically, on account of its vast and non-transparent business empire in Ethiopia that might be up for judicial scrutiny. The human suffering and the economic and environmental devastation of this two-year war was major, probably setting back economic development and communal relations in the country many years.⁹ The war also generated huge (social) media battles and disinformation by the contending parties, notably the TPLF supporters, and had a grossly negative impact on communal relations, also among the Ethiopian ‘diaspora’/migrant populations outside the country.¹⁰

The conflict in itself impacted in a serious way on the execution of our project, which had started in late 2018. The eruption of the war demonstrated again the basic political-economic and also sociocultural fault lines in Ethiopia. It also showed the fundamental need for a new culture of informed, lawfully executed governance and consensus politics, which the country has rarely seen and is not accustomed to. The new Prime Minister Abiy Ahmed started out with emphasizing such values and policy principles, and was initially hailed as a positive, inspiring leader. But underestimated at the time was that the goodwill of both the new government and leaders and the Ethiopian public at large was not enough: there was the legacy of basic ‘divide-and-rule’ ethnic politics – constitutionally anchored – that had made nominal ethno-cultural and linguistic differences into major political artefacts and created a structure of antagonistic ethnic elites.¹¹ These elites have come to see politics as a ‘business model’: emerging new regions and districts on a (sub-)ethnic basis created local power layers and opportunities (notably for, as some in Ethiopia would express it, ‘rent-seeking’), and also exacer-

9 Apart from the massive human suffering, a 2022 estimate for Amhara Region alone mentioned material war damage to the tune of ETB 700 billion, i.e. then about \$ 12.7 billion (www.thereporterethiopia.com/28667, accessed 3 February 2024).

10 The literature in the global press and digital media is voluminous. For a recent useful and incisive critical survey of the conflict and the counter-productive foreign meddling, see: Sonderriis 2023. Scientific research on these processes is in progress, but the published literature is still limited.

11 See also: Lyons, 2019.

bated wider ‘ethnic tensions’ over time (a process analysed in numerous but often unheeded academic studies). This model, entrenched in the 1995 Constitution and also in the mindset of not only political elites but also of the public at large, was not gone in 2018. In fact, it continued to develop in more extreme and indeed violent forms – despite Prime Minister Abiy Ahmed’s initial plea in his inaugural speech¹² and his 2019 and 2020 books on a political philosophy called *Meddemer* or *Ida’amu*¹³ (= political synergy/cooperation). At the moment of writing (early 2024), the latest manifestation of political conflict is the federal government’s armed campaign in the Amhara Region – under another ‘state of emergency’ declaration (which are quite frequently declared in Ethiopia; cf. Abbink 2022).¹⁴ The details of this new armed conflict – ostensibly started under a policy to dismantle local militias and Special Regional Forces¹⁵ in the wake of the ‘Tigray war’ – will not be elaborated here. But again, such a tragic turn of events showed the underlying instability and conflict-generating aspects of the ‘ethno-federal model’ still in place, as a continuation of the post-1991 EPRDF political structure but seemingly under a new ‘ethno-elite’. According to several observers (cf. Zemelak, et al., 2023), the new post-2018 government missed a chance to take up the constitutional reform process¹⁶ that was needed to stabilize and reset Ethiopia, and indeed nothing was heard of it in the past few years. In a recent (2024) interview, Mr. Desta Dinka, chair of the Joint Council of Political Parties in Ethiopia, confirmed this view when he noted that power was again centralized in a single political group. He concluded: ‘As a result, the country’s political landscape, despite initial promises, became dominated by one political entity, curtailing genuine political diversity and inclusivity.’¹⁷

12 See: www.youtube.com/watch?v=F4yn_bxVJIw.

13 In Amharic & Oromiffa.

14 This SoE was declared on 4 August 2023 for a period of six months.

15 Which was, however, not implemented in other Regional states. See also: www.voanews.com/a/ethiopia-pm-vows-to-dismantle-regional-military-forces/7042661.html.

16 See for opinions from the Ethiopian wider public: Afrobarometer 2020, ‘Ethiopians’ views on federalism and the Constitution – Highlights of Afrobarometer Round 8 survey findings’ (a PPT at www.afrobarometer.org).

17 See: ‘Reliance on violence, scarce moral integrity, incompetent politicians: the sorry state of Ethiopian politics.’ *The Reporter*, 11 May 2024 (www.thereporterethiopia.com/39968/?feed_id=2238&_unique_id=6645c7c90589f). Mr. Desta also added: ‘...the current conflict and bloodshed in Ethiopia can be attributed to a profound lack of moral integrity. If you’re wondering who is responsible for this immorality, it traces back to failures in ethical conduct and deficient moral leadership within the political sphere.’

The project: studying and strengthening the ‘reform agenda’

When we started in 2018, project supervisors and authors were inspired by the possibilities of the opening up of political and social space in the reform moment created by the change in the power elite and the forthcoming rhetoric of the new prime minister, as indicated above. But the expectations were no doubt too high-strung; Ethiopia’s internal divisions, ethnicized competition, along with the autocratic attitude of its elites remained in force and reasserted themselves over time. During the time span of our project up to 2023, we were hindered by the war but also by the growing tensions between federal government and regional states (see the chapter by Weyesa below) and between various regional states and their leaders as well as tragic violent incidents.¹⁸ In addition, before the war started in November 2020 we had to deal with the COVID-19 pandemic, also spreading rapidly in Ethiopia starting in April 2020 and hindering travel, field research and face-to face meetings – although it was not as devastating in Ethiopia as in the USA or Europe. Both the pandemic and especially the two-year war and its fall-out slowed down the execution of the different research projects, with personnel regularly reassigned to other tasks by their employers. Nevertheless, we kept going, with the idea that working on non-political aspects of governance and public administration would remain valid and relevant under any regime (see below).

Our project’s overall objectives were thus to explore and address such issues of governance, administrative reforms and economic policy so as to try and offer fresh insights help reduce the policy and communication gaps between government and the regional states’ populations. The input of the Ethiopian researchers/authors from both Oromia and Amhara Regions was crucial: They were the ones offering the subjects they felt were important, and they proposed and developed the actual research projects. Based on these projects (also included were PhD ‘capacity training’ trajectories for four Ethiopian higher civil servants), this joint Netherlands-Ethiopian research programme and its annual roundtable meetings were expected to contribute to specific, field research-based knowledge and suggestions to regional implementing agencies in the Regions of Oromia and Amhara and to their stimulating internal discussion and reflection on policies. This was to happen during the production process of the research reports, via briefing papers, and contributing to the aforementioned ‘capacity training.’ The duration

18 On 22 June 2019, one of our prospective PhD students in the project, Amhara Region Attorney-General Mr. Migbaru Kebede, was killed in a shoot-out in Bahir Dar, together with the Region’s president Dr. Ambachew Mekonnen and a top adviser. Cf. <https://addisstandard.com/breaking-attorney-general-says-june-22-amhara-region-senior-leaders-army-chief-gen-seare-as-sassinations-led-by-bir-gen-asaminew-tsige/> (accessed on 2 December 2023).

of the project was 4,5 years (2018-2023) and was supported by the Netherlands Embassy in Addis Ababa (see Acknowledgement below).¹⁹

The various chapters in this collection reveal a diversity of research methods, from the usual consultation of written sources (primary and secondary) and literature, interviews (structured ones with key informants/practicing experts active in policy fields, and informal, open-ended ones), to observations and surveys based on questionnaires. The project's research activities were thus strongly empirical and fed into annual roundtable meetings to exchange knowledge, stimulate policy debate within the policy agencies, engage other academic researchers in Ethiopia, and disseminate research findings in wider circles.

The research on which these chapters are based specifically addresses the nature and implications of the 'Reform Agenda' in Ethiopia when it was promulgated, and takes several selected thematic areas from it. The reforms envisaged under the Reform Agenda were basically a 'package': not only technocratic-economic ones but also related to the overall sociopolitical fabric and patterns of state-citizen relations and social and ethnic group relations in Ethiopia, a country which defines itself as a country not only of 'diversity' but of '*unity* in diversity'. The ultimate aims of the reform endeavour were no doubt enhanced by synergy and cooperation across borders and regions, and as such issues like governance, economic development, gender equality and citizens' engagement were paramount in terms of underlying the policies and the research project. In this vein, the research domains were to a large extent 'demand-driven': suggested or developed by the Ethiopian partners. Specifically, the following three were outlined:

- 1 Economic challenges, notably youth employment/unemployment issues, the attraction, management and utilization of foreign direct investment (FDI), and agrarian policy;
- 2 Political-civic governance, e.g. the status of the 'ethnic-based' federation and the relations between federal and regional state administrations, inclusive of governance practices and needs, and the role of citizens' rights charters;
- 3 Issues of women's empowerment in governance, administration and the economy.

During the project period, the roundtable conferences with stakeholders, during which the (preliminary) findings from the research projects were presented, successfully allowed for a systematic exchange of ideas, knowledge and 'best practic-

19 One of the first products of the Project was: Lemma, Megersa Wako (2020), Women Trafficking in Ethiopia and its Mitigation: The Case of Arsi Zone Oromiya (Leiden: Leiden University, PhD thesis).

es.' Next to policy makers from the regions, from the Ethiopian federal government, scholars, practitioners, members of civil society organizations, thinktanks and opposition parties in the country were involved in participating in some of the workshops (the last in late 2022), discussing the research report drafts and the recommendations.²⁰

The chapters in this book are edited from the written reports (as available on the StRA website²¹), which provide more details (like the questionnaires used). They were produced by the participating Ethiopian researchers/officials who in their job positions were engaged in policy research and development, as well as – with a number of authors – implementation. They wrote the reports based on their field research and in addition to their regular jobs/positions as administrators/policy advisors/academics. The projected reports were all completed and can provide input for ongoing discussions on improving policies. While the coordinators of the StRA programme provided major editorial assistance, the authors alone were responsible for the content of their work. Similarly, the editor of the current volume has commented on the texts but is not necessarily in total agreement with all interpretations and conclusions of the chapters.

The chapters and their conclusions

All chapters have an abstract but I will present some of their main points here.

As a general introduction to the political economy and governance system of Ethiopia, Weyesa Merga's chapter is very helpful in setting out the nature and challenges of the current 'ethnic-based' federal political order. This order is clearly an inheritance of the previous EPRDF government (1991-2018), still in place and rooted in the unchanged FDRE Constitution (which came into force in 1995). In view of the multiple problems, protests and the governance deadlock in late 2017 and early 2018, the new government under PM Abiy Ahmed since April 2018 has hinted if not promised in its early phase to initiate constitutional amendment. But nothing has come of it, despite the fact that the 2021 elections gave the government (with the PP and the PM elected) a mandate for this. After six years and two wars later, no constitutional reform process is visible. The thorough re-

20 The project was coordinated by professors Jon Abbink (African Studies Centre, Leiden University; project leader) and Madeleine Hosli (Faculty of Governance and Global Affairs, Leiden University) with funding provided by the Embassy of the Kingdom of the Netherlands in Ethiopia. The local coordinating partner for the StRA programme in Addis Ababa was the Centre for Governance and Security Studies (CGSS), led by Dr Yinebeb Nigatu Tessema.

21 See: www.ascleiden.nl/research/projects/studying-reform-agenda-ethiopia-enhancing-inclusive-patterns-regional-governance.

port evaluating the Constitution by the new federal Policy Studies Institute (PSI 2002) – complete with important suggestions for amendment – is still in limbo and has not led to any noticeable policy follow-up; it is apparently again meant ‘for further discussion’, or perhaps for an office drawer. Weyesa’s chapter does not delve into the constitutional matters *per se* but addresses connected issues in the relationship between the federal government and the regional states. His main conclusions on this relationship are that, in the wake of constitutional ambiguity, these federal-state relations essentially still reflect a hierarchical patron-client relationship that hinders the regions’ autonomous agency in local matters. This is not surprising, as the regional states in certain (legal) respects remain subservient to the federal government, but the ambiguity also gives leeway to the regional presidents to develop their own policies, capitalizing on their position as both agents of the federal government and (although less) as representatives of their respective regional state interests. However, the chance of their being called to account by the public is negligible, reinforced by a serious lack of free, democratic elections of power holders and a weak judiciary. Still, there have been some improvements in the institutional arrangements that give the regions in principle more powers, such as in assertiveness of the Regional Executive, budget allocation formulas, or local implementation. But as Weyesa states, federal-state relations still lack the proper institutionalization.

The subject of economic challenges was addressed by three chapters in this collection, authored by Teshome Adugna, Zelleke Siraye, and Awalu Abdi. The studies on foreign direct investment (FDI) by the first two authors stress its major importance for economic growth, innovation and its possible role in structural transformation, but both case studies reveal underlying problems of sustainability, institutional obstacles, and volatility regarding security issues. For the Oromia Region case, Teshome furthermore underlines the low ‘ownership’ of the regional state in FDI operations, lack of a clear regulatory framework, security issues, weak regional institutional capacity and efficiency, and too many top-down approaches. Some of the same issues are also seen in the Amhara Region, as discussed by Zelleke. He specifically calls attention to the existing lack of a skilled labour force, infrastructure problems, lack of input and output markets, poor foreign currency access and credit access, security challenges, and communication barriers and government bureaucracy in terms of accessing services. Needless to say, in the Amhara Region, the security issues have been compounded by war (2021-22), and federal army action and local rebellion since April 2023, making the region unstable and thus discouraging investment, FDI included. The chapter by Awalu Abdi highlights a structural, long-term problem that will not easily go away: youth unemployment. In view of high population growth and low absorp-

tive capacity of the labour market the challenge is not easily tackled, despite the dynamics and ambition of the younger generation itself.

Striking, but not unexpected, is the fact that the challenges posed by the problems discussed – foreign direct investment policy and youth (un)employment issues – are virtually the same across the various regional states of Ethiopia, although certain regional elites like to draw distinctions on an ‘ethnic’ or ethno-regional basis. These similarities also hold for related socioeconomic and other hot issues not discussed here, like environmental challenges, the agropastoral sector, mining, infrastructure, healthcare, education and (green) energy policy.

The two chapters on women’s empowerment in administrative structures reveal that while good progress was made in accepting and educating more women in leading functions, several social and cultural obstacles are still there, for example, in terms of limiting the time and the opportunities for women to realize their potential on meritocratic grounds.

In the studies on governance issues by Dr Teshome and Dr Meselu, we see that reforms promulgated in the domains of agriculture and citizens’ rights were begun with enthusiasm but have not been without implementation problems. Teshome’s study reveals that, since 2018, production, productivity and product diversification have shown improvement in the Oromia region, combined with headway in agricultural mechanization and in the agricultural loan system, and that improvements can be seen also in better supply chain management and agricultural pricing. Still, a major structural transformation of the sector has not (as yet) been achieved, and would require both changes in the property regime, better training, freedom of movement for producers, and better cooperation and consultation with farmers. The Citizen’s Charter experiment in the Amhara Region as analysed by Meselu had some positive aspects in making ‘customers’, the public, more aware of their rights and duties and in stimulating them to demand proper services, but there has been serious disappointment and dissatisfaction among the government personnel charged with elaborating and implementing the charter fully, thus inhibiting its success.

The prospects of reform and development

As I noted above, inevitably the StRA project was negatively impacted by COVID-19 and the violent conflicts, and by the deterioration of consensus politics and of reliable public administration over the past few years (2021-24). We had of course made a proviso in the Project text for possible risks that might impinge upon project execution, but we clearly never anticipated the full-scale

devastating war of November 2020-November 2022 that set in motion a process of political change, led to consistent but hardly helpful foreign meddling (notably by the classical donor countries in the EU and specifically by the USA²², but also by new ‘donors’/‘partners’ like China), to an increase in group hatred discourse notably in social media²³ and activists’ statements, and to new elite competition, which have all affected the country’s sociopolitical atmosphere.

While as project leaders Prof. Madeleine Hosli and I are satisfied with the work and the reports of the participant authors, we are disappointed with the closing of windows of opportunity in Ethiopia for the constructive and fair implementation of its findings and recommendations for the ‘Reform Agenda’. The conditions for its realization – if the Agenda is still there at all – are shrinking and are being overlaid with ‘ethnic politics’ that undermine the sociopolitical order, public trust, justice and the rule-of-law, and that endanger the emergence of an inclusive democratic polity in Ethiopia. Not even *stability* – one of the prime functions of a government – has been achieved. The economy is in a crisis, with inflation spiralling (c. 20-30% on an annual basis) and poverty growing.²⁴ From my interviews in Addis Ababa and some other towns in 2022 and 2023, it often seems to me that a widespread cynicism²⁵ has meanwhile also settled in among the Ethiopian public, and this is hindering political engagement and national cohesion (See also Ashenafi 2022). It would pay to do systematic research (e.g. via Afrobarometer-like countrywide surveys²⁶) on the extent of this cynical attitude; it is not only scepticism and lack of hope or trust in what politics can deliver, but also a growing negative self-image and zero-sum rivalry that propels people into expedient and self-interested behaviour even when it is counter-productive in the long run. In other words, such public cynicism has problematic political consequences. Positive and visible aspects of the ‘Reform Agenda’ are presumably the federal projects mainly concentrated in Addis Ababa, like the Ethiopian Museum of Science and Arts and new parks, the reconstruction of Piazza, the Bole area, and of late the (controversial, externally financed) ‘Chaka project’ in the outskirts of Addis Ababa.²⁷ There are also investments in rural areas, like the construc-

22 Cf. <https://goethio.net/why-do-ethiopians-blame-the-us-and-western-nations-for-the-prolonged-war-in-ethiopia/>.

23 See: e.g. Tadesse & Abebaw 2023; Mohammed 2023.

24 See: www.thenewhumanitarian.org/news-feature/2023/08/01/boom-bust-fallout-war-and-drought-leaves-ethiopians-mired-poverty#:~:text=The%20conflict%20in%20northern%20Ethiopia,to%20an%20Ethiopian%20government%20assessment and: UNDP 2023.

25 Cf. *The Reporter* 2022.

26 See: www.afrobarometer.org.

27 See: <https://continent.substack.com/p/the-ethiopian-prime-ministers-new>, and an earlier critical article: <https://addiszebybe.com/ethiopia-s-construction-of-a-new-national-palace-is-not-a-timely-priority-economic-experts>.

tion of national tourist parks and resorts, for example the Koysha Park project in Dawro or the Gorgora Park in Amhara Region, but these still have to prove their potential. The Science Museum, the parks and the beautification of Addis Ababa benefit a large public, but that cannot really be said of the other projects, and the gap between rich and poor or elite and the masses in Ethiopia is growing rapidly. This, in the eyes of critics is subverting the overall socioeconomic benefits and livelihood security for the great majority in a country with an average income per capita (2023) of USD 890,²⁸ ca. 21.4 million people in humanitarian need, including 15.8 million living in food insecurity²⁹ and 4.5 million IDPs.³⁰

In view of the political-administrative and macroeconomic context, the ultimate full uptake of the results, insights, and recommendations of the StRA project report is therefore not guaranteed. Breakthroughs in the four fields of policy research outlined above are limited, although in some there is steady improvement, like in women's empowerment, largely due to women themselves reaching higher educational levels and insisting on equal chances. Whether the much vaunted 'structural change'³¹ will occur in the economy, for example via industrialization, property regime, and in the agrarian sector, depends generally on democratization, judicial reform, and improvement of the wider policy environment in Ethiopia over the coming years. The general preconditions for recovery and 'normal politics' – objectively necessary – are: a durable restoration of political stability and building the rule-of-law, democratic accountability structures, not resorting to violence to address political problems, sound economic policy, establishing a working, independent justice system, toning down 'ethnic (*yebehereseb*) identity' as an organizing principle in politics,³² and improvement in 'good governance' practices across the board. This sounds utopian in view of the engrained political culture, in which the post-2018 government despite its promises has not made serious changes. New elites have replaced old ones, and the lack of meritocratic elite continuity is not beneficial for cohesion, social mobility or stability (cf. Gedu

28 See: https://data.worldbank.org/indicator/NY.GDP.PCAP.KD?locations=ET&most_recent_value_desc=true.

29 See the June 2024 UNOCHA situation report (<https://reports.unocha.org/en/country/ethiopia/>).

30 Ibid.

31 A 2022 report from the World Bank noted that: 'Despite being one of the fastest growing economies in the world in recent years there has not been significant structural change and the manufacturing sector has not yet meaningfully contributed to Ethiopia's GDP' (World Bank Group 2022: v).

32 Which has not worked out positively anywhere in the world. Reforming or correcting the overly ethno-political basis of the constitutional order were discussed by leading politicians and including the PM in 2018-19 – especially in view of his Meddemer philosophy aimed at a new national symbiosis or 'social contract', but to no effect so far.

2024). That the ethno-federal system has not worked well and in fact has often undermined communal relations, the economy and the national political community seems clear: as was shown in countless studies, the system's ideological and political foundations, as laid down in the 1995 Constitution and visible in often self-serving elite politics (Gedu, *op. cit.*),³³ have cultivated antagonism as a recurring feature of politics.³⁴ The vast literature on Ethiopian ethnic federalism³⁵ has produced many insights – though often repetitive, making the same points over and over again – but the crucial issues of criticism from it are indeed not absorbed by the government, leading (elite) politicians, or parliamentarians. The academic and public debates on politics and society in Ethiopia are often sophisticated and fascinating, but often quite partisan, and their wider impact is close to zero. The Ethiopian Parliament, the House of People's Representatives, is rather weak and non-assertive in performing its duties of independent oversight of the Executive, and the few critical members³⁶ speaking out were even arrested over the past two years.

A final remark in the way of evaluation of the project would be that we perhaps underestimated the importance of the constitutive role of national *education* in Ethiopia. While there is no dearth of devoted, skilled and experienced teachers on the primary, secondary and tertiary levels, the quality and result of the national educational system as such leaves much to be desired and cannot be said to build a strong civic culture or national cohesion. Not only does the ethno-political fragmentation of the system play its (negative) role but also the constant interference of political authorities and the lack of quality control and real devotion to learning rather than getting diplomas at all cost are undermining the national mission of education. It became fully evident in the 2022 round of the Grade 12 national school leaving certificate exams: only 3.2% of students taking the exam attained a score of 50 percent or higher. This was revealed after a reform in the way the exams were organized: that year, they were not administered in the students' ethnic-based home towns and regions, but outside of them: a measure allegedly taken to prevent the recurring cheating during the exams due to ethno-politically

33 This thesis was one result of the StRA project.

34 See: Belay 2024; Bereket 2024; Heyi 2023; Bizuneh 2024; Abadir & Kokebe 2022.

35 For titles up to 2022, see Abbink 2022: 161-198.

36 See: <https://addisinsight.net/parliamentary-immunity-ignored-house-of-representatives-member-christian-tadele-taken-by-security-forces/>. A speech in parliament on 14 August 2023 critical of federal policy toward Amhara Region by parliamentarian Mr. Gedu Andargachew, a former high government official and ex-Foreign Minister, was followed by harassment (<https://borkena.com/2023/09/11/gedu-andargachew-spearhead-of-the-change-detained/>)

motivated manipulations.³⁷ On the basis of these ‘disastrous’ results,³⁸ the Minister of Education, Dr. Berhanu Nega, appointed in the new post-2018 government, noted on 9 October 2023: ‘There is much work to be done at every level of education to rectify the broken education system.’³⁹

Thus, as ‘lessons’ are not drawn in the domains of education, economic policy, citizens’ rights, juridical reform, or democratic management, one would be naïve to expect this needed improvement in the wider policy environment and the ‘political culture’ in Ethiopia soon.⁴⁰ Conflict based on presumed identities and inequalities is rampant, and too often used as a means of doing politics, and its pursuit is overwhelmingly marked by impunity. The state and the state-mandated administrations (regions, zones, *woredas*) across the country have too often become prime means for office holders, army commanders, administrators, businesspeople, and others to get hold of resources and privileges in a new ‘ethno-patrimonial’ system that enhances nepotism and corruption,⁴¹ harasses the common people, and hurts the economy. Communal relations between the various, ethnicized parts of the population became conflictual, socioeconomic inequalities are growing, and millions are still internally displaced and/or food-insecure.⁴² In addition, the armed conflicts of the past years and of today that still await satisfactory resolution show that stability, let alone a transformation of Ethiopian politics towards a state of normalcy, compromise politics, or lawful procedure – in the sense of following minimum rule-of-law for citizens – is still an unfulfilled project. A general conclusion that one would like to draw is that the ‘Reform Agenda’

37 Cf. ‘የ12ኛ ክፍል ብሔራዊ ፈተና ውጤት ላይ የትምህርት ሚኒስቴር የሰጠው ሙሉ መግለጫ (Fana TV), www.youtube.com/watch?v=4SlyE3we9Nk (Accessed 2 Nov. 2023)

38 See: <https://theconversation.com/ethiopias-education-system-is-in-crisis-nows-the-time-to-fix-it-217817>

39 Cited in: <https://borkena.com/2023/10/09/ethiopian-high-school-leaving-exam-result-highlights-ongoing-education-disaster/>. In the latest round of the 12th grade national exams over the 2023-24 year, only 36,409 students of the total out of the 684,205 successfully passed, i.e. 5.4%. So the crisis continues. (Cited in: <https://addisinsight.net/2024/09/ministry-of-education-announces-12th-grade-national-exam-results-5-4-pass-rate/>.)

40 At the time of writing, it was not clear whether meaningful constitutional revision (see PSI 2022) would occur, or whether the National Dialogue Commission (approved in December in 2021 and having started work in May 2023) would lead to tangible political results. If this NDC would be politicized and forced to abandon its independence, then it will be fruitless.

41 In 2022 Ethiopia fell 7 places on the 180-country Corruption Perception Index of Transparency International from place 83 to 94 (i.e., a big decline in one year). This confirms substantial anecdotal evidence of many cases illustrating the rapid spread of excessive and unreasonable corruption in the country (See <https://tradingeconomics.com/ethiopia/corruption-rank>). In December 2023 the country had dropped further, to place 98 (ibid.)

42 In September, ca. one-sixth of the population (20.1 million), according to UN OCHA figures (www.unocha.org/publications/report/ethiopia/ethiopia-situation-report-7-sep-2023). The figure has not been reduced meaningfully since.

– which it started off well, with good intentions etc. – needs a thorough reset and recommitment, even if the economic, constitutional and security challenges in the country are quite serious. Redefining and recommitting to this agenda in an imaginative, consensual and realist manner will, however, contribute to meeting such challenges.

A note on the structure and organization of the book

Following this Introduction, there are three parts. The first gives an overview of the state of political governance and the ‘ethno-federal model’ in Ethiopia (as of late 2023-early 2024), and consists of one long chapter by political scientist Weyessa Merga on the nature and context of today’s political system and federal-regional state relations. Part 2 groups studies on employment, investment and economic policy, seen as key elements of the agenda of reform and prosperity, that is, wealth creation in Ethiopia. Part 3 is on the much-discussed subject of women’s empowerment in administrative structures, a declared priority in the early years of the Abiy Ahmed government on 2018-19. Part 4 concludes with studies on governance in the domains of agricultural policy and citizens’ rights. As noted above, these subjects remain vital for a balanced overall development of Ethiopia, regardless of the current political-judicial hurdles, humanitarian problems and economic setbacks, and will hopefully be taken up with renewed vigour if the security problems of the country are brought under control and a new national ‘working consensus’ is achieved.

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PART I

Political governance and the 'ethno-federal model' in Ethiopia

1

Dynamics of Federal-Regional State Relations in Ethiopia: the Cases of Amhara and Oromia Regions in the Pre- and Post-2018 Contexts⁴³

Weyesa Merga

Abstract

This chapter gives a survey of the political and administrative changes in Ethiopia in the past 30-40 years, indicating their ideological origins and organizational features, and focusing on the relation between the federal state order (instituted in 1995 with the new Constitution) and the new regional states, which are based largely on a dominant ethnic group/people and accorded a substantial measure of autonomy. The cases discussed are the two most populous regions, Amhara and Oromia (over 60% of the total population). While the regional states solidified the basis for ethnic-political identities on a territorial basis, the juridical and practical relations with the federal authorities were not always clear: Both centralizing, controlling tendencies as well as centripetal, decentralizing and autonomy policies were evident. They gave rise to contestation and conflict about budget allocation, authority and scope of economic and investment policies, and even about territorial boundary demarcation between the newly constituted units. In recent years, this led to very frequent violent confrontations, fuelled by internalized ideas about collective (ethnic) identity, as manipulated by the new ethno-regional elites on the regional (and even sub-regional) level. In 2020, political discord and fragmentation within the then ruling party elite of the EPRDF led to the devastating ‘Tigray war’ in northern Ethiopia (November 2020 to November 2022). The massive scale of this war obscured the many other armed tensions and confrontations existing elsewhere in the country, indicating systemic crisis. The chapter assesses the wider institutional-legal problems of the ethnic-based federal order and indicates some routes towards handling the unresolved and conflict-generating aspects of this post-1991 political-judicial system.

⁴³ The chapter was written before the flare-up of violence in the Amhara Region since May 2023, when federal forces entered to unilaterally disarm regional security forces and militias.

1.1 Introduction

1.1.1 Background

During the last decade of the twentieth century, Ethiopia under the regime of the EPRDF⁴⁴ introduced a political system which brought a fundamental shift to the arrangement of its internal political map. It was in 1995 that the FDRE Constitution introduced a federal political system which restructured the hitherto unitary state. Allegedly, the main reason for adopting federalism in Ethiopia was to deal with the ‘multi-ethnic challenges’ the country had been facing. Regardless of their deliberate and sustained attempts, successive governments of Ethiopia (through their respective nation-building policies) until that time had not succeeded in making ethnicity an irrelevant issue in the country’s politics. In fact, the state policies often contributed to the proliferation of ethnicity-based movements and insurgencies in the 1960s-1970s, and one of them eventually managed to assume state power in 1991.

Thus it was following the collapse of *Derg* military rule in 1991 that Ethiopia – that is, the new government of the EPRDF – introduced a federal political system organized on the basis of the recognition and institutionalization of the right of ethno-territorial communities to self-determination, creating primarily ethnic-based territorial units (see Abbink, 1995; Alem, 2004; Aalen, 2006; Hashim, 2010). The 1995 Constitution by and large created ethnically defined states, and six of the current thirteen states (in 2023) are named after the dominant ethnic groups.⁴⁵ The adoption of a federal system in Ethiopia was motivated by the ‘need to respond to ethnic concerns’ (see Yonathan & Beza, 2022). However, political democratization was thereby seen as secondary.

The federal arrangement paved the way and created the opportunity to undertake political and constitutional transformation and to devolve state power along ethno-linguistic lines (Hashim, 2010, *op. cit.*). The idea of federalism presupposes the existence of levels of government with defined competence and dominion of jurisdiction on the same land (see Solomon, 2008). In a federal system, the powers and functions of each government are outlined as part of the division of power and maintenance of their sovereignty (Berhanu, 2007). This means that both the federal government and the constituent units share the ‘nature of state’ and enjoy

44 The Ethiopian Peoples Revolutionary Democratic Front.

45 Oromia, Amhara, Tigray, Sidama, Somali, and Afar Regions: the majority of their populations belongs to the ethnic group after which they are named. In mid-2023 two new regional states were carved out of the Southern Ethiopian Regional State, bringing the total to 13.

the whole bundle of functions and state powers. In federations, sovereignty is constitutionally divided and shared between a federal government (which normally has federation-wide authority over certain functions) and what are variously known as regions, provinces, states, lands, cantons and the like. In other words, there are separate areas over which the federal government and the regional state have their respective ultimate decision-making authority. Each level of government will have the legal authority to govern and regulate specific affairs which fall within its exclusive jurisdiction without the interference of the other. For example, Erika Arban (2019) notes that the idea of ‘divided sovereignty’ between federal and peripheral units, as entrenched for the first time in the US Constitution of 1787, is usually regarded as one of the most important features distinguishing a federal from a regional state.

In line with general federal principles, the 1995 FDRE Constitution clearly establishes two levels of government and obliges each level to respect the other’s constitutional powers (Art. 50 (8)). Both the federal government and regional states have legislative, executive, and judicial powers within their respective jurisdictional limits (Art. 50(2)). Article 51 and 52 of the Constitution list the exclusive powers of the federal government and regional states, respectively. The Constitution also establishes a symmetrical federal system in that the powers, functions, and prerogatives given to the member states of the Ethiopian federation are uniform (Art. 49(4)).

Assefa Fiseha (2019) recalls four divergent views that were expressed on how to deal with ethnonational-based diversity both during the transition and during the making of the FDRE constitution. One of these views was propagated by the ‘centrist’ political elites under the slogan ‘Ethiopia first’. These elites insisted that one should demonstrate primary loyalty to the overarching state and aim to entrench the unity and territorial integrity of the country. According to these elites, it is very risky to combine ethnic self-rule with Ethiopian statehood (Assefa, *ibid.*). The ‘ethno-nationalist’ groups in their reaction insisted one should demonstrate primary loyalty to presumed sub-state identity. In fact, arguably, the moderate ones, that one may call the ‘instrumentalists’,⁴⁶ did not fully rule out federalism based on geography, possibly derived from the division of provinces along historic lines and not based on ethnicity. Some of the moderate opposition political parties often prescribed geographic or territorial-based federalism. The ideological roots of this geography-based federalism are often linked to American federalism. Nonetheless, one of the facts these parties often ignore is that in such

46 See: *The Third Way* (2010), by Lidetu Ayalew (a then vocal opposition figure), who prescribed federalism but not on an ethnic basis (cited in Assefa Fiseha, 2019).

federations the same majority at the federal level also enjoys a majority at sub-state level and hence is largely a nation-state federation that has little to offer to strongly mobilized ethno-national groups (McGarry, O'Leary & Simeon 2008). In other words, while such federations as that of the US can offer opportunities for devolving power across geographic areas, it might not be fit for Ethiopia as it does not recognize the different, now politically mobilized, ethno-national groups. Thus, it is useful to note that each type of federalism has its own political context which it seeks to respond to.

The fourth view represented by the EPRDF was that a new and democratic Ethiopia could only be constructed through the 'voluntary and consensual association' of its parts, the 'nations, nationalities and the peoples' (cf. Abbink, 1997). As the EPRDF considered itself a successor to the Ethiopian Student Movement (ESM) of the 1960s, it committed itself to provide a political solution to the 'nationality question' (see Abbink, 2015).

Thus, ethnic federalism and the 'constitutional right to self-determination', as introduced by the EPRDF in 1995, was seen as a solution to Ethiopia's long standing nationality question – politically mobilized ethnic groups were empowered on the regional and local level and were guaranteed 'fair' representation in institutions at the federal level. The federal constitution states that 'every nation, nationality and people in Ethiopia has an unconditional right to self-determination, including the right to secession' (Art. 39). The federal states are recognized on the basis of settlement patterns, language, identity and consent of the people concerned (Art. 46). Thus, territory is explicitly used to maximize self-rule of ethnic groups, and diversity is accommodated primarily through the provision of territorial autonomy to geographically concentrated ethnic groups.

Under the leadership of Meles Zenawi, the godfather of the EPRDF, the federal structure (with all its pitfalls) continued to operate with relative stability, although strongly authoritarian. In fact, throughout the Meles-led EPRDF rule, there were visible dissatisfactions from different corners, mainly due to concerns on the possible disintegrative role of the ethno-federal structure;⁴⁷ inconsistency of the justification provided for different ethnic groups to exercise self-rule by es-

47 The propagators of the 'Ethiopia first' ideology had continuously voiced their concerns regarding the possible role an ethnic-based federal structure would play. These groups also tried to reverse the system through both peaceful (electoral) politics and violent approaches (armed movement).

tablishing their own regional states;⁴⁸ and doubts on the commitment of EPRDF to put the federal principles into action.⁴⁹

The unexpected death of Meles Zenawi (whose authority within the EPRDF had become largely uncontested over time) in 2012 marked a critical juncture in the federal dynamics. Despite the surprisingly smooth succession by Haile-Mariam Desalegn as prime minister, the government started to face more instability on several fronts. Fierce competition between the EPRDF coalition parties broke out over the most powerful positions within the party and the government, as well as the distribution of resources to the regions. Despite the jostling for influence, the EPRDF managed to achieve 100% of the parliamentary seats in the 2015 election (see Arriola & Lyons, 2016; and Abbink, 2017). However, the EPRDF increasingly struggled to contain growing discontent with socioeconomic conditions and political repression, as well as the party's 27 years in power and its domination by a small, mostly Tigrayan elite, leading to party tensions within the EPRDF. After four years of anti-government protests and major uproar, Prime Minister Desalegn resigned unexpectedly in February 2018. The OPDO section assertively stepped into this power vacuum and, backed by the ANDM section, propelled Abiy Ahmed into the office of prime minister.

The federal system in Ethiopia shares some of the basic features of federal polities elsewhere, but it also has very distinct elements. The division of powers between the federal government and the states described elaborately in the constitution might not explain the distinct features of the Ethiopian federal system. Beyond serving as another centre of power, the states have the additional and critical role of empowering *ethnonational* groups that are designated founders of the new federal dispensation. The constitution is viewed as a 'political contract' and the result of the 'free will of nations, nationalities and peoples' that are politically mobilized, territorially grouped, and even declared sovereign (Article 8). It insists on the

48 Some ethno-national groups including the Sidama and Wolaita (via their respective movements) continued to question the federal structure in terms of its ability to address the demands of all ethnic groups of the country in a consistent and justifiable manner. In this regard, numerical-paradox has often been cited such as by raising the fact that the Harari (an ethnic group consisting of less than half a million population) was granted a regional state status, while others such as Wolaita and Sidama, regardless of their demand for statehood, remained part of the SNNP's region which is composed of more than fifty six ethnic groups.

49 Some ethno-national political groups who had apparently welcomed the introduction of ethnic federalism continued to be sceptical of the intentions of the TPLF. For instance, even if the Oromo Liberation Front (OLF) and the Ogaden National Liberation Front (ONLF) claimed to have demanded 'genuine self-determination' for Oromo and Somali peoples, respectively, they both remained belligerents with the very government (EPRDF) which claimed to stand for the same goal.

need for some congruence between the nation and nationalities and the territory of their regional states in order to ensure self-rule. Moreover, the much-debated Article 39 ensured three principal group rights. First: 'every nation, nationality and people in Ethiopia has an unconditional right to self-determination, including the right to secession.' This right to secede often overshadowed the right conferred to ethno-national groups to internal self-determination. Second, it ensured each nationality with 'the right to speak, to write and to develop its own language; to express, to develop and to promote its culture and to preserve its history.' Third, nationalities had also 'the right to full measure of self-government which includes the right to establish institutions of government in the territory that they inhabit and to equitable representation in the state and federal governments'. The Ethiopian federal system was thus designed to accommodate and empower 'the nations, nationalities and peoples' primarily through the provision of territorial and political autonomy to geographically concentrated ethno-national groups (Article 46(2)). The constitution dictates regional states to be organized on 'the basis of settlement patterns, language, identity and consent of the people concerned.' In effect, language is a key factor in redrawing the boundary of the constituent units. But the minorities question at the regional level was not solved, only reproduced at lower (regional) levels.

According to scholars such as Assefa Fiseha (2009), despite some sections of the constitution suggesting a non-hierarchical relationship between the federal and regional states, in Ethiopia, what has existed is a top-down federal system. The federal government has a wide range of powers to have a say in or undermine regional plans and to intervene in regional administrations. Regional governments did not develop a strong sense of considering themselves as independent political actors, although in fact, during the recent 'reform period' (2016-2022) some regions became more assertive and started to act in a relatively more autonomous manner.⁵⁰ Since very recently, however, it appears that many inter-governmental meetings were dominated by federal government priorities. One drawback of the current structures of intergovernmental relations (IGR) at the level of federal-state relations is that it is defined and practiced in hierarchical terms. There is a clear top-down approach when the federal government is dealing with regional states in several matters. Not surprisingly, the state governments, both in terms of personnel and in the nature of responsibility, are less equipped compared to that of the federal government. Most of the time, it is the federal government which takes the lion's share in agenda-setting and organizing IGR forums (see

50 For example, in the immediate years leading to the coming to power of Abiy Ahmed in 2018, Oromia and Amhara regions exercised powers, including appointing regional officials, without the federal government's intervention; Tigray region even went as far as acting as a *de facto* independent state following the formation of the Prosperity Party in late 2019.

Assefa, 2009). Moreover, it is also the federal government which chairs most of the conferences. All this confirms that – like in most other countries – it is a hierarchical relationship rather than one of equality that has been a key feature of IGR in Ethiopia.

1.1.2 Research Design

According to Rorhbach (2021, p. 480, citing Waldner, 2001), a promising approach to analysing federal-state dynamics and how they condition the success of a federal arrangement is to focus on the *political regime* in question, defined as ‘the formal and informal institutions that both reflect and shape the distribution and organization of political power and that constrain to various degrees the actions of power-holders.’ This captures the vertical division of administrative, fiscal, and legislative power, which is the key element of any given federal system (Watts, 1998). In other words, as the nature of the regime in power matters when it comes to the level of commitment in realizing the division of power in a federal state structure, an effective approach which helps in dealing with such regime-based context would serve in understanding the federal-state dynamics.

The cases of Amhara and Oromia Regions were selected mainly due to the fact that the politics in the two regions have been playing decisive roles in bringing about as well as shaping the recent political change in the country. It is to be recalled that Abiy Ahmed came to power in 2018 on the back of the so-called *Oromara* alliance – for example, when in the EPRDF internal leadership (prime-minister-ship) vote in March 2018, the Amhara section of EPRDF supported the Oromo section by voting for Abiy in the March 2018 EPRDF party election. In fact, while it has played a significant role in unseating the TPLF from federal power, the alliance has always remained fragile. In addition, as the two regions constitute ca. sixty percent of the population of Ethiopia,⁵¹ politics in the regions would significantly influence the overall political dynamics in the country.

1.1.3 Sources of Data

This chapter is based on literature and document study, supplemented with primary data gathered through *key informant interviews* conducted at four major places: Bishoftu, Dire Dawa, Addis Ababa and Bahir Dar. Given the political dynamics in the country, the key informant interviews were selected as a basic and

51 Refer to: CIA's *World Factbook* (2022), ‘Ethiopia: People and Society’. Last updated 14 December 2022. Accessed from <https://www.cia.gov/the-world-factbook/countries/ethiopia/>, 17 December 2022.

most convenient method for collecting the primary data, although not all informant statements were used or referenced here. Based on a selective sampling method, a pool of respondents was chosen: former as well as current government officials and ruling party officials in the two regions; political figures from major opposition parties, as well as other elite members (activists, academics and media personalities) that were/are in one way or the other involved the politics in the two regions of Oromia and Amhara. These primary data were utilized to supplement reports and other secondary sources to ensure reliability and validity of the proposed dynamics. Overall, the researcher conducted 18 semi-structured interviews with academics, former and/or current politicians and elite members with insider knowledge of the relevant institutions and processes.

In order to ensure the right balance, equal number of interviewees was selected from each region. In both cases, the respondents belonged to one of three pre-defined categories. The first category comprised of former and/or current government officials at Oromia, Amhara and federal government levels. This group of respondents consisted of the ruling party politicians originating from both regions who have experience working at legislative or executive government levels in the two regions or at the federal level. As part of this category of respondents, five key informants from each region were interviewed.

The second category consisted of politicians and/or members of the opposition political parties which continue to garner reasonable popular support in either of the two regions. In this regard, a total of four key informants were interviewed from two opposition political parties operating in either of the two regions. Two interviewees belonged to the National Movement of Amhara (a political party with a noticeable presence and support in Amhara Region) while the other two belonged to the Oromo Federalist Congress (a political party with a reasonable presence and support in Oromia Region).

Thirdly, four key informants (two from each region) belonging to the 'other' elites category (academicians, activists or media-based political commentators) were interviewed. The selection of these interviewees involved a judgmental sampling method. In other words, the researcher interviewed informants who often express their opinions on the recent political processes in the country in general and that of the two regions in particular.

In total, ten former and/or current politicians and officials belonging to the incumbent regime (five from each region), four politicians from opposition political parties and four key informants from academics from either of the two regions were interviewed. The interview strategy was to ask interviewees for a precise de-

scription of the nature of the federal-state relations in the cases of both regional states, often complemented with additional questions regarding challenges facing the federal system more generally. For instance, respondents were asked about mechanisms of intergovernmental relations between the centre and the regions; the role of the ruling party in influencing the relations; and how intergovernmental relations are conducted by comparing the pre and post 2018 situations. Respondents were also asked questions regarding the decision-making process by focusing on the involvement of various actors and constraints on the regional level decision-making process. The answers were then compared and contrasted to identify relevant deviations or irregularities with regard to the cases of the two regions.

The interview process ran from August to December of 2022. The interviews were conducted by using opportunities provided by some other ongoing project activities coordinated by the Center for Governance and Security Studies (CGSS). These brought together politicians of different categories at different times. Thus, the respondents were interviewed during different time periods. As the interviews ran parallel to those proceedings, Bishoftu, Dire Dawa, Addis Ababa and Bahir Dar were the places where the interviews were conducted. In addition to the interviews, we consulted reports, news magazine articles, party statement and secondary literature.

1.1.4 Organization of the chapter

Apart from the introductory part, this chapter has four parts. The first elaborates on the experience of federal-state relations in the pre-2018 context by focusing on key aspects of the system. The second deals with the nature of federal-state relations since 2018, while the third part takes on the cases of Amhara and Oromia Regions in relation to the dynamics of federal-state relations in the pre- and post-2018 contexts. In addition to uncovering the overall dynamics of relations at different levels of government, this part also deals with some important factors that have influenced the dynamics of federal-regional state relations in relation to Amhara and Oromia states. The fourth and final part provides the conclusions.

1.2 An Overview of Federal-Regional State Relations in the Pre-2018 Context: Principles and Practice

1.2.1 Introduction to Federal-Regional State Relations in the Pre-2018 Context

Federalism as the main state structuring philosophy was introduced in Ethiopia by the EPRDF-led government after 1991. It is safe to say that EPRDF was a coalition which for the first time in Ethiopia's modern history formally instituted a federal state structure as a mode of governance. Indeed, as this coalition was led by the TPLF which waged war against the forces of the then Ethiopian government which it believed was oppressing 'ethno-national groups' in the country, its victory over the *Derg* presaged the establishment of a system of decentralized structure which would provide ethnic groups freedom of self-expression and the right to self-governance.

Thus, by extension, the EPRDF was also formed based on the conviction that the source of Ethiopia's crisis was the subjugation and oppression of ethnicity, which in its view also had resulted in the economic exploitation of the 'Nations, Nationalities, and Peoples' (NNPs) of Ethiopia. Consequently, ethnic-based federalism was adopted to constitutionally address identity questions by granting the 'right to self-determination, including secession' to ethno-nationalities (Assefa F., 2007; Hashim 2010, *op. cit.*).

It was essentially based on the aforementioned conviction that the EPRDF-led government originally established nine states constituting the Federal Democratic Republic of Ethiopia (FDRE). These nine states (also known as regions) were organized based on ethno-linguistic criteria (Aalen 2006). The key purpose of the 1995 constitution was to structure and reform Ethiopian polity under ethnic federalism that sought to guarantee the 'Rights of Nations, Nationalities and Peoples' (cf. Andreas E., 2003).

Cognizant of the federal dispensation, the 1995 constitution establishes two levels of government with power-sharing arrangements.⁵² Accordingly, both the federal government and regional states have legislative, executive, and judicial powers within their respective jurisdictional limits (Art. 50 (2)). The constitution also obliges each level to respect the other's constitutional powers (Art. 50 (8)). Article 51 and 52 of the constitution list the exclusive powers of the federal government and regional states, respectively. The constitution also establishes a symmetrical

⁵² See: Article 50 (2) of the FDRE Constitution.

federal system in that the powers, functions, and prerogatives given to the member states of the Ethiopian federation are uniform (Art. 49 (4)).

However, the Constitution does not provide a clear mechanism guiding intergovernmental relations (IGR). As Solomon (2008a) rightly notes, despite the wide range of affairs which require continuous synergy among the federal and regional state governments, there are hardly enough provisions in the Constitution to regulate IGR. The Constitution seems to have had loopholes in terms of offering sufficient provisions for intergovernmental cooperation (see Solomon 2008b). There are no formal federal-state, interstate mechanisms of intergovernmental relations except through what was *de facto ad hoc* executive-level mechanisms such as the former Office of Regional Affairs (*Killil Guday Zerf*) within the Prime Minister's Office, later formally replaced by the Ministry of Federal Affairs (MoFA). (cf. Assefa 2009).

In fact, the FDRE Constitution has not adequately provided common forum of cooperation nor explicitly gives evidence on how to manage and shape the fundamental principle of co-existence between the two levels of governments. Hence, the relationships between the federal government and states are not adequately and clearly defined in the Constitution. This, however, should have been one of the vital factors to be clarified, as the nature of vertical relation between federal government and states has significant impact on the autonomy of states' government.

This principal constitutional ambiguity coupled with the importance of cooperation in areas of fiscal matters, public policy interdependence, investment and trade, infrastructure management, environmental protection, policing and security, spillover effects and the sharing of resources have for long necessitated establishment of a forum of federal-states intergovernmental relations.

Consequently, due partly to the little attention given to it, the nature of the federal-state relations remained unclear. The vertical and horizontal intergovernmental relations have been shaped by different intervening actors and factors. For instance, to fill the apparent gap, the federal government has often heavily relied on party lines rather than establishing formal institutions of intergovernmental cooperation which are important in installing the culture of negotiation between the federal government and the states, checking the trend of centralization and thereby enhancing the bargaining power of the states. The informal party-based intergovernmental relations largely defined the federal-state relations in Ethiopia.

Specifically, EPRDF before 2018 ensured full control of regional administration through the agency of its four member organizations (namely, the Amhara National Democratic Movement (ANDM), the Oromo People's Democratic Organization (OPDO), the Southern Ethiopian People's Democratic Movement (SEPDM), the TPLF) and 'partner parties' in the 'emerging regions.' Under the EPRDF's close to three decades' rule, regardless of constitutional provisions guaranteeing the autonomy of the states, the federal government essentially dictated and controlled the powers of the latter via the party lines. Thus, EPRDF as a party controlled the governments both at the federal and regional levels. Party offices at different levels exercised superior powers, even the powers of the legislative bodies at both federal and regional levels. The leaders of the EPRDF were unconstrained by any formal institutional set-up or legal checks-and-balances at the national and subnational levels. In a nutshell, under EPRDF rule, the federal-state relations relied heavily on party machinery and weakly on the government institutions.

EPRDF as party in fact upheld 'democratic centralism' (a Leninist concept; see Abbink 2015 344), which in essence hardly tolerated any level of dissent at any level of power structure. In other words, decisions were made based on a centrally controlled and party-discipline method. Ruling party members or those of allied political parties in all regions were disciplined to implement the decisions of EPRDF (technically that of TPLF) made at the centre.

In addition, the level of trust and the nature of personal relations between the key federal and state level leaders significantly influenced the nature of federal-state relations. Practice showed that the regional presidents (the heads of the powerful regional states' executive organ) were hand-picked by the PM, based on the level of trust and personal relations he had with them. Even then, the level of discretion and power to be exercised by the regional president (if any) was determined based on closer evaluation made by 'special advisors' to the regional presidents, who were assigned by the federal government to monitor the president and all cabinet members at the regional level. The executive organ (sometimes referred to as the cabinet) led by the regional president held the highest coercive-administrative power in the regions. The president presided over the executive committee/cabinet of regional states elected by state councils/legislatures. The executive committee assigned other key officials in regional states such as zone administrators (Gofie, 2015).

Moreover, some researchers have noted that regional politics and ethnic cohesion appear to have facilitated centralization that varies across regions. For instance, political and ethnic contexts that could offer relative strength to an ethnically ho-

mogeneous region such as Oromia to defend the regional authority against federal encroachment were absent in Benishangul-Gumuz and the SNNP, which host 5 and 56 ethnic groups, respectively. In this regard, it is important to note that competition and conflict between Berta and Gumuz, the two major ethnic groups in Benishangul-Gumuz, over key regional posts often allowed the federal government to interfere in regional politics (see Asnake, 2023; Young, 1999). In the following parts, with the aim of shedding a better light on its overall nature during the EPRDF regime, different levels of the federal-state relations are discussed.

1.2.2 Constitutional (Institutional) Channels of Federal-state Relations

The constitutional (institutional) channel of relations refers to a formal mechanism which is established either by the constitution itself or by subsequent proclamations. Such a mechanism is expected to contain detailed rules on how this system works, including the character and major coordination area on which the institution focuses. Indeed, formal rules of intergovernmental relations are imperative to constrain clientelism and destructive behaviour during the inter-governmental dialogue (see Kincaid, 2000).

Ethiopia's federal dispensation constitutes certain mechanisms through which inter-governmental relations can be managed. Some aspects of such mechanisms focus more on symbolic inter-governmental engagement while others tend to show more practical and meaningful interactions among different levels of government.

Even if the FDRE Constitution seems to have loopholes in terms of offering sufficient provisions for intergovernmental cooperation (cf. Nigussie, 2015), few institutional mechanisms dealing with key aspects of federal-state relations have been provided, while some others have only been implied in some parts of the constitution.

1.2.3 Legislative-Level Relations

One of the basic levels of government at which the federal-state relations are exercised is the law-making (legislative) level. Although the system of intergovernmental relations is predominantly an executive domain, elected bodies of both levels of government also exercise some form of intergovernmental relations that facilitates their respective roles in the law-making process in areas of shared jurisdiction. This is an important forum for the legislative organs of both governments to consult, communicate and interact on framework and concurrent laws before the promulgation of such laws (Assefa Fiseha, 2009, *op. cit.*).

The 1995 FDRE Constitution made clear that the House of Peoples Representatives and Regional State Councils have the highest authority and power of legislation on matters falling under their respective jurisdictions. Thus, common discussion forums among the legislative bodies of the two levels of governments is important to create conformity between the federal constitutions and the laws enacted by regional states.

Despite this major concurrent constitutional responsibility of the federal and regional states, the FDRE constitution contains no explicit reference to intergovernmental cooperation, and it does not expressly state the obligations of the respective levels of government in maintaining the constitutional order. This means that there is a clear statutory gap in the specific intergovernmental relations, and statutory institutions were not established with an explicit aim of facilitating cooperation. Thus, institutions that are authorized to organize intergovernmental relationships seem imprecise. However, there are formal and informal intergovernmental relationships which were developed through time. One of these institutions is the House of Federation. This federal legislative chamber invokes constitutional inference to organize inter-governmental relations (Nigussie, 2015, *op. cit.*). In fact, this House has been entrusted with some powers which can enable it to deal with federal-state relations. Apart from the power of interpreting the Constitution, the House has been provided with the power to determine federal intervention in states.⁵³ In addition, Article 62 (7) of the constitution states that the House shall determine the division of revenues derived from joint federal and state tax sources and the subsidies that the federal government may provide to the states. These powers, in one way or the other, deal with some aspects of federal-state relations.

However, in practice, it was the executive arm of government which dominated and guided the overall federal-state relations. In other words, the relations were guided more by some institutional arrangements which focused on some technical areas of interactions between different levels of government than the legislative level organs. For instance, in 2001 the Ministry of Federal Affairs was established with the duty to facilitate the resolution of misunderstandings arising between regions and provide assistance to the regions with particular emphasis on the less developed ones.⁵⁴ After reorganizing the Ministry in 2005, one of the additional powers given to it was to 'cooperate with concerned federal and regional state organs in maintaining public order; serve as a focal point in creating

⁵³ See: Article 62 (9) of the FDRE Constitution.

⁵⁴ Article 11, Proclamation No. 256/2001, 'Reorganization of the Executive Organs of the Federal Democratic Republic of Ethiopia'. Federal Negarit Gazeta, 8th Year No. 2, Addis Ababa, 12 October 2001, Art. 5(6).

good federal-regional relationship and cooperation based on mutual understanding and partnership and thereby strengthen the federal system.⁵⁵

1.2.4 Executive Level Relations

In theory the system of coordinating policies and shared programs between the federal government and the regional states involves both the elected and appointed officials (hence we talk about intergovernmental relations at the executive and legislative level of both governments). But in parliamentary federations, because of the fusion of power between the legislature and the executive and the subsequent dominance of the executive, IGR are often dominated by the executive of both governments, hence the name ‘executive federalism’. Executive mechanisms of IGR include formal cooperation, binding agreements – sometimes called treaties or compact agreements – and informal interactions through telephone, fax, email, seminars, *ad hoc* meetings etc. among the executive organs of both levels of governments from the top down to the lowest level.

In the Ethiopian federation, both as a result of constitutional principle (article 39 (3)) and practice, there is every attempt to reflect the country’s diversity in the establishment of the executive, which is the central element of politically integrating diversity. The federal executive power, a key institution in the African political context, was shared among the four coalition partners of the ruling party and its affiliates. The issue, however, was that representation was meant for some only in the nominal and not real sense. The OPDO and ANDM in particular had a legitimacy crisis up until their demise and thus a section of the Oromo and Amhara used to think they were ‘not genuinely represented’ in the federal institutions; hence the narrative – and actual cases – of marginalization and protests. The ruling EPRDF party claimed to be a coalition, but it was only so in the limited (ethnic) sense. It was not a coalition in the true sense as members of the ruling party were ideologically the same; and obviously the coalition did not include major political actors from the opposition that did not share its ideology. Moreover, a crucial element of broader power sharing, the proportional electoral system, is missing in Ethiopia, as Article 54 of the Constitution provides for the first-past-the-post electoral system.

Essentially, it was at the executive level that the federal-state relations were in some way given to some successive government offices/ministries. As mentioned already, until 2001, such responsibility was apparently given for the ‘Regional Affairs Office’ in the prime minister’s office. The Ministry of Federal Affairs then *de*

55 See: Article 21 sub 1 and sub 6 of the Proclamation (*ibid.*, note 37).

jure replaced the Regional Affairs Office in 2001. The most relevant parts of the powers and duties of this office as formalized by a proclamation read: b) without prejudice to the provisions of Articles 48 and 62(6) of the federal constitution, Ministry of Federal Affairs shall facilitate the resolution of misunderstandings arising between regions; and c) give assistance to the regions with particular emphasis on the less developed ones.⁵⁶ By doing so, the new element added was a more or less coherent policy framework, a vision that hinges around capacity building of the emerging states. There was a similar mission earlier on, but it focused on the traditional concept of training and infrastructure. Looking at the list of powers of the new ministry and the practice, it is the assistance, not to all the states but to the less developed states, that remained as its main focus.

In 2005, the federal executive organs were reorganized and MoFA seemed to have assumed a new mandate that was missing in the previous proclamation. While the role of MoFA in terms of resolving misunderstandings arising between regional states and in assisting emerging regional states remained intact, the most relevant sections of the proclamation on the powers and duties of MoFA stated: to ‘...cooperate with concerned federal and regional state organs in maintaining public order; serve as a focal point in creating good federal-regional relationships and cooperation based on mutual understanding and partnership, and thereby strengthen the federal system.’⁵⁷ This, though arguable, provided that MoFA was now mandated to serve as a focal point in creating good federal-state relationship. The MoFA, although mandated to serve as such a focal institution for inter-governmental relations after 2005, was limited in its activities to the traditional function of assisting the emerging regional states.

Regardless of the centrally controlled, political party-led structures, regional states managed to exercise some of the powers to which they were entitled. For instance, they (to varying degrees) managed to formulate policies specific to their own situation; designed their own specific ways for attracting and regulating investment; initiated activities which were meant to boost cooperation with other regional states in the country and beyond; introduced and owned business and development ventures specific to their respective regions; and also employed different modes of governance deemed to be specific to their regions.

However, in the end, the centrally controlled nature of the federal-state relations under EPRDF was partly what led to the political crisis, which in turn reinforced

⁵⁶ Article 11, Proclamation No. 256/2001, ‘Reorganization of the Executive Organs of the Federal Democratic Republic of Ethiopia’, *Federal Negarit Gazeta*, 8th Year No. 2, Addis Ababa, 12 October 2001; Art. 5(6).

⁵⁷ Article 21, sub 1 and sub 6 of the Proclamation (see previous note).

the unrest beginning from 2014. As EPRDF was dominated by TPLF – a regional member of EPRDF from Tigray Region – all the policies formulated and decisions made at the EPRDF level reflected more of the interests of TPLF and less of the interests of the other members of the coalition. Specifically, the regional member political parties of the Front from Oromia Region – OPDO (Oromo Peoples Democratic Organization) – and Amhara Region – ANDM (Amhara National Democratic Movement) – started to be critical of the nature of their relationship with TPLF and by extension with the central government. This development led to the emergence of growing tensions between the federal government and the two regions, thereby ushering in the political reforms which ultimately brought the current Prime Minister Abiy Ahmed to power.

1.2.5 The Political Party Line as Extra-Constitutional (Non-Institutional) Channel of Relations

Extra-constitutional channels are informal intergovernmental relation mechanisms, especially in those federations whose constitutions do not provide ample provisions to regulate intergovernmental matters. Informal inter-governmental relations, in most cases, may not have a ‘constitutional base’ but emerge through practice or evolve over time. Practice thus shaped the overall structure and character of inter-governmental relations. The informal ways of inter-governmental relations are *fluid* and *ad hoc* and may develop in line with changing circumstances and existing political turmoil, and, in effect explain the impact of the dynamics in other areas would have on federal dispensations. In the case of Ethiopia, evidence indicates that such extra-constitutional channels have significantly shaped the nature and practice of federal-state relations. Some of these mechanisms are discussed below.

The structure of political parties and their internal practices, policies and patterns of interaction can affect the working of federations (see Simeon 2000). These factors can have a profound impact upon the functioning of federal-state relations. For instance, centralized political parties tend to centralize political power and decision-making and may create trends against the division of power in federations (Lucy, 1985). By the same token, if splintered parties rule the regional states or if region-based parties are very strong, it poses a challenge in the management of a federation (Anderson, 2008).

The architect of Ethiopian federalism, the EPRDF, defined democracy as ‘revolutionary democracy’, not liberal democracy (see above), where the ‘vanguard party’ would be in charge of their version of democratization and ‘lead the masses’ (Bizuneh, 2020). Revolutionary democracy promoted exclusive control of power

(at all levels of governments) by this vanguard party, assuming a leading and hegemonic role (Assefa, 2019). Through this ideologically rooted centralized party structure, the government of EPRDF severely undermined regional autonomy (see Aalen, 2006). The effect was that the ruling party controlled not only the institutions of the federal government but also all the regional state governments in the federation, either directly through the member parties (each of the four members of the coalition lead one of the four relatively influential states) or indirectly through affiliated parties that controlled the other five states.

Thus, the design of major policies and the nomination, election, and appointment of key political figures both at the federal and regional state levels were made and effected through the centralized party structure. Thus, the role of federalism and the regional states was reduced to merely serving as implementing rubber-stamping institutions of a vanguard party at the helm of power, the institutions being subservient to party interests. The federal system was thus far politically, not institutionally led, and a crisis within the party, as happened in 2001 and 2016, resulted in a crisis of governance countrywide, the institutions playing a small role. The implication is that the autonomy of the states was limited in practice and the party structure overshadowed and weakened the federal and regional government institutions. The party structure and its decision-making procedures undermined the federal division of power and subordinated the state governments to the whims of the party. Self-rule was thus compromised through the party apparatus. It was as part of the reaction against such weak regional state leadership and lack of genuine regional state autonomy that protests began to flare up in the country. One example was the slogan 'We want genuine self-rule' (see Assefa, 2019; Abbink, 2017), which emerged as one of the popular slogans during the widespread protests in Oromia in early 2016.

In fact, the federation came under immense stress starting in 2015. Widespread and unprecedented anti-regime public protests, based on socioeconomic and political grievances, were ebbing and flowing for three years before they led to a sort of political transition. Paradoxically, the protests began a few months after the ruling party claimed a '100 percent win' in the 2015 general elections (cf. Abbink, 2017). In response, the then federal government, unable to handle the emerging crisis through the normal state institutions, declared a country-wide state of emergency twice in less than two years (2016 and 2017) (see Abbink, 2022).

The protests were to a large extent the result of federal encroachment on the powers of the regional states. For instance, the federal government, by employing party machinery, coerced regional states to delegate the power to administer land in their respective territories to the federal government in 2010/2011. A de-

cision of the top leadership of the ruling party, which had never been given legal status in the form of proclamation or regulation, required states to delegate this power of administering land to the federal government. Article 50(9) of the Constitution does not, however, allow upward delegation by the states to the federal government. The alleged claim for this development was that foreign and domestic large-scale agricultural investment needs to be centrally managed because regional states, particularly those on the periphery, did not have the capacity to manage it.

1.3 Federal-Regional State Relations Since 2018: Trends, Changes and Continuities

1.3.1 Overview of the Trends since 2018

In the last four years or so since 2018, Ethiopia has seen remarkable political changes at the centre, basically the transformation of the country from a highly centralized ‘federalist’ rule to highly contested and unstable federal dispensation that is marked by flourishing centrifugal forces pertaining to the country’s complex, politically mobilized ethno-national diversity.

When Abiy Ahmed came to power in April 2018, it was widely hoped that the EPRDF era nature of federal-state relations would be changed for the better. Indeed, during the immediate aftermath of his assumption of power, Abiy Ahmed took some initiatives which were meant to strengthen the federal dispensation. For instance, following comprehensive study and extensive consultations which were conducted by national and international fiscal experts under the auspices of the Forum of Federations, Ethiopia’s House of Federation and a technical working group, the allocation of federal subsidies to the regional states was made to be based on relevant criteria through negotiations with all the regional states (Forum of Federations 2021). In addition, his government also showed some positive responses to the questions of self-governance raised by certain ethno-national groups. The Sidama question for regional statehood, for instance, was positively treated and tabled for further discussion and decision. Following a referendum which was held in November 2019, Sidama became the tenth regional state of Ethiopia.⁵⁸ Furthermore, the PM initiated a reform process that included the mil-

58 Addis Standard (2019), ‘Breaking: Sidama becomes Ethiopia’s 10th regional state.’ Accessed from <https://addisstandard.com/breaking-sidama-becomes-ethiopias-10th-regional-state/>, 17 November, 2022.

itary so that the federal institutions would reflect more representation of various groups in the country.

Nonetheless, at the same time, some measures taken by the government of Abiy Ahmed have been criticized as incompatible with the federal dispensation, thereby adversely affecting the nature of federal-state relations. One of such measures was the dissolution of EPRDF and subsequent formation of a unified single federal ruling Prosperity Party. Critics suggested that this measure has led to the emergence of a more centralized one-party rule which in turn negatively affected the states' autonomy. According to some observers, as there has been little differentiation between the ruling political party and the government, the former has essentially eroded the autonomy of the regional states. These observers contend that decisions are first made at the political party level, and the government institutions are passive recipients of those decisions.⁵⁹ To the contrary, there are also observers who contend that as the government and political party are now clearly separated, regions have become more assertive.⁶⁰ Indeed, centralized party rule and genuine federalism are incompatible because the presence of an all-powerful party inevitably centralizes power and undermines states' autonomy.⁶¹

The other measure taken by PM Abiy and his Cabinet has to do with initiating series of interventions by the federal government in the regional states. For instance, the federal government intervened and changed the Somali Region's government led by Abdi Mahamud 'Illey' (in response to multiple accusations in the Region on his abuse of power and violent rule); indirectly changed the heads of the regional governments in Oromia and Amhara Regional states, among others. For some observers, these series of interventions certainly reflected a breach of the federal dispensation.⁶²

Moreover, for some, the government's rhetoric about the need to focus on the unity of the country suggests that Abiy's government has sidelined the diversity issue. Relatively speaking, the government has, in the last couple of years, focused more on the unity and sovereignty of the Ethiopian state and less on the importance of the autonomy of regional states. For instance, during the Tigray war, the government presented the issue as a matter of preserving the unity and sover-

59 Interview with Oromo academic-1, 16 December, 2022, Addis Ababa.

60 Interview with current official in Oromia Region-1, 8 August, 2022; Bishoftu.

61 Interview with Oromo academic-1, December 16, 2022, Addis Ababa; interview with Oromo academic-2, December 16, 2022, Addis Ababa; interview with former official in Oromia Region, 15 December, 2022, Addis Ababa.

62 Interview with an active member of OFC-2, 18 October, 2022, Dire Dawa; interview with Oromo academic-1, 16 December, 2022, Addis Ababa.

eignty of the country. In fact, government officials including the PM repeatedly lambasted TPLF for trying to disintegrate the country.⁶³

Apart from the visible measures taken by the PM, some also criticize Abiy's government for favouring his home region Oromia. According to critics, in its informal working channels, the federal government tends to favour Oromia Regional state over the others. Specifically, some observers contend that Oromia Region has become more assertive and autonomous. Such arguments are also forwarded by Amhara activists, elites and opposition figures. A number of interviewees from Amhara Region asserted that '...the Prosperity party-led government is not different from the EPRDF except the fact that the former favoured Tigray region while the later favours Oromia Region.'⁶⁴

With the advent of the ruling Prosperity Party, which blames the political trends of the previous three decades as largely disintegrative, more focus has apparently been given to building unity among diverse nations and nationalities of the country. In fact, while not inherently contradictory, the marriage between building one political and economic community on the one hand and federalism on the other is becoming problematic. While it is essentially possible to realize these twin visions at the same time, the visions have widely been *perceived* as being mutually exclusive when it comes to the political reality in Ethiopia. In particular, political groups positioned on the opposite sides regarding the choice of appropriate mechanisms for fostering unity vis-à-vis protecting diversity have for long been stretching the issue to their respective ends. For instance, while the so-called pan-Ethiopian political groups favour mechanisms which tend to narrow down differences/diversity, the so-called ethno-national political groups favour those mechanisms which can protect and strengthen distinctive ethno-linguistic identities and 'ethnic' autonomy.

1.3.2 A 'Brand-New' Regionalization Trend

In response to the proliferation of demands from different ethno-national groups in the country to establish their own respective regional states, the PP-led government has since recently been putting various ethno-linguistic groups together to form new regional states. The first of this kind of regional state formation came to the fore in 2021 when the 'South West Ethiopia Peoples' Region' was established as the second break-away region (after Sidama) from the former SNNPs

63 Interview with former official in Oromia Region, 15 December, 2022; Addis Ababa.

64 Interview with active member of NaMA-1, 18 October, 2022, Dire Dawa; interview with Amhara academic-1, 18 November, 2022, Bahir Dar; interview with a former Amhara Region government official, 18 November, 2022, Bahir Dar.

region. In addition, in the same region (SNNP's region), the process of forming a third break-away regional state is underway (as of late 2022). Cognizant of this new trend, some observers have expressed that an apparent focus on geographic location (naming of the new regional state as 'South West' by itself) implies that the federal government is trying to divert the quest by the ethno-national groups for regional self-rule to a simple administrative matter. According to these observers, by doing so, the government wants to neutralize and finally curb the seemingly 'unending' questions relating to ethno-national self-determination.⁶⁵

The more recent 'cluster-based' regionalization proposition by the PP-led government has faced fierce resistance from proponents of ethno-national based regionalization. For instance, demanding the establishment of their own regional state, Gurage political elites and zonal officials utterly rejected the proposal of putting Gurage people together with ethno-national groups in the SNNP region to form a new separate regional state. In an apparently unprecedented move, at an emergency meeting held on 11 August 2022, the Council of Gurage Zone, in Southern Nations, Nationalities and People's (SNNP) regional state rejected the federal government's proposal to establish a new cluster-based structure.⁶⁶

This current trend of establishing cluster-based regional states seems to be part of an attempt to shift the previous ethno-nationally based drive for self-rule. This trend reflects an apparent tendency of the PP-led government to block development of ethno-national feelings which have allegedly led to a growing sense of dissociation among various communities in the country. Indeed, such a drive might have been informed by the lessons learned from practices indicating that regions with greater homogeneity have higher levels of ethno-nationalism, which is consequential in explaining the degree of resistance against 'harmonization'. For instance, the open rejection of the federal government's *Education Development Roadmap* by Tigray and Oromia in 2018 can be explained by the towering of such ethno-nationalism. Ethno-nationalism flourishes in regions claiming to be 'ethnically homogeneous', giving them energy to resist centralization – although they have trouble in recognizing the rights of their own minorities (see Bizuneh, 2020).

65 Interview with an active member of OFC-1, 18 October, 2022, Dire Dawa.

66 *Addis Standard* (2022), 'In-depth analysis: Analyst, community members caution against treating Gurage People's quest for self-administration as threat to national security', 18 August, 2022, accessed from <https://addisstandard.com/in-depth-analysis-analyst-community-members-caution-against-treating-gurage-peoples-quest-for-self-administration-as-threat-to-national-security/>, October 2022.

In this regard, it is also worth noting that this trend of establishing new ‘regions with no distinct ethno-national identity attached to them’ gained support from the majority of Amhara political elites and Amhara-based political parties.⁶⁷ In fact, whether they are from the ruling Prosperity Party or from the opposition, the Amhara political elites favour a geographically based federal structure which essentially serves in depoliticizing ethnicity.⁶⁸ It was also in this context that (until very recently) the formation of a unified national ruling party (Prosperity Party) had widely been expressed to have aligned with the interest of the Amhara elites. However, due mainly to the decision of the federal government to make peace with the TPLF, Amhara elites’ opposition to the ruling party has grown over the last one year or so.⁶⁹

1.3.3 Post-2018 Federal-state Relations at Different Levels of Government

The relations predominantly figure as constitutional and institutional channels of relations.

Legislative Level Relations

In the post-2018 context, one major departure from the legislative level relations of the EPRDF era has been the adoption in 2021 of a proclamation determining the system of inter-governmental relations.⁷⁰ This proclamation has established the ‘House of Federation and the Regional States Relations’ forum with a number of corresponding duties and responsibilities. One of the responsibilities of this forum is to discuss on the amount and distribution of subsidy which the federal government is obliged to grant to the regional states and the sharing of the joint revenues assigned to both the federal and state governments by virtue of the constitution.

Technically, a national legislative forum was established by the proclamation. In Article 25 (1), the proclamation states that the forum of inter-governmental relations shall hold its ordinary meetings once in six months; provided, however, that it may not be barred from conducting emergency sessions, as deemed nec-

67 Interview with Amhara academic-1, November 18, 2022, Bahir Dar; interview with former official in Amhara Region, 18 November, 2022, Bahir Dar.

68 Interview with current official in Amhara Region, 18 November, 2022, Bahir Dar; interview with an active member of NaMA-2, 18 October, 2022, Dire Dawa.

69 *Ethiopia Insight* (2023), ‘Amharas turning on Abiy are short of Ethiopian allies’, 7 June 2023.

70 See: *Negarit Gazette* (2021), Proclamation No. 1231/2021: ‘The System of Inter-Governmental Relations in the Federal Democratic Republic of Ethiopia’s Determination Proclamation’, 11 January, 2021.

essary.⁷¹ However, some participants in the interviews mentioned that there were limited discussion forum meetings between the legislative bodies of the federal government and those of the regional states even after the adoption of the proclamation. Indeed, there have been instances of informal communications between the speakers of the two levels of governments where they discuss various activities in the country like sharing experiences and giving directions on common affairs.⁷²

Apart from enacting a law which regulates federal-state relations, since the introduction of political transition in 2018 the change in financing patterns has affected the subsidies transferred by the federal government to Ethiopia's regions. For instance, the share of subsidies received by Tigray has fallen by 10% during the transition, while the share received by the Somali region has increased by 12%. This trend has arguably mirrored the new administration's wish to rebalance the distribution of resources in the country away from disproportionately advantaged Tigray and towards some of the previously marginalized regions. This has been particularly true for the Somali Region, whose political profile in Ethiopia has significantly increased during the transition.⁷³ However, it should be noted that other historically marginalized regions have not benefited from any increase in transfers – to the contrary, the share of subsidies flowing to Benishangul-Gumuz and Gambela has further decreased (see Jos Meester et al., 2022).

As per the FDRE Constitution, government revenues are assigned as exclusively federal, exclusively regional (state), and concurrent (joint federal-state). As in other federations to various degrees, the federal government receives a relatively large share of all public revenues under these tax assignments, whereas states have relied principally on federal transfers to support their expenditures. The formula for relative (federal *vis-à-vis* state) shares of revenue from the concurrent list had been set as far back as 1997, when Ethiopia was still a very young federation. Over time, and increasingly in recent years, states repeatedly questioned the fairness, rationale and process of deciding the federal state share of the concurrently-assigned revenues which themselves were growing in importance as the economy developed.

⁷¹ *Ibid.*

⁷² Interview with a current regional MP, Amhara Region, 18 November, 2022, Bahir Dar; Interview with a current federal official from Oromia Region, 15 December, 2022; Addis Ababa.

⁷³ Some political figures from the Somali region have since recently taken key political and government posts. Ahmed Shide has been leading the Federal Ministry of Finance and Economic Cooperation, while Adam Farah was selected as one of the two deputy chairmen of the Prosperity Party and was appointed head of the Secretariat of the Party.

According to a report by the Forum of Federations (2021) ‘with the aim of revising the formula,’ a comprehensive study and extensive consultations were conducted by national and international fiscal experts under the auspices of the Forum of Federations, the HoF and a Technical Working Group. The final report presented a list of 17 recommendations for viable and effective revisions of the concurrent revenue sharing formula, its reporting and administration systems, and legislative oversight, of which almost all were fully accepted by the HoF in 2019. The revised formula came into effect at the beginning of Ethiopia’s 2020-21 fiscal year (starting June 2020) (See Forum of Federations 2021).

Executive-Level Relations

During the transition, the cabinet – a key representative organ in Ethiopia’s executive power structure – became a natural battleground, where political forces have sought to consolidate the new ruling coalition as well as to increase their own power by gaining control over ministries, agencies, and policy areas. The political transition which started in April 2018 has had a major impact on the cabinet’s make-up. On the one hand, the ever-shifting composition of the Ethiopian cabinet since April 2018 has reflected a protracted effort by the country’s political forces to build and maintain a new ruling coalition. It has been largely based around an Oromo-Amhara alliance, with contributions from smaller ethnic group elites (most notably Southern and Somali), and with a markedly reduced Tigrayan presence as compared to the EPRDF times. This new set-up has been grounded in the years-long protests that preceded the transition, which saw Oromo and Amhara youth protests against the EPRDF’s Tigrayan-led political order (see Semir 2019).

At the executive level, one major way through which the nature of federal-state relations has been reflected is the appointment of officials, particularly in leadership positions. The new trend shows that instead of leaving them for the regional states to determine, the federal government, pursuing its 2018 reform agenda, has clearly been influencing appointments at the regional levels. The new appointments are meant more to give the federal government an opportunity to build up trustworthy networks of control, most notably by filling leadership positions with loyalists than ensuring state level autonomy. Appointments are also meant to build political coalitions by rewarding allied political forces with attractive positions. In certain cases, these different considerations can and do coexist (Meester et al., 2022).

In fact, the most significant feature of the new executive has arguably been the increasing concentration of decision-making powers in the hands of the PM and his office’s staff, who have taken direct responsibility on an increasingly wide port-

folio including both domestic and foreign policy issues. On the domestic front, for instance, the PM's office has taken a particularly prominent role on politically sensitive economic issues, such as Abiy's own promises in terms of economic reform, privatization, and job creation.

Thus, at the executive level, the federal government has apparently bypassed its power by influencing the formation and subsequent monitoring of the regional cabinets. For instance, the presidents of regional states have either to go along with PM Abiy Ahmed's intentions or have been replaced by others. Even the previously closest allies of the PM were removed or resigned,⁷⁴ and replaced by those who were believed to be more loyalist. By extension, all key members of the regional cabinets would also be approved by the federal government (i.e. Abiy Ahmed himself).⁷⁵

The Political Party Line as an Extra-Constitutional Channel of Relations

One of the traditions which the new government has inherited from EPRDF is that government decisions have usually ignored the formal institutional structures – although it must be noted that these are weak. The wave of changes and reforms conducted at times bypasses institutions such as the House of Federation and Parliament. A good example is the fact that the federal government already removed heads of several regional states,⁷⁶ thereby violating certain constitutional principles of self-rule. According to some observers, this is a paradox given that the new leadership came in from Oromia, the very regional state that opposed centralized federalism and central intervention (see Asefa Fiseha, 2019, *op. cit.*). Many recall that it was the federal government's encroachment on regional powers that was one of the reasons inciting protests in Oromia beginning in 2014. The Addis Ababa-Oromia Integrated Development Plan (which was informed by EPRDF's 'developmental state' ideology), which indicated a political shift from focus on constitutionally designed ethno-national rights to self-rule to centrally designed development, was what contributed to resistance in Oromia. It was the process of formulating the plan and the subsequent implementation effort which led to the protests. Evidence suggests that, during the making of the plan, there were hardly any meaningful consultations held between the federal and Oromia Region's governments. Essentially, the plan presumed Ethiopia as a unitary state.

74 Like his former close ally, Dr Lemma Megersa.

75 Interview with former official in Amhara Region, 18 November, 2022; Bahir Dar.

76 All heads of regional states, including that of Ethio-Somali, Gambella, Oromia, Amhara, SN-NPs regions, were replaced by those who were considered loyalists of the centre. Perhaps, the case of Amhara Region presents a different nature as it witnessed a more frequent change (the region has seen five heads of state since the reform was introduced. One of them was killed in the June 2019 Bahir Dar shoot-out by local insurgents).

In the end, the plan became a major trigger to the protests in Oromia Regional state that caused loss of lives and destruction of property in early 2016.

In what reflects an apparent failure to learn from such experiences, the Prosperity Party-led federal government has continued to centralize power.⁷⁷ The paradox between generously granted constitutional powers to the states and a centralized federal system in practice arises from the centralized nature of the party system and the increasing concentration of power in the hands of the PM. Even if the Prosperity Party claims to have detached itself from the EPRDF's 'revolutionary democracy', in practice, the party has shown similar behaviour.⁷⁸ The party controls not only the institutions of the federal government but also all the regional state governments in the federation either directly through party structures or indirectly through personalized federal power of the PM.⁷⁹ The design of major policies and the nominations, election, and appointment of key political figures both at the federal and regional state level are made and affected through the centralized structure.⁸⁰

The implication is that the autonomy of the states is limited in practice and the party structure and the PM's power overshadows and weakens the federal and regional government institutions. Such a structure and the resultant decision-making procedures undermine the federal division of power and run the danger of subordinating the state governments to the whims of the party. According to Oromo opposition politicians, self-rule is thus compromised through the party apparatus.⁸¹

1.4 Federal-Regional State Relations in the Pre- and Post-2018 Context: Comparison

Throughout the EPRDF regime, the federal government's relations with both the Amhara and Oromia Regions were marked by subordination of the regions to the federal government. As mentioned already, this type of relation was effected mainly through the mechanisms including the use of political party structures,

77 Interview with active member of OFC-1, 18 October, 2022, Dire Dawa; interview with Oromo academic-1, December 16, 2022, Addis Ababa.

78 Interview with active member of OFC-2, 18 October, 2022; Dire Dawa.

79 Interview with Oromo academic-2, 16 December, 2022; Addis Ababa.

80 Interview with Oromo academic-1, 16 December, 2022, Addis Ababa.

81 Interview with active member of OFC-2, 18 October, 2022, Dire Dawa; interview with Oromo academic-1, 16 December, 2022, Addis Ababa.

blackmailing of the regional political leadership and undermining federal, and democratic principles.

However, these relations have shifted over time. Among other things, the dynamics of federal-state relations in the case of the two regions have reflected particular political realities, personal relationships between the top federal and regional leaders as well as pressures from the population of the respective regions. In fact, it was the federal government that, in most of the cases, has continued to dictate both regions to behave in a certain manner.

1.4.1 Dynamics of the Post-2018 Federal-Regional State Relations at Different Levels

Dynamics at the Level of Legislative Relations

Even if the legislative-level relations are the topmost and arguably the most important aspect of the federal-state relations, relations at this level have remained invisible and less effective compared to the executive level relations. Perhaps, this reality emanates from the level of dominance the executive has in parliamentary systems of government.

However, progress has been made particularly since the introduction of the recent political reform in the country. In this regard, as mentioned elsewhere, one of the significant advances made by the new Ethiopian government led by the Prosperity Party has been the enactment of the law establishing a system of inter-governmental relations in the Ethiopian federation.⁸² Even if various institutions mandated with some level of regulating the intergovernmental relations were established at different times, throughout its close-to-three decades rule, the EPRDF failed to lay a comprehensive framework for such an exercise. It was in an apparent move to close this gap that the current government of Ethiopia enacted a law providing a general legal framework regulating the operation of inter-governmental relations.

One institutional element of the overall system of inter-governmental relations established by the federal proclamation in 2021 is the ‘National Legislative Forum.’⁸³ According to the proclamation, this forum would be constituted of Speaker of the House of People’s Representatives; Speaker of the House of Federation; Speakers of the Regional States, Addis Ababa and Dire Dawa Administrations

82 See: *Negarit Gazette* (2021), Proclamation No. 1231/2021, ‘The System of Inter-Governmental Relations in the Federal Democratic Republic of Ethiopia’ (see footnote 67).

83 See: Article 6(1) of Proclamation No. 1231/2021, *op. cit.*

and Speakers of the Southern Nations, Nationalities and Peoples as well as the Harari Nationality Councils.⁸⁴

In relation to federal practice, one of the responsibilities bestowed on this forum is to carry out consultations and assist a given level of government in the achievement of a common understanding before it moves to materialize its legislative competence so that its action may not adversely affect the other hierarchy of power.⁸⁵ In addition, under article 7(5), the proclamation provides that the forum is responsible for ensuring that the agreements concluded between the executive bodies are in compliance with the constitutional provisions, oversee the implementation and performance of those joint executive deals, and take or cause the taking of corrective measures.

However, in practice, the Forum's full functionality remains to be seen. Key informant interviewees opined that even if there is a law guiding the Forum, putting the system into practice has faced challenges. For instance, one informant suggested that the Forum was overshadowed by the executive arm of the government.⁸⁶ Government priorities continued to be set at the executive level, and the legislative bodies have little or no independence in holding the Forum. Indeed, as the government also continued to be preoccupied by emergencies, including drought, the war in the North and other conflicts in different parts of the country, thus far there has barely been enough time to undertake formal and regular exercises.⁸⁷

The perceptions about the relations between the federal legislative body (HPR) on the one hand and the State Councils of Oromia and Amhara Regions on the other have shown some subtle variations. On the one hand, some results from interviews suggested that the relations between the Oromia Region's State Council and the federal legislative body (HPR) seem to be closer than that of the State Council of Amhara Region. An informant from Amhara Region asserted that the federal legislative has often been influenced (both directly and indirectly) by the government of Oromia National regional State.⁸⁸

On the other hand, data obtained from Oromia Region interviews suggests that the relations between the regional Councils and the federal legislature have been

84 See: Article 7(1) of Proclamation No. 1231/2021.

85 Article 7(2) of Proclamation No. 1231/2021.

86 Interview with a current regional MP from the ruling party in Amhara Region, 18 November, 2022, Bahir Dar.

87 Interview with current official in Amhara Region, 18 November, 2022, Bahir Dar.

88 Interview with active member of NaMA-2, 18 October, 2022, Dire Dawa.

balanced. A number of informants from Oromia argued that all regional State Councils including that of Oromia have equal powers in their relations with the federal legislature. However, the degree to which a particular region proclaims its legislative powers and negotiates with the federal legislature may vary. One key informant from Oromia stressed that the State Council of Oromia Region has become more assertive when it comes to the powers bestowed to it by the FDRE Constitution.⁸⁹

Results from interviews also show that there are different views regarding the level of independence that the two state councils enjoy. Some research participants from Amhara Region stated that compared to that of Oromia Region, the State Council of Amhara Region functions under greater pressure from different arms of the federal government, including the federal legislative body.⁹⁰

Regional leaders' perceptions about the level of independence they have in exercising the powers conferred to the regions also matters in defining the nature of federal-state relations. Some key informants from Amhara-based opposition political parties stated that the State Council of Amhara Region has largely become subservient to the federal government due mainly to the misperception of the regional leaders about the level of independence that the region should or can show when exercising its powers and responsibilities.⁹¹

Dynamics at the Level of Executive Relations

During EPRDF's rule, like in the case of the relations at the legislative level, there was no comprehensive framework that guided executive-level relations between the federal and state governments in the Ethiopian federation. The relations were dictated largely by the will of the top EPRDF/TPLF/ leaders. Put in this general context, the EPRDF era relations between federal and Amhara and Oromia executive were marked by some level of *patron-client* relationships between the key federal and regional level officials. In other words, these relationships were largely guided by the benefits the 'client would derive from the patron', including political power and access to certain economic resources. In return, the patron (one who is in a relatively higher political position) expects an unreserved level of political loyalty from the client regardless of all the possible institutionally and legally guaranteed powers of the latter.

8956 Interview with a current federal official from Oromia Region, 15 December, 2022, Addis Ababa.

90 Interview with active member of NaMA-2, 18 October, 2022; Dire Dawa.

91 Interview with active member of NaMA-1, 18 October, 2022; Dire Dawa.

Thus, federal dispensations rarely mattered to the top EPRDF leaders when they were making decisions which affected the regional states. For instance, without prior consultation with regional states, the federal government in 2015 enacted the Industrial Park Proclamation,⁹² which eroded regional land administration powers. According to Bizuneh (2020), it was following this proclamation that regional land administrative autonomy reached its lowest point.

The EPRDF era relations between federal and Oromia executives were dictated by centralized political party structures. As OPDO was essentially created by the TPLF to serve the latter's interests in Oromia Region, it could not claim to be legitimately representing all the interests of Oromia Region. Instead, OPDO could only 'safely' advance the TPLF agenda in Oromia Region. To that end, TPLF was closely controlling the dynamism at the regional executive level, and often took swift measures with the aim of ensuring unreserved loyalty from the regional leadership.

The Amhara Region's executive also remained subordinate to the federal-level executive. In other words, similar to that of Oromia Region, the Amhara Region's executive was dictated by the top EPRDF leadership. In order to monitor and incentivize or disincentive the regional leadership depending on the level of loyalty they demonstrated towards the central government, the top TPLF leaders used to appoint some so-called 'special advisors' to the regional president's office. In this regard, the Amhara Region was not an exception. At different times, a number of individuals selected by TPLF were assigned to the region as such 'special advisors'. Their main role was to monitor the political behaviour of the regional leadership (the Cabinet).

Like in the case of Oromia, in the Amhara Region, the ruling Amhara National Democratic Movement (ANDM) largely remained TPLF's tool for implementing the latter's agenda. There were few differences between regional and federal cabinet because people at both levels belonged to the same mother party-EPRDF. In fact, it was the highly centralized political party structure which made it impossible for the regional leaders to differ from the federal level leaders.

However, since 2018, shifts have been brought to some aspects of the executive level relations between the federal government on the one hand, and the Amhara and Oromia Regions on the other. As the federal executive is led by a prime minister who comes from Oromia Region, at the initial stage of the reform there were

⁹² See: *Federal Negarit Gazette* 21st year, No. 39, Industrial Park Proclamation, No. 886/2015 (9 April 2015).

perceptions that the PM would have closer relations with the Oromia Region's cabinet. However, the level of relations between the federal government on the one hand, and Amhara and Oromia Regions on the other have frequently shifted.

During the early period of the reform, it appeared that the federal government was getting along with cabinets from both regions. In Oromia, Abiy Ahmed enjoyed what appeared to be widespread support when he took office in 2018. It was based on the promises that the then regional ruling party in Oromia, the ODP, made that the overwhelming majority of people in Oromia supported Abiy's government. However, over time, his government fell out with much of his Oromo base.⁹³

Perhaps one of the turning points in the declining support base in Oromia came when the PM moved forward with forming a new unified political party by merging the EPRDF coalition members and the affiliated parties. It was at this moment in 2019 that a crack emerged between the PM and leadership of Oromia Region led by the then Minister of Defence and Vice-President of the Oromo Democratic Party (ODP), Lemma Megersa.⁹⁴ Alleging that it would mean that the promises made by the ODP (the political party ruling the region by the time) 'to address basic Oromo questions' might remain unaddressed, Lemma and some other top regional leaders lambasted the move. It was in November 2019 that Abiy fell out with 'Team Lemma' over the formation of the Prosperity Party and his broader *Meddemer* vision. This was the first sign of disharmony. It signalled for many Oromo (opposition) elite members that Abiy was not on the side of '*Oromum-maa*' (Oromo ethno-nationalism) but rather sought to implement a unitarist vision of *Ethiopiawinnet* (Ethiopian nationalism).

Following this, to the contrary, the relationship between the Amhara Region's cabinet and the federal government got relatively closer. Perhaps, hoping that the move would foster more unity among different peoples in the country, the Amhara Regional state's leadership welcomed the formation of the new political party. For instance, one informant noted that the move was seen as in the best interest of the Amhara people, as they have always preferred a unified political force over a one divided along ethnic lines.⁹⁵

93 Interview with former official in Oromia Region, 15 December, 2022, Addis Ababa.

94 Addis Standard (2019), 'Updated: Lemma Megersa dismisses Medemer, Prosperity Party', 29 November, 2019. Accessed from <https://addisstandard.com/news-alert-lemma-megerssa-dismisses-medemer-prosperity-party/>, 14 December, 2022.

95 Interview with a current official in Amhara Region, 18 November, 2022, Bahir Dar.

Nonetheless, subsequent political dynamics at the level of Amhara Regional state changed the sense of close relations developed between the two levels of government. Following June 2019 when three of the Amhara Region's top leaders (including the Region's president, Ambachew Mekonnen) were assassinated by a faction of the Amhara Regional special force led by, ironically, the then Amhara Region security head, Asaminew Tsige,⁹⁶ the federal government led by Abiy Ahmed started to put more pressure on and influence the Amhara Regional government. Prior to this watershed moment, the region had demonstrated some level of greater autonomy, including in making its own decisions and organizing its security structure.

Unlike the Amhara Region, in the case of Oromia Region the federal-regional state relations have remained relatively stable in the post-Lemma Megersa period. Oromia Region has seen only one regional president since April 2019. Regardless of critical opposition voices⁹⁷ against the current regional president, the PM has continued to keep him in that position for more than four years now. One informant gave as a possible reason for maintaining the same leadership for a longer period that PM Abiy Ahmed felt that he had no 'easy-to-replace' team (due mainly to unreserved level of loyalty that the current regional team to the PM) available for the Oromia Regional leadership level.⁹⁸

Moreover, the existence of relatively hardline opposition parties such as the OLF and OFC, as well as an ongoing armed insurgency in Oromia, appears to have offered additional audacity for the regional incumbent because the executive had to strive to safeguard regional autonomy to win the heart of the constituency and flag that it genuinely stands for the regional interest. The rise to the importance of the previously subordinate OPDO within the EPRDF, particularly after the death

96 *Addis Standard* (2019), 'Breaking: Attorney General says June 22 Amhara Region senior leaders, army chief Gen. Seare assassinations led by Brig.-Gen Asaminew Tsige', November 13, 2019, accessed from <https://addisstandard.com/breaking-attorney-general-says-june-22-amhara-region-senior-leaders-army-chief-gen-seare-assassinations-led-by-bir-gen-asaminew-tsige/>, 15 December, 2022.

97 Some key officials in Prosperity Party (for example, Taye Dendea and Hangassa Ibrahim) have repeatedly accused the Oromia Region's Executive led by the current president as corrupt and ineffective. (Note by the editor: Mr. Taye Dendea was dismissed for this on 11 December 2023, arrested on 13 December on fictitious charges, and evicted with his family from his government-supplied home on 14 December, without his accusations being checked by the federal government. See: www.reuters.com/world/africa/ethiopia-peace-minister-critical-pm-abiy-held-suspected-coup-plot-2023-12-12/ and <https://borkena.com/2023/12/17/ethiopias-government-housing-agency-evicts-arrested-ministers-family/>).

98 Interview with a former official in Oromia Region, 15 December, 2022, Addis Ababa.

of Meles Zenawi in 2012, appears to have provided additional momentum for Oromia to claim relatively more autonomy of action.

4.1.3 Dynamics at Political Party Level as Extra-constitutional Level of Relations

As mentioned elsewhere, the EPRDF era reflected a centralized political party level decision-making method – the so-called ‘democratic centralism’ method. Even if EPRDF was often referred to as a coalition of different ethnic/regionally-based political parties, in practice the party had never reflected any features of a real voluntary coalition. For instance, save the years when its demise was approaching, none of the member political parties had ever voiced contrasting views regarding the policies and decisions of the coalition. Instead, all these policies and decisions were adhered to by all the member parties (even by the so-called allied parties, for that matter), regardless of the possible negative impacts those decisions and policies might have had on the constitutionally guaranteed powers of the regional states.⁹⁹

Thus, obviously, this centralized political party practice contributed to the erosion of the constitutionally guaranteed powers of all the regional states of the country. The cases of Amhara and Oromia states were no different from those of the other regional states of the country.

Since 2018, and specifically after the EPRDF was dissolved and replaced by the Prosperity Party in November 2019, fundamental shifts have been seen in the structure of the ruling party. For one thing, at this moment in time, the former regionally based ruling political parties which formed the EPRDF coalition ceased to exist, with the exception of the dissenting TPLF. In addition, regional political parties which EPRDF labelled as ‘allied’ parties (satellite parties) were made to be part of the newly formed ruling Prosperity Party. In a general sense, this move on the part of the PM apparently reflected the need to end the existence of a regionally based ruling political party. Moreover, some proponents of the move argued that the establishment of a unified ruling political party would help in ensuring genuine multi-national federalism.¹⁰⁰

On the other hand, critics like Dr Lemma Megersa suggested that the establishment of a single unified ruling political party out of the previously region-

99 Interview with a current official in Oromia Region-1, 8 August, 2022, Bishoftu.

100 Interview with a ruling Prosperity Party politician at the Oromia regional level, October 18, 2022, Dire Dawa.

ally-based ones was not a good idea. For instance, they argued that the move was (at least partly) what precipitated the war between the federal government and the TPLF. In addition, some contend that as the party is or should be 'ethnic-blind', it disregards the nationality questions which have never adequately been addressed.¹⁰¹ Even if the overall effect of this move remains to be seen, some critics suggest that the move would negatively affect the powers of the regional states.¹⁰² It has to be stated, however, that the 1995 ethno-federal constitution, which granted far-reaching status and powers to regional states, remains in force and was not changed in any respect. In addition, three new ethno-regional states were approved by constitutionally accepted process (including referenda) in the period November 2019 to January 2023.

At the Amhara and Oromia state level, the formation of the unified party has apparently had different tests. While it is difficult to tell whether it is the party structure or the PM himself who continues to directly influence the affairs of the two regional states, some observers suggest that the regions have increasingly become subjected to federal government intervention.¹⁰³ The relation of the federal government with both regions reflects the continuation of some form of the previous patron-client type of relationship. Perhaps, this time the difference is that there are no federally assigned 'special advisors' who (like during the early years of EPRDF rule) used to influence the power holders of the regional states.¹⁰⁴

In fact, at the Prosperity Party level, even if it is unclear whether there exists a party level tradition (not provided in the party's by-laws) which ensures some degree of relaxation at regional leadership levels, the fact that there have been instances where some leaders openly voiced their dissent against the directions/actions of some other leaders in the same political party¹⁰⁵ reveals that some degree of discretion or freedom prevails as part of the internal working style of the ruling Prosperity Party.

101 Interview with active member of OFC-1, October 18, 2022, Dire Dawa; interview with active member of OFC-2, 18 October, 2022, Dire Dawa; interview with Oromo academic-1, 16 December, 2022, Addis Ababa.

102 Interview with Oromo academic-2, 16 December, 2022, Addis Ababa.

103 Interview with Oromo academic-1, 16 December, 2022, Addis Ababa; Interview with Amhara academic-1, November 18, 2022, Bahir Dar.

104 Interview with a former official in Oromia Region, 15 December, 2022, Addis Ababa.

105 For instance, some leaders of the 'Oromia Prosperity Party' have repeatedly accused the top leadership at the Oromia regional level of crimes of extra-judicial killing and grand corruption (see also note 62 above): Taye Dendea (former State Minister at Ministry of Peace) and Hangassa Ibrahim (a federal MP from Oromia Region) used their personal social media pages to voice such accusations to some unnamed leaders at the Oromia regional government level.

1.4.2 Some Fundamental Factors Influencing the post-2018 Federal Dynamics in Relation to Amhara and Oromia Regional States

The following part presents some fundamental factors that have, in one way or another, influenced the post-2018 federal-state relations in relation to Amhara and Oromia Regions.

The Changing Currency of ‘Oromo-Amhara’ Alliance: Tactical or Strategic Move?

It was in the mid-2010s, when protests (predominantly led by Oromo youth) destabilized and delegitimized EPRDF’s authoritarian order, that the then leaders of the OPDO and ANDM seized the moment of popular discontent to end the Tigray People’s Liberation Front (TPLF)’s dominance that had marginalized and excluded them from the centre of power and decision-making on fundamental issues such as national integration, resource allocation, and national security. The alliance was born when Lemma Megerssa (the then President of Oromia National Regional State) and Gedu Andargachew (the then President of Amhara National Regional State) and their delegations met in Bahir Dar, the Amhara Region’s capital,¹⁰⁶ and apparently agreed to form a common front against the TPLF. In a bid to realizing the end of the TPLF dominance, the leaders of the two ruling parties of these regions, supported by a reasonable number of influential political elites from both ethnic groups, forged an informal coalition popularized as the ‘Oromara.’ Indeed, the alliance met its main aim in terms of relegating the TPLF from its dominance in the EPRDF government.

This Oromo-Amhara alliance which significantly contributed to the demise of the TPLF-dominated EPRDF government has largely defined the subsequent dynamics of the relations between the federal government on the one hand, and Oromia and Amhara regional states on the other. When Abiy Ahmed was elected as the leader of EPRDF (made possible by the coalition between OPDO and ANDM), leaders at both Oromia and Amhara regional states levels felt that the interests of both regional states were to be reflected at the federal government level. Thus, hopes ran deep in both regional states.

However, the sense of cooperation and mutual trust which continued between the federal government and these regional states in the immediate aftermath of the election of Abiy Ahmed could not be sustained. The cooperation initially cre-

¹⁰⁶ Borkena (2017), ‘Academics at the Amhara-Oromo conference in Bahir Dar recommended Oromo language to be taught in Amhara and vice-versa’, 4 November, 2017; accessed from <https://borkena.com/2017/11/04/oromo-amhara-conference-bahir-dar/>, 25 November, 2022.

ated to oust the TPLF led government continued to be seriously tested over the following years. In fact, it was only after a little more than a year after the PM was elected that things started to change. Political rhetoric at different levels of government led to the development of new sense of mistrust between the federal and regional governments. Elites of the two regions also started to accuse the federal government of favouring either of the two (Oromo or Amhara) interests. For instance, elites from the Oromo side started to question the move of the federal government when Abiy Ahmed renovated the old imperial palace in Addis Ababa which included displaying the portrait of the emperors whom the Oromo elites consider criminals. This action was seen as a sign of the PM's deviation from the basic narrative of Oromo nationalist discourse (the Oromo cause). In other words, as the foundational narrative of Oromo nationalism is based on the accusation that the emperors had committed serious crimes against the Oromo people, glorifying them was perceived as betraying the fundamental Oromo cause.

Consequently, prominent Oromo elites started to voice their opposition against the PM's activities associated with palace renovation, which included effecting the production of portraits of former Ethiopian emperors such as Menilik and Haile Selassie and putting them on display. It was following the opening of the palace for the public to visit that major Oromo elites started to denounce the PM's intention as seeking to restore 'Ethiopia of the emperor era.' While this move disappointed political leaders/elites from the Oromo camp, it apparently appealed those from the Amhara camp. By extension, the move had relatively damaged the federal-Oromia relations while strengthening the federal-Amhara relations. For some observers, this incident has revealed the difficulty of sustaining the Oromo-Amhara alliance in the face of the continuing sense of contradictions surrounding moments in history such as this one.¹⁰⁷

On the other hand, subsequent actions, including the political rhetoric at both federal and Oromia regional levels, started to strengthen the doubts the Amhara elites had about the trustworthiness of the Oromo leadership. For instance, the Oromo elites' persistence on still blaming the so-called '*Näftägnas*' as 'historical enemies' of the Oromo people disappointed the Amhara elites, who often consider the term as indirectly referring to the Amhara people as a whole and ascribing to them belated 'collective guilt'.¹⁰⁸

107 Interview with Oromo academic-1, 16 December, 2022, Addis Ababa.

108 For instance, in October 2019, in a speech at the *Irrecha* celebration ceremony, the current president of Oromia National Regional State declared 'victory for the Oromo people' against what he termed as the *näftägna* 'after more than 150 years of subjugation.' This speech was rejected outright by the Amhara elites and political leaders.

In fact, there were always doubts regarding the sustainability of the Oromo-Amhara alliance as a strategic political means to democratize or at least move the country forward towards a peaceful and harmonious political order. Depending on historical accounts, Levine (2000) presented the Oromo and Amhara as two dominant ethnic groups who took turns (rather than cooperating) in shaping what he called 'Greater Ethiopia', a vast geographical region coterminous with the boundaries of the contemporary state. According to his explanation, the Amhara extended their rule over much of Greater Ethiopia during the fourteenth and fifteenth centuries. The Oromo then defeated the Amhara in the sixteenth century and established themselves as the dominant force in the same region over the next two centuries. Again, in the mid-nineteenth century, the Amhara revived their empire and reclaimed their hegemony over 'Greater Ethiopia' (cf. Levine 2000). Such historical accounts suggest that the two communities would have few historical moments to refer to in supporting and sustaining the contemporary 'Oromo-Amhara' alliance. In fact, the alliance – seen by elite members in a purely political and not sociocultural sense – has remained an uneasy one, forged more as a tactical response to a presumed common threat than as a strategic move for ensuring a stable and sustainable political order.

The Role of Opposition Political Groups Operating in the Shadows of the Ruling Elites in the Two Regions

Political opposition groups operating in each region have continued to influence the nature of federal-state relations. In Oromia Region, as ethnic mobilization continues to hold the most currency and unwaveringly being utilized by major opposition political groups in the region, the ruling elites' intention to transcend ethnicity as basis of mobilization has been tested.

In Amhara, to the contrary, even if the most powerful opposition groups in the region are ethno-nationalist political groups, it seems that such moves are meant only to operate to balance the ethnic-based mobilizations trends elsewhere in the country. For instance, the *National Movement of Amhara* (NaMA) has been closer to pan-Ethiopianist political forces than to ethno-national political groups in the country. During the Tigray war, NaMA was the only ethno-nationalist party that openly aligned itself with other pan-Ethiopian political groups who supported the federal government in its war effort against the TPLF forces.¹⁰⁹

Apart from testing the base of political mobilization which has its own implication for the federal-state relations, opposition political groups based in the two regions have continued to influence the federal-state relations through putting

109 Interview with Oromo academic-2, 16 December, 2022, Addis Ababa.

pressures of different natures on the federal government. These pressures, in turn, have indirectly provided the regional states with certain kinds of room for influencing the federal government. For instance, the existence of relatively hard-line opposition parties such as the OLF and OFC as well as an ongoing armed insurgency in Oromia appears to have offered additional audacity for the regional incumbent because the regional state has to strive to safeguard regional autonomy to win the heart of the constituency and flag that it genuinely stands for the regional interest. The rise to importance of the previously subordinate OPDO within the EPRDF particularly appears to have provided additional momentum for Oromia to have relatively better autonomy.

In the case of the Amhara region, as the major opposition political groups have aligned themselves with the federal government, they rather continued to influence the latter from within. For example, some NaMA officials who are appointed at different leadership levels (in the government structure) have continued to use their positions to influence the ruling Prosperity Party's officials (who are of Amhara origin) to be assertive in their relations with the federal government. In addition, evidence suggests that they have continued to use different government channels in trying to influence both the federal and the Amhara Regional government.¹¹⁰

The Impact of the Nature of Relations between the Federal Government and the TPLF

Throughout the EPRDF close-to-three decades of reign, both Oromia and Amhara States remained clienteles in their relations with the TPLF-dominated federal government. The two regions remained almost equal clienteles in their relationships with the federal government. While, in principle, the ruling parties from both regions were part of the federal coalition which was leading the country, in practice, they were both junior partners to the most powerful member of the coalition, the Tigray Peoples Liberation Front (TPLF). Until 2018, the TPLF-led federal government continued to keep the two regions as subordinate entities to itself.

Following Abiy Ahmed's accession to the top power position of prime minister, the 'patron-client' type of relationships between the federal and state governments of the two regions had apparently changed only for a brief period of time. The sense was that the two regions had accepted the federal government as their own and developed some level of solidarity between them. However, this solidarity was based less on the conviction that it would lead to a better, more stable po-

110 Interview with an active member of OFC-1, 18 October, 2022, Dire Dawa.

litical order and sustainable peace, than on the perceived need to defeat the more powerful TPLF. Once the TPLF was ousted from federal power, the two regions started to gradually compete to exert more influence on the federal government.

In this regard, it is important to note that even if the leaders of the two regions had allied to oust the TPLF from federal power, there was no clear direction as to the nature of relations the federal government would have with the TPLF as a party which continued to rule the Tigray Region. Nor was the federal government clearer about the right path to be taken. Thus, in the following years, as the relations between the federal government and TPLF moved from being one that was featured by simple controversies/frictions to waging an all-out war, the relations between the federal government on the one hand, and Oromia and Amhara regions on the other became closer. The two regions had supported the federal government's war ('law enforcement' campaign, as the government preferred to call it) effort, and provided resources and manpower of different scale to that end.

Yet, the levels of the regional states' animosity developed against the TPLF seem to have differed. On the one hand, Oromia Regional State's support for the war emanated more from anger against the TPLF which presumably sought to return to its dominance at the federal government level than an ideological contradiction. Understood this way, the war essentially reflected a power struggle between the TPLF on the one hand, and the Oromia Democratic Party (ODP) aided by the Amhara Democratic Party (ADP) on the other. Thus, there were little or no ideological differences between the leaders of the Oromia Regional State and that of TPLF as far as ethnic federalism and autonomy were concerned.

On the other hand, for the leaders of the Amhara Regional State, the war apparently provided an opportunity to try and reduce and disempower TPLF, together with its very ethno-national ideological foundations. The leaders of the Amhara Region together with the wider Amhara elite seemed to have waited for that moment to come.¹¹¹ During the war, many of them vowed to settle the 'crimes TPLF had committed against the Amhara community.' Among other things, Amhara elites considered the war as an opportunity to reclaim their 'lost territories' such as Welqait, T'egede and Setit-Humera. Specifically, Amhara state officials repeatedly asserted that these territories belong to them and the land was 'taken by force and now has been returned by force.'¹¹² For example, during the commemo-

111 Interview with Oromo academic-1, 16 December, 2022, Addis Ababa; Interview with active member of OFC-2, October 18, 2022; Dire Dawa.

112 Editor's note: This refers to the 1991 annexation of these territories by the new Region of Tigray – without recourse to the law or to the constitution (and before the new federal constitution of December 1994) was operative).

ration ceremony of the offensive against Tigray forces, the then Amhara regional president, Mr. Agegnehu Teshager, stated that ‘the people of Amhara have been liberated and will never return to slavery again’ and called for Amhara resettlement of the reclaimed territories.¹¹³

In fact, deeply held animosities continued to unravel between Amhara elites and the TPLF as the preparation for the war was underway. Apparently, the Amhara Regional leaders (in the back of their mind) and the broader Amhara elites hold ideologically-rooted contradictions with the TPLF.¹¹⁴ In other words, Amhara leaders and elites want to see the ethno-national ideology de-emphasized or abolished and replaced by pan-Ethiopian thinking.

Therefore, following the Tigray war, the Amhara political camp did not want to see the TPLF’s survival. With this in mind, during the course of the war, political leaders and elites in the Amhara camp objected to the federal government’s decisions/actions, including the release of TPLF top leaders from prison; withdrawal of the federal army from Tigray Region, and the reaching of a ceasefire/peace agreement with the TPLF in November 2022.

When the news of peace talks between the federal government and TPLF emerged, some vocal Amhara elites expressed their outright rejection of the talks. According to a report by Reuters, a statement from Amhara Association of America objected to the AU-led peace process alleging that it excludes Amharas.¹¹⁵ In this regard, perhaps one of the trickiest issues is the status of the contested areas of the so called ‘Western Tigray’ (Welqait, T’egede, T’elemt, Humera) – a strategic hotspot bordering Sudan and Eritrea. Both Tigray and Amhara regions make historical claims over these areas, which were in 1991 without legal-constitutional process put under the administration of Tigray, until the Amhara took over control of the areas following the federal forces’ advance into the Tigray Region in November 2020. Consequently, over the months following the signing of a peace agreement (on 2 November 2022) between TPLF and the federal government, the relation between the federal government and the Amhara region continued to deteriorate.

113 Quoted in a *Foreign Policy* paper (2021), ‘Ethiopia’s Tigray war is fuelling Amhara expansionism’, *Foreign Policy*, 28 April, 2021.

114 Interview with Oromo academic-2, 16 December, 2022; Addis Ababa.

115 Reuters (2022), Ethiopia peace talks delayed for logistical reasons, 7 October, 2022 <https://www.reuters.com/world/africa/ethiopia-peace-talks-delayed-logistical-reasons-diplomats-2022-10-07/>, accessed on 28 October, 2022.

The most recent escalation of friction between the two levels of government emanated from the federal government's plan to integrate regional 'special forces into other security structures. Amhara elites opposed the (timing of the) move', claiming that it would leave Amhara people defenceless amid the widespread security threats in the region. Among other things, this line of argument was reflected in a statement released by NaMA on 4 April 2023. The party stated that 'the decision will leave the people of Amhara Region without protection during possible invasion.'¹¹⁶ (meaning, of the resuscitated TPLF). Widespread protests erupted in the Amhara region following the federal decision to integrate regional forces into federal structures. While some Amhara Special Forces (ASF) agreed to the integration, others refused and allegedly joined Fano militants.¹¹⁷ In mid-2024 the war between the federal Ethiopian army and the local 'Fano' forces was still raging, with thousands of people killed, among them scores of civilians.¹¹⁸

1.5 Conclusions

Beginning from a constitutionally guaranteed introduction of a federal state structure in 1995, Ethiopia has passed through an uncharted path, characterised by only a partial realization of a federal system as envisaged in the FDRE Constitution. Over the years, the area of federal-state relations, as one of major areas where dynamics of the federal structure has been highly visible, has demonstrated an interesting trajectory. Throughout the EPRDF's rule, regardless of the constitutionally guaranteed share of power between the two levels of government, the federal-state relations essentially reflected a patron-client relationship – a type of relation where the regional states (to varying degrees) remained subservient to the federal government. This type of relationship was effected through the instrumentality of the leaders of the regional states who acted more as agents of the federal (central) government and less as representatives of their respective regional state interests. This was reinforced by a serious lack of free, democratic elections of power holders during EPRDF's period of rule.

The avenues of federal-state relations such as those at the legislative, executive and political party levels reflected the dominance of the federal government over the regional states. In fact, the centralized political party structure of EPRDF and

116 See: *Borkena* online (2023), Party vehemently denounces gov't decision to neutralize Amhara Special Forces, accessed from <https://borkena.com/2023/04/05/nama-amhara-special-forces-vehemently-denounces-govt-decision/>, 5 May 2023.

117 *Ethiopia Insight* (2023), 'Amharas turning on Abiy are short of Ethiopian allies', 7 June, 2023.

118 Compare: <https://reliefweb.int/report/ethiopia/ethiopia-weekly-update-10-september-2024>. This armed conflict was ongoing as this book went to press.

its decision and policy-making as well as implementing method ('democratic centralism') alone can explain a lot about the nature of the then federal-state relations. This type of political party structure and its decision-making style was what essentially compromised the constitutionally guaranteed powers of the regional states. The cases of Amhara and Oromia Regional States were not as such different from the rest of the regional states. Perhaps, the fact that the ruling regional political parties of the two regions were part of the coalition of the four regional political parties which constituted EPRDF might have provided these regions opportunities to participate (usually without practical power) in EPRDF level meetings and decision-making forums. Even then, these regional parties rarely played any meaningful role in influencing the directions set by the TPLF.

Since, 2018 some relative progress has been made in ensuring the constitutionally envisaged nature of 'federal-state' relations. Specifically, these elements of progress have been quite visible in the areas of legislative, executive and political party level relations. The changes at the legislative level include enacting of a law which guides the overall intergovernmental relations, the attempt made in restructuring the budget allocation formula, and some indications of the increasing assertiveness of regional states when it comes to claiming the power given to them by the FDRE Constitution. In addition, the same law which provided mechanisms for legislative level relations has also formally established the executive level relations. At the political party level, even if it is unclear whether there exists a political party level tradition (not provided in the party's by-law) which ensures some degree of relaxation at regional leadership levels, the fact that there have been instances where some leaders openly voice their dissent against the directions/actions of some other leaders in the same political party reveals that some degree of discretion or freedom prevails as part of the internal working style of the ruling Prosperity Party.

These elements of relative progress made in the area of federal-state relations in the post 2018 period have continued to be influenced by factors such as the changing currency of the erstwhile Oromo-Amhara alliance; the role of opposition political groups operating in the shadows of the ruling classes in the two regions; as well as the dynamics of the relations between the federal government and the TPLF.

Regardless of all the post-2018 progress, this research has revealed that the federal-state relations still lack proper institutionalization. A full realization of constitutionally implied federal-state relations requires a strong institutional basis. Nonetheless, as the changes witnessed in the cases of Amhara and Oromia Regions' relations with the federal government (in the post-2018 context) have been

subjected to the quickly changing overall political environment in the country, the chances for such changes to be consolidated remains questionable. In other words, it is safe to say that if the achievements are not anchored by institutional mechanisms, they could easily be compromised.

Therefore, in order to consolidate the positive gains in terms of improvement in the nature of federal-state relations, and to continue to take such relations to the next level, it is quite important to focus on providing institutional means to that end. Indeed, apart from focusing on providing them, equal focus should also be given to ensuring the independence (especially, in terms of decision-making and financial capacity) of such institutions.

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PART II

Employment, investment and economic policy

2

The Impact of Foreign Direct Investment (FDI) on Industrial Development in Oromia: Charting the Manufacturing Sector in 2002-2021

Teshome Adugna

Abstract

Foreign Direct Investment (FDI) is one of the most important sources of manufacturing development. The major objective of this study was to analyse the trends and structure of Foreign Direct Investment in Oromia Regional State, Ethiopia. The study used secondary data collected from different sources, such as the Oromia Investment Commission, the National Bank of Ethiopia, the Central Statistical Agency, and the Oromia Planning and Economic Development Commission. The study covers the period between 2002 and 2021. The simple descriptive method of data analysis was used to interpret the results. The study revealed that more than 60 percent of all FDI was concentrated in the manufacturing sector during the study period. The special analysis of FDI revealed that most of it was concentrated in one zone (the Oromia Special Zone around Addis Ababa). Also noted was that the trends of FDI in Oromia Region decreased in the last few years. There are various challenges that affect the trend and structure of FDI in the region. These include low 'ownership' of the regional state in FDI operations, low or unstable sectoral growth rate of FDI, lack of clear regulatory frameworks, weak regional institutional capacity, and absence of clear FDI policy and strategies. Giving priority to the development of FDI by addressing the above challenges would be necessary to realize substantial regional manufacturing development in Oromia through FDI.

2.1 Introduction

Foreign private capital plays a major role in the provision of financial resources for overall economic development of a country. One form of these foreign resources is private 'Foreign Direct Investment' (FDI). This is the investment made by a company outside its home country. It is the flow of long-term capital based on long-term profit considerations, involved in international production activities, and is one of the most striking features of the global economy today. Many developed countries have achieved fast industrial development and transformation through higher FDI. The 'transition countries' undergoing such a process joined the club of those aiming for FDI targets in the early 1990s, with the opening up¹¹⁹ of their economies to international capital flows. Some of them advanced to functioning market economies quite rapidly and have become increasingly popular locations for FDI.¹²⁰ The inflow of foreign capital, in turn, accelerated the transformation process through participation in privatization and introducing modern marketing and management methods (Hunya, 2002).

Most of developing countries especially Sub-Saharan Africa have on average experienced lower levels of FDI, which has affected their economic growth. FDI can play a catalyst role in developing a manufacturing sector, but Africa has lagged behind other regions in both FDI and industrialization. According to an UNCTAD (2018) report, FDI flows to developing countries overall remained stable at USD 671 billion, seeing no recovery following the 10 percent drop in 2016. But FDI flows in Africa in 2018 and later continued to slide, reaching USD 42 billion, down 21 percent from 2016.

High flows of FDI to developing countries, especially in Asian and Latin American countries, have provided various advantages in stimulating economic growth in the host countries. Especially in a developing country, FDI provides various opportunities to change economic trends and the structure of the host country's economy. The contribution of FDI to overall development of a country are widely recognized as filling the gap between desired investments and domestically mobilized savings, increasing tax revenue, and improving management and technology, as well as labour skills in host countries. Given the low domestic savings rate, coupled with the general lack of substantial access to international capital markets, both official development assistance and FDI are of great importance to

119 In countries where the transformation policy was hesitant and privatization proceeded with delay, the FDI inflow remained meagre, which further delayed market-based development. The import of technology and know-how could only partly be replaced with learning-by doing and those countries were left back in terms of restructuring and modernization (Hunya, 2002).

120 See for example: <https://ivypanda.com/essays/foreign-direct-investment-8/>.

Sub-Saharan African (SSA) countries. But these have ups and downs. It has been reported that development assistance to Sub-Saharan Africa declined from \$17 billion in 1990 to USD 10 billion in 1997 (Kharas, 2007, see also Kharas, 2009), but rising again to USD 49 billion in 2019.¹²¹ Given this, FDI is still the most important alternative source of foreign capital for these countries (Astatike & Hirut, 2005). FDI also has the added dimensions that it may serve to transfer technology to the host country as well as to offer avenues for job creation in areas in which unemployment often remains high (Bennett, 2005).

Governments in developed and developing countries have undertaken great efforts to attract FDI. They hope that the positive benefits of FDI will accelerate the development of domestic firms and raise the welfare of the whole country, as it can provide access to resources that would otherwise be unavailable.

As a result of the expected benefits of FDI, many developing countries are now actively seeking it, taking measures that include macro-economic, legal-regulatory, and political reforms designed to improve their investment environment. Further, the changing stance toward FDI has also given rise to a proliferation of investment promotion agencies, special economic zones, and other targeted mechanisms by which African countries aspire to attract foreign investors (OECD, 2005). (Ekienabor, Aguwamba & Liman, 2016).

Many studies on different countries have analysed the determinants of FDI growth in developed as well as in developing countries. Such studies have mainly focused on addressing what factors affect the chances and development of FDI in the host country. Asiedu (2002), Onyeiwu and Shrestha (2004), Reinhart and Rogoff (2003), and Astatike and Hirut (2005) are a few of them who have undertaken study in this area. Their findings revealed that political stability, business conditions and manufacturing export potential are the most important factors for host countries to be successful in attracting higher FDI. They also concluded that workdays lost, as a variable, holds greater statistical significance in countries with lower FDI. The problem of all these studies is that they omitted more specifically analysing the impacts of FDI on the manufacturing sector of the national economies in developing countries.

Some analysts see foreign investment specifically as a beneficial factor and an important source of much needed capital, technology, and knowledge transfer for poorer countries. Others point to the dangers of multinational companies crowd-

121 Compare the World Bank figures: <https://data.worldbank.org/indicator/DT.ODA.ALLD.KD?locations=T6>.

ing out local companies as well as introducing practices of imperfect competition. The study conducted in Nigeria on the impacts of FDI on the manufacturing sector by Ekienabor, Aguwamba and Liman (2016) revealed two opposite outcomes. According to these authors, FDI had positive¹²² impacts on Nigerian manufacturing output. However, against this study, Onyinye, and colleagues (2016) said that the FDI in Nigeria was negatively related to manufacturing output.

This implies that the effect brought by FDI on the manufacturing sector for host countries is variable and controversial, and needs further analysis. FDI inflows can produce important effects that go beyond spill-overs to domestic firms. They can contribute to structural change, but the effects of different FDI inflows vary according to context and policies (e.g. FDI in resource-driven countries vs. consumer-oriented industries) (Kappel, Pfeiffer & Reisen, 2017); there is no guaranteed, one-way beneficial effect only.

The present study focuses on analysing the impacts of FDI on the manufacturing sector in Oromia Region, Ethiopia. There are a number of FDI projects in the region that need in-depth investigation. FDI has not only increased the number of enterprises in the manufacturing sector, it also has tended to increase employment, output, and the income contribution of the sector in the country. This study examines the state of current practices of FDI in the manufacturing sector in Oromia. It will then seek to identify the most appropriate types of reform for maximizing the impact of FDI on the regional manufacturing sector. Specifically, it looks at the policy reform aspect to be considered, including the procedure for issuing licenses, regional ownership and the broader coordination and management practices of FDI in the region (including problems of corruption and administrative delays). Lessons will be drawn to improve existing FDI activities in the region. At the outset, I emphasize that the research reported in this chapter did not address related issues of land appropriation for FDI projects and the sometimes-problematic relations of the FDI ventures with local communities. These are, however, factors that in a holistic analysis should be taken into account.

2.2 Objectives of the study

In line with the above, the general objective of the study was *to understand the impacts of FDI on the manufacturing sector in Oromia*, with as specific objectives:

- To identify the trends and distribution of the FDI in Oromia regional state.

¹²² According to the model estimation outcome one unit increase in foreign direct investment will lead to an increase in manufacturing output by 0.001977 units on the average.

- To analyse the impacts of FDI on the manufacturing sector output in Oromia.
- To evaluate the regulatory framework of FDI in the region.
- To identify the major medium and long-term challenges for FDI in Oromia regional state, and
- To generate policy recommendations to enhance the role of FDI in the manufacturing sector in the region.

2.3 Impact of FDI on the manufacturing sector: notes on the conceptual framework

The economic transformation of many countries is based on the growth or development of the manufacturing sector. The sector can strongly influence the structural transformation of a national economy. The higher manufacturing sector (like high tech) directly or indirectly affects the productivities of the other sectors. Furthermore, the development of the manufacturing sector increases the employment opportunities and incomes of the people. Investment in manufacturing needs more financial resources compared to other sectors, more access to the international market, and adequate human resources. Foreign direct investment (FDI) can play a major role in the development of the manufacturing sector. In particular, foreign *private* investment can be highly influential in this, as seen in many developed and developing countries (Kappel, Pfeiffer & Reisen, 2017).

Manufacturing offers an entry point for industrialization, and by attracting increased FDI African countries can also benefit from the skills development, management experience, technology transfer, and integration into global value chains that it brings. Most countries strive to attract Foreign Direct Investment (FDI) in the manufacturing sector because of these acknowledged advantages as a tool of economic development (Ekienabor, Aguwamba & Liman, 2016).

Since the early 1990s many developing countries that want to develop their manufacturing sector put all their effort into attracting FDI. They introduced wide-ranging trade and political reforms to create a suitable environment for the development of FDI. The most known measures taken by these countries were liberalization and privatization policies and signing various agreements with multinational and bilateral agencies to build confidence and enhance stability for the foreign investors in their country. Until recently, FDI was not fully embraced by African leaders¹²³ as an essential way to growth in the manufacturing sector,

123 African countries have become more accommodating toward foreign direct investment (FDI) over the last 10-15 years, as evidenced, *inter alia*, by changes in their regulatory regimes. The re-

reflecting largely the fears that it could lead to a loss of political sovereignty, push domestic firms into bankruptcy due to increased competition, and, if entry was predominant in the natural resources sector, accelerate the risk of environmental degradation (Ekienabor, Aguwamba & Liman, 2016).

There are several economic and political factors that can either enhance or detract from foreign investment opportunities in the manufacturing sector. Factors that have a positive influence on investment include the size of the host country's market, per capita GDP level and GDP growth, cultural similarities between the home and host country, natural resource availability, a favourable and/or stable exchange rate, and the labour productivity of the sector. Government regulations regarding high corporate taxes and foreign ownership restrictions will have a negative impact on the level of FDI in a sector. The level of economic and political risk in a country is also an important factor for foreign firms to decide on the location of their FDI. Most countries thus work to promote FDI by facilitating the policy and legal environment in a way that promotes the inflow of foreign investors.

Various studies conducted on the impacts of FDI on the manufacturing sector show different outcomes. According to Bwalya (2006, p. 520), the foreign presence can raise the productivity of local firms through technology diffusion, spill-overs from foreign firms to local firms within the sector (intra-industry), and linkages with local firms in downstream or upstream sectors (inter-industry spill-over). Foreign presence can also induce greater competition in both products and factor markets.

The study conducted by Tajul and Mohd Khairul (2016) estimated the effect of FDI in one sector to the output of other sectors within the manufacturing sector. They found that while positive spill-over effects can be observed to take place, at the same time, FDI inflows in certain sectors are also likely to exert a negative effect on its own manufacturing sector as well as on other sectors. Some FDI investments over-dominate domestic investment and that may lead to crowding out effects in the host countries' infant manufacturing sectors. These authors note that the best strategy might be to focus on and attract high technology-oriented multi-national companies (MNCs), but they also noticed that MNCs pur-

orientation was set in the context of a more general shift in attitudes toward the private sector, and it reflects an increasing realisation (also found in the Monterrey Consensus) that private international capital flows are likely to be a growing key source of development finance in the future. The changing stance toward FDI has also given rise to a proliferation of investment promotion agencies, special economic zones, and other targeted mechanisms by which African countries aspire to attract the foreign investors (OECD, 2005).

sue further technology development in the FDI host country while leaving domestic entrepreneurs to develop or undertake the tasks to promote other sectors. The quality of the strategies and regulatory framework that would enhance the positive impacts of foreign direct investment on manufacturing sectors of host countries is essential.

Zámborský's (2006) study investigated the impact of incoming FDI on the host country using industry-level data for 11 OECD economies over the period 1987-2003. The study related to a large recent literature on spill-overs from incoming FDI. It showed that: (1) FDI had a significant positive effect on productivity and notably on capital's contribution to productivity in technologically advanced ('high-tech') industries (such as automotive, electrical engineering and chemicals); and (2) FDI had a bigger, positive effect on productivity in large rather than in small OECD countries. This study supports the view of a significant positive impact of FDI on total factor productivity in technologically more intensive sectors.

2.4 Study methodology

The study used both primary data collected in the field and secondary data. Most of the investment projects are in or close to the 'Oromia special zone'. The study selected Dukem town, one of the hubs of foreign direct investment in the Oromia Region. The secondary data were collected from different regional offices, such as the Oromia Investment Commission, the National Bank of Ethiopia, the Central Statistical Agency, and the Oromia Planning and Economic Development Commission. The data collection period for the secondary data were the sixteen years between 2002 and 2018. Preliminary analysis of this period reveals the highest number of FDI projects in the region ever. The number of projects, their sectoral composition, capital investment, employment opportunities and technology transfers were the major variables included in the study.

Qualitative data also were also collected through structured questionnaires and in-depth interviews with key informants, so as to get detailed information about FDI procedures and practices in the Oromia manufacturing sector. Dukem town and the Eastern Industrial Zone (EIZ) was the main case study for collecting the information. The sample frame comprised all foreign investment projects in the Eastern industrial zone. A stratified sampling method was used to collect the primary data. The relevant strata were formed to reveal the effects of FDI on the manufacturing sector. Two hundred and two sample manufacturing employees were contacted by the researcher. About 35 different types of manufacturing

firms¹²⁴ in the EIZ were covered in the study. The sample thus covered more than half of the FDI manufacturing sector enterprises in the zone. Both employees and experts at the regional level and in the selected town were included in the study. The major industrial town's experts were also selected for the questionnaire.

A triangulation approach was used to validate and check the data, and descriptive and econometrics analysis were used to analyse the data. The descriptive analysis referred to statistics to explore the state of FDI and its impact on the regional manufacturing sectors.

Tables, figures, and percentages are to be used to present the collected data. The study followed ethical standards that include: appropriate data measurement, selecting the right indicators, designing clear and understandable questions, and securing consent and confidentiality of the informants and conversation partners. Regular consultations to verify the data reinforced attention to the ethical aspects of the research.

2.5 Trends and Structure of Foreign Direct Investment in Oromia

The manufacturing sector in Oromia is still characterized by a low level of investment and technology. A higher number of FDI projects in the sector would likely improve the speed of economic development and structural change in the region. In this section the paper presents the trends and structure of FDI in the manufacturing sector in Oromia based on the data.

2.5.1 Trends of FDI in Oromia

The first way to look at the improvement or change of FDI in any region or location is by analysing the change of FDI over a period of time. In 1997, the total number of FDI investment projects was only 1. In 2000 and 2005 the number of FDI projects in the region increased to 3 and then to 26, respectively. The significant increase in FDI flows into the region observed after 2002 came after major reforms promoting regional investment were conducted at the national and regional level.

So, between 2000 and 2005 FDI projects in the region increased by more than 24. But between 2005 and 2010 the number of FDI increased only by 2. In 2010 the total FDI projects in the region reached 28. But more recent data available for

¹²⁴ The names and number of manufacturing firms included in the study are found in the Annex.

2016 indicate that the total actual number of FDI in the region was only 17, which means a decline by 39 percent as compared to 2010 (See Figure 2.1).

The trend of FDI in the region thus indicates a rather unstable and low growth rate, showing a high irregularity if not volatility of investment growth. The highest growth rate of FDI was in 2003 to 2004, when the increase in FDI projects was 257%: from 7 to 24. The lowest growth rate was in 2016 (a year of socio-political turmoil, notably in Oromia), when FDI declined by 52%. In this year the FDI declined to 17 in 2016 (it had been 36 in 2010). The high instability of FDI investments in the region obviously reduced the impacts of FDI on overall growth of the manufacturing sector in the region.¹²⁵

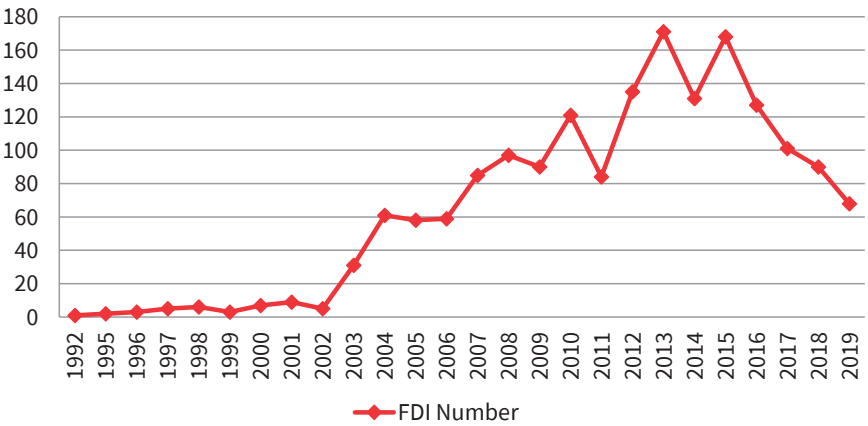


Figure 2.1
The trends of Foreign Direct Investment in Oromia between 1992 and 2018
 Source: Oromia Investment Commission, 2021

The number of FDI investment projects mentioned above indicates the low level of FDI in the region as compared to the size of the regional economy. Oromia produces more than 60% of national exports and above 40% of the national output (Hands-on Investment Guide, 2015). Recent political instability and conflict, poor FDI regulatory framework, institutional obstacles and related problems contributed to the decline in the number of FDI projects in Oromia Region.

A recent National Bank report (2016/17) indicated that the *operational* investments in the region declined from 304 in 2014/15 to 19 in 2016/17. That means

¹²⁵ Editor's note: The author did not clarify the difference in numbers in the text and in Figure 2.1.

a decrease of 285 investment projects within just three years. There seems to be no rational¹²⁶ justification for the lower share or decline in regional investment, as the region is situated at the centre of the Ethiopian federation and has a suitable transport and communications infrastructure. Lack of effective institutional arrangements and suitable incentive mechanisms are among the major factors contributing to the decline in FDI.

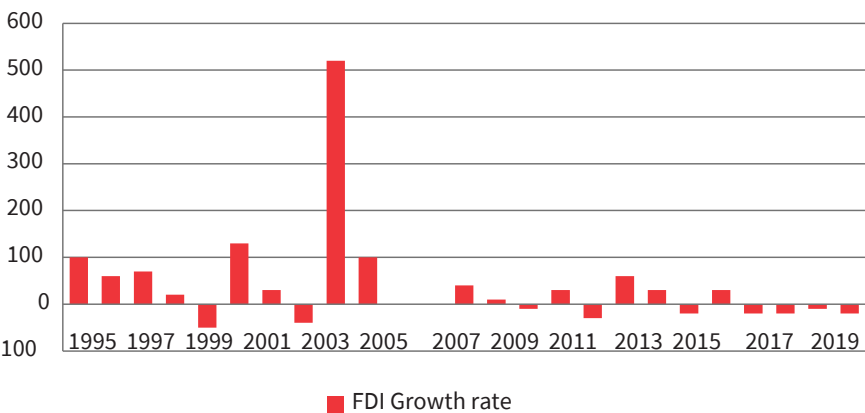


Figure 2.2
FDI Growth rate between 1992 and 2019
 Source: Oromia Investment Commission, 2021

2.5.2 The structure of FDI in Oromia

The *structure* of FDI refers to the distribution of foreign investment by location and sub-sectors. One of the methods to study the structure of FDI is by observing the distribution of the FDI by agriculture, services, and industry. This shows the prioritized sector of FDI. The second method of analysing the structure of FDI is to identify the location or special distribution of foreign investment in the region. For this we need to analyse the zonal distribution of the FDI across the 20 zonal administrations in Oromia Region.

The total number of FDI projects operating in Oromia up to 2022 was 486. Most of the FDIs in the region concentrated in the manufacturing sector: around 354.

¹²⁶ During the last 12 years the share of regional investment projects was not more than 10 per cent. For instance, between 2006/07 and 2010/11 the share of Oromia Region investments was less than eight percent of the total investments. Before the unrest and political instability in 2013/14, the regional the share of investment from the national investment was only 4.2 percent (date from the NBE 2016/17 report).

In the agricultural and services sector, FDI projects were 83 and 49, respectively. So, the manufacturing sector took 73 percent of the total FDI, the agricultural sector 17 percent, and the remaining 10 percent of the FDI went to services (Source: Oromia Investment Commission, 2022). The sectoral distribution of FDI indicates that the region has always enjoyed a higher number of foreign investments in the manufacturing sector that could facilitate the sectoral development and transformation in the region's economy.

The structure of FDI in Oromia can also be understood by looking at the *spatial distribution*. The study observed the urban, rural and zonal distribution and noted that in 2022 the total number of FDI projects in the *urban* area was 322 versus 141 in the *rural* area. That is, 70 percent FDI was in urban and 30 percent in the rural areas. The urban area took 80 percent of the total of FDI invested in the *manufacturing* sector, with the remaining 20 percent in the rural area.

Obviously, the rural areas attracted more FDI investment in the agricultural sector which is 86 percent of rural FDI engaged in agriculture. The rural sector took only 12 FDI investments in the *services* sector, which is 24 percent of the total foreign investment in services sector. The remaining 76 percent of services sector investment was located in the urban areas. Many of the foreign companies investing in the services and manufacturing sectors clearly preferred the urban area, due to the higher demand for their products and the availability of transport and communications infrastructure in the region.

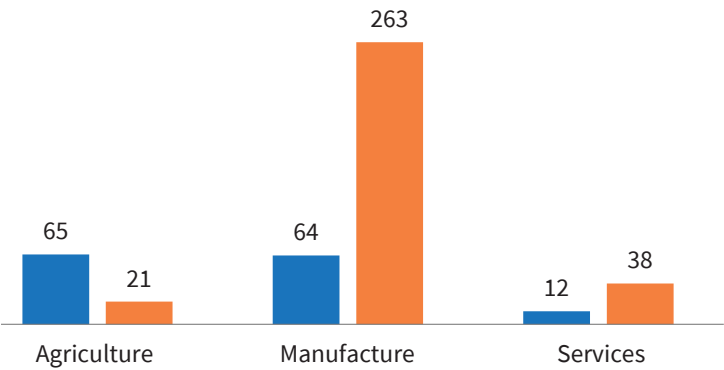


Figure 2.3
The distribution of FDI in the urban and rural areas by major sectors in 2022
 Source: Oromia Investment Commission, 2022

On the *zonal* distribution of FDI in the region the following can be said. Out of the twenty zones in the region most FDI projects were found in thirteen zonal ad-

ministrations, with the Oromia special economic zone in the Dukem area taking the highest share: 63 percent of the total FDI projects. The second most popular zone was East Shewa: 12 percent of the total investments. West Shewa and Arsi took the third and fourth rank, with 21 and 19 FDI projects, respectively. Of the twenty zones, only four zones (Oromia Special, East Shewa, West Shewa, and Arsi) thus took more than 85 percent of total FDI investments.

Most of the FDI projects in manufacturing were found in the Oromia special zone: 63 percent of the total zonal foreign investment in the region operated here. In the same way the special zone also took 15 percent of agricultural and 31 percent of manufacturing sector of FDI. This is obviously due to the proximity of the zone administrative Addis Ababa and is also due to the availability of better infrastructure facilities, and perhaps because of security issues, as economic logic dictates that investors go where good profit margins and stability can be realized. The more fertile and highly suitable areas for commercial agriculture, such as Arsi, Wellega, Central Shewa, and Jimma, could not attract sufficient FDI.

Table 2.1
Zonal distribution of FDI in Oromia by major sector in 2022

SN	Name of zone	Agriculture		Manufacture		Services		Total	%
		No.	%	No.	%	No.	%		
1	Arsi	5	8	3	5	0	0	8	5
2	Bale	3	5	0	0	0	0	3	1
3	Borena	0	0	0	0	1	8	1	0
4	East Wollega	3	5	3	5	0	0	6	1
5	East Shewa	14	22	17	27	2	15	33	12
6	Jimma	3	5	1	2	0	0	4	2
7	Qellam Wollega	2	3	0	0	1	8	3	1
8	North Shewa	0	0	3	5	1	8	4	3
9	Oromia Special Zone	15	23	31	48	1	8	47	63
10	South West Shewa	6	9	0	0	1	8	7	2
11	West Arsi	4	6	0	0	5	8	9	3
12	West Hararghe	0	0	0	0	0	0	0	2
13	West Shewa	9	14	6	9	1	8	16	5
14	West Wellega	0	0	1	2	0	0	1	0
Total		64	100	64	100	13	100	141	100

Source: Oromia Investment Commission, 2022

In terms of urban distribution of FDI in the region, Dukem town takes the leading share, which is around 38 percent of urban FDI. Bishoftu (17%) and Sebeta (9.9%) take the second and third rank of FDI concentration in the urban areas of the region. The proximity of the town to Addis Ababa, the capital city of the region and federation, and the availability of better infrastructure facilities are major reasons for more concentration of FDI investment projects in these three urban areas. The higher number of urban FDIs is obviously concentrated in the manufacturing sector, for example in Dukem, 99 percent of the FDI is in this sector. The town did not receive a single FDI project in the agricultural sector.

Table 2.2

Urban distribution of FDI in Oromia by major sector in 2022

	Town Name	Agriculture	Industry	Services	Total	Share
1	Asallaa	0	1	0	1	0.3
2	Adaamaa	0	12	0	12	3.7
4	Baatuu	1	1		2	0.6
5	Bishooftuu	5	43	8	56	17.3
7	Buraayyuu	0	14	8	22	6.8
8	Duukam	0	123	1	124	38.4
9	Galaan	1	15	0	16	5
10	Hoolotaa	7	5	0	12	3.7
11	Laga Xaafuu	0	6	3	9	2.8
13	Shaashamannee	0	1	11	12	3.7
14	M/Jimmaa	0	2	3	5	1.5
15	Moojoo	0	14	0	14	4.3
17	Sabbataa	4	23	4	32	9.9
18	Sulultaa	3	3	0	6	1.9
		21	263	38	323	100

Source: Oromia Investment Commission, 2022

This unequal distribution of FDI has a number of implications for regional manufacturing and economic development. First and foremost is that it affects regional development in terms of skewed employment opportunities and income. In the areas where more FDI projects exist, employment opportunities will increase and that also perpetuates income inequality across the region as a whole. The second implication is a more intensive utilization of (natural) resources in the locations where more FDI projects operate, and under-utilization of (available) resources in the areas of Oromia Region where no FDI investment projects are in operation. The third implication is that the speed of overall structural transformation and

sectoral linkage in the regional economy are affected. Most of the manufacturing enterprises in the region are dependent on agricultural input. So, the absence of modernization in the agricultural sector may affect the productivity of the manufacturing sector. Hence, lower concentration of FDI in the agricultural sector may indirectly also affect the development of the manufacturing sector.

The last indicators that were considered to see the structure of FDI concern its *operational rate* in the region. As of 2022, out of the 486 FDI projects that received a license, around 338 started their operations. That means the region's FDI operational rate is around 70 percent. The sectoral operational rate revealed that agricultural projects, with an 85 percent operational rate, was first, followed by manufacturing (68%) and the service sector (53%).

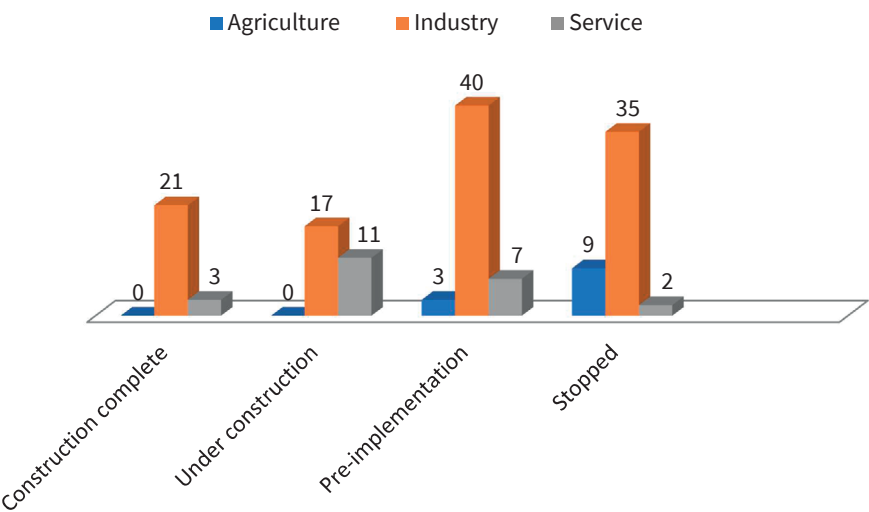


Figure 2.4
The status of FDI in Oromia Region by major sectors
 Source: Oromia Investment Commission, 2022

2.6 Impacts of FDI on the structure of the manufacturing sector in Oromia

As we saw, foreign direct investment affects the structure of the manufacturing sector in various ways. FDI not only changes the total production of the manufacturing sector in the host countries but also tends to improve the productivity and the types of the manufacturing sectors. FDI is considered as an engine of growth, as it can potentially generate productivity spill-overs in the host economy, in-

crease the volume of investment and its efficiency, expand the existing stock of knowledge, facilitate the access to leading technology, generate chains of new local suppliers, and open access to new markets (Million, Hassen & Ramakrishna, 2016). Foreign firms bring not only financial capital but also managerial techniques as well as entrepreneurial and technological skills that are often lacking in the least developed countries (LDCs).

The FDI affected the region’s investment numbers, employment opportunities, and capital inflow. As can be seen in Figure 2.5 below, the number of regional investments increased by 2.8 percent over 2018-2022. In the same way, the job opportunities and investment capital increased by 14 percent and 25 percent. The impacts of FDI are more significant in manufacturing through employment contribution (28%), number of manufacturing projects (5.5%) and capital investment (54%). The higher impact of FDI in the manufacturing sector enhances the competitive capacity of the regional economy.

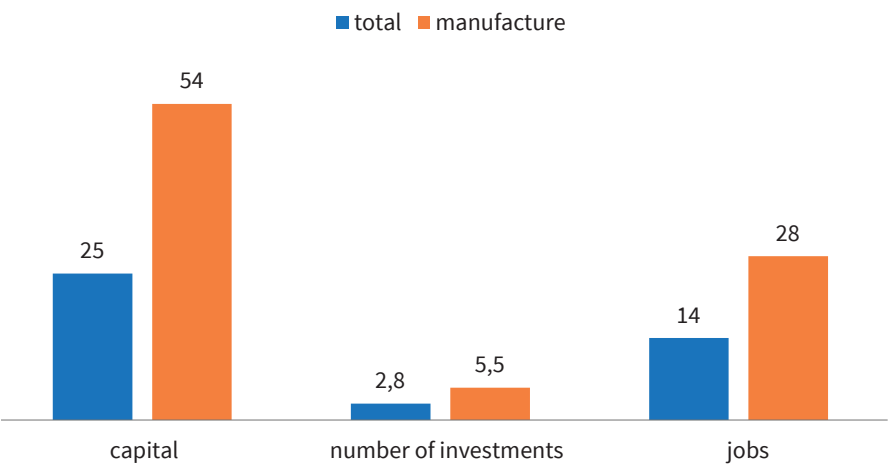


Figure 2.5
The impact of FDI on the total investments and the manufacturing sector
 Source: Oromia Investment Commission, 2022

FDI can also affect the *structure* of the economy. The development of FDI changes the role and importance of the manufacturing and industrial sectors with the promise of transforming the nation’s economy from a largely subsistence-based agricultural sector to one with a modern industrial sector. Even the increase in the quality of the FDI sector affects the structure of each sector, thus broadening or speeding up the economic development of the country. Successful FDI can contribute to long-term productivity improvements that can transform the

structure of the national economy. In Central and Eastern European countries (CEECs), in particular in the new member states of the EU, FDI has been seen as an important means of structural upgrading and productivity growth (see Damićan, Kostevc & Rojec, 2013).

The impact of FDI on the structure of the manufacturing sectors is mediated by various factors, like the quality of the infrastructure, political stability and the types of FDI in the host country. Higher rates of foreign penetration in individual industries gradually intensified its impact on the pattern of structural change in the manufacturing sectors due to faster growth of foreign subsidiaries as compared to domestic firms.

In the next stage of transition, FDI tended to have a stronger impact on restructuring as it becomes more concentrated on new and growing industries (in some cases, the automotive industry, for instance) and fills gaps in the production portfolio (RWI, 2001). According to Hunya and Kalotay (2000), structural change in manufacturing in Central Eastern European countries was closely linked to the penetration of foreign capital, as the foreign-owned firms specialized in industries of higher technology intensity and in export-oriented ventures, while domestic firms remained in low-tech and domestic-market-oriented industries. The deeper the foreign penetration, the faster was the speed of structural change (Hunya & Kalotay 2000).

The next part of this chapter gives a more detailed case study to estimate the impacts of FDI on the *structure* of the manufacturing sector in parts of the Oromia Region. The Eastern Industrial Zone is so far (in 2021-22) the only industrial zone found in Oromia. It has more than 80 FDI projects, involved in different types of manufacturing. The profile of the study and its outcomes on the impacts of manufacturing sector is presented in the section below.

2.6.1 Brief Overview of the Eastern Industrial Zone in Oromia

The Eastern Industrial Zone (EIZ) was initiated in 2006, with a number of Chinese investment projects aimed to work in different manufacturing businesses. The EIZ is found in the eastern Oromia town of Dukem, situated at 38 km. from Addis Ababa. In the zone there are around 90 manufacturing firms, involved in different manufacturing areas. Per 2021 there were 61 firms which started operation in the zone. The number of presently operational manufacturing enterprises (in 2021) is 68 percent of the total number of manufacturing projects (Source: Ethiopia Investment Commission).

By 2020, more than ETB 2 billion¹²⁷ was invested in the industrial zones. As of 2020, twenty-six other projects (or 29% of the total) were under implementation. The total investment in the pre-implementation stage was ETB 2.5 billion, with only 3 projects in the pre-implementation stage. By 2021, the total investment spending of FDI in the EIZ was ETB 4.5 billion (ca. USD 106 million). The higher investment in the EIZ via FDI no doubt reduced the foreign currency spending and facilitated the import of technology and basic materials.

2.6.2 Characteristics of the Respondents

The respondents questioned and interviewed for this exploratory study were workers in firms in Dukem (in the EIZ) and experts from the Regional and Zonal governments. The study collected primary data from the *employees* working in the Eastern Industrial Zone. A total of 205 respondents filled in questionnaires developed by the researcher.

As to educational background, the number of respondents who had completed 12 comprised 22 percent of the total. No respondent had educational qualifications less than grade 12. The number of respondents with a diploma was 28 (8.7% of the total). Those with other qualifications were 56 percent (with 11% of the respondents having TVE¹²⁸ qualifications).

Regarding work experience, the majority of the workers had less than 1 year of work experience (36% of the total). Some 54 percent of the respondents had work experience of between 2 and 4 years. Those with work experience of less than four years took more than 80 percent of the respondents. Those with 7 years of work experiences took ca. 47 percent of the expertise respondents. Only 3 percent of expertise respondents had less than one year of work experience.

127 In March 2021 this was equivalent to ca. USD 49 million.

128 Technical-Vocational Education.

Table 2.3

The educational qualifications and work experience of the respondents

SN	Variable/indicators	Response category	Workers		Experts	
			number	%	number	%
1	Educational Qualification	Grade 8-12	34	22	–	–
		Diploma	26	17	2	1
		TVT (TVE)	33	21	4	2
		Masters	7	4	36	22
		Others	56	36	124	75
		Total	156	100	166	100
2	Work Experience	Less than 1	55	36	5	3
		Between 2 -4	82	54	39	25
		Between 5-7	11	7	40	25
		Above 7 years	5	3	75	47
		Total	153	100	159	100

Source: Field Survey, 2020

Other respondent characteristics referred to age, marital status and sex. As Table 6.2 below shows, most of the respondents' ages were between 24 and 29 (38% of the total). The age group (of the most productive working age) between 18 and 35 was 63 percent. The age group above 35 years were 17 percent of the total.

Regarding the sex ratio: out of the total respondents about 61 percent of the respondents were male, and 39 percent was female. Among the experts, the share of females and males were 29 and 71 percent respectively. As to the marital status of the worker respondents: the majority was unmarried (69%). Among the experts, 81 percent were married.

Table 2.4

Age, sex and marital status of the respondents in the study area

SN	Variable/ indicators	Response category	Workers		Experts	
			No.	%	No.	%
1	Age	Less than 18	1	0.6	4	2.4
		Between 18- 23	56	35.2	14	8.5
		Between 24- 29	82	51.6	41	25.1
		Between 30- 35	17	10.7	53	32.3
		Above 35	3	1.9	52	31.7
		Total	159	100	164	100
2	Sex	Male	90	61	113	71
		Female	58	39	47	29
		Total	148	100	160	100
3	Marital Status	Married	44	27	127	82
		Unmarried	109	69	27	17
		Divorced	4	3	2	1
		Widow	1	1	0	0
		Total	158	100	156	100

Source: Field Survey, 2020

2.6.3 The Impact of FDI in the Manufacturing Sector in Oromia

Though there are various indicators for evaluating the impacts of FDI on the structure of the manufacturing sector, this study focused mainly on the export, employment opportunity, and technology provision indicators.

Employment opportunities.¹²⁹ One of the impacts of FDI on the manufacturing sector to be monitored is the number of new employment¹³⁰ opportunities, that is, new jobs created. Already a 2018 monthly report of the East Industrial Zone on new employment indicated that the Zone provided for 11,000 new jobs. The report showed that the number of jobs via FDI increased each month. In July 2018 the number of jobs being around 11,000, it had increased to ca. 14,000 in April 2019 (Source: Ethiopia Investment Commission, 2019). The higher employment

¹²⁹ This job creation covers the period between July 2018 and April 2019.

¹³⁰ A recent report of 2021 indicated that employment (jobs created) in the East Industrial Zone was around 35,000.

opportunities and the higher wages in the EIZ thus improved the contribution of the manufacturing sector to the regional/national economy.

According to the primary data collected from the employees, many agreed that the FDI projects provided more jobs than the domestic investments in the region. Our survey revealed that 24 percent of the respondents said that FDI projects in the manufacturing sector no doubt increased employment opportunities in the region. Further, as one can see in Figure 6 below, out of the 197 respondents, 141 confirmed that FDI projects provided more employment opportunities than the domestic enterprises.

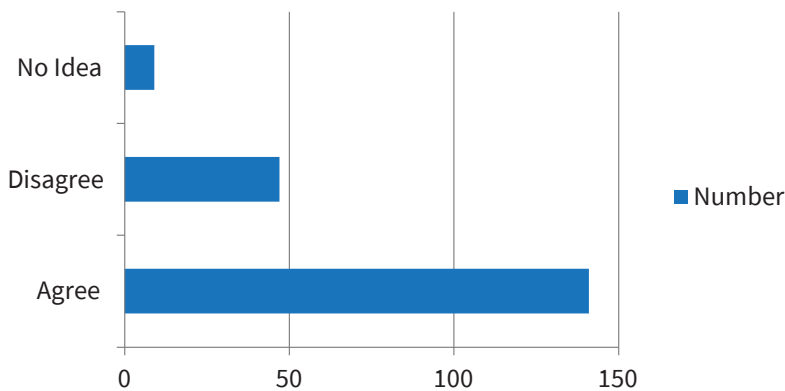


Figure 2.6
Opinion of respondents on the role of FDI in employment opportunity creation in EIZ
Source: EIC, 2019

Thus, according to my 2020 field survey, 70 percent of the respondents agreed with the stimulating role of FDI in employment creation in the manufacturing sector. But 23 percent of the respondents did *not* agree. Seventy-nine percent of the experts contacted for the study also said that FDI projects had made a larger contribution to employment creation than domestic investors.

Contribution to Exports. Another indicator that shows the impact of FDI on the structure of manufacturing is the amount of export revenue generated by FDI firms. The true and durable effect of this indicator can only be seen over a longer period, but data from the EIZ authorities show that in 2018 the total export contribution of the EIZ was *USD 26.8 million* (i.e. above ETB 770 billion). The increase of exports from the EIZ not only positively impacts on the national economy but also increases the contribution of the manufacturing sector in the economy via tax revenues, and enhances the competitive advantages of the na-

tional economy. But export revenues remain volatile and susceptible to external conditions and changing government regulations.

Other impacts of FDI. There are other impacts of FDI on the manufacturing sector as well. These include expanding the opportunity of accessing international markets, increasing government revenue, increasing national manufacturing output, and providing modern technology. Figure 7 below shows that FDI in the manufacturing sector can provide more technology to the regional economy. Around 24 percent of the respondents confirmed this, for example, saying that FDI increased the transfer and use of new technology in the sector.

As noted already, the increase of FDI in the manufacturing sector also augmented the regional tax revenue. The survey revealed that 15 percent of the respondents agreed that FDI in the manufacturing sector had contributed to more state tax revenue. In addition, respondents said that FDI in manufacturing had clearly increased production and expanded international market opportunities.

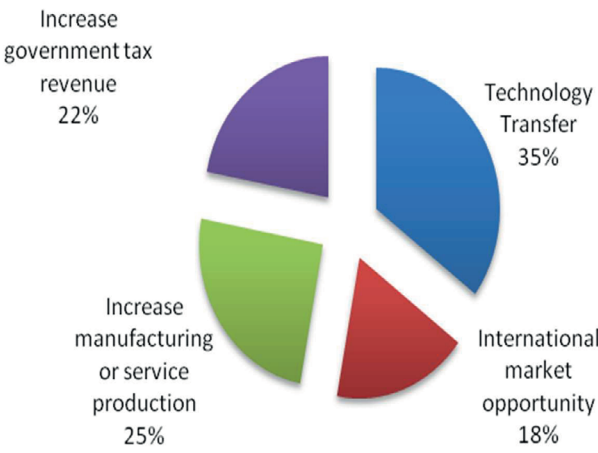


Figure 2.7
Other impact of FDI in manufacturing sector in Oromia
Source: Field survey, 2020

Comparative impacts of FDI. A comparative analysis of FDI projects in relation to the domestic manufacturing sector revealed that FDI has a number of additional impacts on the structure of manufacturing. The major indicators were: efficiency, wage payment, competition, innovation, and the working environment. The respondents in the EIZ said that FDI firms are more efficient than the domestic enterprises. Out of 195 respondents, 110 (or 56% of the total) confirmed this.

FDI in the manufacturing sector in the region was seen as increasing production and other services due to its more efficient nature.

Similarly, 52 percent of the respondents agreed that FDI projects in the region were more innovative as compared to the domestic ones. The level of innovation in the manufacturing sector affects the structure and quality of the sector in the region. But poor working environments and lower wages of FDI firms in the manufacturing sector might affect the positive impact and perception of FDI in the region.

Table 2.5
Impact of FDI on the structure of the manufacturing sector

SN	Comparative indicators	Type of respondent	Agree		Disagree		No idea	
			No	%	No	%	No.	%
1	'Foreign investors are more efficient than domestic investors'	Workers	110	56	56	29	29	15
		Experts	93	56	54	33	18	11
2	'Foreign investor pays more salary than domestics'	Workers	62	31	97	49	38	19
		Experts	69	43	78	48	14	9
4	'Foreign investors are more Competent'	Workers	129	65	45	23	25	13
		Experts	104	64	49	30	9	6
5	'Foreign investors are more innovative'	Workers	106	52	61	30	36	18
		Experts	81	52	45	29	30	19
6	'Foreign investors have a good working environment'	Workers	53	42	33	42	21	17
		Experts	85	53	66	42	8	5

Source: Field Survey, 2020

2.7 Challenges of FDI in the Manufacturing Sector

Many of the challenges have already been mentioned but we summarize them here. The study indicates that FDI projects in the manufacturing sector can in principle have a positive impact by altering/improving the structure of the manufacturing sector. The higher number of FDI firms in the manufacturing not only increased production but had also other impacts on the nature and state of manufacturing that might accelerate economic development in the Oromia Region and the country as a whole. But due to various reasons there are challenges that have limited the positive impact of FDI on manufacturing.

The major challenges of FDI are easily summarized: lack of sufficient and qualified local human resources and lack of appropriate government incentives. According to the study, 28 percent of the respondents said that this lack of adequate and qualified human resources was the major challenge for durable FDI success in the manufacturing sector. Some 22 percent of the respondents said that lack of appropriate and efficient government incentives was another challenge for FDI in the manufacturing sector. In addition, there was also a perceived lack of markets (18%) or a lack of marketing knowledge, and of infrastructure facilities (16%).

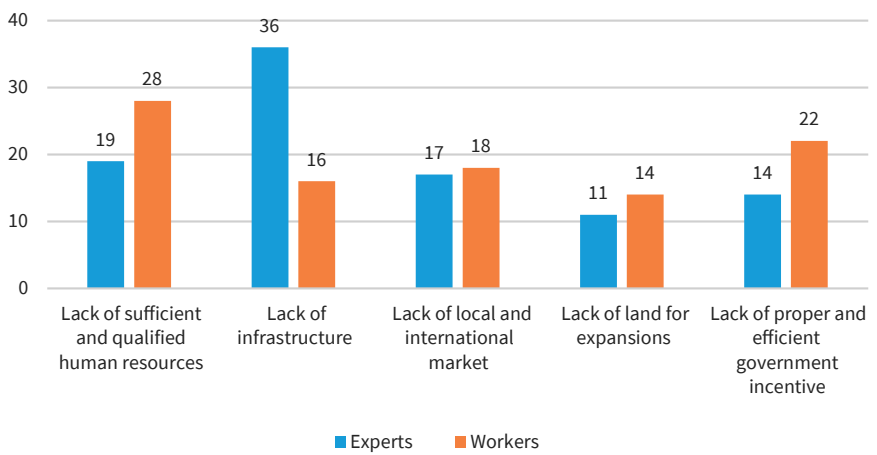


Figure 2.8
Experts’ and workers’ opinion on the challenges of FDI in Oromia Region (in %)
 Source: Field Surveys 2019 and 2020

According to the experts’ opinions, the primary challenge of FDI in the region is lack of infrastructure, followed by lack of sufficient and qualified skilled personnel in the region. Actually, these two challenges were also the leading ones mentioned in the workers’ responses.

2.8 Summary and Recommendations

Economic transformation in Oromia Region highly depends on the development of the manufacturing sector. The sector will need higher levels of suitable, locally tuned investments and technology transfer and use as compared to the agriculture and services sectors. The FDI projects are important for accelerating regional economic growth through their development of the manufacturing sector. At the regional level, FDI in the manufacturing sector can provide employment opportunities, more government tax revenue, higher wage payments, and can enhance

manufacturing efficiency and output, and provide international market access and new technology. But an overall programme of facilitation and development geared to the specific socioeconomic and human resources context as well as to the community dimensions in Oromia Region is needed.

So far, FDI was not high as per the potential available in the region. There are a number of challenges that hinder the development of FDI: declining trends of FDI in the region, low or unstable growth rates of FDI, low 'ownership' of regional state in FDI operation, lack of a clear regulatory framework, security issues, weak regional institutional capacity and efficiency, top-down approaches, and absence of a clear FDI policy and strategy. Giving priority to the development of FDI by addressing the above challenges would be necessary to realize regional economic structural change.

The following are the major recommendations.

- Government should be increasing the multi-sectoral investment to encourage foreign direct investments, so as to prevent 'crowding' and competition some sectors
- The government should give FDI companies/entrepreneurs effective and balanced tax incentives and subsidy, as well as redesign and modify the credit system (under certain conditions)
- The Oromo Regional authorities must urgently work on peace and security to improve foreign investors' confidence
- The government and other stakeholders must work on creating awareness on the community contributions of FDI projects. The study revealed that only 57 percent of the total respondents (among the employees) knew about FDI. Even most of them got the information only in their workplaces.
- The provision of qualified human resources and the labour market could be improved significantly by better and more comprehensive TVET college education. Strong supervision and monitoring should be developed by government, in the manner of 'learning from mistakes'.

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Annex A

Names of the FDI firms included in the survey

No	Name of factory	Type
1	HIABOP	textile
2	HIABOP	textile
3	ZIXING PACKAGING IND/PLC	preform
4	AOFAN	garments
5	HONGHUALI	gypsum products
6	UNILEVER MANUFACTURING PLC	soaps & detergents
7	KOKMILK MANUFACTURING PLC	milk drinks
8	EAST STEEL	steel bar
9	MICHOT DIAPER	label
10	SLS	garment
11	ZE HAO TEXTILE PLC	blanket
12	BECONNECTED INDUSTRIAL	textile printing
13	GULI FOOD PLC	mango juice producing company
14	SHUAIJIE TEXTILE PLC	textile garments
15	ETHIO-INDIA	ppbag & ad-bag cement bag
16	HUAJIAN SHOE CITY IND/PLC	shoes
17	ASHE TEXTILE PLC	fiber mattresses & pillows
18	AOTAN MANUFACTURING PLC	swing cloth
19	SHUNFA TEXTILE MANUFACTURING PLC	polyester
20	ETERNAL TEXTILE PLC	bed sheets, curtains & t-shirts material fabric
21	LENTO GARMENT	garment choper
22	LIDA TEXTILE PLC	textile trousers
23	SHADEKA	spare parts car
24	QUNLHN HOME TEXTILE PLC	textile
25	SLS TEXTILE MANUFACTURING	jeans trousers
26	CWC SHOES PLC	cwc canvas factory
27	AROVA PLASTIC PLC	preform
28	ZHAO XIN WANG	chipwood and plastic
29	WAZHEN MIAO	blankets
30	DIYUAN CERAMICS MANUFACTURING	floor and wall tiles
31	YONG WANG TEXTILE MANUFACTURING PLC	jeans cloth
32	HONGCHANG TEXTILE PRINTING PLC	fabric
33	SANSHNG PHARMACEUTICAL PLC	dwp
34	SANSHNG PHARMACEUTICAL PLC	pharmaceuticals
35	SSP	medicinal

3

Challenges of Foreign Direct Investment in Amhara Region, Ethiopia: Explorative Study

Zelleke Siraye

Abstract

This study provided an evidence-based analysis of foreign direct investment (FDI) in Amhara Region with the aim to stimulate investors and policymakers to undertake informed decisions in their investment endeavours. More specifically, the study is designed to explore the barriers that seriously affect the FDI environment in the region. Given the deficiencies in investment conditions in Amhara Region over the past years, the present research project has the twin objectives of broadly canvassing the FDI climate and devising effective interventions that would better attract future foreign direct investment.

In terms of reforms in the investment regime, the Federal Government of Ethiopia in September 2019 unveiled its *Home-grown Economic Reform Plan* – a codified roadmap to implement sweeping macro, structural, and sectoral reforms, with a focus on enhancing the role of the private sector in the economy and attracting more foreign direct investment. The ambitious three-year plan prioritized growth in five sectors: mining, ICT, agriculture, tourism, and manufacturing. Following the declaration of this *Home-grown Economic Reform Plan*, a number of reforms were undertaken which were expected to increase the inward inflow of foreign investment.

According to interview data and survey responses, investors raised a number of problems, related to *skilled labour force, infrastructure, input and output markets, foreign currency access, credit access, security challenges, communication barriers and government bureaucracy* to get services. The chapter summarizes the specific problems encountered by investors and the local administration, based on key respondent interviews.

Recommendations to improve the conditions for FDI comprise first and foremost the bringing under control of the security situation (also for FDI firms) but also

better collaboration between regional government and the Federal Investment Commission, upgrading infrastructure, and training a better labour force oriented towards the emerging industrial firms' needs.

3.1 Background

3.1.1 Introduction

Within the broader objectives of creating job opportunities, promoting export performance, enhancing transfer of technology, increasing managerial and organizational skills and ultimately attaining sustainable economic growth and structural change (cf. Emako et al., 2022), national governments tend to attract FDI to their country. As a mechanism to do this, host countries provide a comprehensive set of investment incentives in priority sectors. With this in view, Ethiopia also has developed a comprehensive set of incentives for foreign (and local) investors, such as customs duty payment exemption on capital goods and construction materials and income tax exemption for firms, especially in priority economic sectors (for an overview, see: Habtamu, 2018). More recently, the federal government made progress on its ambitious economic reform agenda. For example, in 2020/21, it revised its sixty-year-old Commercial Code, enacted a new investment regulation, began steps to sell two Telecom spectrum licenses to foreign operators, and developed a financial sector liberalization roadmap (UNCTAD, 2022).

In September 2019, the Government of Ethiopia also unveiled its *Home-grown Economic Reform Plan*¹³¹ as a codified roadmap to implement sweeping macro, structural, and sectoral reforms. The focus was on enhancing the role of the private sector in the economy and attracting more foreign direct investment to boost the national economy. This ambitious three-year plan prioritized growth in five sectors: mining, ICT, agriculture, tourism, and manufacturing. Moreover, in December 2019 the IMF approved a three-year USD 2.9 billion program to support the reform agenda (Reuters, 2019¹³²). This plan also sought to reduce public sector borrowing, rein in inflation, and reform the exchange rate regime.

Although tremendous effort and collaboration were made to promote FDI, Ethiopia's imports in the last four years (2018-2022) experienced only a slight decline,

131 See: <https://newbusinessethiopia.com/economy/ethiopia-eyes-becoming-africas-prosperity-icon-by-2030/>. The full text of this plan (the 2020 public version) is downloadable at www.mofed.gov.et.

132 See: www.reuters.com/article/imf-ethiopia-idUSL1N28V003.

in large part due to a reduction in public investment programs and in consumption of imported items, and to a dire foreign exchange shortage. With the exception of a few sectors, export performance remained weak, as the country struggles to develop more diversified exports beyond primary commodities like coffee, gold, and oil seeds. The overvalued exchange rate of the Ethiopian *birr* and illicit trade have also hampered official exports. The acute foreign exchange shortage (the *birr* is not a freely convertible currency) and the absence of capital markets are choking private sector growth. Companies often face long lead-times importing goods and dispatching exports due to logistical bottlenecks, corruption, high land-transportation costs, and bureaucratic delays. Ethiopia is not a signatory of major intellectual property rights treaties. Ethiopia's rank in the World Bank's 'Ease of Doing Business Index' of 2020 was 159 out of 190 economies (Statista, 2021), a metric indicative of the myriad challenges facing any investor in the country. Furthermore, in 2020-2022, the investment climate in Ethiopia was also seriously challenged by the COVID-19 pandemic, a severe locust infestation, localized unrest in several parts of the country, political tensions, and a devastating armed conflict in the northern part of the country (cf. US Embassy in Ethiopia, 2022).

The Amhara Region being the second largest region in Ethiopia next to the Oromia Region both in terms population size and third in total land area, is found to be the lowest recipient of FDI per capita in Ethiopia to date.

It is widely acknowledged that FDI in developing countries once tended to concentrate almost entirely on their natural resources (UNCTAD, 2014, pp. xvi, xxi, 43). Resource seeker investors from the developed world looked for countries endowed with natural resources that could serve as input for their production. Investors seek suitable investment infrastructure, a stable economy, a secure investment environment, and investment-friendly policies and regulations. Pursuant to this, it is desirable and advisable for host countries to identify and fix challenges that influence the attraction and smooth functioning of the investment projects.

Given the weak performance of the Amhara Region in attracting FDI on the one hand and the increasing number of young job seekers in the region on the other, this policy research study has addressed an area of strategic importance to the region. It cast a macro-perspective on identifying the challenges facing existing investors in the region. The research project hopefully will contribute to identifying the elements that can enhance the economic growth of the region and by extension the Ethiopian economy – with a focus on addressing the ailing investment conditions in the Amhara Region.

3.1.2 Objective of the Study

This study provides an evidence-based analysis for investors and policymakers to undertake informed decision in their investment endeavours. More specifically the study was designed to explore the barriers that seriously hinder the FDI environment. Given the gaps in the investment conditions in the Amhara Region over the past years, the research project had the twin objectives of broadly canvassing the assessment of the FDI climate and devising effective interventions that would attract more foreign direct investment. Generally, this study was designed to gain an understanding of the overall business climate for FDI in the Amhara Region.

3.1.3 Relevance

It is widely acknowledged that investment, notably FDI, is central to growth and sustainable development. It expands an economy's productive capacity and drives job creation and income growth (Haroon & Nasr, 2011). Recognizing this, governments around the world have strived to create awareness of existing investment opportunities, attract investors that can foster job creation and productivity growth, and facilitate their establishment and expansion in the economy. This research project is an important and relevant endeavour for the regional government to get more insight into how to better promote investment activities by identifying critical factors that influence the inward flow and smooth functioning of FDI in the region.

3.1.4 Methodological Issues and Research Approach

The sources of data for this study are both primary and secondary: a) A document review. The report reviewed the most recent (2017-2022) studies, plans, performance reports, investment guidelines, policies, regulations, international agreements, and other research papers related to this area (mostly not published, and not listed here). In addition, magazines, academic journals, and other electronic and print media were selectively reviewed; b) Key informant interviews of higher officials of investment projects as well as zonal and regional level investment bureau heads and officers from the federal investment commission and industrial parks. Data was also collected through observation, and a survey questionnaire with the appropriate stakeholders.

As to the research approach, this project employed qualitative research methods to collect and analyse the required empirical data. Specifically, qualitative methods, such as the in-depth interview and focus group discussion are appropriate for extracting interpretive insights from a small set of informant observations

(Hennink, Hutter & Bailey, 2020). Additional data were collected via a survey questionnaire with the appropriate ‘stakeholders’. Finally, a desk review was done to gain understanding of the existing procedures and reforms associated with foreign investment (cf. Sileyew, 2019).

3.2 FDI in Ethiopia: Some Figures and Backgrounds

3.2.1 Introduction

From 2011 to 2021, FDI in Ethiopia reached USD 649.87 million, attaining an all-time high of USD 1906.70 million in the second quarter of 2021. In 2011, there was still a record *low* of USD 151.90 million in the third quarter. While until 2019 Ethiopia saw steady FDI growth, according to UNCTAD’s *World Investment Report 2021*,¹³³ the FDI inflows to Ethiopia in 2020 declined by 6% to USD 2.4 billion, and this figure decreased further with 4.3% by 2021.¹³⁴ According to the UNCTAD’s *Investment Trends Monitor*, the global FDI flows rebounded strongly in 2021, but FDI flows to African countries (excluding South Africa) rose only moderately; the total inflow of FDI in 2021 in Ethiopia then increased to USD 4.3 billion. The country was a central hub for China’s ‘Belt and Road Initiative’, partly responsible for the FDI flow rise of 79% (to USD 4.3 billion). Hence, the largest volume of FDI in Ethiopia comes from China, followed by that from Saudi Arabia and Turkey.

Table 3.1
Global FDI (2018-2020)

Foreign Direct Investment	2018	2019	2020
FDI Inward Flow (million USD)	3,310	2,549	2,395
FDI Stock (million USD)	22,407	24,956	27,351
Number of ‘Greenfield’ Investments (see footnote 136)	29	32	11
Value of ‘Greenfield’ Investments (million USD)	6,577	1,908	479

Source: UNCTAD, 2021¹³⁵

133 See: https://unctad.org/system/files/official-document/wir2021_en.pdf.

134 Ethiopia was in the top-5 list of countries attracting FDI in Sub-Saharan Africa in the past decade. In 2021 the total FDI in Sub-Saharan Africa was USD 72.01 billion (<https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?locations=ZG>). See also for Ethiopia: <https://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS?locations=ET>.

135 See: World Investment Report 2021 | UNCTAD.

Table 3.2

Country Comparison for the Protection of Investors

Country Comparison for the Protection of Investors	Ethiopia	Sub-Saharan Africa	United States	Germany
Index of Transaction Transparency	3.0	5.5	7.0	5.0
Index of Shareholders' Power	2.0	5.5	9.0	5.0

Source: Doing Business, 2020¹³⁶

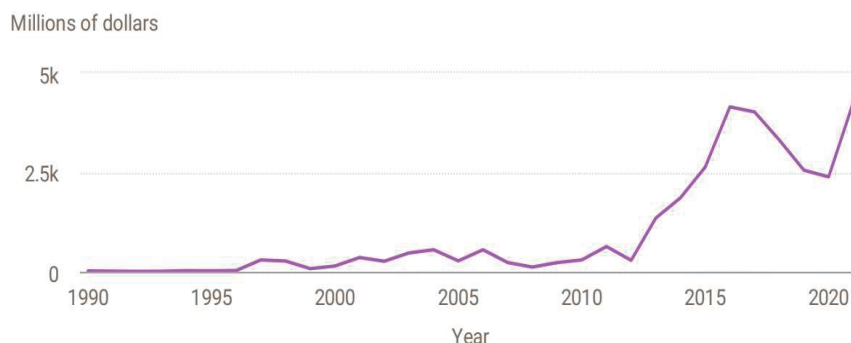


Figure 3.1

FDI inflow trend to Ethiopia

UNCTAD, 2021 (See also the World Bank figure, in footnote 108)

As general background information, we present here the new phenomenon of industrial parks in Ethiopia (including in Amhara Region) that characterize the new landscape for FDI in the past 15 years or so.

The Ethiopian federal government has over these past years developed 13 industrial parks (IPs) nationally. There are four industrial parks in the Amhara Region: in Bahir Dar, Debre Birhan, Kombolcha and in Bure (the 'integrated agro-processing park'). A total of 16 foreign investors were operating in these four industrial parks up to 2022. From 1994-2022, a total of 345 foreign investors in the Amhara Region (outside and inside the IPs) have been active, with a total invested capital of ETB (*birr*) 115,945,291,720 in 2022.¹³⁷ Of the total investment projects as a form of FDI, 138 of them were then in the operational stage, 100 in implementation, and 107 in a pre-implementation phase (as of mid-2022). Over the past five years (2017-2022) the total of 'greenfield' investments comprised 113

¹³⁶ See: World Bank (2020), *Economy Profile Ethiopia. Doing Business 2020* (<https://archive.doingbusiness.org/content/dam/doingBusiness/country/e/ethiopia/ETH.pdf>).

¹³⁷ At the present rate, ca. USD 2,01 billion.

companies. A total of 84,709 permanent and 42,110 temporary employees were working in these companies.

The Investment Proclamation 1180/2020, Investment Regulation 474/2020, and the 'one stop service procedure' were among the major legal measures put in place in the country to facilitate the investment process. As a result, at the federal level, various investment services were facilitated at the Federal Investment Commission's head office and at their new one-stop service centre, such as: the issuance of investment permits, business licenses, commercial registration certificates, work permits, trade registration, agreements on technology transfer, notarizing memorandum and articles of association, custom duty exemption issuance, TIN issuance, and new business licensing. However, one of the problems with regard to these reforms is that all the jurisdictions to administer foreign investment is solely given to the *Federal Investment Commission*, while the main investment activities are (to be) undertaken in the various *Regional States*. Moreover, the structure of the regional government is not always in line with the rules and procedures of the Federal Investment Commission. The Regional Investment Commission in the Amhara Region is organized within the Regional Industry Bureau. But most decisions related to foreign investment are made by the Federal Investment Commission. Investors often complained that there was a lack of coordination and cooperation between the federal and regional Governments. The Amhara Regional Investment Bureau for its part has established satellite offices in Gondar, Dessie, Debre Markos and Debre Birhan to promote its investment activities. Moreover, there is an assigned liaison office in Addis Ababa responsible for facilitating the investment process at the federal level.

In 2019, the total inward flow of FDI to Ethiopia as a whole was USD 4.07 billion in 2017, USD 3.3 billion in 2018, and USD 2.5 billion, whereas this further declined to USD 2.38 billion in 2020. In 2021 however, Ethiopia, ranked among the top five FDI destinations in Africa, saw investment flows rise to USD 4.3 billion in that year (UNCTAD *World Investment Report 2022*, p. 36).

3.2.2 FDI Figures in Amhara Region (to 2022)

From 1994-2022 there were a total of 345 foreign investors in the Amhara Region, with a total invested capital of ETB 115,945,291,720. Of the total investment projects as a form of FDI, 138 of them are (in 2022) in the operational stage, 100 in implementation, and 107 in pre-implementation phase. Over the past five years

(2017-2022) the total of ‘greenfield’ investments¹³⁸ turned out to be 113 companies. This is the third largest investment volume, next to Addis Ababa with 3100 investment projects and Oromia with 1862 investment projects. A total of 84,709 permanent and 42,110 temporary employees are working in these companies.

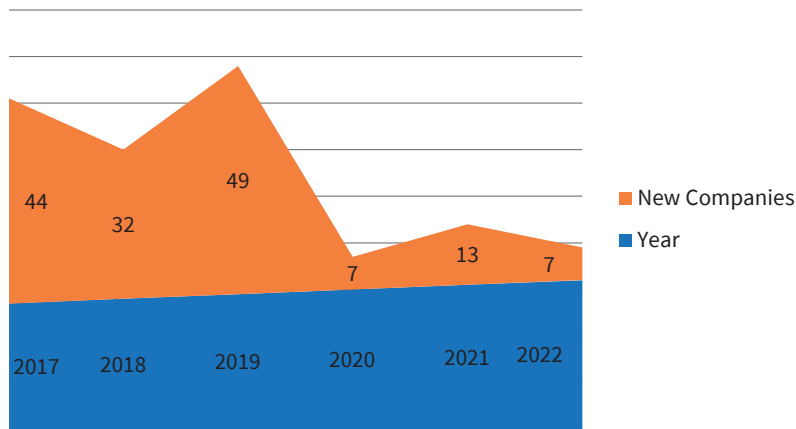


Figure 3.2
Number of new foreign investors by year (2017-2022)
 Flow of new FDI in number of companies over the past five years in Amhara Region
 Source: Ethiopian Investment Commission, 2021

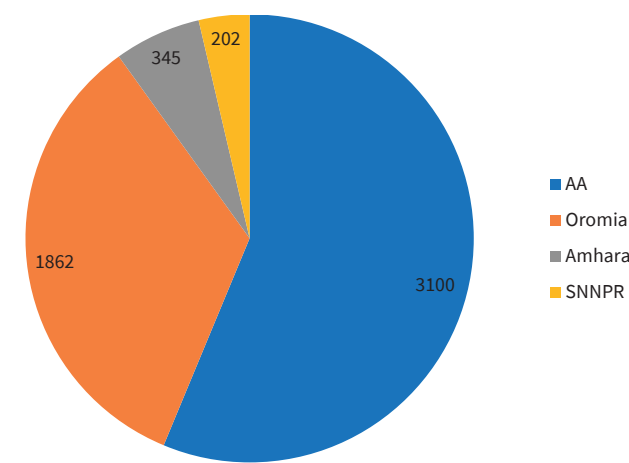


Figure 3.3
Distribution of investment projects by major Regional States in Ethiopia
 Source: Ethiopian Investment Commission, 2021

138 A ‘greenfield investment’ is a type of FDI in which a parent company creates a subsidiary in a different country, building its operations from the ground up. Cf. <https://corporatefinanceinstitute.com/resources/management/greenfield-investment/>.

The Amhara Regional Investment Bureau: Duties and Responsibilities

There is also a Regional investment bureau dedicated to undertaking the major operational services for FDI, including making land available for investment. However, as mentioned before, one of the problems with regard to foreign investment is that all the jurisdictions to administer FDI are given to the *Federal Investment Commission*, although the main investment activities are (to be) undertaken in the region. For example: Article 4 (1) of the Investment Proclamation 1180/2020 states that the administration of the following investments shall be under the jurisdiction of the Ethiopian Investment Commission (EIC):

- a Wholly foreign-owned investments;
- b Joint investment made by domestic and foreign investors; and
- c Investment made by a foreign national, not Ethiopian by origin, who is treated as a domestic investor pursuant to Article 2(5) paragraphs (f) to (i) of this Proclamation; and article 4(1) C of the same proclamation states that appropriate investment organs of Regions shall have jurisdiction to administer investments other than those specified under Sub-articles (1) and (2) of this Article.

As indicated in this Proclamation 1180/2020, all activities pertaining to FDI are solely undertaken by the Ethiopian Investment Commission, and local investment bureaus have or no little influence on FDI management. The structure of activities of the regional government regarding investments is not in line with the Federal Investment Commission. The Regional Investment Commission is organized with the Regional Industry Bureau. Regional trade bureaus do not have information about the FDI investment activities; most decisions are made by the Federal Investment Commission. This problem of a lack of say over investment conditions and decisions locally, in the Amhara Region, is also experienced in Oromia Region.

3.3 The Ethiopian Investment Climate and Regulations: a Brief Desk Literature and Document Review

For the purpose of gaining an initial understanding of the climate for foreign investment climate and existing situations related to FDI, a desk review of existing policies and recent government reforms was undertaken. The result of this desk review can be summarized as follows.¹³⁹

139 Not all the (unpublished) sources for this overview are indicated here.

- *The Federal Investment Commission*

To facilitate the foreign investment process, there is an autonomous government institution at the federal level, the aforementioned Ethiopian Investment Commission (EIC), accountable to a federal board, chaired by the prime minister. In its present form, it largely dates from the previous (EPRDF) government.

The Ethiopian Investment Commission, headquartered in Addis Ababa, has the mandate to promote and facilitate all foreign investments in Ethiopia. To accomplish this task, the EIC is charged with: 1) promoting the country's investment opportunities to attract and retain investment; 2) issuing investment permits, business licenses, and construction permits; 3) issuing commercial registration certificates and renewals; 4) negotiating and signing bilateral investment agreements; 5) issuing work permits; and 6) registering technology transfer agreements. In addition, the EIC has the mandate to advise the government on policies to improve the investment climate and hold regular and structured public-private dialogues with investors and their associations. At the local level, Regional investment agencies facilitate regional investment.

- *Jurisdiction*

According to Proclamation No. 1180/2020, the Federal Ethiopian Investment Commission (EIC) is established with the jurisdiction of administering the following investment activities: a) Wholly foreign owned investments; b) Joint investments made by domestic and foreign investors; c) Investments made by a foreign national, not Ethiopian by origin, who is treated as a domestic investor pursuant to Article 2(5) paragraphs (f) to (i) of this Proclamation; and d) Investments made in areas eligible for incentives by a domestic investor who is required to obtain a business license from an appropriate Federal body. Notwithstanding the provisions of Sub-article (1) of this Article, the issuance, renewal, amendment, substitution, replacement and cancellation of investment permits, and the issuance of investment expansion or upgrading permits for air transport services, the generation or transmission or distribution of electric power, and the provision of communications services is to be carried out by the Ethiopian Civil Aviation Authority, the Ethiopian Energy Authority, and the Ethiopian Communications Authority, respectively, representing the Commission.

- *Reforms over the Past Four Years*

The EIC has been undergoing a number of regulatory reforms over the past four years, which are relevant for attracting foreign investment. As a result, the investment proclamation, the investment regulation and other service delivery standards/documents were rephrased or amended, among which the Investment Proclamation 1180/2020, Investment Regulation 474/2020, and the one-stop-ser-

vice procedure¹⁴⁰ (on the level of the EIC *and* the regions' investment offices), reformed to facilitate the investment process.

- *Business Facilitation*

For facilitating business registration and licensing issues, the EIC has clearly shown the steps and necessary documentation for the different type of services it provides. For example, in the online portal (www.invest-ethiopia.com) for business registration services, it facilitates the issuance of investment permits, business licenses, commercial registration certificates, work permits, trade registration, agreements on technology transfer, notarizing memorandum and articles of association, custom duty exemption issuance, TIN issuance, renewal of business license, etc.

- *One-stop Service*

To further facilitate the investment process, the EIC has attempted to establish itself as a 'one-stop shop' for foreign investors by acting as a centralized location where investors can obtain almost all services in a one-stop- shop, including obtaining the visas, permits, and paperwork they need, thereby reducing the time and cost of investing and acquiring business licenses. The EIC worked with international consultants to modernize its operations, and as part of its work-plan adopted a customer manager system to build lasting relationships and provide post-investment assistance to investors. The Government of Ethiopia is thus working to improve business facilitation services by making the licensing and registration of businesses easier and faster. For example, in February of 2021, the Ministry of Trade and Industry launched an eTrade platform (<https://etrade.gov.et>) for business registration licensing to enable individuals to register their companies and acquire business licenses online. This service was being implemented in the Amhara Region starting in July 2022. The amended commercial registration and licensing law eliminates the requirement to publicize business registration in local newspapers, allows business registration without a physical address, and reduces some other paperwork burdens associated with the registration.

The Ethiopian Investment Commission also established the Industrial Parks Corporation, to facilitate and offer one-stop-shop services at industrial parks to investors operating there. They provide the following services to investors: processing and issuance of investment permits, commercial registration certificates, issuance of business licenses and of work permits, registration of trade or firm name, agreements, assigning of tax identification numbers, notarization of MoUs (Memorandums of Understanding) and AoA (Articles of Association), providing of customs duty exemptions, customs clearance in IPs, banking services, etc.

140 See: Art. 24 of the Investment Proclamation No. 1180/2020.

Despite progress, the EIC readily admits that many bureaucratic barriers to investment remain. For example, some investors reported that the EIC, as a federal organization, has little influence at the regional and local levels. According to the 2020 World Bank's *Ease of Doing Business Report*, on average, it takes 32 days to start a business in Ethiopia. In this report Ethiopia was ranked 159th worldwide for ease of doing business, which is the same position that the country occupied a year earlier.

Nevertheless, Ethiopia made progress in registering properties. Among others, the country improved the quality of its land administration system by publishing the official list of documents required for property registration. Significant progress was made in terms of providing transport infrastructure and electricity production, which improved Ethiopia's attractiveness. The impending privatization of the state-owned railway, maritime services, air transport, logistics, electricity, and telecommunications sectors is expected to boost private investment, as is the creation of more 'special economic zones'. The new investment law adopted in 2020 should also further strengthen the business environment. The country benefits from abundant and low-cost trainable labour, and enjoys a strategic location giving access to lucrative markets in the Middle East and Europe (but it depends on Djibouti port for its access to the Red Sea and Suez Canal).

- *Industrial parks in Amhara Region*

To create a conducive investment environment, specifically by providing an integrated service to manufacturing companies, the Ethiopian federal government has developed 13 industrial parks. As noted, four of them are found in the Amhara Region. The first is the Bahir-Dar Industrial Park (75 hectares). It is 560 km from Addis Ababa and started operations in 2020, with at least eight factory sheds rented out to one Chinese company. It specializes in apparel and garments, focusing on 100% exportable products.

The second is the Debre Birhan Industrial Park (100 hectares), 130 km. from Addis Ababa. It started operations in January 2019, with 8 factory sheds rented out to different investors from Spain and China. It also specializes in apparel and garments and equally produces 100% exportable products.

Kombolcha Industrial Park (75 hectares) is located in Kombolcha, a town 380 km north from Addis Ababa. It started operations in 2017, with 9 factory sheds rented out to different investors from the USA, Turkey, China, South Korea, and Italy. It specializes in apparel and textiles, also 100% exportable products, and the sheds are fully occupied. The park's factories have access to a domestic airport nearby.

Finally, there is the Bure Industrial Park, an 'Integrated Agro-Industrial Park' (IAIP), initiated in February 2021 in Bure town (in West Gojjam, planned to ex-

tend to ca. a 1000 ha.).¹⁴¹ It represents one of the main locations to support Ethiopia's agricultural production transformation from being fragmented and supply-driven to becoming organized, demand-led and quality-oriented. The Bure IAIP is the first among four pilot IAIPs and Rural Transformation Center facilities that the country plans to open. Bure IAIP was planned to focus on the processing of edible oil, maize, soya beans, honey, milk, meat, and horticulture products, as well as poultry and eggs. Currently, only local investors (15) have been involved and mainly in the production of edible oil.

■ *Reforms in investment incentives*

- *Taxation:* The Ethiopian tax system comprises direct and indirect taxes. Direct taxes include personal income tax, rental tax, withholding tax, and corporation tax, among others. The main types of indirect taxes are VAT, customs duty, excise and turn over taxes. Main taxes are summarized in the Table below.

Table 3.3
Main Taxes in Ethiopia

Type of Taxes	Rate
1 Corporate Income Tax	30%
2 Turn-over Tax	2% and 10%
3 Excise Tax	10% up to 100%
4 Customs Duties	0% up to 35%
5 Income Tax from Employment	0% up to 35%
6 Withholding Tax	2%
7 Value-added Tax (VAT)	15%
8 Export Tax	Nil (with exception of hides and skins – 150%)
9 Royalty Tax	5%
10 Dividend Tax	10%

– *Business Income Tax Exemption in the Manufacturing Sector*

The Ethiopian Investment Commission has provided business income tax exemptions with differentiations based on sub-sector and location of the investment project. Exemption up to six years can be granted for manufacturing food, textile, leather, chemicals, metalware, machinery, and vehicles, and less than six years for other industries. Examples: in the agricultural sector there

141 See: <https://ethiopia.un.org/en/177340-unido-government-representatives-visit-bure-integrated-agro-industrial-park>.

is exemption up to six years for crop production; up to four years for animal production and mixed farming; up to nine years for investment in forestry; and up to ten years for horticulture development in special cluster zones with at least 80% export, identified by the government.

- *Loss carry forward for up to five years*

Loss incurred during the income tax exemption period can be carried forward for half of the exemption period after expiry, the maximum limit being five income tax periods. There is Personal Income Tax (PIT) exemption for expatriate employees for up to five years for expatriate employees of sourcing companies located in industrial parks.

- *Customs Incentives*

The government also offers exemption from customs duties and other taxes (VAT, surtax, and withholding and excise tax) on imported capital goods. Furthermore, exemption from customs duties and other taxes (the VAT, surtax, withholding and excise tax) on imported construction materials.

Exemption from customs duties and VAT, surtax, and withholding and excise tax can also be granted on imported spare parts. For industrial park developers and enterprises (manufacturers with 100% export), there is no time or value limitation. For other manufacturers and investments in agriculture, there is no time limit either, but the value should not be more than 15% of the total value of the capital goods. For other investors eligible to import capital goods duty-free, there is a time limit of five years from the date of issuance of the business license, and the value should not be more than 15% of the total value of the capital goods.

Automatic exemption/zero duty and other taxes – the VAT, surtax, withholding and excise tax – is given on imported spare parts to textile and apparel and leather and leather products manufacturers.

Moreover, there is exemption from customs duties and the other taxes (see above) on imported vehicles. The type and number of vehicles that can be imported duty-free varies depending on investment sector, size, nature and location of investment (within Vs outside industrial parks). Types of vehicle include: pickups, minibuses, cargo trucks, SUVs, hybrid SUV-like, and special purpose trucks (crane trucks, garbage trucks, ambulances, fire trucks, refrigerated trucks, etc.).

- *Export trade incentives*

This covers exemption from customs duties and other taxes on all imported raw materials and accessories – including packaging materials (used for export processing). Exemption from customs duties and other taxes (VAT, sur-

tax, and withholding and excise taxes) on the import of raw materials needed for test-run production (sample production for issuance of business license).

– *Port services*

Currently, more than 95 percent of Ethiopia's trade passes through the port of Djibouti, with residual trade passing through the Somaliland port of Berbera or through Port Sudan. Ethiopia concluded an agreement in March 2018 with the Somaliland Ports Authority and DP World to acquire a 19 percent stake in the joint venture developing the port of Berbera. The agreement will help Ethiopia secure an additional logistical gateway for its increasing import and export trade. Following the July 2018 rapprochement with Eritrea, the Ethiopian government also has the opportunity of accessing an alternative port at either Massawa or Assab. As of 2022, however, land borders with Eritrea remained closed, and little progress has been made to operationalize alternative logistics corridors in Eritrea.

One *dry port* service was recently started in the Amhara Region at Woreta town. This dry port for containers was designed to connect both the flow of materials through Sudan and Djibouti. Moreover, a green channel is given to investors who have the privilege of importing duty-free products. In addition, on-site visits and inspection of imported products for export can be done by custom officers and investors so as to minimize the delaying of the materials at the ports. A maximum of 15 days is given for importers to lift their imported materials off the port and a standard of four hours is set by the custom authority to complete the custom procedures for imported materials.

– *Financial incentives*

Skills development and retention cost-sharing grants for domestic industrialists (matching grant for training of local personnel) is envisaged. Furthermore, government cost sharing on labour recruitment and training that ranges from 25%-85% from year 1-4 is offered.

As a precondition, domestic industrialists are expected to apply sound management practices and ensure the retention of the trained labour force. Cost of training new personnel, upon departure of trained ones, will be fully covered by the employer. Skills development and retention cost-sharing grant is given for domestic industrialists (matching grant for recruitment of expatriates). The cost-sharing on recruitment of expatriate managers and special technicians ranges from 25%-85% from year 1-4.

Domestic industrialists who are beneficiaries of the above incentives are expected to match to at least 75% productivity by foreign investors operating in same industrial park in year one, and raise performance to 85% and 100% in years two and three, respectively.

– *Land Allocation*

All land in Ethiopia is legally public (state) property. Individuals, companies and other organizations can, however, acquire the right to use land. There are two broad classifications of land for rent or lease purposes: rural land, mainly used for agricultural purposes, and urban land, mainly used for industrial purposes or other activities. Land lease or rental rates differ from location to location.

– *Bilateral Investment Agreements and Taxation Treaties*

Ethiopia is a member of the Multilateral Investment Guarantee Agency (MIGA) and it has bilateral investment and protection agreements with Algeria, Austria, China, Denmark, Egypt, Germany, Finland, France, Iran, Israel, Italy, Kuwait, Libya, Malaysia, the Netherlands, Sudan, Sweden, Switzerland, Tunisia, Turkey, and Yemen. Other bilateral investment agreements have been signed but are not in force with Belgium/Luxemburg, Brazil, Equatorial Guinea, India, Morocco, Nigeria, South Africa, Spain, the United Kingdom, and the United Arab Emirates. Ethiopia signed a protection of investment and property acquisition agreement with Djibouti.

A Treaty of Amity and Economic Relations, which entered into force in 1953, governs economic and consular relations with the United States.

– *Laws and Regulations on Foreign Direct Investment*

The Investment Proclamation 1180/2020 and the Regulation 474/2020 are Ethiopia's main legal regime statutes related to FDI. These laws instituted the opening of new economic sectors to foreign investment, enumerated the requirements for FDI registration, and outlined the incentives that are available to investors.

The investment law allows foreign investors to invest in any investment area except those that are clearly reserved for domestic investors. A few specified investment areas are possible for foreign investors only as part of a joint venture with domestic investors or the government. The Investment Proclamation has introduced an Investment Council, chaired by the prime minister, to accelerate implementation of the new law and to address coordination challenges investors face at the federal and regional levels. Furthermore, the new law expanded the mandate of the EIC by allowing it to provide approvals to foreign investors proposing to buy existing enterprises. The EIC now also delivers 'one-stop-shop' services by consolidating investor services provided by other ministries and agencies. Still, the EIC delegates licensing of investments in some areas: air transport services (the Ethiopian Civil Aviation Authority), energy generation and transmission (the Ethiopian Energy Authority), and telecommunication services (the Ethiopian Communications Authority).

- *Bankruptcy Regulations*

The Ethiopian Commercial Code (Book V) outlines bankruptcy provisions and proceedings and establishes a court system that has jurisdiction over bankruptcy proceedings. The primary purpose of the law is to protect creditors, equity shareholders, and other contractors. Bankruptcy is not criminalized. In practice, there is limited application of bankruptcy procedures due to a lack of knowledge on the part of the private sector.

According to the 2020 World Bank *Doing Business Report*, Ethiopia stood at 149 in the ranking of 190 economies with respect to resolving insolvency. Ethiopia's score on the strength of insolvency framework index was 5.0. (Note: The index ranges from zero to 16, with higher values indicating insolvency legislation that is better designed for rehabilitating viable firms and liquidating nonviable ones.) Investment Regulation 474/2020 retains the investment incentive provisions as outlined under the 2012 law. Accordingly, investors in manufacturing, agro-processing, and selected agricultural products are entitled to income tax exemptions ranging from two to five years, depending on the location of the investment. Additionally, investors in the areas of manufacturing, agriculture, ICT, electricity generation, transmission and distribution, and producers who produce for export or supply to an exporter, or who export at least 60 percent of the products or services, are entitled to an additional two years of income tax exemption.

- *Foreign Trade Zones and Free Ports*

The Industrial Park Proclamation 886/2015 mandates that the Ethiopian Industrial Parks Corporation develops and administers industrial parks under the auspices of government ownership. The law designates industrial parks as duty-free zones, and domestic as well as foreign operators in the parks are exempt from income tax for up to 10 years. Investors operating in the parks are also exempt from duties and other taxes on the import of capital goods, construction materials, and raw materials for production of export commodities and vehicles.

An investor who operates in a designated Industrial Development Zone in or near Addis Ababa is entitled to two years of income tax exemptions, and four more years of income tax exemption if the investment is made in an industrial park in other areas, provided 80 percent or more of production is for export or constitutes input for an exporter.

Industrial parks can be developed by either government or private developers. In practice, the majority were developed by the Ethiopian government with Chinese financing. As noted above, some years ago the government announced plans to construct a total of 17 industrial parks in various locations around the country. As of March 2021, there were 13 operational industrial parks, of which 3 of them in the Amhara Region. There are also industrial parks focused on agro-industrial

processing located at four sites across the country, among which one is located in Amhara Region, at Bure town (mentioned above).

– *Problems of corruption*

The Federal Ethics and Anti-Corruption Commission (FEACC) is charged with preventing corruption and is accountable to the Office of the Prime Minister. The Commission provides ethics training and education to prevent corruption. The Federal Police Commission is responsible for investigating corruption crimes and the Federal Attorney General handles corruption prosecutions.

The Attorney General's Office has a new and consolidated Anti-Corruption Directorate to recover stolen assets and fight corruption. The Directorate is empowered to enter into mutual legal assistance treaties (MLATs) and otherwise coordinate with foreign nations to fight corruption.

The Federal Police is thus mandated with investigating corruption crimes committed by public officials as well as public organizations. The latter are defined as any organ in the private sector that administers money, property, or any other resources for public purposes. Examples of such organizations include share companies, real estate agencies, banks, insurance companies, cooperatives, labour unions, professional associations, and others.

Transparency International's 2020 *Corruption Perceptions Index*, which measures perceived levels of public sector corruption in the world, rated Ethiopia's corruption score at 38 (the score indicates the perceived level of public sector corruption on a scale of zero to 100, with the former indicating highly corrupt and the latter indicating very clean). Its comparative rank on the list of 180 countries was in 2020 was 94, a two-point improvement from its 2019 rank. The American Chamber of Commerce in Ethiopia recently polled its members and asked what the leading business climate challenges were. Here 'transparency and governance' ranked as the 4th leading business climate challenge, ahead of licensing, registration, and public procurement.

Ethiopian and foreign businesses routinely encounter corruption in tax collection, customs clearance, and land administration. Many past procurement deals for major government contracts, especially in the power generation, telecommunications, and construction sectors, were widely viewed as affected by corruption.

Ethiopia is not a party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, but it is a signatory to the African Union Convention on Preventing and Combating Corruption. Ethiopia is also member of the East African Association of Anti-Corruption Authorities. It signed the UN Anti-Corruption Convention in 2003, which was eventually ratified in November 2007. In Ethiopia it is a criminal offense to give or receive bribes, and bribes are not tax-deductible.

3.4 Analysis of the Interviews

3.4.1 Introduction

In light of the above reforms, the views of investors and officials from the Investment Commission and the Industrial Parks Development Corporation were solicited via interviews and the result is presented below.

Personnel from five companies from industrial parks and four companies outside industrial parks participated in intensive interviews related to the challenges to foreign investment activity. Moreover, four officers from the Federal Investment Commission and two officers from the Regional Government Trade and Investment Bureau participated in the interviews. Interviews were conducted in Amharic for local officers and in English for foreign investors. In addition, an online questionnaire was developed and sent by email to elicit the views of other 31 investors. But only 16 of those approached responded to the online questionnaire. The questions were largely similar with those presented in the face-to-face interviews.

As explored during the interview sessions, particularly with investors, there were a number of constraints perceived for foreign investment, notably: the high interference of the state in the economy, the poor condition of infrastructure, difficulties related to land acquisition, strict foreign exchange controls, very high transaction costs, and the weakness of (administrative and legal) institutions. It was also often mentioned that the Ethiopian government kept exercising full control over the services sector. In general, the following issues were particularly raised by investors during the interview sessions as well as through their responses to the online questionnaire: problems of obtaining skilled labourers, problems related to input and output markets, problems of getting foreign currency access and credit access, infrastructure deficiencies, security challenges, communication barriers, and a difficult government bureaucracy to get services from. To 'triangulate' the views of the foreign investors, we used the interview data from local officers and the Federal Investment Commission. Moreover, secondary data from concerned offices (federal and regional investment offices) on investment regulations, and reports from the Development Bank of Ethiopia and Walia Capital have been used. The results of the interviews are summarily presented in the subsequent pages.

3.4.2 Problems Encountered by Investors

- *Problems of Obtaining a Trainable Workforce*

Investors complained that they are not in a position to acquire a skilled labour force that can cope with their working culture both technically and behaviourally. The trainable labour force members are not willing to work outside of *woreda*/zonal towns. On the other hand, there is a complaint from the government side that companies are not willing to pay decent wages for local employees; as a result, the trainable labour force is often not willing to work with them. Although there is a human resource manual to properly and uniformly manage the labour force by foreign firms particularly in industrial parks, the manual does not clearly indicate the minimum wage rate for foreign firms. Investors also complained that they are not in a position to get employees that match their technical requirements, such as agrotechnologists for agro-processing and other sectors, forcing investors to look for expatriate staff, with high wage rates. Foreign investors believe that labour productivity is low, and it is for this reason that foreign investors are not willing to pay decent wages for staff.

One investor said regarding skilled labour that: 'They (the graduates) believe that they are trained, but they are not skilled. TVET graduates are more skilled than degree or university graduates. But we can solve this with short-term trainings.'

- *Difficult Relationship between Federal and Regional Investment Offices*

There exists duplication of responsibility (Industrial Park heads, EIA-unit leaders, regional representatives at EIA, the separate investment liaison office for the Amhara Region with the regional industrial park office, and industrial park administrators inside the park), while it was observed that there is good coordination and provision of the one-stop service at EIA among customs, banks, investment registration, telecom, or water authorities. The regional and the federal EIC structure and service delivery are not the same. The intersection point/responsibility of the regional and the federal EIC is not clear with regard to FDI. The service delivery at the federal level is well-organized and relatively fast, whereas the service delivery at the regional level is very slow and yields many complaints, as it involves many stakeholders. Investors therefore complain that there is a lack of unity and of understanding between the federal and the regional government. The Amhara Region Investment Office in its 2021 report also confirmed that there is weak coordination with partners and also a failure to work together to develop memorandums of understanding. The Amhara Regional Investment Bureau has established satellite offices in Gondar, Dessie, Debre Markos, and Debre Birhan to promote its investment activities, and there is the assigned liaison office in Addis Ababa responsible to facilitate the investment process at the federal level. But the overall structure of cooperation between these levels is not optimal.

- *Problems of Credit Access*

There are two lease financing/credit companies in the Amhara Region: the Development Bank of Ethiopia and Walia Capital. While Walia Capital was established to support local investors through lease financing of capital goods up to ten million Ethiopian *birr*, the Development Bank of Ethiopia offers only credit access. According to the 2021 report of the Regional State Trade and Investment Bureau, only five companies received project lease finance services for a total of ETB 2.369 million. From this sum, 28 companies received ETB 827.2 million for project finance, and this included the *local* investors as well, and investors complained this is not sufficient funding. The regional government also admits this problem. Investors indicated that the EIC is not in a position to link investors with banks to get loans. They also complained that no credit was given towards ‘intellectual capital’; that is, fixed assets are needed as a collateral to get credit opportunities and get their business financed.

- *Security Challenges*

One of the critical issues raised by investors, particularly in and around the industrial parks, is the issue of investment security, as part of overall security. One investor said that ‘...people kill each other; the illegal use of guns is expanding’. The armed conflict in Tigray and the Amhara Region (2020-2023) and the subsequent fighting after April 2023 between federal forces and local armed elements critically affected production as well as the sale, and even the transport and distribution, of goods outside the factories. Manufacturing companies were even forced to stop production for months, which affected their profits and future growth. This is mentioned also in the Amhara Region six-months report of 2021, confirming that for more than six months, 45 rural *woredas* and city administrations in eight zonal and city administrations of the Region were declared war zones and saw the destruction of all investment industry offices. Investors also raised the problems as a result of COVID-19 effects on their businesses.

- *Lack of Foreign Currency*

Most investment projects depend on importing of basic raw materials and capital goods from abroad. This requires foreign currency (USD) to transact on the international markets. However, most investors complained that it usually took more than a year to get hard currency.

- *Infrastructure Problems*

Most of the investors involved in the survey complained that there is a persistent problem with the availability and quality of water and electricity, as there are frequent shortages. There is also road insecurity. In 2021, in Amhara Region 335

companies were identified as facing electric power problems, 231 facing road transport problems, and 100 water problems.

Investors at the industrial parks also complained about the availability of housing for their employees near the parks. Investors operating at the parks noted that the sheds are not compatible with properly housing their machines and with the operating procedures, and there is no flexibility among industrial park administrators to modify the sheds. Some of the informants complained that the industrial parks were still under construction and that their infrastructure was not complete. The industrial parks need strict follow-up and evaluation to make sure that they are providing the intended services for investors. The Regional government considers the infrastructural problems related to power, water, road and telecommunication as the major challenges facing the region's investment activity.

One of the officers at the Debre Birhan Investment Office indicated his concern about energy infrastructure problems and said that '...the government has constructed a sub-station which can generate enough power for the existing companies. But we have serious concerns for the companies arriving in the near future. We have also concerns about road infrastructure availability and quality. It needs a highway to connect Debre Birhan to Addis Ababa, because we have to deliver raw materials and finished products.'

The regional government indicated that they were working to solve such infrastructure problems, including electric power generation and telecom infrastructure problems, in collaboration with the responsible state organs. According to the World Bank's 2015 enterprise survey, 80% of enterprises in Ethiopia experienced electric power outages,¹⁴² which was much higher than the average in the Sub-Saharan region. Investors interviewed confirmed that electricity interruption still occurred at least once a day in their enterprise.

However, there is a cargo transport service from Bahir Dar airport to the destination areas, for exaple for perishable products like flowers to be exported to abroad. There is also an air transport service (airfield) in Kombolcha, one of the industry hubs in the region. A disadvantage is that the federal industry parks do not have treatment plants, and this brings other inconveniences for investors and the community.

■ *Community and government perception towards foreign investment*

There are also problems of mutual expectations and perception on the role and motivations of the (foreign) investors, with frequent expressions of distrust. One of the foreign entrepreneurs interviewed said:

142 A power outage is a short- or long-term state of electric-power loss in a given area or section of a power grid. It could affect a single house, building or an entire city, depending on the extent of the damage or cause of the outage. A power outage is also known a power failure, power blackout or simply a blackout.

I have been working here as a foreign investor for 19 years, declaring that we operate as a social enterprise, but it has never been accepted by the government authorities that I am adding to the country. Everyone is suspicious that I am 'taking away'...

There is a legal unit at the EIC with the responsibility of making foreign investors familiar with the country's laws and regulations and with reconciling national laws with international treaties and preparing and entering agreements. But this has not been entirely successful.

- *Communication barriers*

There are also more direct communication problems. The government has a policy that all their communication should be in Amharic, which thwarts the confidence of foreign businesses – who are forced to consult the significant legal documents relying on translations.

I have experienced the details changing from English, through Amharic, to Afan Oromo, depriving me of land for 5 years use without me realising until the year they claimed it back.

Foreign investors also indicated that they need much more orientation about the federal and regional investment policies and regulations. The legal department spokesperson at the Federal Investment Commission on his part said that they were working to promote, harmonize and familiarize the country's legal requirements and policies pertaining to foreign investment, and also that they were working to connect the foreign investors with regional governments.

- *Bureaucracy and Corruption*

Although the government claims that it has made a significant reform on improving the service delivery system with regard to investment, investors indicated their concerns that tax and audit rules and procedures are too subjective and prone to corruption. One of the measures of the 'ease of doing business' is the corruption (perception) index.¹⁴³ Other bureaucratic processes, for example regarding getting letters of credit and cargo operation problems, were also often raised and were said to demand (too) much additional time and resources.

On the other hand, one of the customs officers in the Bahir Dar branch indicated that special support is given to foreign investors. For example, the 'green channel' is given to investors who import duty-free products. On-site visits and inspection of imported products are done for investors rather than at the ports in order to

143 See: www.transparency.org/en/countries/ethiopia.

assist them in fast delivery of their imported goods, as standard goods are expected to be cleared of the customs process within four hours of arriving at the ports, and a maximum of four hours is given for imported goods to *stay* at ports.

- *Lack of Output Markets and Cost of Raw Materials*

Investors were right in fearing that being excluded from the USA's AGOA agreement¹⁴⁴ would create a challenge in their output market. This exclusion occurred in September 2021. For example, one of the investors at the Bahir Dar Industrial Park downsized its employees in early 2022 because of loss of output market access, and one other from Hong Kong left the Park.¹⁴⁵ The investors called for the government to look for other agreements and routes that could help them find other markets for selling their output. The high cost of materials and unavailability of input materials, an inconsistent and unpredictable product and raw materials market, coupled with foreign currency shortages, poses constant challenges for foreign investors to cope with. There is also a concern among the investors about raw material shortages because investment promotion and promises by the government authorities are not based on real data supported by preparatory study.

3.5 Conclusions and Recommendations

It has been well noted that FDI can create greater job opportunities, increase the visibility of a country's products in the international market and bring about trade balance. At the Ethiopian federal level, and as part of the 2018 'Reform Agenda', various reforms have been introduced, such as a new investment proclamation, investment regulation, business facilitation, electronic trade facilitation services, electronic tax services, and one-stop service procedures, and they are promising even in the view of investors. But at the regional level more effort is needed to support foreign investors. All the activities have to be directed towards attracting more quality and competitive foreign investment. In the current situation, as indicated in the discussion above, it is difficult to get FDI performance data for the Amhara Region, as all reporting is forwarded to the federal investment and trade offices. Regional governments do not even have complete information about the performance of the foreign companies. As we saw, most of the investment process is undertaken by the federal government, and there is a lack of coordination

144 The African Growth and Opportunity Act, dating from 2000 (in President G.W. Bush's administration) and renewed in 2015. Under certain conditions, it allowed duty-free access to the US market for a wide range of products made in Africa.

145 One foreign manufacturer for this reason left the park in 2022; see www.thereporterethiopia.com/29783/.

between the federal and regional governments. Reliable infrastructure, such as electric power, water supply and roads, is still a problem for most of the investors in the Amhara Region.

Recommendations

Recognizing the role of FDI in promoting the regional economy, the government of the Amhara Region needs to be more sensitive in solving problems and designing strategies. More specifically:

- The regional government has to work in collaboration with the Federal Investment Commission to attract more competitive projects.
- As local security in the region is one of the challenges for foreign investors, solving regional/local conflicts and disagreements (through dialogue) is critical at this time to create a more conducive environment for business.
- The regional government has to maintain the development of strong investment security force to protect investment projects from damage and other crimes.
- The regional government within its capacity has to improve both the quality and accessibility of infrastructures.
- Moreover, the regional government has to lobby the federal organs to improve investment infrastructure.
- With regard to availability of skilled labour force that is suitable for foreign industries, the regional government can enter contractual agreements with training institutions in the region, such as TVET colleges, universities and special education and training institutions – like agricultural colleges – to train the available labour force according to industry needs. A pre-industry tailored training can be arranged with these institutions. Moreover, the Regional government can arrange internship programme with industries to help graduates equip themselves with technical skills.
- Finally, more coordination is needed between the federal investment commission and the regional investment bureau.

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4

Practices and Problems of Youth Employment in Micro and Small Enterprises: an Exploratory Study of the Case of Oromia Regional State

Awalu Abdi

Abstract

This exploratory study assesses the practices and problems of youth employment policy via micro- and small enterprises (MSEs), in Oromia Regional State, Ethiopia. The study used a mixed methods research approach. A descriptive and explanatory research design was used to assess the variables. Multi-stage analysis, clustering, and random sampling techniques were used. Primary and secondary data were collected from the study respondents, using questionnaires and key informant interviews. They were interpreted via descriptive analysis, by providing percentages, means, and standard deviations. The analysis also used some basic inferential statistic techniques such as multiple regression, using the statistical package for social sciences (SPSS) version 20. Data are presented using charts and tables.

The study revealed that specific underlying societal causes of youth unemployment were: continued rural-urban migration (related to high population growth), poor entrepreneurship skills, job selectivity and lack of a 'hard work' ethic, the nature of the university education being delivered, and the mismatch between skills and the labour market. It was further found that respondents identified the following key attitudinal problems hindering successful youth employment in MSEs, in order of their magnitude: personal problems, leadership problems, operational problems, and 'typical problems' in the context of the regional administration.

Based on the study findings it was concluded that these problems and causes had a significant and lasting impact on youth employment opportunities in MSE in Oromia Regional State, of which much was initially expected in recent reform policy initiatives. Accordingly, enhancing government support in creating job op-

portunities, providing skills development training for youth, enhancing growth and productivity of MSEs and improving collaboration with relevant stakeholders were recommended to tackle problems of youth employment in MSEs.

4.1 Introduction

4.1.1 Background of the Study

Unemployment is generally described as the condition of people of working age being without paid jobs. The International Labour Organization (ILO, 2007) defines it formally as the number of the economically active population (the labour force) who are without work, but available for and seeking work, including people who have lost their jobs and those who have voluntarily left work.¹⁴⁶ According to Tang (2009), unemployment exists when those in a country's labour force wish to work but cannot get jobs. Specifically, youth unemployment is becoming an increasingly troublesome issue in many parts of the world, including Ethiopia, and this is the focus of this exploratory study.

Unemployment is one of the causes of several other socioeconomic problems in most countries in the world. It has long been a feature of the urban domain in many countries, including in Ethiopia (cf. Haile 2003). Youth unemployment has a serious effect not only on the living standards of people (and on psychological, socioeconomic and physical wellbeing), but also on the socioeconomic status of a nation as a whole (Fitsum, 2014). While *not all* youths of a country will be job-seeking or unemployed because the majority are in high school and other educational facilities, a substantial number will not have the opportunity to continue education and thus seek work. For our purposes here, we provisionally define 'youth' as the population group *between the ages of 14 to 24* (the age of secondary, vocational, and/or higher education), although in practice this age limit could be extended to 34. Not all youths therefore belong to the relevant category of 'working age population', but those who have difficulty in finding paid jobs are part of it.

A World Bank report of 2009 identified youth unemployment as a social problem posing major challenges to most African governments, irrespective of their stage of socioeconomic development. As explained by Adejumola and Tayo-Olajubutu (2009), cited in Tesfaye (2015), unemployment has been popularly identified as one of the major causes or correlates of 'social vices', including prostitution and

¹⁴⁶ See also: <https://databank.worldbank.org/metadataglossary/jobs/series/SL.UEM.TOTL.ZS>.

criminal activity aimed to generate money (robbery, kidnapping, etc.) as well as sociopolitical instability.

On the other hand, according to Murray (2012), young people's families put their hope on school education of their children and invested their scarce resources in the promise to overcome poverty and lead to a better life through attaining formal education. Many could not achieve it because many of the young people remain unemployed.

The rates of youth unemployment are the outcome of various social, economic and demographic factors. Research conducted by Gomez-Salvador and Killinger (2008) found that inadequate information and counselling, limited access to resources and services, discrimination on the basis of age, sex, health, family's economic status, attitudes of youth towards jobs, and other factors are common barriers for youths in finding employment. This results in the depreciation of human capital and a long-term deterioration of youth employment prospects, which could lead to social exclusion (Berhanu et al., 2005).

According to an Organization for Economic Cooperation and Development report of 2000 (OECD 2000), *micro- and small-scale enterprises* (= MSEs) represented more than 95% of enterprises and ensure 60-70% of the jobs in OECD economies. It is fair to say that the performances and the development level of a national economy depend a lot on the capacity to create a good environment for micro & small enterprises. They can supply quality services and competitive products at a low cost and in quantities that are adjusted to the market. MSEs are frequently described as the 'natural home of entrepreneurship'. Most big businesses in the world as well as in Ethiopia have started as MSEs and have grown to maturity over a long period by cumulating capital and business management experience. The promotion of MSEs is one of the strategic directions pursued by the Ethiopian government during the implementation period of the first 'Growth and Transformation Plan' (GTP, 2010/11-2014/15), focusing on promoting the development and competitiveness of the micro and small enterprises.

Despite the recent economic growth witnessed in Ethiopia, since 2005 especially, it was often noted (see Kibru, 2012) that youth unemployment is high and rising. According to Martha Kibru's study, that is not to say that the government is not doing anything. Multifaceted projects are designed and executed by the federal and regional states with the hope of addressing ever-increasing youth unemployment.

Oromia National Regional State is the largest regional state in terms of population and territory. It is estimated that around 21.2 million (55%) of the region's population (2021) are in the youth-age category, and the region is promoting entrepreneurship in MSEs. Stimulating their growth is viewed as a key instrument in poverty reduction efforts both by development agencies and policymakers. MSEs often represent an essential source of economic growth, dynamism and flexibility in advanced industrialized countries, just as they can do in emergent economies and in development in general.

Various business and public development programs have been used to promote the development of MSEs and generate employment opportunities (Friedrich & Reiljan, 2015). MSEs have been playing a prominent role in poverty reduction and in local economic growth by providing youth employment opportunities. Apart from this, MSEs have a role in community development by increasing and improving social, financial, physical, human, and natural capital.

This research was conducted to assess the practices and problems of youth employment in micro and small enterprises (MSEs) in three city administrations of Oromia regional state.

4.1.2 Statement of the Problem

Youth employment is a critical concern to almost every country in the world. It is one of the most pressing economic and social problems confronting developing countries whose labour markets have weakened substantially and remain precarious (Bell & Blanchflower, 2010). As such, youth unemployment has prompted many enquiries. Studies by Guarcello and Rosati (2007), Serneels (2008), Lee and colleagues (2012) focused on the labour side analysis, aiming for a demand base analysis on the issue. Studies by Nebil and colleagues (2010), Azeng and Yogo (2013), Asalfew (2011), and Nzinga and Tsegay (2012) intended to measure the magnitude and the determinants of the problem. The subject of unemployment is further scrutinized from several angles in an effort to address the challenge of 'youth redundancy'.

Over the last decades, especially since 2005, Ethiopia has achieved an exceptional record of economic development, as witnessed by the rapid expansion of the national economies at average growth rate of 8.2 per cent per annum during the GTP II period (2015/16-2019/20) (NBE, 2020). A 2020 World Bank report indicated that poverty decreased from 30% of the population in 2011 to 24% in 2016 in Ethiopia, in which over 5.5 million people lifted out of poverty over these periods. Poverty in urban areas fell from 26% in 2011 to 15% in 2016; and in rural

areas from 30% to 26% over the same period. Although the country has a strong record of reducing extreme poverty, the main driver of this progress has been agricultural growth. The structural economic changes that have been taking place, for instance in value addition, have been modest and contributed very little to poverty reduction.

Currently, there are forty-one public universities under the administration of the Ministry of Education of Ethiopia. This high number has produced many graduates ready and looking for work. Yet currently, the most accessible job opportunity for them is farming. About 75 to 80 percent of Ethiopia's overall labour force is still engaged in (subsistence) farming. More job opportunities in other domains are critically needed for the graduates of the higher education institutions. The lack of employment opportunities for these Ethiopian young people is among the critical development problems faced by the country and a key barrier to national efforts toward the achieving of the Sustainable Development Goals (and already of its predecessors, the Millennium Development Goals, cf. Megquier & Belohlav, 2014). In addition, youth unemployment often breeds discomfort, displeasure and despair. These conditions are more likely to result in youths engaging in risky and delinquent behaviour. The consequences of such behaviour affect their own health, as well as their families, communities, and the nation at large.

In Ethiopia, the MSEs, mostly active in the towns and cities, have been facing various difficulties and problems that have negatively influenced their success rate in their business operating areas. As Munira (2012) noted, the major obstacles experienced by MSEs were lack of access to finance, infrastructure problems, lack of skills and managerial expertise, information and technology, and inadequate working premises. Munira (2012) also observed that these problems of MSEs in employing youths result in failure of these businesses to expand. This growing challenge to MSEs hinders the quality and quantity of production of products and services, profitability and expansion. However, the need to create more jobs consistent and compatible with the level and skills of the new graduates remains very essential (but is often rare).

According to the Planning Commission of Oromia (2019), it was estimated that around 21.2 million (55%) of the region's population are in the age group of 15 to 34. From these, 13.77 million were employed, 3.4 million unemployed and 3.9 million inactive workforce. Overall, the Oromia Region created 3,651,358 jobs in the period 2007 to 2011 on the Ethiopian calendar (= 2015-2019). But it barely kept up with the number of youths annually entering the labour force.

Regardless of the efforts made at ensuring the successful implementation of the MSE strategies, the sector could not deliver the intended results. According to the Oromia Enterprise and Industry Development Bureau (OEIDB) Annual Report (2019), MSEs in the region did not perform well and have not played their expected role in accelerating economic growth or bringing structural change. This situation has been of great concern to the government, citizens, managers, practitioners and the organized private sector.

To realize the potential of the MSEs, governments at different levels in Oromia have erected a lot of support programs to promote and sustain their development. It was believed that massive assistance – financial, technical, marketing and managerial – from the government are necessary for the MSEs to grow, and the Oromia Regional Government in the past decade stepped up efforts to promote their growth through increased incentive schemes, including enhanced budgetary allocation for technical assistance programs (Commission on Legal Empowerment of the Poor, 2006, p. 5). Yet, the MSEs in the region did not perform as expected, regardless of the big mandate that rested on the MSE sector, the successes registered so far were tenuous. Hence, the research team was motivated to conduct research on the practices and problems of youth employment in the MSEs on Oromia Region so as to impact on policy initiatives to increase the role of youth employment and thereby also reduce poverty and enhance socioeconomic development and peace in the regional state of Oromia.

4.1.3 Objectives of the Study

General Objective

As already hinted above, the general objective of the study is to assess the current status of youth employment in Oromia Region State, identify challenges facing youth employment in MSEs, and to come up with recommendations to address the problems encountered.

Specific Objectives

- to assess the current state of youth employment in the Region.
- to identify the key causes and problems facing youth employment in MSEs.
- the impact of youth unemployment policy via MSEs.
- to suggest possible solutions to address the challenge of youth employment in the MSEs

Research Questions

Central question:

What is the current status of youth employment challenges in Oromia Region, and what policy initiatives were undertaken to deal with them via enhancing micro- and small enterprises?

Sub-questions:

- 1 What is the current state of youth employment in the Region?
- 2 What were the key causes and problems facing youth employment in MSEs?
- 3 What was the impact of youth unemployment policy via MSEs?

4.1.5 Scope of the Study

This study was delimited to assess the practices and problems of youth employment in MSEs in Oromia Regional State, and specifically interested in those youth expected to play a significant role in MSE sector development in the region. Some key personal, economic, sociocultural, and legal/administrative factors affecting youth employment in MSEs were to be assessed. It was also concerned with exploring the views and opinions of staff, policy makers and unemployed in eight Zone and fourteen city administrations in Oromia.

4.1.6 Significance of the Study

The study was to assess the practices and problems of youth employment in MSEs in the Oromia Regional State and the findings would ideally provide essential information about the current status of the sector and its impact on the achievement of intended goals as well as in developing alternative solutions for enhancing youth employment in Oromia. Further, the study also aimed to help the local and regional government authorities to use the findings in better identifying problems and issues confronted in the sector and formulate more relevant policies to tackle these problems.

The study contributes new knowledge to local governments by describing and identifying opinions, experiences and practices of the respondents. Therefore, to government authorities, the study may contribute an understanding of how to better handle and manage the MSE sector for the benefits of the Oromia Region and the country as a whole. Towards the end, the study lists recommendations for the government. Finally, the study may serve as a pathway for other researchers with an interest to conduct further in-depth investigations on the subject.

4.1.7 Limitations of the Study

Some constraints, such as lack of time and lack of sufficient funds, hindered the research endeavour and we could not include a larger sample size that might fully represent the total population of the study. Further, a lack of up-to-date studies and secondary data on the Oromia Region were major bottlenecks faced by the researchers. Another limitation was that some of the respondents (although a minority) were unwilling to fill in and return the questionnaire in a timely manner.

4.1.8 Organization of the Study

The study is organized in five sections. This first section is the introductory part of the study, containing backgrounds, motivation, statement of the problem, research questions, significance, scope and limitation, and organization of the study. The second is devoted to a literature review of related research and a conceptual framework. The third section deals with the research methodology of the study (research design, data sources, instruments and procedures of data collection, sampling strategy, data analysis and presentation), while the fourth section is the analysis and discussion of the data collected. The final part summarizes and draws some conclusions from the results obtained and makes some necessary recommendations for policy.

4.2 Literature Review and Conceptual Framework

4.2.1 Introduction

This section discusses some of literature relevant to the study topic and offers notes toward a conceptual-theoretical framework. The research team collected information from different secondary data sources such as websites, theoretical and empirical studies, and FDRE and Oromia Regional State policy manuals that have relevance for this study. The literature reviewed was obtained from sources such as national and regional primary and secondary data source publications that cover the Oromia regional state government, and additional material came from academic journals to ensure a basis of comprehensive, valid, sound and reliable data. The study was focused as much as possible on recent studies and publications on (un)employment among Ethiopia's and specifically Oromia's youth.

4.2.2 Role of Youth Employment in MSEs for the Economic Development of Nations

Two schools of thought have emerged regarding pro-youth employment in MSEs in developing and developed countries. Most donor countries and development agencies share the view of the pro-youth employment in MSEs as creating opportunities for entrepreneurial and innovative ventures that help promote economic growth and help reduce the high poverty level in developing economies (Beck & Demirgüç-Kunt, 2004).

The pro-youth employment approach of MSEs has argued that youth employment in MSEs enhances competition and entrepreneurship, and thus has economy-wide benefits in efficiency, innovation and productivity growth. Thus, direct government support of MSEs can help countries to reap more social benefits.

Second, youth employment in MSEs is generally, in theory, more productive than large firms. But MSEs are often impeded in their development by failures of financial markets and other institutions for providing capital and other non-financial assistance. Thus, pending financial and institutional improvements, direct government support of youth employment in MSEs can, with the right conditions, boost economic growth and development. The growth of MSEs then creates more employment than the growth of large firms, because MSEs are more labour-intensive. Subsidizing/supporting MSEs may ultimately help reduce poverty (Beck & Demirgüç-Kunt, 2004).

However, the argument of scholars seeing an 'anti-youth employment' effect of MSEs questioned the efficacy of youth employment in MSEs and their promoting of growth and poverty reduction. First, they argue that large enterprises may exploit economies of scale and more easily carry the fixed costs associated with research and development, boosting productivity. They argue further that some research found that small businesses are neither more labour-intensive nor better at creating jobs than large firms (Thomi & Yankson, 1985). Moreover, they doubt the crucial role of small businesses and instead emphasize the importance of the *business environment* facing all firms, big and small. They are of the view that if there are low entry and exit barriers, well-defined property rights, effective contract enforcement, and access to finance, this will work to promote a conducive business environment for all firms and not only small firms (Beck & Demirgüç-Kunt, 2004).

Scholars have attempted to reconcile the above controversies by pointing to the flexibility of the business technology and people involved. Levy & Powell

(1998) noted that youth employment in MSEs is promising, because the MSEs are thought to be flexible and innovative organizations that are able to respond quickly to customer and market demands. Contrary to what happens in large firms, the production techniques of many manufacturing MSEs may enhance flexibility (Gupta & Cawthorn, 1996), while Carrie and colleagues (1994) believe that it is people rather than technology that provide flexibility.

Despite the controversies on the efficiency and poverty reduction effects of MSEs, much literature thus shows that small business plays a vital role in socio-economic and political development in both developed and developing nations. Small business contribute to equitable distribution of wealth and a decentralization of economic power, require less capital, and are labour intensive in nature.

4.2.3 Main Causes and Problems of Youth Unemployment

In general, youths occupy a prominent place in any society. They are often seen as one of the greatest assets a nation can have, and youth are usually said to be the leaders of tomorrow, and especially in Africa they outnumber the middle-aged and the aged (cf. Onyekpe 2007)). The National Youth Development Policy of Ethiopia in this vein declares that the youth are ‘the foundation of a society’ and that their energies, inventiveness, character and orientation define the pattern of development and security of a nation. But as Anasi (2010) suggested, the youth are also most unstable and the most vulnerable segment of the population in terms of socioeconomic, emotional, political and other features.

There are a number of causes of youth unemployment. As general causes we often find mentioned for African societies (see Okojie 2003; cf. also Kakwagh & Igwuba, 2010) are factors like rapid population growth, poor quality education, a small private sector, and rapid rural-urban migration. More specific causes are poor overall macroeconomic performance in a country, combined with the demographic imbalances of a rapidly expanding population that increases the dependency ratio beyond absorptive capacity; too many young people for the jobs available and with GDP growth lagging behind. Youth are more affected because youth unemployment tends to be super-cyclical and it fluctuates stronger than adult unemployment (Ryan & Deci, 2000). The factors contributing to this higher cyclical volatility are several. Young workers usually have less job protection. In addition, they are most likely to have gained less job-specific experience. Youth also face higher barriers to entry into the labour market due to their lack of experience. Shorter credit history and lack of access to business networks makes it more difficult for them to become successful entrepreneurs (Coenjaerts et al., 2009). Employment protection legislation also affects youth unemployment.

During the 1980s, European economies suffered from high rates of unemployment. Policy makers consequently introduced a wide array of reforms. These reforms have contributed to raising employment during downturns, but many of the new jobs have been temporary jobs (Bentolila et al., 2010).

As far as the factors and persistence of unemployment are concerned, things like household- and age-composition-related conditions and benefits also play a role. Adejumo and Tayo-Olajubutu (2009) noted that South Africa's pension grant scheme frees up resources which allow prime-age household members to make the required investment to migrate and find work in urban areas. Franklin (2016) showed that subsidized government housing in South Africa frees female household members to enter the labour force because the physical burdens of slum living were relieved. In line with this, Dinkelman (2011) found that rural electrification also increased the labour supply of females, for similar reasons. Field (2007) showed how improved property rights in pervasive slum areas seem to have caused a shift away from work in the household and increased people's labour market hours.

In the list of underlying problems of youth unemployment in Africa mentioned above the follow also clearly apply to the Ethiopian case: rural-urban migration, rapid population growth, the poor quality of education, and a stagnating or at least insufficiently dynamic economy. On the state of the Ethiopian economy as far as relevant to youth unemployment challenges the following can be said. The country had an annual GDP growth rate of over 10% over a ten-year period (up to 2020). However, the lagging creation of job opportunities across the nation still caused problems. Economic growth *has* contributed to creating job opportunities and reducing the unemployment rate, but the balance of demand and supply of labour of workers in the country is volatile and uneven.

Employment problems may be examined from a 'personal employability' perspective, that is, by examining the 'work specific active adaptability that enables workers to identify and realize career opportunities' (Fugate et al., 2004). Employability is usually described as a multidimensional concept consisting of three to five relatively broad components centring around workers' human and social capital, their work-related identity, and their personal adaptability (Fugate et al., 2004). Although youth unemployment is directly connected to national unemployment rates and therefore reflects the national context in which it emerges, young job seekers around the world also share certain barriers and problems regarding their employability.

Coming back to Ethiopia, in the last decade there has been a phenomenal growth in the number of MSEs and the size of employment generated by the sector is significant. Moreover, the growing tendency to be self-employed among many young college and university graduates instead of waiting for employment in the public or private sector has been encouraging. Improvements have been registered during the last few years, but still the performance of MSEs has fallen short of expectations due to various problems, and much of it is informal.

We can observe different growing problems of MSEs in Ethiopia, related to micro and small enterprise development strategies, the provision of a framework and of methods of implementation, and failure in keeping up productivity and quality of products in order to be competitive. There is also a lack of knowledge of international-standard products and production systems, limitations in technological ability and factors of production that ensure sufficient competency in the markets and other (cf. the FMSEDA strategy manual, 2011; see also: FDRE, 2016).

Although MSEs, as compared to their larger counterpart businesses, can create more employment per unit of scarce capital, there are many MSEs which dissolve after a short period of time after their establishment rather than growing. The journey of the MSE entrepreneur in many instances is a short-lived one, with the MSE failure rate in Africa even being put at 99 per cent (Mead & Liedholm, 1998). Similarly, the study by Bekele and Worku (2008) showed that the failure rate of women-owned MSEs in Ethiopia is about 78 per cent. Still, MSE development should be given priority attention in policy support due to its potential to serve as incubation device for developmental investors.

The FMSEDA strategy manual of 2011 stated that research and higher education institutions should play a role by initiating students to better study in the areas of solving MSE development problems. This means:

- 1 universities and technological institutions should make their students' theses more focus on solving specific MSE challenges;
- 2 conducting research that enables use and production of appropriate source materials from the local environment; and
- 3 getting involved in needs assessment of MSE technology (FMSEDA Strategy Manual, 2011, p. 64). Various development support frameworks are formulated in order to implement the development directions set out in the strategy part of the manual to create enabling conditions. Development support frameworks should be implemented based on the nature of the enterprises and their level of growth (ibid., p. 39).

This is also true for the regional state of Oromia, which has problems in the MSEs sector, from registration to business operation and investment. Greater attention needs to be given to enhancing the development and growth of MSEs by the national and regional as well as zonal and city administration government institutions to overcome and tackle the existing problems. More studies should be done by scholars to identify the problematic aspects of MSEs' productivity issues.

As noted, the story of youth unemployment in Ethiopia is partly a story of (lack of proper) education (Serneels, 2007). This is a paradox. Serneels explained that the enormous expansion of opportunities in university education and the low cost of attending university have led to a large population of poor youth with university degrees, diplomas, or vocational training, but no good job prospects: a fact illustrated in many streets in Africa's capitals. For these individuals, long-term employment is not often an option. They have to find temporary or casual employment while searching for the jobs that they want and that match their higher education. Only a minority of urban Ethiopians had any kind of higher education, and while in the past that was a guarantee for securing a good job, that is hardly the case today. Still, education is viewed as the route to a middle-class life among Ethiopian youth aged 20-24 years.

In order to grasp the importance and impact of MSEs, one must define discrete measures describing their importance and impact. The importance and impact of MSEs for a certain country can be measured by the absolute number of MSEs operating in that country displaying the size of the respective microentrepreneurial sector and, thus, the lever that micro-entrepreneurship can have. Moreover, the share of employment that micro-entrepreneurship accounts for should be taken into account, as well as the impact that growth of microenterprises can have on that country's employment and wealth.

The International Finance Corporation (IFC, 2013) noted that there are approximately 70 to 90 million formal microenterprises globally, 60 to 70 million of which are located in developing economies. However, it is very difficult to obtain concrete data concerning the number of firms or total employment operating in the informal sector because of "differences in the definition of the informal sector and in estimation methods." The empirical studies of Abdulmelike and colleagues (2018), the IFC (2013), and others have discussed the challenges and problems of MSEs, but there are knowledge/information gaps and a lack of comparative case studies to be used to devise more efficient policy.

This study aimed to fill this information gap for Ethiopia (specifically the Oromia Region) and explored practices and problems of MSEs and youth unemployment to be able to enhance policies for social and economic development of the region.

Unemployment problems in Ethiopia specifically for young people are long-term, and the picture fits the general pattern as seen in most countries in Africa. The continent now boasts ca. 1.2 billion people and is going through a youth bulge with more people under 25 than above 50 in all of its countries. Unemployment and underemployment as well as poverty levels among young people remain unacceptably high despite efforts by national governments to promote sustainable development. The past few years of deep insecurity in Ethiopia (the war in the North and armed insurgency in western Ethiopia) have also seriously impacted on the national economy. The high youth unemployment has fed the recruitment of youths into armed insurgent movements, and in themselves these armed insurgencies have strongly damaged the local economies, creating a 'vicious circle'.

Though one may not get the full picture just from numbers, they still can show an alarming reality. Nebil and colleagues (2010) confirm that globally in 2010 there were 1.2 billion youths between the ages of 15 and 24 years – 18% of the world's population. The vast majority (about 87%) of these young people live in developing countries. According to Nebil and colleagues (2010), in Africa alone, there are some 200 million youth, comprising more than 20% of the population. Ethiopia has one of the largest youth populations in Sub-Saharan Africa. More than half of its population is under the age of 25, and 20% are between 15 and 24. Furthermore, this proportion is steadily increasing, having grown from 14% in 1984 to about 20% in 2005.

Unemployment keeps being one of the dominant socioeconomic and political problems in Ethiopia. As cited by Martha Kibru (2012), in 2011 Ethiopia had a per capita income of USD 350 (World Bank, 2011) – although, according to World Bank data, it rose to USD 944 in 2021.¹⁴⁷ Recently the country has indeed been achieving promising economic growth. According to *the Economist* (of 6 January 2011), during the period 2001-2010 the country had the fifth fastest growing economy in the world, with an average annual GDP growth rate of 8.4%, and forecast to have 8.1% growth during the period 2011-2015. Despite such improvements, (youth) unemployment remains high. This shows that the economy cannot provide adequate jobs for the growing population in both the rural and urban areas.

147 See: <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=ET>

The nature of urban youth unemployment in Ethiopia has confirmed that unemployment in urban areas is higher among relatively better trained youth. These youth joined the labour market for the first time with the aspiration of acquiring jobs in the public sector but remained unemployed on average longer than a year or even more years for those aspiring for a white-collar job (Serneels, 2007).

According to CSA national labour force survey data (2013), the youth unemployment rate in *urban* areas in 2013 was 21.3%. The rate was 26.4% for females and 16.1% for males in the same year. This means that the urban youth unemployment rate was much higher than the average country’s unemployment rate (4.5%) for the general population, and also higher than the average (registered) *national* youth unemployment rate of 6.8%, and the urban average unemployment rate of 16.5% (CSA, 2013).

4.2.4 A Note on the Conceptual Framework

Below is the schema of the conceptual framework. Valuable information on necessary techniques was gained from the reports of previous research and theoretical notions that provided the right direction for the study. This study looked at both independent and dependent variables.

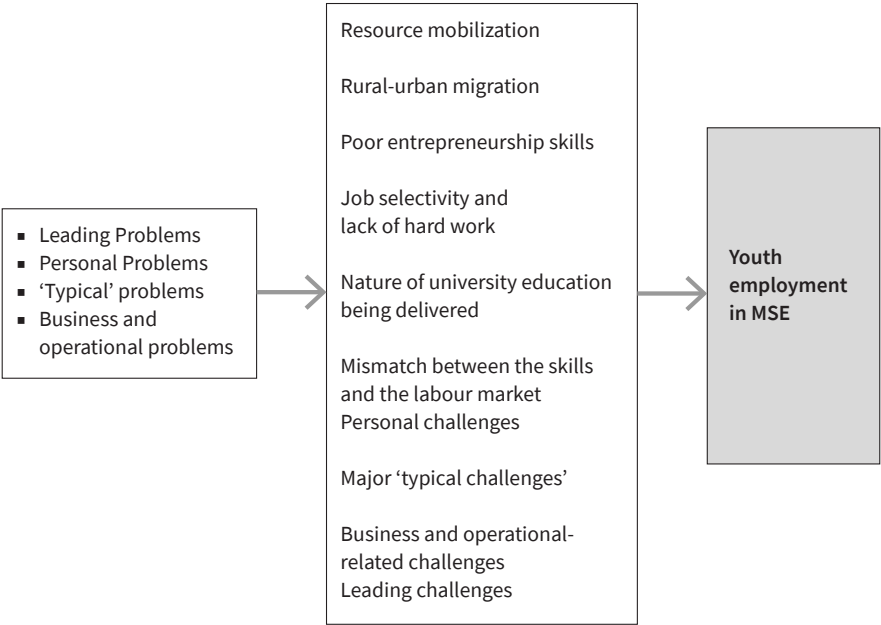


Figure 4.1
Conceptual framework

Dependent variable is the ratio of youth employment in the MSE sector. On the other hand, the correlates are: resource mobilization, rural-urban migration, entrepreneurship skills, job selectivity and lack of hard work attitude, nature of the university education being delivered, mismatch between the skills and the labour market, personal problems, major 'typical' problems,¹⁴⁸ business and operational related problems. Some of them have a causal effect, other are correlates of wider macro-economic and social factors.

4.3 Research Methodology

4.3.1 Introduction

In this section, we discuss the methodological aspects of the study including a description of the study area, research design, data types and sources, study population, sampling techniques and sample size, data collection methods, and data analysis methods used.

4.3.2 Description of the Study Area

Owing to the federal system of government structure, the regional state of Oromia was established in 1992 as per FDRE Proclamation No.7/1992, issued to establish regional self-government in the country. The proclamation empowered the regional governments to establish their own structures, fully exercise the right to self-determination, and build a political community founded on the rule of law capable of ensuring a long-lasting peace, guaranteeing a democratic order, planning and implementing a growth strategy believed to foster resource utilization and economic maximization in the region.

The administrative structure of the region embraces the Regional Government, Zones, Districts (*woredas*) and *Qebeles* (local authorities). Currently, Oromia Region consists of 21 zones, 19 municipalities and 335 *woredas*. Organs of the regional state comprise the *Ch'affee* or Parliament, which is vested with the legislative power and is the supreme organ; the administrative council, in which the executive power is vested, accountable to the *Ch'affee*; and the courts, in which the judicial power is vested.

148 By 'typical problems' is meant: the problems of individuals to offer security (collateral) for bank loans, lack of start-up capital, and problems of long-distance travel to market products or services.

Oromia is the most populated and the largest among all Ethiopian administrative regions. It extends from 3040'N to 100 35'N and from 340 05'E to 430 11'E. The land area of the region is estimated at 284,538 km² (26.8% of the country's land mass). The elevation of the region varies from less than 500 million to 4,000 million above sea level. Its climate is affected significantly by variation in altitude, its latitudinal position, prevailing winds and air pressure and circulation, and its proximity to the sea. According to the 2016 population and housing estimate, the estimated population of the region was 35,855,163; of these, 18,089,361 were male and 17,765,802 female (Oromia Yearbook, 2008 E.C.).

4.3.3 Research Design and Approach¹⁴⁹

Several options are available in social research, but the choice of approach depends largely on the objectives of the study. The research design here is a descriptive survey and explanatory research. A descriptive survey design would describe the extent to which the different problems are seen in the sector and the status of the sector. An explanatory research design intends to show the relationship existing between the independent and dependent variables of the study. Using a descriptive and explanatory design, the research team used a mixed type of research in which both qualitative and quantitative approaches were employed. This was done to strengthen the findings of the study through triangulating the results obtained.

4.3.4 Population, Sampling Size, and Sampling Technique

a *Population*

For the purpose of this study, from a total of 21 zones and 19 city administrations, the target population was 14 city administrations and 8 zones. From these areas, staff experts and employees of the Oromia administrations engaged in employment policy design and implementation, as well as members of the 'target' population of unemployed youths, were surveyed and interviewed.

¹⁴⁹ The author wishes to thank Mr. Yusuf Umer for his valued assistance in the data collection.

Table 4.1
Sampling Responses Selected

Lakk	Zone/City	Number				
		Zone/City	Woreda/Kebele	OSC	Enterp.	Total
1	North Shoa	2	4	4	9	19
2	West Shoa	2	4	4	9	19
3	East Welega	2	4	4	9	19
4	Jimma	2	4	4	9	19
5	Burayu	2	4	4	9	19
6	Sebeta	2	3	4	9	18
7	Lega Xafo	2	3	4	9	18
8	Bedele	2	3	4	9	18
9	Nekemte	2	3	4	9	18
10	Jimma	2	3	4	9	18
11	East Shoa	2	3	4	9	18
12	Arsi	2	4	4	9	19
13	West Arsi	2	3	4	9	18
14	Bale	2	3	4	9	18
15	Robe	2	3	3	8	16
16	Asela	2	3	3	8	16
17	Adama	2	3	3	8	16
18	Bishoftu	2	3	3	8	16
19	Shashamene	2	3	3	8	16
20	Gelan	2	3	3	8	16
21	Dukem	2	3	3	8	16
22	Dodola	1	3	3	8	15
Grand total		43	72	80	189	384

Source: Team Computation, 2020

b *Sampling Size*

To keep the representativeness and enhance the reliability of the findings, we the researchers used the Kothari (2004) formula which determines the sample size by specifying a 5% margin of error. The sample size required for this re-search was determined using the following formula:

If $N \geq 10,000$, then sample size $n = Z^2 * p * q / d^2$

If $N < 10,000$, then sample size $f(n) = n / (1 + n/N)$

where, n = the desired sample size,

Z = standard normal variable at 95% confidence level, which is 1.96,

P = the proportion or estimated characteristics of the target population with respect to proportion to sample size (0.5),

q = the difference of total percentage of population with estimated characteristics of target population = 1-- p = 1- 0.5 = 0.5, and
d= level of statistical significance sets (5%) margin of error (0.05)

Therefore, the sample size for the population greater than 10,000 would be:

$$\begin{aligned} n &= Z^2 * p * q / d^2 \\ n &= (1.96)^2 * (0.5) * (0.5) / (0.05)^2 \\ &= (3.8416 * 0.25) / 0.0025 \\ &= 0.9604 / 0.0025 \\ &= 384.16 \quad 384 \text{ this implies that, } n = 384 \text{ for } N \geq 10000 \end{aligned}$$

c *Sample techniques*

To get the determined sample size, multi-stage sampling design was used. As a result, initially all zones, including city administrations, were categorized into five clusters based on their geographic location. Then, eight zones and fourteen city administrations, proportionally to all clusters, were randomly and purposively selected for the sample.

4.3.5 Data Sources and Data-gathering Tools

In the study, the approaches used for attaining the objectives were analysing the available documents on the subject (secondary sources) and the primary data. Primary data were gathered on youth employment numbers in MSEs and concerned bodies that have a direct interest in the sector.

On the other hand, secondary sources, and relevant documents were collected from printed materials and books, reports and the like, for example, drawn from the CSA and federal, Oromia, and city administrations MSEs Development Agencies. Works of other researchers and publications (mainly journal papers, theses, and online resources) were also used.

Two data collection instruments were used to gather relevant field data for the purpose of the study. These were a questionnaire, prepared in a Likert scale format and selected due to it enabling respondents to understand and answer the questions easily, and key informant interviews, so as to get individuals' views on the problems of MSEs.

4.3.6 Data Analysis and Presentation

Once the 'raw data' was at hand, quantitative and qualitative methods of data analysis were used. With the quantitative data collected through the questionnaire a descriptive statistical analysis method was used. Descriptive research in-

volves gathering data that refer to events and then organizes, tabulates, and describes the phenomena. To process the data from different angles, the research team used all the necessary data, which were organized and grouped on the basis of common characteristics. As a result, the data obtained via the questionnaire were tallied and the frequencies were converted into percentages. Tabulation methods, description of facts based on statistical analysis like latest version of SPSS (Statistical Package for the Social Sciences), percentages, and graphs with explanations were used, and lastly interpreted after considering all relevant factors and presented. Basic inferential statistics were applied through the use of multiple regression analysis to explore the relationship between one dependent variable and two or more independent variables.

4 Analysis and Interpretation of Data

4.4.1 Introduction

This section presents the data collected from the sampled target population. As noted above, the data are presented and analysed through a mixed research approach. First, demographic characteristics of the respondents were presented. Such information included demographic profile and personal information. Then this is followed by a description of the data gathered and the findings carefully analysed in order to assess the practices and problem of youth employment in MSEs in case of Oromia regional state. Presentation of findings has been organized in accordance with the study objectives

As stated in the previous section, the 2020 questionnaires were distributed to a total of 384 respondents. A total of 355 questionnaires were appropriately filled in and returned, and 29 (7.55%) were uncollected due to the respondents not properly filling them in. This gives a 92.45% return rate, as summarized in Table 4.1.

4.4.2 Personal Information of Respondents

a *Sex of respondents*

Our respondents were 78.1% male and 21.9% female (Source: Research Team Survey, 2020). The majority of respondents being male, this would already imply that the government might encourage more females to participate in the sector.

b *Age of the respondents*

The findings revealed that 50.4% who participated in the study were between the ages of 26 and 35 years, followed by 23.4% who were between 36-45 years, while 12.4% of respondents were from 46-55, 9.5% were under 25 years, and finally 4.4% were above 56 years. The age category of 'below 25 years', qualifies for 9.5% of the total sample, that is, fresh staff. The category of oldest (and likely most experienced) people, '56 and above', constitutes about 4.4%. See below.

Table 4.2
Age of respondents

Age bracket	Frequency	Percentage (%)
under 25 years	12	9.5
26-35 years	19	50.4
36-45 years	31	23.4
46-55 years	18	12.4
56 and above	6	4.4

Source: Research Team Survey, 2020

Table 4.3
Educational status of respondents

Master's degree	13.9%
BA degree	65%
Diploma	17.5%
Less than diploma (e.g., highschool)	3.6%

Source: Research Team Survey, 2020

c *Academic qualification of the respondents*

Regarding the academic qualifications of the respondents: a majority of 65% were bachelor's degree holders, 17.5% diploma, 13.9% had a master's degree and those with less than a diploma were 3.6%. This implies that the work force is well-educated (and potentially productive if managed properly).

d *Experience of the respondents*

We see from the figure below that as to work experience, the larger part of the respondents, 39.4%, had 8-15 years of service, 21.9% more than 5 years, 19.7% with 4-7 years, 13.9%, with 1-3 years, and 5.1% with less than 1 year. So, a majority of the work force had remarkable working experience.

Table 4.4

Respondents' years of experience in office

Years in office	% of respondents
Less than 1 year	5
1 to 3	14
4 to 7	20
8 to 15	39
More than 15	22

Source: Research Team Survey, 2020

4.4.3 Descriptive Analysis

The Oromia Enterprises and Industry Development department serves as a vehicle for the region in enhancing employment opportunities, poverty reduction and local economic growth, increasing and improving social, financial, physical, human and natural capital, and removing disparities among communities. But reportedly, corrupt practices and unfair treatment were often reported as an obstacle for the development of the sector. From what we observed and from reports of OEIDB (2019), the sector has not performed well and did not play its expected role in enhancing economic growth. So it needs further investigation to identify the problems, notably work and organizational practices.

Table 4.5

Status of the Oromia Enterprises and Industry Development Bureau (2019)

SN	Activities	Year from 2007 to 2011	
		Plan	Performance
1	Permanent job	4,340,023	3,651,358
2	TEI	7,882,288	1,512,679
3	Shade	22,740	12,725
4	Premises in hectares	53,804	31,313
5	Saving	9,218,081,700	16,435,100
6	Loan	805,730,593	1,292,391,577
7	Loan repayment	3,787,249,127	2,431,032,315
8	Market linkage	11,271,522,033	10,763,736,098
9	Temporary job	2,054,761	2,487,004
10	Manufacturing	416,922	225,859
11	Short-term training	3,752,004	2,777,349
12	Transition of MSE	7,198	4,882

Source: Oromia Enterprise and Industry report, 2019

4.3.2 The Perceived Leading Causes of Youth Unemployment

The leading causes of youth unemployment as reported (see Figure 4.2) by the respondents are, in order of their magnitude: rural-urban migration 93.6 percent; poor entrepreneurship skills, 92.5 percent; job selectivity and lack of hard work 89.9 percent; the nature of university education being delivered 79.6 percent; and the mismatch between the skills and the labour market 74.6 percent, respectively.

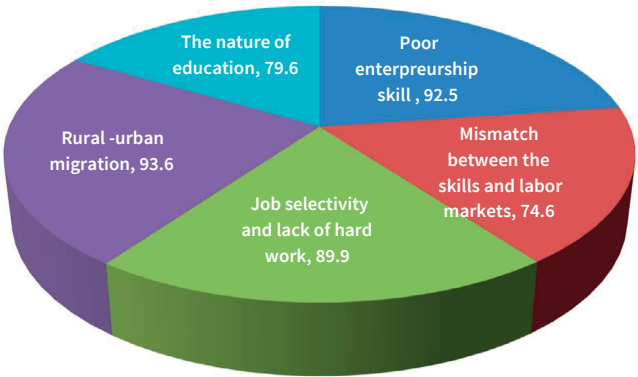


Figure 4.2
Leading causes given by respondents

Source: Research Team Survey, 2020

In addition, the respondents mentioned a host of specific reasons for the very slow youth employment growth uptake: the lack of financial support, little support from the government; the imbalance between manpower supply and demand, low expansion of private, public and non-governmental institutions to be employed in; little support from their family both financially and morally; weak educational background; lack of performance from the side of the coordinating offices; the desire of the families of the young people to send their children abroad rather than work in Ethiopia, attitudinal problems among both the implementers and the political leaders; weak work habits and vulnerability to different addictions; and giving up on one's own goals (lack of persistence). Interestingly, the reasons given were: availability of seasonal products making youths simply sit and wait for the products rather than seeking and seizing other entrepreneurial opportunities, and unwillingness to go somewhere far from their family for employment purposes.

Statements obtained from the interviews also support the underscored argument. Youths in the area well understood what unemployment was and how severe it was. However, they did not actively enough seek for employment opportunities

available in their surroundings; they simply ‘waited’ for the opportunities to come to them to start their own business. Moreover, they often opted employment in some other company rather than trying to establish their own. The major reasons for this were already mentioned: poor knowledge of entrepreneurship, lack of startup capital, seriousness of the challenges involved in establishing one’s own business, comparative simplicity of being employed in other companies and a lack among youths of basic entrepreneurial competencies and behaviours to convert problems encountered into business opportunities. They were also unaware of the micro-level opportunities that *were* available.

Regarding the extent of youth unemployment, both the officials and all other respondents of course emphasized that there existed high unemployment in the areas under study. However, none of them possessed the exact data on the number of unemployed youths in their town. The data available in their offices represented the overall number of registered unemployed youths only, whereas the number of unregistered youths was simply estimated by the experts.

4.3.3 Problems of Youth Employment

As presented in Figure 4.3, the researchers divided respondents’ replies on the perceived employment problems in the study area under four major groups: ‘leading problems’, ‘business and operation-related problems’, major ‘typical problems’ (See footnote 3 above), and ‘personal problems’.

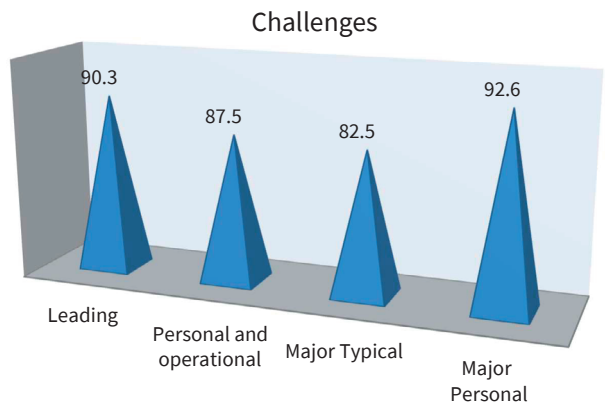


Figure 4.3
Perceived problems of youth employment
Source: Research Team Survey, 2020

Each category had further sub-groups. Accordingly, the respondents stated as major 'personal related problems': a lack of viable ideas about identifying the needs and wants of customers; lack of ability (technical and managerial knowledge); not knowing ways of acquiring and organizing resources; poor selection of business type; lack of knowing small business success stories and role models; inability to understand existing tax policies; and a lack of education and general training. These scored a total of 92.6 percent.

In addition, a statement obtained from the interviews also supports the above argument: it was said that the shortage of proper work sites (locations), prolonged and complex loan procedures, market access/integration problems, lack of proper entrepreneurial training, and a sub-standard monitoring and evaluation system from the concerned bodies were among the major problems identified by the interviewed officials.

The other important problems as perceived by the respondents were: lack of support from the local district municipality; costs of doing business too high; the problem of start-up capital; lack of general small business support by the zonal/regional government; inability to prepare a credible business plan to obtain a bank loan; inadequate basic infrastructure (roads, transportation, electricity). These bottlenecks were mentioned by 90.3 percent of the respondents.

Additionally, 87.2 percent of the respondents stated that 'business and operational problems' – such as lack of sufficient financial resources, lack of suitable business location/premises, fewer opportunities for small businesses and inadequate accounting and management skills – were the factors that affected the would-be MSE operators.

Finally, 82.5 percent of the respondents stated major 'typical problems', such as lack of security (collateral) for bank loans, lack of start-up capital, and problems of long-distance travel to market products or services, as factors that affected their activities.

Accordingly, the mean score and standard deviation of the problem dimension ranges from (M=2.52, SD=1.007) to (M=2.94), (SD=.0.89). The highest mean score was observed in 'personal problems' (M=2.94), followed by 'leading problems', 'business and operational' problems, and major 'typical' and resource mobilization data analysis (M=2.52).

Table 4.6

Statistical analysis results (the overall mean and standard deviation of the problem categories)

SN	Variable/Dimensions	N	Mean	St. Deviation
Cause Dimension				
1	Rural-urban migration	384	3.07	0.885
2	Poor entrepreneurship skills	384	3.01	0.917
3	Job selectivity and lack of hard work attitude	384	3.01	0.917
4	Nature of university education being delivered	384	2.94	0.89
5	Mismatch between the skills and the labour market	384	2.83	0.915
Problem Dimension				
6	Resource mobilization and data analysis	384	2.52	1.007
7	Personal problems	384	2.94	0.89
8	Major 'typical problems'	384	2.72	0.884
9	Business and operational related problems	384	2.84	0.908
10	'Leading problems'	384	2.85	0.844
Cumulative			2.87	

Source: Research Team Survey, 2020

The mean score and standard deviation for the cause dimension ranges from (M=2.83, SD=0.915) to (M=3.07), (SD=.0.885). The highest mean score was observed in rural urban migration (M=3.07), followed by poor entrepreneurship skills, job selectivity and lack of a hard work ethic, the nature of university education being delivered, and mismatch between the skills and the labour market (M=2.83). However, the overall mean score of the variables for this study was 2.87 which is near the suggested mean score of 3.00. This implies that the regional administration and its policy-makers at various levels should have to consider all the variables that were mentioned above in order to achieve their objective of enhancing youth employment creation.

4.4.4 Inferential Statistics Results: Some Notes on Regression Analysis

According to Field (2013), multiple regressions are used when we want to explore the relationship between one dependent variable and two or more independent variables. The research team carried out a simplified regression analysis so as to examine the impact of those problems and causes on the employment of youth in MSE.

Table 4.7
Multiple Regression Model Summaries

Model	R	R square	Adjusted R square	Std Error of the Estimates
1	.886	0.784	0.781	0.38115

Source: Team survey results 2020

- a Predictors: (Constant), problems
 - b Dependent Variable: employment of youth
- $y = b1x1 + b2x2 _ + c''$

While the results are not exhaustively analysed here, Table 5.7 above seems to indicate that the R-square, as computed using the regression R^2 , is 0.781, and shows that the ‘predictor variables’ – represented by rural urban migration, poor entrepreneurship skills; job selectivity and lack of hard work; nature of university education being delivered; mismatch between the skills and the labour market, personal, leading problems; business and operational problems; major typical and resource mobilization – contribute 78.1% impact to the employment problems of youth in MSEs. The finding of the regression shows that there are another 21.9% ‘unexplained factors’ that have an additional impact on the employment of youth in MSEs.

4.5 Summary, Conclusions, and Recommendations

4.5.1 Summary

As stated in Section 1 above, the purpose of this study was to assess the practices and problems of youth employment in MSEs in Oromia Regional State. Descriptive and explanatory research designs were used. A mixed research approach guided the data-gathering.

The study was conducted in 8 zones and 14 city administrative units which were selected by using multistage sampling according to the location system of Oromia Region and then by a simple random sampling method. A total of 384 respondents participated in this study; 355 questionnaires (29 questionnaires were not returned). The data were analysed using descriptive statistics. Among the findings of the study are the following:

- The leading causes of youth unemployment mentioned by the informants/ respondents were, in order of their magnitude (with each person mentioning more than one item): rural-urban migration 93.6%, poor entrepreneurship skills, 92.5% job selectivity and lack of hard work 89.9%, the nature of univer-

sity education being delivered 79.6%, and the mismatch between skills and the labour market, 74.6%.

- The study further showed that most youth employment problems in MSEs in the study area were grouped under ‘personal’ problems, leading problems, operational and major ‘typical’ problems (see above), with percentages of 92.6, 90.3, 87.5 and 82.5, respectively.
- Moreover, the results of our study show 78.1% of the aforementioned variables were impacting to employment of youth in MSEs, whereas the remaining 21.9% are unexplained factors that have an impact on the employment of youth in MSEs.
- There was also general agreement in the interviews that policies to stimulate youth employment via MSEs in Oromia Region were lacklustre and not very successful yet.

4.5.2 Conclusions

The problem of unemployment in general is severe among young people globally, particularly in developing countries. The existence of high youth unemployment is an indication of a failure in the formation and utilisation of ‘human capital’, which is an important factor in economic development as well as in fostering social peace. In Ethiopia, including the Oromia region, unemployment is one of the constantly challenging socioeconomic problems clearly affecting people in the working age groups.

To summarize, the study found that youth employment in MSEs in Oromia Region has multifaceted challenges, mainly related to

- ‘personal problems’ – lack of viable ideas on identifying needs and wants of customers; lack of technical and managerial knowledge; not knowing ways of acquiring and organizing resources; poor selection of business type; lack of knowing small business success stories and role models; and lack of education and general training;
- ‘leadership problems’ – inadequate management skills and attitudinal problems among both implementers and the political leaders;
- ‘operational problems’ – for example, lack of sufficient financial resources, lack of suitable business location/premises, fewer opportunities for small businesses and inadequate accounting skills; and
- ‘typical problems’ – problems of individuals to offer security (collateral) for bank loans, lack of start-up capital, and problems of long-distance travel to market products or services – in the context of the regional administration.

The research further showed that specific underlying causes of youth unemployment very frequently mentioned by respondents were: rural-urban migration, poor entrepreneurship skills and motivation, job selectivity and lack of a hard work ethic, the nature of the university education delivered, and the mismatch between skills and the labour market. Based on the study findings it was concluded that these problems and causes had a significant and lasting impact on the (lack of) success of youth employment opportunities in MSE in Oromia Regional State, of which much was initially expected.

4.5.3 Recommendations

Clearly, youth (un)employment is of critical concern to almost every country in the world. The problem is also the major concern of Oromia National Regional State, Ethiopia, for economic, social, and even security reasons. Regardless of the efforts made at ensuring the successful implementation of the MSE strategy in the region, it could not deliver the intended results. This study aimed to assess the practices and problems of youth employment in MSEs in Oromia. We found that the key problems that hinder successful youth employment in MSEs were: ‘personal’ problems, leadership problems, operational problems, and ‘typical problems’ in the context of the regional administration. The research further revealed that specific underlying causes of youth unemployment were continuous rural-urban migration, poor entrepreneurship skills, job selectivity and lack of a hard work ethic, the nature of university education being delivered, and the mismatch between skills and the labour market.

After the above investigation, the following recommendations were drawn up to create more job opportunities and deal with the challenges that hinder youth employment via MSEs in the region:

1 Enhancing government support through:

- Policy advice: better inventorying and reporting is needed for assessing and linking supply and demand, analysing behaviour, and implementing behavioural change campaigns.
- Centralizing and harmonizing data produced on labour markets and on job creation, producing a digital labour market information system.
- Resource mobilization: identify resource mobilization needs for job creation, and negotiation with donors, the private sector and partners.
- Innovation: identify innovation activities and new tracks on job creation, promoting entrepreneurship and establish innovation funds.
- Creating and enabling an environment for a vibrant private sector to engage in labour-intensive investments in domains such as cash-crop production, light manufacturing, construction, agro-processing, and tourism.

- Economic development strategies should be geared towards generating more and sustainable jobs in rural areas, including, the promotion of job creation in labour intensive agri-business and agro-processing, and introducing commercialization and productivity improvements through technological changes and infrastructure support, and to deal with the problem of rural-urban migration. Modern investments in agriculture and rural non-farm activities can create immediate short-term employment opportunities which can be more easily tapped by young people.
 - Explore employment opportunities not only available domestically but also outside the region and/or the country.
 - Improve access to finance through improving the capacity of micro-finance institutions so as to enable them to make adequate loans to small enterprises.
- 2 Training and skills development:
- The national education curriculum must address issues of unemployment, including education focused on entrepreneurial skills, financial literacy, savings, and efficient use of resources.
 - Developing continuous capacity-building programs to improve entrepreneurship skills and address the poor 'hard work ethic' of youths.
 - Address the transition of youths from education to work, improving the match between skills and the existing opportunities in the job market.
 -
- 3 Enhance the growth and productivity of MSEs:
- Supporting MSEs in changing their traditional ways of operating, and marketing to adapt to modern ways of doing business through capacity-building training on managerial skills, efficient utilization of finances, proper utilization of loans, loan repayment, revenue generation, and reinvestment of the returns.
 - Enhancing the capability of MSEs so as to generate employment opportunities for the rapidly growing work force.
- 4 Enhancing stakeholders' collaboration:
- Connecting the major stakeholders – the GOs, TVETs, universities, private sector units, NGOs and charity organizations – is highly instrumental in increasing the relevance of skills training, improving access to finance and market information, provide support through consultancy services, facilitating market access for their products and encouraging MSEs innovation through introducing least cost methods of production, and creating market linkages for MSEs.

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PART III

Women's empowerment in administrative structures

5

Women's Empowerment in Political Participation and Decision-making: Practices and Challenges. The Case of Oromia Regional State, Ethiopia

Seifudin Mehadi

Abstract

In the last two decades, there has been progress towards equal representation of men and women in decision-making structures in Ethiopia. Despite progress towards achieving gender equality and women's empowerment, the desired goals have not been met over time. This study is intended to assess practices of women's empowerment and challenges that hinder their participation in political decision-making in Oromia Regional State, Ethiopia. To realize those objectives, secondary data were collected from regional offices, zonal and city administrations to assess the trends and status of women's participation in the region. Moreover, the secondary data were supported by survey data collected from 98 sample respondents using a structured questionnaire, key informant interviews and focus group discussion. Descriptive analysis was employed to analyse the collected data. The results of the analysis revealed that the overall participation of women in decision-making positions in the region is still low, and there is significant variation among the three government branches. The participation of women in regional legislative, executive and judiciary bodies was 47%, 18.8%, and 8.3%, respectively. Women's participation in judiciary and executive organs were very low as compared to the legislative branch. Their participation was impacted by a combination of economic, political, social, cultural, and religious factors. More specifically, the gender-based division of work, access to education, access to financial resources, work burdens, sexual harassment, and certain harmful practices have a direct relationship with and influence on the participation of women in political decision-making. Accordingly, changing perceptions and attitudes of the community towards the role of women; increasing female access to educational facilities; expanding economic opportunities for women; development and implementation of gender-responsive policies including gender mainstreaming in all sectors and adopting a quota system for selection and promotion of women; and strengthening the capacity of government, non-government, and charity organizations working

on women's empowerment are recommended to improve women's participation in political decision-making.

5.1 Introduction

5.1.1 Background of the Study

This study focuses on an assessment of the practices of women's participation in political decision-making in Oromia Regional State and on the challenges that hinder their participation. We address the issue from a policy-oriented perspective, based on the regional situation in Oromia Region, Ethiopia, so as to heighten awareness, contribute to developing better policies towards realizing women's overall empowerment in decision-making bodies, and to enhance role models for young females in the region in general.

Women comprise 49.8% of the total population in Oromia Regional State (CSA, 2013). and are actively involved in all aspects of society, although less so in decision-making positions. The strengthening of women's participation in all spheres of life has become a major issue in overall development, and it is contended that socioeconomic development cannot be fully achieved without the more active involvement of women. But they have been hindered from taking part in power structures, regardless of the knowledge and experience they have, for example, in nurturing, protecting, working and cooperating with the other half of the population. In Ethiopia women themselves often have feelings of disadvantage and inferiority (cf. Ayferam, 2015).

Within the last two decades, women's empowerment has become a central theme in international development policy and practice, and increasingly also in Ethiopia. Gender equality and female empowerment are declared core development objectives, fundamental for the realization of human rights and key to effective and sustainable development outcomes of a nation. The millennium development goals (MDGs) as well as the sustainable development goals (SDGs), declared by the UN in 2000 and 2015, respectively, have underlined this. No society can develop successfully without providing equal opportunities, resources, and life prospects for males and females so that they can shape their own lives and contribute to their families, communities and society (Geleta et al., 2017).

In various laws and initiatives, notably since April 2018, the government of Ethiopia has declared its commitment to gender equality and women's empowerment. The rights of women were already stipulated in the 1995 Constitution, but they

were by far not fully implemented. The Oromia regional government's Women, Children and Youth Affairs Bureau is committed to strengthening the participation of women and youths in political, economic and social activities in Oromia Region. Proclamation No. 213/2018, enacted to re-organize the powers and duties of executive organs, shows that the Bureau was given powers and duties to co-ordinate governmental and non-governmental organizations working on women's affairs and create awareness to protect rights and interests of women, and thereby avoid discrimination based on sex, as well as to put the discussion of 'harmful traditional practices' on the agenda.

In the last two decades, there has, however, been progress towards equal access to primary and secondary education, and towards representation of men and women in decision-making on various levels. These trends indicate that women's representation in political decision-making has increased over the past years; hence, their voices gradually gain in strength. However, in contrast to their male counterparts and voters, females still remain somewhat weakly represented, and undeveloped female leadership skills restrict their ability to challenge and influence decisions that affect women's lives (Dea, 2016).

Similarly, Ethiopian women are usually in subordinate positions and many occupy low formal status in society. Their involvement in policy formulation and decision-making processes has been minimal. In general, if half of the world's population remains vulnerable to economic, political, legal, and social marginalization, the hope of advancing democracy and prosperity (two core aims of government policy) will also be seriously threatened. Thus, the democratic process is able to grow and develop effectively when all people are given equal encouragement and chances to exercise their democratic rights, and when women can experience benefits equally with their male counterparts. The active participation of women, on equal terms with men, at all levels of decision-making is essential to the achievement of equality, sustainable development, peace and democracy (Kassa, 2015).

5.1.2 Statement of the Problem

The concrete participation of women in Oromia has been minimal at the public policy and decision-making levels. Women are engaged more in formal administrative employment than in management positions. For instance, women constituted 34.33% of formal employees in the region during 2019/20, while the proportion of women in leadership positions was only 18.8% during the same period (PSHRDBO, 2019). In line with national and international (MDG and SDG) developmental goals, the role of women in society and decision-making has to be

increased so as to enhance overall societal development. For this reason, analysing the practices of women's participation in Oromia in political decision-making and exploring challenges that hinder their participation in this context is helpful in explaining the problem in more depth and can provide more information on possible solutions.

5.1.3 Objectives of the Study

General Objective

As already hinted above, the general objective of the study is to assess the practices of women's empowerment and challenges that hinder women's participation in political decision-making, focused on Oromia Regional State, Ethiopia, and to come up with recommendations to address the problems encountered.

Specific Objectives

This study has the following specific objectives:

- to assess the place and current practices of women's participation in political decision-making structures in Oromia.
- to identify the challenges that hinder women's participation in political decision-making.
- to suggest possible solutions to address the challenge to enhance women's participation and impact.

5.1.4 Significance of the Study

As women constitute half of the population of Ethiopia and in Oromia Regional State but are not equally represented in social and political life as measured by their participation in decision-making structures, more attention to this problem is needed. Even though efforts have been made to improve women's participation in economic, political, and social domains, it is still very low as compared to men. Hence, identifying practical experiences of women's empowerment and challenges that hinder women's participation in political decision-making would help as an input for government, NGOs, and policy makers to design more gender-sensitive and/or responsive policies and strategies that enhance women's participation in these fields. In addition, the findings of this study will give insights for researchers and students interested in similar research themes for further investigation in other areas of Ethiopia.

5.2 Literature Review

5.2.1 The Concepts of ‘Participation’ and ‘Empowerment’

Endale (2012) has, defined ‘participation’ as a development approach which recognizes the need to involve disadvantaged segments of population in the design and implementation of policies concerning their wellbeing. The acts of active engagement include voting, standing for office, joining a political party, taking part in the political campaigns of the political parties, and exerting influence in the decision-making process through public debate, and dialogue with the representatives they elected, or through their capacity to organize themselves, or exercise public power by holding public office at different levels of administrations – local, regional, national and international (Kassa, 2015).

According to MOWCY 2019, the concepts of gender equality and women’s empowerment are complex and multidimensional, with no commonly known frameworks that define them holistically. Our definition relies on international conventions and other instruments on children’s and women’s rights to define and select parameters and indicators of gender equality, women’s empowerment, and child wellbeing outcomes. Accordingly, women’s empowerment is seen here (following Hunt & Samman 2016, p. 7) as: ‘the process of achieving women’s equal access to and control over resources, and ensuring they can use them to exert increased control over other areas of their lives’.

5.2.2 Trends and Importance of Women’s Participation in Political Decision-Making

Dea (2016) has indicated that women’s representation in political decision-making has increased over the past years; hence their voices gradually gain in strength. In contrast to their male counterparts, however, female representation still remains somewhat weak, and undeveloped female leadership skills restrict their ability to challenge and influence decisions that affect women’s lives.

According to Haque (2013), ensuring women’s political participation is essential to bring legitimacy to government and establish democracy in its real and practical manner, as validity and trustworthiness of democracy can be in question if females, stay marginalized or segregated from the political and public institutions in society. In addition to this, ‘the degree and level of women’s representation in the government has considerable and significant impacts on the lives of the people in any operational political and public milieu’ (Kassa 2015, p. 6).

Okumo and Melesse (2014, p. 102) also clearly noted that increasing women's representation and participation in the political and public decision-making positions is a question of democracy, democratic process, and equality, as well as a question of political and civil rights that have been declared by international organizations' (UN) agreements, treaties, covenants, and conventions. Equality in political decision-making performs a leverage function without which it is highly unlikely that a real integration of the equality dimension in government policy-making is feasible. In this respect, women's equal participation in political life will play a pivotal role in the general process of the advancement of women.

Women's equal participation in decision-making is not only a demand for simple justice or democracy promotion but can also be seen as a necessary condition for women's interests to be taken into account. Without the active participation of women and the incorporation of women's perspectives at all levels of decision-making, the goals of equality, development and peace cannot be achieved (Miranda, 2015). It may be difficult to determine a homogenous picture of what 'women's perspectives' are: as with those of men, they can differ significantly across sub-groups and social strata. But a focus on choice stresses the importance for women of being able to make meaningful decisions on critical areas and key aspects of their lives. This includes recognizing their agency, which is the ability to be an active partner/agent of change through the ability to "define one's goals" and the ability to influence the political agenda. Also, the participation dimension covers women's presence in sufficient numbers to engage in overt conflict or influencing during decision-making (Kabeer, 2010).

5.2.3 Challenges that Hinder Women's Political Participation in Ethiopia

An important part of the reason for women's backlog in rights acquisition and exercise is economic. Some of the factors that have been hindering notably rural women from increasing their income to secure their livelihoods include: weak institutional structures to support women's cooperatives and microfinance institutions, lack of integrating gender into the planning and implementation of developmental activities to support women, and low numbers of women in the leadership of such institutions (UNICEF, 2019).

As regards management positions, Gidudu and colleagues (2014), indicated that sociocultural factors are among the factors that hinder women's access. Women more often than not have to do the house duties, the home-gardening, laundry, etc., while men go out for work and public duties/activities and also more often go for further studies outside the family. Women usually stay behind to take charge of the family. Cultural beliefs are another factor strongly affecting wom-

en's participation in public decision making. In fact, stereotyped notions about women constitute major barriers; societal perceptions about (lack of) leadership ability of women and, women's lack of assertiveness are some barriers that hinder the participation of women. In this regard, traditional attitudes towards gender inequality clearly influence women's advancement in political participation (MOWCY, 2019).

Empowering women economically is now widely seen as a key to reducing poverty, to a growing economy, and building healthy and safe communities (ICRW, 2016). The socioeconomic status of women to a great extent plays a significant role in enhancing their participation and representation in political decision-making bodies. In fact, women's participation in political life depends largely on how they have been able to access employment, which gives them not only material independence but also certain professional skills and greater self-confidence. Access to means of production and financial resource has a direct relationship to and influence on the participation of women in political institutions (Kassa, 2015).

Additionally, the Ethiopian Demographic and Health Survey (2016) showed that 'harmful traditional practices', such as early marriage and childbearing, female genital operation/mutilation, and gender-based violence, have adverse effects on Ethiopian women. Many development professionals consider early marriage to be the most significant harmful traditional practice for women in Ethiopia, as it negatively impacts on women's physical and psychological well-being, and curtails their education and future income-earning potential. Not only do women who married young bear more children over time, but an adolescent mother is also less prepared to care for her children and to manage a household (Alemu et al., 2007).

In Oromia, 84% of women aged 15-49 stop school, which is the highest rate in the country. Gender parity in Oromia secondary schools, at 0.76, demonstrates that girls are left behind in secondary education. Grade repetition and high dropout rates in Oromia Region are particularly worrying, as they affect a huge number of children. Some of the causes include the high demand for child labour by rural households, child marriage, abduction of girls, the long distances to school, and internal and external conflicts resulting in displacement (UNICEF, 2019).

In rural areas, 'traditional' norms, values, and elements of the social structure appear to have constrained the application of laws and state-administrative provisions designed to promote gender equality. Male children are generally preferred over female children. These practices tend to discourage, if not explicitly forbid, a woman's inheritance of her parents' property. The dominance of men

in economic, legal, and political spheres is obvious. Although one cannot make absolute generalizations about men's domination and women's subordination in all spheres of life, men make the major decisions regarding property (e.g. selling, gifting, and inheriting), and the culture generally places males at the top of the social hierarchy. Thus, the customs favour men over women and thereby perpetuate inequality (Hebo & Shigeta, 2014).

Generally, women's status is generally poorer than men because they earn less; they are less educated; they are increasingly becoming heads of households, with no resources to support their dependents; they do not enjoy due acknowledgment for their labour contributions, particularly in agriculture, and they do not have decision-making powers (Beyene, 2019).

5.2.4 Importance of Tackling Challenges that Hinder Women's Participation

As prelude to the conclusion and recommendations, in general we may note that the existence of gender equality has a paramount importance in enhancing the overall process of development in its social and economic aspects. Countries with high gender gap in different sectors could face a big challenge in realizing the goals of human development. In Ethiopia, unless collective efforts are made to narrow or if possible close the gender gap, the country could potentially face development challenges and as a result even widen the gender gap. This gap at present is reflected in the fact that women are less educated, less paid for similar jobs at similar age, are more vulnerable to health risks, are unequally represented in politics and highly exposed to violence (Dea, 2016).

In Ethiopia specifically, to tackle challenges of women participation in political decision-making, there is a need to better support the continued education of the next generation of female Ethiopian leaders, for example, in our Ethiopia READ-TA program activities focuses on improving reading skills in primary schools. We provide supplementary reading materials and purposefully support girls' participation in reading clubs to enhance learning performance and increase retention. In business opportunities, women often face different & more basic economic constraints than men, including less access to credit and more limited market access. To support women's ability to create businesses and secure their own livelihoods, we encourage financing for female-owned businesses through the Development Credit Authority (Beyene, 2019).

Mlambo and Kapingura (2019) noted that there is also a need to engage women through awareness campaigns. This would include providing women with infor-

mation on how they can become more engaged politically, not just through participating in election campaigns.

5.3 Research Methodology

5.3.1 Description of the Study Area

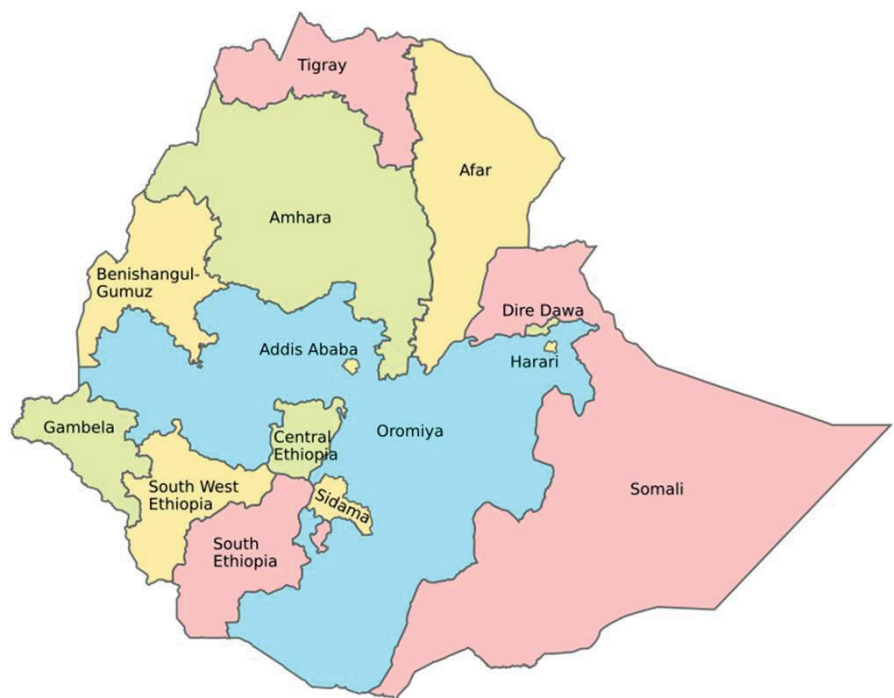


Figure 5.1
MMap of Oromia National Regional State (in blue) within Ethiopia
Source: Wikipedia, November 2024

Data-gathering for this study was done in Oromia, the largest region in Ethiopia in terms of land mass and population number. It occupies 34% of the land in Ethiopia and accounts for 37% of the population. In absolute numbers, this represented over 37 million people: 18,683,000 males and 18,584,000 females (CSA, 2013). The region is divided into 21 zones and 19 city administrations. It has diverse agroecological zones. The highland areas are characterized by sedentary rain-fed agriculture and livestock production, while the lowlands are largely inhabited by pastoralist communities who depend on livestock production. Oromia has expe-

rienced high economic growth, which is mostly attributable to the agricultural sector. There are limited off-farm job opportunities in the region (Dejene, 2020). In Oromia, 49.8% of the total population is female (CSA, 2013). However, the number of women leaders at the various level of government structure is still relatively low. For instance, women constitute for 34.33% of formal employees in the region during 2019/20, while the proportion of women in the leadership position was only 18.8% during the same period (PSHRDBO, 2020).

5.3.2 Sampling, Data Collection and Analysis

Data collected from primary and secondary sources were employed for this study. Secondary data from regional offices, and zonal and city administrations were used to assess the trends and status of women participation in the region. Moreover, the secondary data were supported by survey data collected from 98 sample respondents using a structured questionnaire, key informant interviews and focus group discussion. Purposive and stratified sampling methods were used to select sample respondents. The study area was divided in 4 strata (Region, Zone, Town and Woreda) and the sample area was selected purposively from the strata due to security problem and COVID-19 pandemic. Sample size from each stratum was determined in proportion to the number of sectorial offices in the strata. Finally, sample respondents were randomly selected from the population of leaders in the selected area based on list of the leaders obtained from the Oromia Public Service and Human Resource Development Bureau (as indicated in Table 5.1).

Table 5.1
Samples taken from the study area

Sample	Region	Town Administration	Zones	Woredas	Total	Sampling Method
Total area	1	19	21	292	333	Strata
Sampled area	1	7	8	16	32	Purposive
Number of sectoral offices in the selected areas	56	224	256	512	1048	
Sample taken	10	21	22	45	98	Random sampling

Structured questionnaires were translated into the local language (Afan Oromo) and distributed to sample respondents through their offices in January 2021. A total of 98 respondents were participated in the study, out of which 10.2% were from regional, 21.4% from town, 22.4% from zone and 45.9% from the woreda of-

fices. Out of a total sample taken, 39.8% were women and 60.2 were men respondents. Regarding the educational background of the sample respondents; 22.4%, 69.4%, and 8.2% were M.Sc. degree, 1st degree and diploma holders, respectively. As to marital status 89.8% were married and the remaining 102% were single. The occupation of respondents showed that all were from government offices at different levels with 45.9% currently in a leadership position and 54.1% currently working as public servants (Table 5.2).

Table 5.2

Demographic Characteristics of respondents (Survey data)

No	Item / Characteristics		Number of respondents	% %
1	Sex	Women	39	39.8
		Men	59	60.2
		Total	98	100
2	Age	18-30	30	30.6
		31-50	67	68.4
		51 and above	1	1
		Total	98	100
3	Education level	Diploma	8	8.2
		1st degree	68	69.4
		M.Sc. degree	22	22.4
		Total	98	100
4	Marital status	Married	88	89.8
		Single	10	10.2
		Total	98	100
5	Work place	Region	10	10.2
		Town	21	21.43
		Zone	22	22.45
		Woreda	45	45.92
Total			98	100

Source: Survey results

The primary data collected from sample respondents was supported by key informant interviews (experts from offices of women's and children's affairs and experienced researchers) and focus group discussions conducted at one town and two administrative zones. In this study the quantitative data were analysed using different descriptive and inferential statistical tools. Statistical Package for Social Science (SPSS) was used as a tool for data entry and analysis.

5.4 Results and Discussion

An analysis of the results of primary data are presented and discussed in this section.

5.4.1 Trends of Women’s Participation in Political Decision-Making

In Ethiopia, women’s presence in the political and public sector is a very recent phenomenon, and they are still largely underrepresented in decision-making positions at all levels (Kassa, 2015). In the last two decades, there has been some progress towards more equal representation of men and women in such positions, especially at lower levels. The exception is at the national level: the proportion of women members of the Ethiopian parliament went from only 2.3% in 1995 it increased to 37% in the course of 2015. Moreover with the new political reform agenda implemented since April 2018 by the Ethiopian government under PM Abiy Ahmed, women’s representation in the national Cabinet (ministers and state ministers) reached 50%.

Similarly, the Oromia regional legislative organ, house of the regional council (Chaffe Oromia), has shown a similar trend towards improvement in women’s inclusion and political participation. The annual report of the Oromia Regional Council of 2019 indicated that the proportion of women was only 3.4% in 1995 but increased to 47% in 2015 (see Figure 5.2).

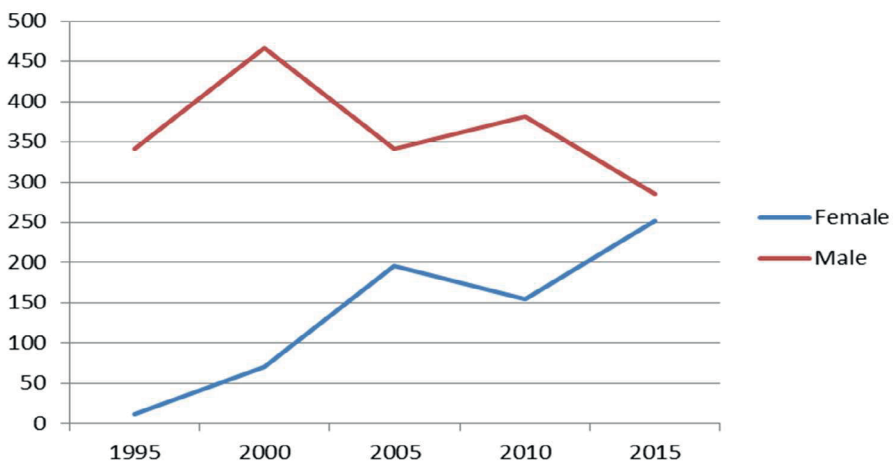


Figure 5.2
Trends of women’s participation in the regional legislative body
Source: Oromia Regional Council report (Chaffe, 2019)

In contrast to the legislative organ, the participation of women in executive organs is still low. The trend analysis shows that there is a slight change in women’s participation in decision-making positions in executive organs of the region. As Table 5.3 shows, their participation, which was 15.5 percent in 2017, increased to 18.8 in 2020.

Table 5.3
Trends of women’s participation in executive bodies of the region

Year	Men	Women	Total	% of Women
2017	15024	2688	17712	15.2
2019	12245	2760	15005	18.4
2020	12246	2836	15050	18.8

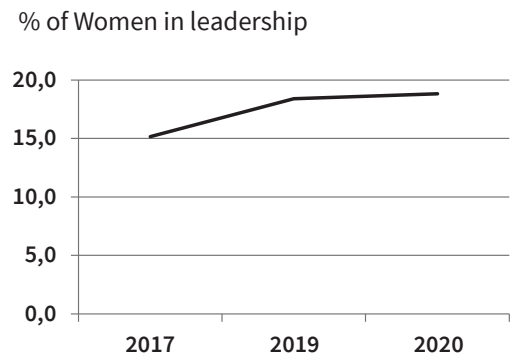


Figure 5.3
Trends of women’s participation executive bodies of the region
Source: OWCAB, 2020

The survey results also show that there is a positive trend in women’s political participation in certain political domains. Accordingly, 91.8% of our respondents confirmed that there is an increasing trend in women’s representation and participation in political decision-making in the region. Remarkably, and in contrast to the figures, 2.7% and 5.5%, respectively said there is ‘decreasing participation’ and ‘no change’.

5.4.2 The Status of Women's Participation in Decision-Making in the Three Government Branches

There is significant variation in women's participation among the three government branches. As indicated in Table 5.4, during 2020 the participation of women in the regional legislative, executive and judiciary bodies was 47%, 18.8% and 8.3%, respectively.

Table 5.4
Representation of women in the three government branches

Regional Government Branches	Total Positions	Number of Men	Number of Women	% of Women
Legislative	20648	10901	9747	47
Executive	15050	12246	2836	18.8
Judiciary	2227	2043	184	8.3

Source: OSU, 2020

Table 5.5 below illustrates that the representation of women in the law-making organs, that is, the *Ch'aftee* Oromia, City Councils and *Woreda* Councils, was 46%, 52% and 47%, respectively in the year 2020. It is encouraging to see that from the total 20,648 members of the councils, 9747 (47%) members are women. In fact, this is rather remarkable.

Table 5.5
Representation of women in the law-making organs

SN	Name of Council	Members of council		
		Total members	Number of Women	%
1	<i>Ch'aftee</i> Oromia	530	246	46
2	City Councils	1112	575	52
3	<i>Woreda</i> Councils	19006	8926	47
Total		20648	9747	47

Source: OSU, 2020

Unlike in the legislative body, the representation of women in *political* decision-making in executive organs of Oromia Region is still low. According to the survey results, 67.1% of the respondents perceived that women do not have equal opportunity to participate in political leadership as compared to their male counterparts. The results of the analysed, key informants and focus group discussion data revealed that women's participation in political decision-making is low at the

regional level as compared to governance structures at the zone, city and *woreda* level.

Table 5.6 below illustrates that the proportion of women leaders in the executive branch at the regional level is only 10.2%. This means from the total of 334 leaders only 34 (10.2%) were women. This shows that women’s representation in the senior level of leadership and decision-making positions in Oromia Region is very low. In the 21 Zonal administrations, from the total 993 leaders, the number of women was 206 (20.7%). In the history of the region, two women were appointed as zonal administrators in 2021. Similarly, the proportions of women at city and *woreda* administration levels were 19.7% and 18.9%, respectively.

Table 5.6
Women’s Representation in the Oromia Regional Executive Organ

Administration Structure	Participation of			% of Women
	Men	Women	Total	
Region	300	34	334	10.2
Zone	787	206	993	20.7
City	567	139	706	19.7
Woreda	10592	2457	13017	18.9
Total	12246	2836	15050	18.8

Source: OWCAB, 2020

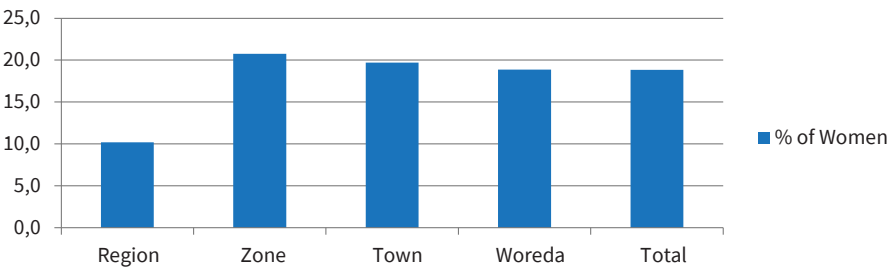


Figure 5.4
Women’s Representation in the Oromia Regional Executive Organs

As clearly seen from Table 5.7 below, representation of women in judiciary organs is also very low. It is clear that, of the total 328 presidential positions starting from regional supreme court to *woreda* first instance court, only 8 (2%) of the presidents were women. Similarly, from 1899 total judges in the region, only 176 (9%) were female judges. This shows that women’s representation in the judicial organ

of the region at all levels of administration is severely hampered. Key informants indicated that the low participation of women in judiciary organs emanates from their low interest in joining and/or from the limited number of graduates from law departments in the universities, which needs further investigation.

Table 5.7

Women's Representation in the Judicial Organs

SN	Name of the court	Presidents			Judges		
		Total Presidents	Women presidents	%	Total judges	Nr. of Women judges	%
1	Oromia Supreme Court	2	0	0	86	4	5
2	Zonal High Court	22	1	5	310	33	11
3	Woreda First Instance Court	304	7	2	1503	139	9
Total		328	8	2	1899	176	9

Source: OSU, 2020

5.4.3 Experiences of Women's Political Participation in Oromia Region

In Oromia Region, despite the low percentage of women in decision-making positions, the performance of those who get a leadership opportunity has demonstrated their talents in all positions, including in the legislative and executive bodies. For instance, remarkable achievements were seen by those women who hold higher positions, like Speaker of the Regional Council, Deputy Regional President, cabinet member and city mayor, among others.

In our study, respondents were asked the question 'How do you evaluate the performance of women who are currently in leadership positions as compared to men in similar positions?' About 49.3% indicated that women perform equally to men, 45.2% said 'better than men', 2.7% said 'less than men' and similarly 2.7% said 'difficult to compare'. Those who responded 'women perform better than men' indicated that 'this is because, women feel more responsibility, are less corrupt, and stick more to law and regulations than their men counterparts'.

Results of group discussions and key informant interviews also indicated that equal participation of women and men in politics was seen as having many positive effects that could improve the lives of both. Bringing more women into leadership positions would probably help enhance the service delivery system; be

a positive development in education, health and infrastructure; and ultimately bring a more equitable society and perhaps also higher standards of living.

5.4.4 Challenges that Hinder Women's Participation in Political Decision-Making

We noted that in spite of women making up 49.8% of the population in Oromia Region, their concrete participation has been minimal at the public policy and decision-making levels. As of 2019-20, in Oromia, women are engaged more in formal lower administrative employment than in management positions, and the proportion of women in leadership positions was only 13% during the same period (PSHRDBO, 2020). The concrete challenges that hinder women's participation in political leadership will be discussed below.

Sociocultural Factors

In Ethiopia, as in many other countries, certain perceptions and traditions continue to restrict women's primary roles to 'reproductive roles,' as mothers and housewives. A predominantly 'patriarchal' value system favours sexually segregated roles, and 'traditional, cultural and religious values' militate against the advancement, progress, and participation of women in any political process (FDRE, 2006). Similarly, 62% of the sample respondents confirmed that participation of women in leadership positions in the region is low. The major reasons indicated by the 53% and 47% of the respondents were 'cultural barriers' and 'lack of equal opportunity,' respectively. According to the study, the major cultural barriers that affect women's confidence about participating in decision-making are discrimination starting from childbirth, domestic work burden, and harmful practices like genital mutilation, early marriage, abduction and rape, and other sexual harassment.

The dominant social division of labour and the work burden are among the major sociocultural factors that limit women's participation in political decision-making. Results of group discussions and key informant interviews showed that there is an ingrained perception of a social division of work between men and women, which means home activities, are always seen as belonging to women, and outside home activities primarily belong to men. Women are also overburdened with the various household activities, like cooking, taking care of children, being responsible for the laundry, the cleaning and so on. These activities make women busier in the household and impede their involvement in the politics of the country. The situation is more visible for those women who are poor and reside in the rural areas.

Religious Factors

Arguments about women's alleged inferiority to men are present across all dominant religions, and religion has long been used to exclude women from aspects of social, political, or religious life around the world (Kassa, 2015). In many mainstream religions, power and authority in the public sphere are divinely bestowed on men. Women are considered subordinate to men both in the family and in the society, especially in most rural areas (Dejene, 2020).

Key informants indicate that religion is indeed still one of the most important factors that affect (perceptions of) participation of women in social, economic and political affairs. In all major religions (although in varying degrees), women are usually restricted in preaching and expressing their ideas and thoughts in public gatherings. Hence, the exclusion of women from religious institutions and religious leadership and beyond may have a generally negative impact on women's status in society and limit their opportunities in politics, the workplace, and public life.

Economic Factors

The socioeconomic status of women also plays a significant role in influencing their participation and representation in political decision-making bodies. It has already been noted that Ethiopian women in general are poorer and less educated than men. Many women are financially dependent on their husbands or relatives. In addition, women in Ethiopia struggle to attain basic rights, such as property rights, access to land, and credit. Women's historical experience of discrimination puts them at a disadvantaged position economically (Dejene, 2020).

Our study results also indicated that women's participation in political life is seen as depending largely on their socio-economic status and access to employment, which would give them not only material independence, but also greater self-confidence. So access to the job market and their own finances has a direct relationship and influence on the participation of women in political institutions.

Educational Factors

In Oromia, the proportion of girls that have access to formal education is low as compared to boys. A report of the Central Statistics Agency (2018) indicated that there is a significant difference in male and female literacy rates in the region, with the overall female rate (22.8%) at less than that of the males' rate (49.4%).

Although the primary school enrolment rate of girls has increased in the last two decades, the majority are unable to transition to secondary and tertiary school due to distance, personal security issues and economic challenges. Females make

up 49 and 41% of the primary and secondary school population, respectively. Only 35% of undergraduate university students are female, out of which a quarter of those who joined university will drop out before graduation (Beyene, 2019).

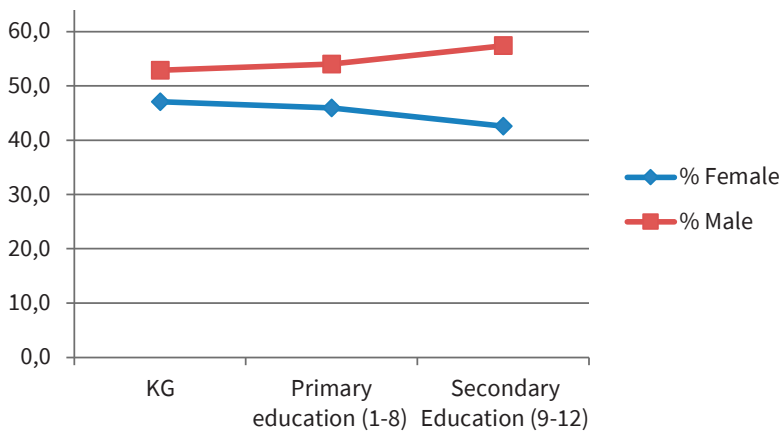


Figure 5.5
Percentage of female and male students in different levels of education in Oromia Region

Source: Oromia Bureau of Education, 2019/20

Similarly, key informants indicated that students travel long distance to get to school in rural areas. The problem becomes more visible as one goes higher up the educational ladder. The report of the Oromia Bureau of Education (2019) mentioned that the percentage of female students declines as the level of education increases (see Figure 5.5). Girls in the rural areas are highly exposed to sexual harassment, and abduction and rape when they travel from one area to another for schooling. Thus, the school drop-out rate is very high for girls as compared to boys. Access to education has a great and formative impact on developing leadership abilities, professional skills and self-confidence, and thereby has a direct relationship with participation in political leadership.

Political Factors

Women comparatively lack the political knowledge and networks for actively taking part in political party activities and decision-making, including policy-making. Male-dominated leadership structures in the parties lead to the subordination of women’s issues, needs, and perspectives. Parties have the ability to promote women’s involvement in internal executive leadership positions but often limit or deny them this opportunity (Dessie & Verma, 2018).

The respondents in our survey also indicated that a lack of commitment to increasing women's participation and an absence of sufficient political knowledge on or interest in women's representation have been some of the problems responsible for the poor participation of women in the politics. Although women's political representation has improved over the years, lingering negative social perceptions about the leadership ability of women, their low socioeconomic status, low educational and skills levels, and lack of strong role models all contribute to women's low participation in decision-making structures.

Institutional Factors

Institutional factors are one among those that challenge the participation and representation of women in leadership and decision-making positions. Public institutions have the power to change the economic, political and social lives of a particular society. The Oromia regional government's Women, Children and Youth Affairs Bureau is the key institution that was given the responsibility of strengthening the participation of women and youths in political, economic and social activities in the region. Regional Proclamation No. 213/2018, enacted to re-organize the powers and duties of executive organs, showed that the Bureau was given powers and duties to coordinate governmental and non-governmental organizations working on women's affairs and create awareness to protect the rights and interests of women, and thereby avoid discrimination committed based on sex, as well as to put the discussion of 'harmful traditional practices' on the agenda.

There is an attempt to mainstream gender issues in all government institutions with defined structure and responsibilities to ensure gender sensitivity by public regulations and interventions. However, lack of manpower in different institutions, improper implementation of affirmative action, lack of comprehensive women-focused strategies and continuous capacity-building programmes, and less access to institutional information are the major institutional factors identified by this study that hinder further progress.

5.5 Conclusion and Recommendations

5.5.1 Conclusion

Women's political participation is one of the common ideals of modern states and part of the UN-declared Sustainable Development Goals (goal No. 5). It is a key indicator for an inclusive, democratic, participatory society. It is getting due attention from the worldwide community and has been showing improvement

even in developing countries. The government of Ethiopia has also declared its commitment to gender equality and women's empowerment by stipulating the rights of women in its 1995 constitution and in several additional laws. In the last two decades, there has been progress towards equal opportunity creation, and more equal representation of men and women in decision-making. As a result, the proportion of women members of parliament and their representation in the national cabinet and council of ministers has significantly improved. However, women in general are still largely underrepresented in political decision-making particularly in regional and lower government structures.

In Oromia, unlike at the national level, the number of women leaders at the various levels of government structure is still very low. Women are engaged more in formal administrative employment than in management positions. The results of the analysis revealed that the overall participation of women in decision-making positions in the region is still low and there is significant variation among the three government branches. The participation of women in regional legislative, executive and judiciary body was 47%, 18.8% and 8.3% respectively. Women's participation in judiciary and executive organs was very low as compared to the legislative branch. Their participation in political decision-making in the region is impacted by a combination of economic, political, social, cultural and religious factors.

'Culture' is often said to be one of the most important factors that restrict women from participation in major decision-making bodies. A 'patriarchal' value system and traditions favour sexually segregated roles that restrict women's primary roles to reproductive ones, as mothers and housewives. There is a social division of labour between men and women, which means home activities are seen to belong to the responsibilities of women, and outside home activities as belonging to men. Moreover, work burden, sexual harassment, and other harmful practices (like genital mutilation, early marriage, abduction of young females, and rape) are relatively common cultural practices in rural areas, affecting women's confidence in participating in decision-making structures.

Religious values also affect access to and participation of women in social, economic and political affairs. We noted that in all major religions women are seen as subordinate to men, and barred from leadership, preaching, and expressing their ideas in public. While there have been differences across religions (e.g. some have female preachers and religious officiators) and recent developments have contested this heritage, the traditional exclusion of women from religious institutions and religious leadership may have had a negative impact on women's status in society and limited their opportunities in politics and public life.

Similarly, *access to the job market and finances* has a direct relationship and influence on the access to and participation of women in political institutions. Women's participation in political life depends largely on their socioeconomic status and access to employment, which gives them not only material independence but also greater self-confidence. Furthermore, *access to education* has a great impact on developing leadership abilities, professional skills, and self-confidence. An educated girl is more likely to postpone marriage, raise a smaller family, have healthier children, and send her children to school. She has more opportunities to earn an income and to participate in political processes, and she is less likely to become infected with different diseases. Lack of political knowledge and networks for women to actively taking part in political party activities is also another factor that limits women's participation in political leadership.

Institutional factors are one among the factors that challenge the participation and representation of women in leadership and decision-making positions. Public institutions have the power of changing the economic, political, and social lives of a particular society. Therefore, lack of manpower in different institutions, improper implementation of affirmative action, lack of comprehensive women-focused strategies and continuous capacity-building programmes, and less access to institutional information, are the major institutional bottlenecks that need to be improved.

Hence, dealing with all the above factors needs active participation of women, on equal terms with men, at all levels of decision-making, and the inclusion of their perspectives and experiences into the decision-making processes can provide social, political, legal, and economic solutions for their problems.

5.5.2 Recommendations

In the last two decades, there has been progress towards realizing equal opportunities and more equal representation of men and women in decision-making structures in Ethiopia. Despite progress towards achieving gender equality and women's empowerment, the goals have not been met over time. This study was conducted to assess the practices of women's political participation in Oromia Region and to identify challenges that hinder their participation in political decision-making. Women's interest and ability to participate in the political process is impacted by a combination of political, social, economic, and cultural challenges. Accordingly, the following recommendations are drawn up to deal with the challenges that hinder women's participation in decision-making structures.

1 *Changing the perceptions and attitudes of the community toward the role of women*

A 'patriarchal' value system and traditions favours sexually segregated roles that tends to restrict women's primary roles to reproductive, as mothers and housewives. Women are often socially portrayed as weak and incapable of making smart decisions. Accordingly, gender equality, women's empowerment and creating a community that is free from prejudice and violence against women, including genital mutilation, rape, early marriage, and other forms of sexual harassment calls for changing the perception and attitudes of the society at all levels.

Empowering women requires understanding and transforming oppressive cultural norms and practices. One key strategy to bring about a cultural shift is to plan and implement participatory gender analysis and gender sensitization programs. The second one is improving the knowledge and understanding of communities about gender equality, women's empowerment, and human rights through engagement of the local community – religious and community leaders. In traditional society, working with religious and community leaders can be one of the most effective strategies to disseminate messages to large numbers of people through their own institutional structures down to the community level.

Alleviating time constraints for women by providing services and interventions will reduce the time burden posed by household duties. Such interventions could make more time available for women to dedicate themselves to other productive activities and contribute to closing the gender gap in employment and earnings.

2 *Expanding Economic Opportunities for Women*

Creating a conducive environment for women to have employment opportunities and paid equal wages is one of the most important interventions that can enhance women's empowerment. This includes the need to identify, plan and implement gender-sensitive projects focused on improving women's participation in decision-making. One important way of assisting women in empowering themselves is facilitating circumstances to enable them to be organized, to form associations and interest groups. In this regard, the establishment of women's associations or women's cooperatives for the production, consumption, processing, and selling of their products would create opportunities for women to mobilize their resources and to work together to share information, build social capital, and empower themselves.

3 *Increasing Female Educational Opportunities*

Giving women and girls the opportunity to advance their education helps them to develop their skills and competence which could narrow the gender gap not only in employment and earnings but also their participation in decision-making. The major areas to be focused on to improve women's participation are:

- Encouraging women to attend leadership education and skill-building training programmes.
- Exposing women to how government works, through advocating for affirmative action at school clubs and other decision-making bodies at the local level, so that they gain experience in decision-making roles.
- Promoting women to improve their confidence and public speaking skills through conducting workshops for politically active women on how to campaign and how government operates, among things.
- From an early start improving their reading skills in schools through providing supplementary reading materials.

4 *Development and implementation of more gender-responsive policies*

The regional government should develop and implement better gender-responsive policies, strengthen gender mainstreaming in all sectors, and might consider adopting a quota system for the selection and promotion of women leaders. The Oromia State University should work on strengthening women's capacities through the provision of continuous leadership training programmes.

5 *Strengthening the capacity of public institutions, NGOs, and charity organizations*

These organizations have been playing a vital role in bringing gender equality and women's empowerment to the forefront. Enhancing their capacity would help to further empower women and improve their participation in political decision-making. To solve institutional problems, the improvement of manpower in different institutions, proper implementation of affirmative action and continuous capacity-building programmes are very important.

Finally, while progress has been made in Ethiopia in the advancement of women's representation and roles in state and regional administrations, a lot remains to be done. For various social, cultural, economic, and educational reasons, equality of opportunity is not yet achieved, despite recent changes in federal policy, in line with Ethiopia's commitment to the Millennium Development Goals. Unexpected societal problems can sometimes set back achievements gained¹⁵⁰ but still, the line goes slowly upwards. Yet, the overall

150 In addition to the recent violent conflicts in northern and western Ethiopia since November 2020, putting huge pressure on the position and rights of women, notably in the rural areas of Afar,

empowerment of women and the improvement of their participation in political decision-making requires the continued collaborative efforts of governmental, non-governmental, and local and international institutions.

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6

An Assessment of Women's Empowerment in Amhara National Regional State, Ethiopia

Tesfanesh Tadesse

Abstract

Women's empowerment is a multidimensional concept which is gaining special attention in contemporary development agendas. This study was conducted with the aim of assessing the level of women's empowerment at the household level. Primary data was collected from 424 households through a structured household survey (December 2021-February 2022). Two broad dimensions (decision-making and asset ownership) of women's empowerment are created using various indicators relevant to measure and constitute a women's empowerment index. To address the second objective, which is identifying the determinant factors affecting empowerment, logistic regression analysis was employed. In addition to the overall empowerment result, women's participation in health-related decision-making and asset ownership showed a higher value among the indicators employed to measure the empowerment level. Moreover, administrative zone, residence, husband's educational status, and participation in community meetings were identified as determinant factors of women's empowerment in the study area. The findings of the study indicated that 91% of respondents are 'empowered' (in our definition). While the majority of respondents are empowered, economic decision-making and interpersonal decision-making of women are still areas that might require interventions. Finally, in order to bring about the desired level of women's empowerment, it is important to identify context-specific indicators to measure it as well as to implement policy interventions.

6.1 Introduction

6.1.1 Background of the Study

This study assesses the state of women's empowerment in selected districts of the Amhara Region, Ethiopia. It is based on empirical research and was aimed at de-

termining women's empowerment not in institutional settings, like political decision-making or administration (see the previous chapter) or the job market, but within *household settings*, and furthermore to identify the determinant factors of women's empowerment in the above study area. While the state of 'empowerment' of women in the region is not bad, the chapter will end with some policy recommendations to more securely empower them.

In most countries, women constitute approximately 50% of the population, and often there is an absence or denial of rights of equal participation with men in societal and national affairs, notably in the public sphere. Women in developing countries, including in Africa, are generally silent and their voice has often been stifled by economic and cultural factors (Gender Inequality and Women's Empowerment, 2008). On this issue, two perspectives have emerged in the contemporary discourse on the modalities of gender equity: women's development and women's empowerment (Margaret & Kala, 2013). A 'women's development' perspective failed to bring the promised economic development and full advancement of women, which gave rise to the concept of 'women's empowerment' in the 1990s (Aminur, 2013). To give a basic definition: women's empowerment is a process of personal and social change, taking place over interlinked and mutually reinforcing psychological, political, social, and economic domains and through which women individually and collectively gain power, meaningful choices and control over their lives (Hunt & Samman, 2016). Women's empowerment has been a central theme of recent international development policy and practice. In the twenty-first century it has become a hot issue around the world.

Moreover, modern women are seeking equal opportunities with men and they are more aggressively competing in various fields such as politics, economics and the social sector (Geleta et al., 2017; Mallikarjuna & Rajeshwari, 2015). Equal rights and opportunities for both women and men are thus becoming central. As the United Nations Sustainable Development Goals (SDGs) clearly stipulate in goal Nr. 5 on their agenda: 'achieving gender equality and empowering all women and girls' (UN, 2015). Various laws and international treaties declare equal rights for women and men in economic, social, cultural, political, and civil domains. For instance, the 1966 International Covenant on Economic, Social and Cultural Rights in Article 3 states that '... the States Parties to the present Covenant undertake to ensure the equal right of men and women to the enjoyment of all economic, social and cultural rights...' (United Nations, 1967).

Ethiopia has ratified international treaties and incorporated them into the current constitution of the Federal Democratic Republic of Ethiopia of 1995. For instance, Article 35 states the rights of women: it explicitly incorporates the provision of

equal economic, political, cultural, civil, and political rights for women and men (FDRE, 1995). Ethiopia also accepted major human right treaties, including the most important women's conventions such as the Convention on the Elimination of Discrimination against Women (CEDAW), which calls for equal participation of women in public decision-making, and the 2015 Beijing Platform for Action (BPA), which declared the aim to attain a 30% benchmark for women's representation in all public decision-making positions (Meaza, 2009). However, there is continued inequality and vulnerability of women. The status of women's empowerment in Ethiopia, including the Amhara Region, is low: women are generally poorer than men; less educated; increasingly becoming heads of households with little or no resources to support their dependents; they do not enjoy due acknowledgment for their labour contributions, particularly in agriculture, and finally, do not have major decision-making powers (cf. UN Women, 2014). Hence, women need to be socially, economically, and politically more empowered. The process of women's empowerment is complex and requires multidimensional interventions. Against this background, the main purpose of this study is to assess the status of women's empowerment in the Amhara Regional State.

6.1.2 Statement of the Problem

Women's participation in social, economic, and political affairs is significant for the overall development of a society, and for this women need to be given equal chances compared to men. Like in many other developing countries, women in Ethiopia represent half of the population, but face sociocultural and political challenges that undermine their societal role, human worth and dignity (Tefera, 2018). Considering this fact, the government of Ethiopia has taken initiatives to improve women's position. Among the legal means, the incorporation of important provisions in the Ethiopian Constitution of 1995, the 2000 Family Law, and the adoption of the MDGs are among such initiatives. Although the current (post-2018) government has taken measures to increase the number of leadership positions held by women at the federal level, the number is still low when it comes to the regional, sectoral and local levels. According to the report by UN Women (2014), there are still challenges for increasing women's participation in leadership and governance positions. Therefore, women's numbers in the civil service, including the judiciary, the national legislative assembly, or at senior/management levels, have not reached the critical mass of 30% necessary to enhance empowerment processes and decision-making and bring about major change for women.

Most studies related to women's empowerment in Ethiopia (Mekonen et al., 2013; Bogle et al., 2011; Tefera, 2018; Nigist, 2019) examine the issue by resorting to one or two dimensions and variables of empowerment. Hence, considering this gap,

the present study takes a more holistic approach to comprehensively examine the status of women's empowerment in Amhara Region by incorporating social, economic and political dimensions of empowerment. Thus, it will hopefully be a valuable study by producing inputs for policy makers and other relevant institutions working on the issue under study.

A preliminary assessment was conducted in 2020, and the findings of the assessment indicate that women's social, economic and political empowerment was not adequate and a lot needed to be done in ensuring women's equality and opportunities that would benefit women in the Amhara Region. As shown in the results, in the Amhara Region, women's participation in *political* affairs is below 50% of the total. For instance, women's representation in the Regional Council is 47.25%, with 42.28% at the district level, and 47% at the *qebele* level (Office of Women, Children and Youth Affairs, 2019). In the finding it is indicated that among the constraining (socioeconomic and political) factors that hinder women's empowerment are: their low level of educational qualification, bureaucratic practices hindering involvement in the formal economic sector, a lack of political commitment, lack of confidence among women, and overburdening of women by household responsibilities.

In addition, the current data showed that the representation in the Amhara Regional Council is 262 (63%) of male and 94 (37%) female. Women in leadership positions (as head and deputy) in the executive organs is 83% male and 17% female at the regional level; 78% male and 22% female at the zonal level; and 77% male and 23% female at district level (Office of Women, Children and Youth Affairs, 2022). The data tells us that the higher the level of administration goes the lower the number of women in positions found there. Hence, there is no doubt that there are still gaps in terms of representation in political and administrative positions.

Therefore, in addition to the research gaps presented above, the results of this exploratory research helped the researcher to identify the issues that need further research. Hence, an assessment on the level of women's empowerment *at household level* is important and timely.

6.1.3 Objective of the Study

The main objective of the study is to assess women's empowerment in selected districts of the Amhara Region.

Specific objectives:

- To determine women's empowerment within the households in the study area.
- To identify the determinant factors of women's empowerment in the study area.
- To suggest context-specific policy recommendations to more empower women in the study area.

6.1.4 Scope of the Study

The scope of the study is the status of women's empowerment. Although there is utilization of different indicators in measuring women's empowerment, this study utilizes indicators that are contextual to the social, economic, and demographic conditions of the community under study.

6.2 A Literature Review and Conceptual Discussion

6.2.1 Understanding Women's Empowerment

In many parts of the world, women are still limited in terms of their effective engagement in development endeavours and use of their full potential in various societal dimensions (MoWCY, UNICEF Ethiopia and SPRI, 2019). This hampers women's wellbeing. One of the important tools towards addressing this issue is assumed to be 'empowering women' more. Empowerment creates opportunities for women's personal and societal development (MoWCY, UNICEF Ethiopia and SPRI, 2019), and societal and personal fulfilment. The purpose of this study is to assess women's empowerment in the Amhara Region, Ethiopia. Hence, in order to address the issue accurately, it is necessary to have a thorough understanding of what empowerment means in its methodological aspects and in the empirical sense, in the wider academic literature.

Definition and Concepts

The term 'empowerment' as defined by the Cambridge English Dictionary (2022) is a process of gaining freedom and power to do what you want or to control what happens to you.

With respect to the discussion of the gender issue, although there are diverse agendas and discussions on women's empowerment, it is observable that there are notable similarities in the literature in conceptualizing the concept of women's empowerment.

There are a few terms that are often used in the process of defining empowerment: *power*, *control*, and *choice*. These terms are used in a sense that refers to the

ability of women to make her own decisions, and her ability to have control over her own life choices and resources.

In essence, empowerment is understood as *the ability to make choices, involving the ability to shape what choices are on offer* (Oxaal & Baden, 1997). Women's freedom to shape and control her own decisions fully falls under the concept of empowerment.

On the other hand, Wallerstein (2001) defined empowerment as a social-action process that promotes participation of people, organizations, and communities towards the goals of increased individual and community control, political efficacy, improved quality of community life, and social justice. The World Bank (2007) described empowerment as enhancing the capacity of an individual or group to make purposive choices and to transform those choices into desired actions and outcomes. Here, empowerment is commonly understood as the ability to make independent choices and decisions. In addition, empowerment is not only about the individual but is also applied to a group or community.

Women's empowerment is here conceptualized as the process of uplifting of the economic, social, and political status of women. Women's empowerment involves an environment where women can live without the fear of oppression, exploitation and discrimination (Dandona, 2015).

Generally, in our view, women's empowerment is about recognizing and providing the opportunity for women to choose what is best for them in all aspects of their life. The point is that all efforts to conceptualize the term more clearly stresses that empowerment is a sociopolitical process, that the critical operating concept within empowerment is autonomous decision-making power, and that empowerment is about shifts in political, social, and economic power between and across both individuals and social groups (Tanu, 2016). Moreover, it should be noted that empowerment is beyond the individual interest of women. Empowerment is one of the important concepts in the development discourse, where the role of empowering women is considered a necessary step to tackle poverty and promote development.

6.2.2 The Nature of Women's Empowerment and Women's Conditions in Ethiopia

The Legal Framework for Women's Empowerment

National legal and institutional frameworks are meant to provide a frame which all government structure and development partners can use to promote women's

equality and empowerment. Having legislative support through the constitution, policies, and laws, as well as institutional arrangements, creates an opportunity to mainstream gender issues in all programs and actions in the country. Cognizant of the importance of promoting equality between men and women, the government of Ethiopia has formulated several laws and policies in this regard.

The 1995 Constitution of the Federal Democratic Republic of Ethiopia has important provisions that recognize the equality and empowerment of women. Article 3 aims to provide for equal opportunity for women to participate in decision-making processes by giving them the right to vote and be elected. Article 25 states that ‘all persons are equal before the law’ and prohibits any discrimination on the grounds of gender. In addition, the right of female workers to equal pay for comparable work is clearly stipulated under Article 42.

Particularly in its Article 35, the constitution clearly states the rights of women. In this article, the equality of women and the need for affirmative action is clearly expressed:

Women shall, in the enjoyment of rights and protections provided for by this Constitution, have equal rights with men ... The historical legacy of inequality and discrimination suffered by women in Ethiopia taken into account, women, in order to remedy this legacy, are entitled to affirmative measures. The purpose of such measures shall be to provide special attention to women so as to enable them to compete and participate on the basis of equality with men in political, social and economic life as well as in public and private institutions Article 35(1), (FDRE, 1995).

Furthermore, the constitution also incorporates provisions that are aimed to protect women from being victims of ‘harmful traditional practices’ (HTPs), such as female genital mutilation, early marriage, and abduction:

The State shall enforce the rights of women and that laws, customs and practices that oppress or cause bodily or mental harm to women are prohibited. Article 35(4), (FDRE, 1995).

In addition to the constitution, several additional policies and proclamations were formulated on the matter under discussion. For example, the National Policy on Women was already introduced in 1993, with the objective of creating a conducive environment to facilitate equality between men and women. Accordingly, women must have the opportunity to participate in socioeconomic and political life, their right to own property is ensured, other human rights are to be respect-

ed, and women are not to be excluded from the enjoyment of the fruits of their labour and can/must participate in decision-making (cf. UNFPA, 2008).

Considering the negative impact of a low status of women on reproductive health issues, the Transitional Government of Ethiopia in 1993 formulated the National Population Policy. In this policy, a relevant aspect was that women were to be included. The policy clearly mentioned: '... women's status and health issues such as reduction of incidences of maternal mortality, improvement of females' participation at all levels of education and enhancement of the contraceptive prevalence rate' (TGE, 1993).

The 1992 Economic Reform Policy of Ethiopia had recognized that women are to have equal rights, also in terms of participation and control over agricultural land use and extension services. The policy aimed to promote economic development and improvement of the living conditions of vulnerable groups of society, such as women (Nigist, 2008).

Considering the role of girls' education to the overall development of the country, the 1994 Education and Training Policy incorporated gender equality issues such as increasing girls' school enrolment ratio, preparing a gender sensitive curriculum, and reducing girls' dropout and repetition rates (UNFPA, 2008).

As to the proclamations, Proclamation No. 9/1995 that established the Environmental Protection Authority, recognized women's environmental rights. Civil Service Proclamation No. 262/2002 stipulates equal employment opportunities for both males and female: these can be taken as examples aimed at empowering women.

On the other hand, the Labour Law No. 377/2004 prohibits employment of women in a type of work that may be harmful to their health. It also states that women shall not be discriminated against in employment and equal payment on the basis of their sex (Nigist, 2008).

Finally, in addition to the national laws there are a number of regional and international provisions that Ethiopia has ratified in relation to the rights of women. Some of these instruments are: the 2003 Protocol of the African Charter on Human and Peoples' Rights (on the rights of women in Africa), the Universal Declaration of Human Rights, the CEDAW, the Convention on the Rights of the Child, and the Declaration on the Elimination of Violence against Women (UN Women, 2014).

The Institutional Framework for Women's Empowerment

National institutions were established in Ethiopia to implement the aforementioned laws and policies at the federal, regional, and district levels. In 2005, the Ministry of Women's Affairs was established, with the duties and responsibilities of ensuring participation and empowerment of women in political, social, and economic as well as cultural affairs of the country (UNFPA, 2008). Later in 2010, the office was reorganized and established as the Ministry of Women, Children and Youth Affairs (MoWCY) at the federal level to implement its national and international commitments (Tadesse et al., 2022).

Corresponding bureaus have been established at the regional administration level, as well as women's coordination and desk officers at the respective Zonal and District levels. The Zonal level offices usually play a coordination role between the regional women's affairs bureaus and the districts. The District level administration works more closely with the communities by identifying and addressing needs at the grass-roots level. At the District level, the women's desk officer is in charge of implementing relevant activities, as highlighted in the different gender and women's development policies, programs, and/or project interventions. This extensive structure was meant to ensure that gender and women's development issues could be addressed comprehensively at all levels of administration and society.

In addition to the federal and regional level offices of the MoWCYA, the 2014 UN Women Report stated that other sectoral ministries had begun to appoint inter-departmental gender focal points within their respective institutions, such as in the Ministry of Agriculture (UN Women, 2014). Accordingly, the Ministry of WCYA has a responsibility to facilitate horizontal coordination (with women's directorates of sector ministries and other public organizations at the federal level) as well as vertical (with regional women's departments and programs) on gender activities in the country (UN Women, 2014).

Although the existence of laws and institutional frameworks is appreciable, the record of effective implementation of the legislation is questionable. Serious human rights breaches that affect women's empowerment, such as unequal educational and employment opportunities compared to men, early marriage practices, and female genital mutilation, domestic violence and the like, are still problems widely faced by women in Ethiopia (Zewde, 2019). In their studies, Nigist (2008), Helina (2015), and Zewde (2019) claim that despite the laws and policies that strongly foster gender equality and women's empowerment, there are 'gaps' between law and reality, despite the effort made, as we will describe below.

The Condition of Women in Ethiopia

Women in Ethiopia still face significant barriers in various aspects of their lives. They have often been denied equal access to education, gainful employment opportunities, decision-making, and involvement in political affairs.

Early marriage is among the phenomena that girls face in various parts of the country. Females who get married in childhood are less likely to be sufficiently educated or to be employed compared to females who are/were not child brides, and when they are employed, they are more likely to be engaged in unskilled occupations (UNICEF, 2019). Hence, the problem does not stop when they are settled in early marriage; this comes with many consequences in their later lives.

Based on Ethiopia Socioeconomic Survey (ESS) data (2015-2016), which represent 13,316 working-age individuals (of whom 52% are women), relative to working men, working women in the surveyed population have, on average, lower levels of education. Moreover, women experience higher rates of unemployment (50%), seasonal employment (37%), and temporary employment (13%). Women are also less likely than men to be paid for their work: over half of all women engaged in the agricultural sector (in the domestic labour unit), for example, receive no payment (World Bank, 2019¹⁵¹).

With respect to women's nutritional status, micronutrient deficiencies are a public health concern in Ethiopia, where 2016 data show that anaemia affected almost one out of every four women of reproductive age (UNICEF, 2019).

Moreover, women have limited access to various services, such as credit, compared to their male counterparts. As the 2019 World Bank report findings confirmed, in the agricultural sector women receive fewer extension services than men, women's access to formal credit is less than men have, and women manage less land and harvest a narrower range of crops. In addition, in the business sector, compared to male managers, female managers spend less time on business activities; they hire less labour, are less likely to have a business license; and access less formal credit, which is linked to women's lower business revenues (World Bank, 2019).

Although the above discussion does not reveal the conditions of women in Ethiopia exhaustively, it definitely demonstrates their comparatively low status in different sectors.

151 See also: <https://microdata.worldbank.org/index.php/catalog/2783>.

6.2.3 Empirical Research on Women Empowerment

Various studies used empirical measurements to assess women's empowerment. For instance, Sofanit and Fisseha (2016) in their study measured women's empowerment at two levels, individual and community empowerment, using four dimensions (economic, sociocultural, familial/interpersonal, and psychological).

Alaofè and colleagues (2017) assessed women's empowerment applying an approach called factor analysis, using six parameters to estimate and calculate women's empowerment. The parameters were: 1) leadership; 2) decision-making; 3) mobility; 4) economic security; 5) male involvement in housework; and 6) non-family groups.

Another study, conducted by Hecker and Fabic (2013), used a qualitative approach to measure women's empowerment. In their paper the authors argued that assessment of women's empowerment is contextual to the cultures and specific situations of the people under study. Their analysis employed the following indicators used to estimate women's empowerment: 1) economic empowerment; 2) legal rights and recourse; 3) decision-making, and 4) social norms and attitudes.

In Ethiopia, existing studies on women's empowerment use different definitions of the concept. For instance, Tadesse and colleagues (2013) explored the relationship between women's empowerment and contraception, and used five components to measure women's empowerment: 1) acceptance of domestic violence; 2) knowledge on legal rights pertaining to empowerment; 3) household decision-making; 4) educational attainment; and 5) exposure to media.

Another study by Abshoko and colleagues (2016) identified similar determinants of women's socioeconomic empowerment in the SNNPRS, which included the following: women's level of education, employment status, level of earnings compared to their husband/partner, exposure to media, place of residence, age at first marriage, family size, and attitudes towards wife-beating.

6.2.4 Conceptual Framework on Measures of Women's Empowerment

In line with the main objective of this study, the assessment of women's empowerment was conducted at the individual/household level. As stated by Carter and colleagues (2014), women's empowerment is a multi-dimensional process, which is subjective and requires a contextual measurement. Accordingly, empowerment is not a directly observable process that can easily be measured. From a measure-

ment perspective, empowerment is an abstract concept and there is no agreed-upon measurement method. Hence, it requires proxy indicators that can be helpful to indirectly measure the level of women's empowerment. Empowerment is hence taken as a dependent variable; whereas the explanatory variables are, inter alia, the socioeconomic and demographic characteristics of the respondents.

In literature on the topic (e.g. Malhotra *et al.*, 2002; Sofanit & Fesseha, 2016; Oxfam, 2017; Milcah & Chaitanya, 2016; Abbas et al., 2021), the commonly used dimensions of women's empowerment include: economic, sociocultural, familial/interpersonal, legal, political, and psychological factors. Our study adopts and contextualizes some indicators of women's empowerment mentioned in earlier studies of (Milcah & Chaitanya, 2016 and Abbas et al., 2021. Accordingly, empowerment on the household level will be assessed using two main indicators: *decision-making* and *ownership of assets*.

In measuring decision-making, three variables were computed, focused on economic decision-making, health-related decision-making, and interpersonal decision-making. To measure asset ownership, variables such as land ownership, ownership of other properties like a house or cattle, and the ability to transfer one's own property to others were included. Hence, this study developed context-specific indicators to assess the level of women's empowerment in the study area.

Framework

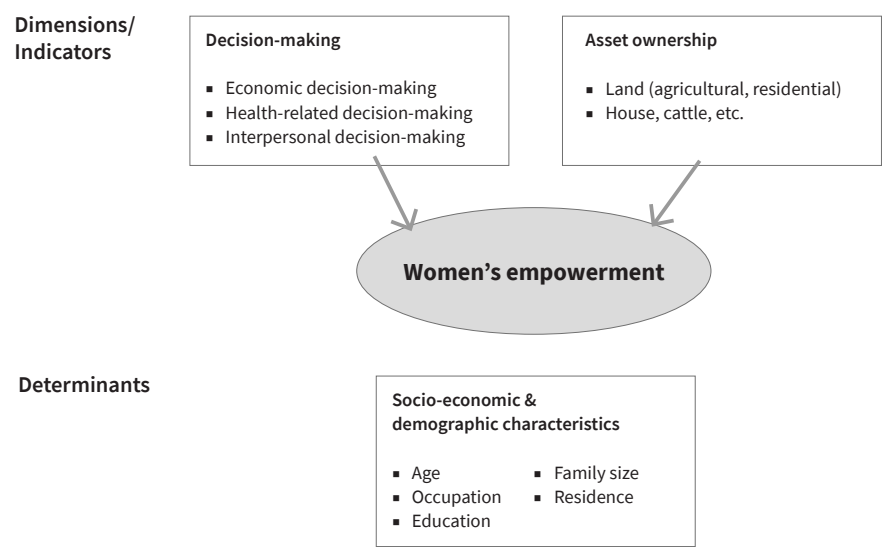


Figure 6.1
Indicators and determinants to measure women's empowerment

6.3 Materials and Methods

6.3.1 Study Area

This study was conducted in Amhara National Regional State. It is one of the regional states in the Federal Democratic Republic of Ethiopia, with an area of 161,828.4 km², and located between 9°-13° 45`N and 36°-40° 30`E in northwest Ethiopia. The region is bordered by four other regional states: Tigray in the north, Oromia in the south, Afar in the east, and Benishangul-Gumuz in the southwest, and by Northern Sudan in the northwest.

According to the CSA (2013) population estimations, the region in 2017 had a total population 21,136,526 (male – 10,586,829 & female – 10, 549,697). Of the total population, women and children (0-14 age) constitute more than 75 percent. The region is composed of thirteen zones, including Wag Himra, North Wollo, Central Gondar, West Gondar, North Gondar, South Wollo, South Gondar, East Gojjam, West Gojjam, North Shewa, Oromia, and Awi, which in turn include 179 *woredas* and 3519 *qebeles* and three metropolitan cities (Bahir Dar, Gonder, and Dessie).

6.3.2 Study Design

A quantitative approach was used in this study. The objectives were to measure the levels of empowerment and to identify determinant factors. This process required measuring and quantifying variables. To do so, employing a quantitative approach was necessary. This will be complemented by descriptive information.

6.3.3 Sources of Data

This research uses primary and secondary data sources. The primary sources of data are from households (especially married women). Secondary data has been gathered from available published and unpublished documents.

6.3.4 Sampling Technique and Sample Size Determination

The study employed a probable sampling technique with multi-stage sampling to select the sample households. To determine the number of respondents, the Kothari 2004 formula (single population proportion) was used. The total sample size for this study with a 10% possible nonresponse rate during the actual data collection is:

$$n = \frac{Z^2 \cdot p \cdot (1 - P)}{e^2}$$

n = sample size

p = population proportion (0.5) (since there is no previous similar study in the area)

Z = desired confidence level (1.96)

e = maximum acceptable error (0.03)

Therefore, the sample will be:

$$\frac{(1.96^2 \cdot 0.5 \cdot (1 - 0.5))}{(0.05)^2} = 385 + 10\% = 424$$

Having a sample size of 424 sample respondents, the following stages were used to select the respondents. First, the South Gondar, Central Gondar, and Gojjam districts were selected for this study. Moreover, two *qebeles* from each district were selected; one rural and one urban. The purpose of this stratification was based on the assumption that women living in rural and urban areas may have different levels of empowerment. Hence, representatives of both rural and urban areas needed to be considered. Accordingly, 204 households from rural and 220 households from urban *qebeles* were included in the analysis. Finally, the households to be included were selected randomly from each *qebele*.

Table 6.1
Distribution of the households by residence in the study area, 2022

Zone	District	Qebeles	Number of sampled households (%)
Central Gondar	Gonder	Tedda Town (Urban)	75 (17.7)
		Lay Tedda (Rural)	72 (17)
		Total	147 (34.7)
South Gondar	Debre Tabor	Qebele 05 (Urban)	71 (16.7)
		Qebele 01 (Rural)	60 (14.2)
		Total	131 (30.9)
West Gojjam	Finote Selam	Qebele 02 (Urban)	72(17)
		Shenbekuma (Rural)	74 (17.5)
		Total	146 (34.4)
Grand total			424 (100%)

6.3.5 Data Collection Tools

As said, the study employed a quantitative data analysis. To collect the data, a household survey questionnaire was administered.

Semi-Structured Survey Questionnaire: The primary data for the household survey were collected using a semi-structured questionnaire. The survey questionnaire was translated into the local language Amharic (see Annex I). The necessary caution was used to ensure the questions were clear and easy to understand by respondents. The questions were grouped into three sections: sociodemographic characteristics of respondents, decision-making indicators, and asset ownership indicators. In this study, currently married women were intentionally selected to respond to the questionnaire because the research problem was based on the socioeconomic vulnerability of women, which affects their empowerment. Hence, the study was conducted at a household level where the respondents were only married women because they were better at identifying and understanding their situation.

6.3.6 Data Analysis

Upon completion of the data collection, the data were coded, edited, digitized, and entered into SPSS (Statistical Package for Social Scientists) software. The SPSS data sheet was reorganized to include new and dummy variables necessary for the analysis of some objectives. SPSS was also used to generate descriptive data (e.g. means, the range, and standard deviation) and associations between variables. As most of the data are categorical in nature, a Chi-square test was used to test potential significant differences in outcome variables. Regression was also employed to test the strength of associations between relevant variables.

6.3.7 Variables: Definitions and Construction

As discussed above, in order to address the first objective, which is determining the level of women empowerment; two main indicators were used, that is, decision-making and ownership of assets. In measuring decision-making, three variables were computed: economic decision-making, health-related decision-making, and interpersonal decision-making. To measure asset ownership, variables focused on land ownership, ownership of other properties like a house or cattle, and the ability to transfer one's own property to others were included. Each of the variables in all pillars had four response categories: 'respondent primarily' was coded as 1, 'husband alone' as 2, 'respondent and husband jointly' as 3, and 'others' was coded as 4.

For each of the three decision-making variables and the three asset ownership variables, the data was categorized as women 'not involved in decision-making and ownership', recoded as '0', when the woman was not involved in decision-making and asset ownership at all, and 'involved in decision-making and ownership of asset', recoded as '1', when the woman was involved in any of the variables of decision-making and owned assets. Here, ownership of property by the respondent or women alone and jointly with her husband was recoded as '1' and if the women did not own property alone or jointly, this was coded as '0'. Then, all the recoded variables were computed into one variable of "decision-making" with dichotomous categories of 'No' (coded '0') and 'Yes' (coded '1') for any kind of involvement in decision-making and similarly, for the ownership of assets.

Finally, the 'decision-making' and 'ownership of assets' variables were computed into one variable as 'women's empowerment'. This variable again was recoded into two response categories: if the woman was not at all involved in decision-making and did not own any assets, this resulted in 'not empowered' (coded as '0'); coding was 'empowered' ('1') if the woman was involved in decision-making and also owned assets.

A logistic regression analysis was conducted using the above dependent variable and different independent variables in order to address the second objective, which was to identify determinant factors of women's empowerment. In doing so, a logistic regression model was employed to identify the explanatory variables that potentially affect women's empowerment. Logistic regression is the most suitable method for this study, because the dependent variable in this study is *dichotomous*, that is, either empowered or non-empowered. Hence the analysis describes data and explains the relationship between the dependent variable, empowerment, and independent variables that might be at a nominal, ordinal, interval, or ratio-level. Based on the literature review, a set of variables assumed to influence women's empowerment were considered as independent variables.

Both bivariable and multivariable logistic regression analysis was performed step-wise to see the association between the empowerment level and the independent variables. The bivariable logistic regression analysis was run to identify potential covariates for the multivariable model.

Relevant variables were selected and run for the bivariable analysis. A p -value of <0.2 was used as a cutoff point for each independent variable to be included in the multivariable analysis model.

Then, those variables with $P < 0.2$ in the bi-variable analysis were selected and entered for further analysis in a multivariable logistic regression. In this analysis, a p -value of 0.05 was taken as a cutoff point to determine statistical significance for each variable. The odds ratio (OR) was adjusted for potential confounders using multivariable logistic regression. The odds ratio indicates the odds that an outcome will happen when change exists in a specific variable compared to the odds of an outcome happening without the presence of that variable.

6.3.8 Ethical Considerations

Written consent was secured from each respondent prior to administering the questionnaire. Appropriate consideration in terms of confidentiality of information has also been maintained throughout the study.

6.4 Results and Discussion

6.4.1 Descriptive Analysis

Socioeconomic and Demographic Characteristics

In Table 6.2 below, the socioeconomic and demographic information of women who participated in the study is presented. The respondents are grouped into three age groups in which 58.7% were between the ages of 18 and 35, while 31.4% were 36 through 45 years old and the rest (9.9% of respondents) are 46 or above. A significant number (37% of respondents) were illiterate. Only 182 (42.9%) of women were currently engaged in some kind of income-generating activity.

Table 6.2

Socio-demographic characteristics of the sampled households in the study area

Characteristics		Frequency N = 424	Percentage
Age wife	Mean 34.5+8.5 years standard dev.		
Age husband	Mean 42.1+9.8 years standard dev.		
Resident	Urban	220	51.9
	Rural	204	48.1
Family size	Mean 5+ 1.7standard dev.		
Occupation of respondents/ wife	Farmer	137	32.3
	Housewife	129	30.4
	Self-employed	94	22.2
	Government employee	64	15.1
Educational Status of re- spondents/ wife	Illiterate	157	37.0
	Can read and write	71	16.7
	Attended elementary school	57	13.4
	Attended high school	83	19.6
	Attended college/university	56	13.2
Husband Educational status	Illiterate	84	19.8
	Can read and write	107	25.2
	Attended elementary school	54	12.7
	Attended high school	63	14.9
	Attended college/university	116	27.4

Women's Empowerment Index of Households

Table 6.3 shows the two indicators (decision-making and asset ownership) as well as the variables used to estimate women's empowerment in each pillar. Concerning participation in decision-making, 289 (68.2%) of women participated in economic decisions on their own and jointly with their husband, 383 (90.3%) participated in health-related decisions, and 272 (64.2%) participated in interpersonal decisions. Finally, 343 (80.9%) involved in this study were involved in decisions related to ownership of assets/properties.

Table 6.3

Variables used to estimate the women's empowerment index

Indicators		Variables in each pillar
Decision- making	Economic	Decision about saving
		Decision to buy food materials
		Decision on buying and selling assets
		Separate financial assets
		Bank account
		Joint saving
		Income-generating activity
		Decision to spend money
		Decision to buy things for self
		Decision on financial administration
	Health	Family planning
		Use contraceptive
		Decision on number of children
	Interpersonal	Participation in self-help group
		Attend special occasion
		Visit relatives or friends
		Attend community meetings
		Membership in associations
		Leadership role
		Land owned
Asset ownership		Property (house, cattle, etc.) owned
		Transfer of property

Women's Empowerment Level

As shown in Table 6.4, an overall woman's empowerment index was calculated based on the above-listed indicators and variables in each of them. A score of greater than or equal to 1 on the indicators is considered as the women being empowered, while a score of less than 1 is considered as not empowered.

Table 6.4

Descriptive statistics of the women's empowerment index

Variable	N	Percentage
Not-empowered	38	9
Empowered	386	91
Total	424	100

Source: own survey, 2022

The results of this study indicated that the majority 386 (91%) of respondents/ women were empowered, according to our definition. This is quite a positive result. A study conducted by Thandar and colleagues (2018) in Myanmar, similarly found a high level (82%) of women’s empowerment. The overall empowerment level result is the cumulative computation of the four dimensions. Regarding participation of women in decision-making, interpersonal decision-making showed the lowest value (64.2%) followed by economic decision making (68.2%).

Table 6.5
Percentage of empowerment indicators

Indicator	N	Percentage
Economic decision-making	289	68.2
Health related decision-making	383	90.3
Interpersonal decision-making	272	64.2
Property ownership	343	80.9
Overall	386	91.03

Source: own survey, 2022

Decision-making

Related to the indicator of economic decision-making, 330 (77.8%) of women do not have their own bank account. This shows that a large number of women in the study area are financially excluded.

Moreover, about 57.1% of women were not currently engaged in any kind of income-generating activity, out of which 76% were from rural and 38.6% were from urban residences. This shows the real picture where women lack economic independence this directly affects their economic empowerment.

A significant number of respondents in this study – 146 (34.4%) – responded that they were not allowed or do not have the right to buy things like clothes or jewellery for themselves with the money they earned. This might be related to the sociocultural influences, that women in a largely patriarchal society like Ethiopia have little or limited freedom to make major financial decisions in the household. Particularly in rural areas, the situation was not so good. In line with this, a respondent in West Gojjam explained that:

...as my husband is a breadwinner for the family I don’t have a say on any of the decisions especially economic decisions made in the household.

The result in Table 6.6 clearly indicates that women’s involvement on financial issues is very minimal. This gives an indication that, despite the overall results of empowerment, a lot should be done on specific areas of economic empowerment, particularly in rural households.

Table 6.6
Decisions on financial administration by residence

Economic indicator		Residence		
		Urban	Rural	Total
Who usually decides about financial administration in the household	Wife	30 (13.64%)	24 (11.76%)	54 (12.74%)
	Husband	95 (43.18%)	121 (59.31%)	216 (50.94%)
	Jointly	95 (43.18%)	59 (28.92%)	154 (36.32%)
Total		220 (100%)	204 (100%)	424 (100%)

Source: Author’s survey, 2022

Regarding the decisions on buying food materials and the amount of money to spend on food items: these were mostly decided jointly, 265 (62.5%); followed by husband’s decision, 99 (23.3%); and wife’s decision 59 (13.9%). This result is contrary to the findings of Ngome (2003), where women took a larger share in deciding on the budgetary issues regarding food items in the household.

The respondents mentioned that the decisions regarding the buying, selling, and replacing of large items and assets, like cattle, sheep, goats, and household movable items such as TV, sofa, bed, refrigerator, etc., mostly were taken jointly 291 (68.6%), followed by ‘husband’s decision’, 109 (25.7%). On this parameter, 24 (5.7%) of women had little say in the household. This shows that women were not involved in decision-making where the costs of the household items were high. The results are to be included contrary to the findings of a study conducted by Milcah and Chaitanya (2016) in India, which stated that women were mainly involved in deciding on the expenses of large household items.

As part of a health-related indicator, women were asked regarding decisions on the number of children they wanted to have. A relatively small proportion of households had dominance of male decisions or dominant female decisions on the number of children to have. Decisions were mainly taken jointly 311 (73.3%), followed by the wife 65 (15.3%), and the husband 48 (11.3%).

Ownership of Assets

In this study, the vast majority of women did not own essential property like land, a house or cattle independently. As shown in Table 6.7, regarding the ownership

of land, it is the husband who owned the land 55 (15.28%), compared to the minimal number of wife, 24 (6.67%) owning land.

It gets even worse when it comes to ownership of properties like a house or cattle, mainly owned jointly, 324 (76.4%), followed by husband's and lastly wife's ownership, 38 (9%) and 9 (2.1%), respectively. Although it is to be expected that such kinds of assets would be considered as joint property among married couples, it is reasonable to question the gap between husband and wife in their independent ownership of those assets.

Table 6.7
Ownership of assets by residence

Asset ownership indicator		Residence		
		Urban	Rural	Total
Who owns land (commercial, agricultural or residential land)	Wife	6(4.08%)	18(9.68%)	24 (6.67%)
	Husband	20(11.49%)	35(18.82%)	55(15.28%)
	Jointly	148(85.06%)	133(71.50%)	281(78.05%)
Total		174(100%)	186(100%)	360(100%)

Source: own survey, 2022

6.4.2 Determinant Factor Analysis

Correlation of Sociodemographic Characteristics with Women's Empowerment

This section discusses the role of sociodemographic characteristics of households that are associated with women's empowerment in the study area. Descriptive and inferential analysis tools such as percentage, frequency and chi-square tests were used to assess the presence of statistically significant associations between variables. *P* value < 0.05 was considered statistically significant for all tests.

In this study sampled households were from urban and rural residential areas and it was important to identify in what residence women were more empowered than in the other. This helps to highlight the effects of geographical location on women's empowerment.

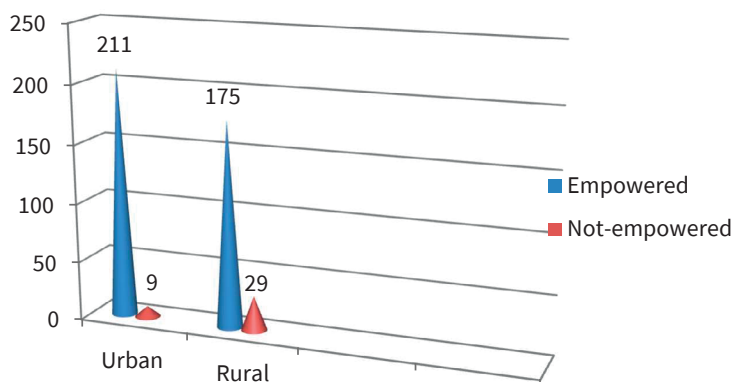


Figure 6.2
Women empowerment by residence in the study area, 2022

The results revealed that 211 women (95.9%) in the urban areas were empowered, while this was 175 women (85.8%) from the rural areas. The result indicates that living in an urban or rural area affects the empowerment level of women. This is evidenced by a statistically significant association with a Chi-square value of 13.229 and p value < 0.001 . Higher proportions = 29 (14.2%) – of women are not-empowered in rural areas, compared to 9 (4.1%) of not-empowered women living in urban areas.

Not surprisingly, MoWCY, UNICEF Ethiopia, and SPRI (2019) stated that the rural-urban divide in women's empowerment is wide in Ethiopia. Each location provides varied resources, opportunities, as well as challenges. The relatively better access to information, awareness, and education in urban areas could explain the relatively higher levels of women's empowerment. A study conducted by Soharwardi and Ahmad (2020) confirmed that women in urban areas in developing countries are more empowered than women residing in rural areas.

Access to information will obviously increase the awareness of women, which enables them to increase their level of empowerment. Questions pertaining to access to information and frequency of exposure were assessed with the intension of assessing women's access to information sources such as radio, TV, and newspapers. Our results indicate that being exposed to information via radio, TV, and newspapers does *not* show any statistically significant association with women's empowerment. This result is contrary to the findings of Soharwardi and Ahmad (2020). Women with lower access to radio, TV, and newspapers may get information through other means, such as via self-help groups, community meetings, and market places, which contributes to their increased awareness. This could explain the absence of observed differences in terms of empowerment level.

Although the sampled households in this study resided in the same region (Amhara National Regional State), the results showed some disparity across zones, as shown in Table 6.8 below. A relatively lower proportion (2%) of women were found to be ‘not-empowered’ in Central Gondar Zone compared to South Gondar and West Gojjam, 14.5% and 11%, respectively. The result also shows a statistically significant association with a Chi-square value of 14.275 and p value < 0.001.

Table 6.8
Women’s empowerment by zone, 2022

Zone	Empowered	Not -empowered
Central Gondar	144(98%)	3 (2%)
South Gondar	112(85.5%)	19(14.5%)
West Gojjam	130 (89%)	16(11%)
Total	386(91%)	38(9%)

Source: Author’s survey, 2022

In Table 6.9, the results of each zone by indicators of empowerment are presented and they clearly indicate that relatively higher values are found in the Central Gondar zone.

Table 6.9
Indicators of empowerment by zone

Indicators of empowerment	Central Gondar	South Gondar	West Gojjam	Total N (%)
Economic decision making	131 (45.3%)	75 (26%)	83 (28.7%)	289 (68.16%)
Health indicator	145 (37.9%)	108 (28.2%)	130 (33.9%)	383 (90.33%)
Interpersonal	93 (34.2%)	86 (31.6%)	93 (34.2%)	272 (64.15%)
Asset ownership	129 (37.6%)	104 (30.3%)	110 (32.1%)	343 (80.89%)

Source: Author’s survey, 2022

The husband’s education is expected to positively affect women’s empowerment in the household. As illustrated in Table 6.10, the more educated the husband is, indeed the more the women become empowered. The result also shows a statistically significant association with a Chi-square value of 18.235 and p value < 0.001.

Table 6.10

Husband's educational status by empowerment level

Educational Status	Empowered		Not-empowered		Total	
	N	%	N	%	N	%
Illiterate	67	79.8	17	20.2	84	100
Can read and write	99	92.5	8	7.5	107	100
Elementary school	49	90.7	5	9.3	54	100
High school	59	93.7	4	6.3	63	100
College/university	112	96.6	4	3.4	116	100
Total	386	91	38	9	424	100

Source: Author's survey, 2022

Determinants of Women's Empowerment

The results of a logistic regression analysis help to determine variables that are particularly important in building the empowerment of women in the context of the study area. As shown in Table 6.11, nine variables (administrative zone, age of wife, age of husband, educational status of wife, educational status of husband, residence, occupation, community meeting participation and family size) were selected for a bivariable logistic regression analysis. However, only seven variables were found to be significant factors in multivariable analysis that showed independent association with empowerment. Despite showing association in the bivariable analysis, four variables were found to be statistically significant in a multivariable analysis.

The multivariable regression results suggest that administrative zone, residence, husband's education and participation in community meetings affected women's empowerment.

Administrative zone

Administrative zone (residence) is one of the significant determinants of women's empowerment. Overall, the empowerment level shows that respondents/women from Central Gondar zone are relatively more empowered than respondents found in South Gondar and West Gojjam, whereas the highest number of non-empowered respondents are found in South Gondar. The descriptive result shows the details where women in South Gondar participated in economic decisions 26% of the time, while this was 45.5% in Central Gondar, and 29% in the West Gojjam zone; on health-related decision-making women in South Gondar participated in 28% of the cases, whereas it was 37% and 34% in Central Gondar and West Gojjam, respectively. This was evidenced by the regression model

Table 6.11

Multivariable logistic regression for the determinant factors of women empowerment, 2022 (N = 424)

Variables	Empowerment		COR (95%CI)	p-value	AOR (95% CI)	p-value
	Empowered	Not empowered				
Administrative Zone						
Central Gondar	144(98.0)	3(2.0)	5.9(1.7-20.7)*	0.006	9.056(2.426-33.807)*	0.001
South Gondar	112(85.5)	14.5(33.3)	0.726(.356-1.478)	0.377	1.006(0.422-2.398)	0.989
West Gojjam	130(89.0)	16(11.0)	1			
Age of the wife in years						
20-35	230(92.4)	19(7.6)	0.931(0.263-3.296)	0.912		
36-45	117(88.0)	16(12.0)	0.563(0.156-2.034)	0.563		
>/=46	39(92.9)	3(7.1)	1			
Age of the husband in years						
20-35	101(95.3)	5(4.7)	2.0304(0.794-6.686)	0.125		
36-45	171(89.5)	20(10.5)	0.975(0.466-2.038)	0.946		
>/=46	114(89.8)	13(10.2)	1			
Family Size						
</=5	241(92.3)	20(7.7)	1.496(0.766-2.921)	0.238		
>/=6	145(89.0)	18(11.0)	1			
Residence						
Urban	211 (95.9)	9(4.1)	3.885(1.791-8.427)*	0.001	2.976(1.005-7.776)*	0.049
Rural	175(85.8)	29(14.2)	1			
Wife's education						
Illiterate	135 (86.0)	22(14.0)	1			
Read and write	65 (91.5)	6 (8.5)	1.765(0.683-4.565)	0.241		
Primary education	51(89.5)	6(10.5)	1.385(0.531-3.612)	0.505		
Secondary education	79(95.2)	4(4.8)	3.219(1.070-9.678)*	0.037		
Tertiary education	56(100)	0(0.0)				
Husband's education						
Illiterate	67 (79.8)	17(20.2)	1			
Read and write	99 (92.5)	8 (7.5)	3.140(1.282-7.690)*	0.012	3.079(1.1086-8.727)*	0.034
Primary education	49(90.7)	5(9.3)	2.487(0.859-7.199)	0.093	2.258(0.649-7.849)	0.200
Secondary education	59(93.7)	4(6.3)	3.743(1.192-11.749)*	0.024	1.312(0.295-5.835)	0.721
Tertiary education	112(96.6)	4(3.4)	7.104(2.294-22.003)*	0.001	1.459(0.300-7.095)	0.640
Wife's occupation						
Farmer	122(89.1)	15(10.9)	1			
Housewife	111(86.0)	18(14.0)	0.758(0.365-1.576)	0.458		
Self employed	89(94.7)	5(5.3)	2.189(0.767-6.244)	0.143		
Government employ	64(100)	0(0.0)				
Community meeting participation						
Yes	137(96.5)	5(3.5)	3.631(1.386-9.516)*	0.009	3.532(1.253-9.896)*	0.017
No	249(88.3)	33(11.7)	1			

Note: COR = Crude Odds Ratio, AOR = Adjusted Odds Ratio, *= statistically significant

result: women living in Central Gondar zone were 9.056 times ‘more empowered’ compared to women living in West Gojjam zone (AOR = 9.056; CI =2.426-33.807).

Urban or rural residence

Residence has affected women empowerment. Overall, the empowerment index shows that respondents residing in urban areas were relatively more empowered than women living in rural areas. This was evidenced by the regression model result: women in urban areas are 2.976 times ‘more empowered’ than women living in rural areas (AOR = 2.976; CI = (1.005-7.776)). This is likely because of the better access to services, education, information, awareness and job opportunities available in urban areas. The studies by Brajesh (2015) on Asian countries, and Musonera and Heshmati (2017) on Rwanda revealed similar results, which proved that urban residence plays a significant role in enhancing women’s empowerment.

Husband’s education

Husband’s education is also one of the significant determinants of women’s empowerment. The descriptive result in Table 4.9 shows that the women of husbands who had attended college/university (116, or 27.4%) were for 96.6% ‘empowered’. Looking at the empirical results, women whose husbands can read and write were 3.079 times ‘more empowered’ than women whose husband was illiterate (AOR= 3.079; CI=1.1086-8.727). This might be because education in general improves the attitude and thinking of people. In our case, educated husbands may have a better understanding about the equality and rights of men and women, and, hence, respect the interest, rights and freedom of their wives in the household. This in turn increases women’s empowerment. The findings of the study are consistent with Donta and colleagues (2016), who in a study on Mumbai slums (India), concluded that education of both spouses revealed a significant association with women’s empowerment.

Participation in community meetings

Participation in community meetings is one of the determinant factors of women’s empowerment. Participation in social or community associations in the study area includes being a member of informal saving groups, religious groups, other community networks and self-help groups. The descriptive result shows that about 255 (60%) women in sampled households in the study area were members in at least one social group. The empirical result shows that women who participated in community meetings are 3.532 times more empowered than women who do not participate (AOR = 3.532; CI = 1.253-9.896). This might be related to the fact that participation in community meetings creates a chance for women

to express their views in public as well as increases their confidence, knowledge, exposure to information exchange, and awareness.

Postscript to this section: the level of women's education and some other aspects of women's roles were not factored in in the above data analysis of 'women's empowerment' due to the design of the study, but obviously it is relevant. See this table below:

Table 6.12
Indicators of empowerment

Indicators of empowerment		Urban	Rural	Total N=424
Educational status	Illiterate	54 (34.4%)	103 (65.6%)	157
	High school	61 (73.5%)	22 (26.5%)	83
	College/university	45 (80.4%)	11 (19.6%)	56
Occupation	Self-employed	71 (75.5%)	23 (24.5%)	94
	Government employee	56 (87.5%)	8 (12.5%)	64
Currently performs any income-generating activity		134 (73.6%)	48 (26.4%)	182
Leadership position at community organizations/groups		31 (81.6%)	7 (18.4%)	38

Source: Author's survey, 2020

6.5 Conclusion and recommendations

This exploratory study was aimed at assessing the level of women's empowerment at the household level. It was conducted in the Amhara National Regional State. Primary data was collected from 424 households through a structured household survey. Two broad dimensions (decision-making and asset ownership) of women's empowerment were created, using various indicators relevant to measure and constitute a women's empowerment index. To address the second objective, which is identifying the determinant factors affecting empowerment, logistic regression analysis was employed.

Important insights on the status of women's empowerment and its determinant factors in the study area were provided by this study. A significant share (91%) of women in the study area were empowered in our definition. Despite the overall

results of empowerment, it has been identified that participation of women in economic and interpersonal decision-making still requires enforcement of additional policies that can improve the socioeconomic life of women.

The study demonstrates the rural-urban disparity in empowerment: women living in rural areas are less empowered than those in urban areas.

Administrative zone, residence, husband's education, and participation in community meetings are significant determinants of women's empowerment in the study area.

Recommendations

- As rural-urban and zonal disparities in women's empowerment are observed, national and regional development policies should start from a community level and be aimed at improving the status of rural women.
- Empowerment of women cannot be effective without the involvement of men. In this study, women's empowerment increases significantly with the husband's educational level. Investing in men's education is thus also important for the empowerment process of women. Therefore, policy makers and future research should address the ways to involve men more in the process of empowering women.

Points for policy intervention

We made a preliminary assessment aimed at identifying the challenges and opportunities for women's empowerment in Amhara Region in 2020. The findings of that assessment on many points were confirmed in those of the present study. More interestingly, it also gave us a chance to observe women's empowerment at the institutional and household level. Hence, the following domains point out where both studies have identified gaps in the process of empowering women in the Region and the areas where particular intervention is required.

- **Education**
As was shown in Table 6.12 (above), the present study indicated that a low level of educational achievement is also observed among women at the household level. Hence, a lot needs to be done to improve the educational status of women both at the household and institutional level.
- **Economic domain**
The 2020 preliminary study found that agricultural extension programs and intensive support for farmers in general and for rural women in particular have been in place, aimed at improving agricultural production. In addition,

credit and saving systems were in place to create support for women to engage in income-generating (on/off farm) activities. Despite this, as illustrated in Table 11, the present study has shown that there are still deficiencies in the overall economic empowerment of women in general and on certain economic indicators at the household level in particular. This implies that a lot needs to be done in the economic domain and the effectiveness of the current efforts and initiatives in place should be examined.

- Participation in the leadership

Regarding participation in leadership, our preliminary assessment indicated that the number of women who are in leadership positions is very low and even gets lower at higher levels of administrative offices. In line with this, the current study indicates (see Table 6.11) that very few were assuming leadership roles in the community organizations they are involved in. This indicates that interventions aimed at empowering women through education, training programmes, and awareness creation activities need to be encouraged to increase the number of women in power positions.

This study has shown that women's empowerment still constitutes a challenge. Our study has focused on Amhara Regional State as an example but is likely to be of importance also for other regions in Ethiopia. Based on a structured survey of women, distinguishing between factors such as level of education, age, urban or rural residence, and other characteristics, first a descriptive analysis was offered, followed by a multivariate logistic regression. We find that among the crucial factors influencing the level of women's empowerment are residence in either a rural or urban environment, the education level of the woman's as well as of her husband, access to information via, for example, community meetings, and the administrative zone in which the women resides. Our study provides much detail on the distribution of women in terms of their education level, decision-making possibilities, ownership options, economic status and other characteristics. Clearly, women are not treated equally with men, and there is still much room for improvement in terms of women's empowerment.

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PART 4

Governance in agricultural policy and citizens' rights

7

Performance and challenges of agricultural governance reforms in Oromia Region, 2018-2022: an exploratory study

Teshome Adugna

Abstract

The major objective of this study was to analyse the impact of the agricultural governance reforms in Oromia (started in 2018) as viewed and experienced by experts in the Oromia Region's government structure, and to identify the major challenges of the reform. The study used both primary and secondary data, collected from different regional bureaus. The study outcome showed that the Oromia regional government made an effort to implement the agricultural governance reforms to transform the regional agricultural sector, aiming at 'good governance'. According to the survey outcome, 87 percent of the respondents were familiar with the regional agricultural governance reforms. Since the reform period started, production, productivity, and product diversification were indeed improved in the Oromia region. In addition, agricultural mechanization and the agricultural loan system were expanded due to the reforms. Still, various challenges in the governance reforms remain, in terms of loan availability, sectoral integration, and basic infrastructure provision. The study recommends the acceleration and intensification of the reforms to maintain the speed of agricultural development uptake to attain food security and at the same time to realize sectoral transformation at the regional level, connecting with local agricultural producers and farmers on policy development.

7.1 Introduction

This chapter focuses on the implications of the Reform Agenda of 2018 for agricultural governance and explores its status so far. The reforms were proclaimed as very necessary and overdue in order to increase food production and employment growth. Success is mixed and the reforms were neither completed nor overall successful. We explore the backgrounds and reasons here, with the central the

objective of assessing the perceived impact of agricultural governance reforms among practitioners in Oromia Region.

The sustenance and well-being of people worldwide is invariably linked to the performance of the agricultural¹⁵² sector as well as to agriculture's resilience to cope with changes and shocks in food production. The Malabo¹⁵³ Declaration – issued by the African Union in 2014 – recognizes agriculture as one of the most durable and promising areas of national economies in developing countries for reducing poverty and improving livelihoods. Growth in agricultural output can fuel growth in the non-agricultural economy through a variety of mechanisms, with some being direct and some indirect.

Sometimes the poor performance of the agricultural sector is attributed to the shortage of physical and human capital as well as new technology that could potentially promote innovations and productivity growth in agriculture (Ariabod et al., 2019). The performance and strength of the agricultural sector is for a large part influenced by the effectiveness of governance and the interaction of governments with the food producers: farmers and companies. For many in the development community, 'good governance' has become an imperative to agricultural development and transformation.

According to a well-known 1993 World Bank definition, governance is '...the method through which power is exercised in the management of a country's political, economic and social resources for development.' In 1997, the UNDP definition (1997: 2-3) said it as follows: governance is '...the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences'. The later term 'good governance'¹⁵⁴ in principle referred to forms of governance meant to enhance the policies to improve the quality of life and welfare of people in a responsible and accountable manner. Good governance is a contested and normative concept, and its varieties and

152 Agriculture is a key sector for almost all developing countries. One of the factors influencing agricultural production improvement is government intervention and its important role in improving good governance indicators

153 See: <https://www.nepad.org/caadp/publication/malabo-declaration-accelerated-agricultural-growth>. One of the critical conditions required in the agriculture sector is to ensure that 'good governance' structures and related policies are in place at all levels.

154 The role of governance is garnering much attention in the development literature and has often touted as a major reason why some countries have experienced faster economic growth than others (Samarasinghe, 2018).

challenges will not be discussed here in detail.¹⁵⁵ We define it in a general sense as referring to lawful, inclusive, accountable, and moderate administration and policy of (state) authorities toward a country's citizens in various domains and for the general benefit. It involves many actors, such as the national government, companies, political parties, the military, non-governmental organizations, foreign donor organizations and even influential individuals (cf. Graham et al. 2003). While all these institutions have an influence on how political and policy decisions are made within a country, government sets the rules and norms that ideally strengthen the ability of the public and private sectors to play a meaningful role. Without good governance, economic growth creates inequality and discrepancies within a society's social and economic sectors.

Agricultural sector governance matters because agriculture is still central to addressing rural poverty and improving livelihoods in a sustainable way, notably in developing countries with a broad agrarian base. Most households in Africa, including Ethiopia, depend on subsistence agriculture, and stronger sector governance might provide them with the conditions and incentives to reap greater benefits and suffer fewer risks. Strong sector governance can also help the sector to be competitive, enhance investment finance in agriculture and boost intra-African trade.

Good governance in agriculture would ensure more efficient use of resources; just and responsible use of power and effective, efficient, and sustainable service provision to the people. It calls on the principles of public participation, consultation, transparency, and accountability in designing policies and their implementation. Agricultural development often suffers from top-down, inappropriate policies; poor institutional capacity; bad management; poor program planning, implementation, and monitoring; and inadequate investment. Good governance¹⁵⁶ would ensure that services are provided free of corruption, irregularities, or abuse of power.

The agricultural sector is the mainstay of Oromia's regional economy. Agriculture takes more than 44 percent of the regional economic output, 90 percent of exports and 80 percent of regional employment. Many people argued that the development of the agricultural sector would transform social life, increase in-

155 See for discussions: <https://article1000.com/challenges-good-governance/>; www.cipe.org/resources/good-governance-got-bad-name-governance-still-matters/; Bekele, 2021.

156 The issue of good governance in smallholder agriculture also came under the spotlight in the wake of a search for more sustainable patterns of crop production intensification against the backdrop of shortcomings of the technologies advanced through the green revolution in the 1970s and 1980s (cf. Dasgupta & Roy, 2011, and various FAO studies).

comes and reduce poverty in the region. Since the latest reform period, begun in 2018, the Oromia regional government, inspired by federal government reform plans, considers agriculture as the main priority area to transform the regional economy.

Various policy and non-policy measures were taken to realize regional economic development, with a focus on agriculture.¹⁵⁷ There is no systematic and empirical study conducted to evaluate the impacts and challenges of agricultural governance reform in the region. This preliminary study addresses the knowledge gap on the impact of government measures on improving agricultural sector in Oromia and hopes to add ideas on further finetuning the reforms.

The study has eleven sections, including this introduction. The second section presents the objectives of the study. The third and fourth sections present the conceptual framework of the study and the study methodology. Section five discusses the scope and limitations of the study. Section six presents the characteristics of the respondents. Section seven explains the agricultural governance reforms in Oromia regional state. Sections eight and nine identify and elaborate some of the impacts of the governance reforms in the regional agricultural development. Section ten discuss the challenges of the agricultural governance reform and the last section is summary and recommendations.

7.2 Objectives of the Study

The general objective of the study was to assess the perceived impact of agricultural governance reforms among practitioners in Oromia Region and develop recommendations for the future.

The specific objectives include:

- To describe the perceived relationship between governance reform and agricultural development.
- To identify the impact of governance reforms in the agricultural sector in Oromia regional state and among practitioners.
- To discuss the perceived and real major challenges to agricultural governance reforms in Oromia regional state.
- To forward possible policy recommendations on agricultural governance reform to improve agricultural-sector development in Oromia.

¹⁵⁷ Next to industrialization, e.g., via stimulating foreign direct investment. See also: StRA Research Report No. 3.

7.3 Brief Introduction to Agricultural Governance Reform in Oromia since 2018

Until 2018, the Ethiopian (agrarian) economy was strongly dominated by top-down state policies, and state or party enterprises, despite the fact that the mainstay of agrarian production were the smallholder farmers. Production choices and market (export) growth were limited and progress in productivity occurred only in selected places; while some sections of the rural producers did well, the large majority did not make large gains. In the past two decades, notably since 2005, the federal EPRDF government stimulated large-scale land acquisitions and private investment (via lease) for both international companies and local (often ruling party-connected) investors. Many of the large-scale plantation schemes were ill-prepared and not very successful, apart from the (foreign-dominated) flower industry. Food production lagged behind, food security was not reached, and export growth was disappointing – despite the two large five-year *Growth and Transformation Plans* since 2010. Reforms were begun after the change of government in April 2018, aimed at stimulating private initiative and productive state investments in promising sectors and plans for an overhaul of the food production economy. Diversification in the agrarian, mining, and industrial sectors was also envisaged for further economic development, and in 2019 a ‘Home-Grown Economic Reform Plan’ to that effect was presented.¹⁵⁸

The Oromia economy is highly dominated by agriculture. The changes or improvements in this sector affect the social and economic life of all people in the region. During the last three-years (2018-2021), the Oromia regional government has taken bold decisions in reforming the agricultural governance in the region, following proposed reforms on the federal level, after a new government took office in early 2018. The reform measures were taken after intensive research conducted by higher-level professionals from different organizations and universities. More than fifty professionals were involved in the preparation of policy of documents on agricultural transformation.

An agricultural transformation council was established under the Oromia research council, and the responsibility of this council was to come up with recommendations to enhance production in the agricultural sector. One of the major actions taken to improve governance was an increase in the number of participants in the development of agriculture in the region on the level of executive branches/bureaus (although some questioned the need for this in view of the ex-

158 Cf. <https://newbusinessethiopia.com/economy/ethiopia-eyes-becoming-africas-prosperity-icon-by-2030/>. Cf. also Getachew Diriba’s study (2022).

tra bureaucracy and staff costs it would entail). In addition to experts from higher institutions, there were those from non-governmental organizations and federal research institutions involved in the reform process.

Policy decisions and action interventions were proposed, in consultation with many stakeholders. This situation improved the transparency and the accountability of the reform process. It also provided confidence to all stakeholders in implementing the major agricultural reform measures. Various validation workshops were held to build joint confidence and at the same time to create awareness for the public at large. There is growing awareness of the need to reform, and it has been a political commitment of the regional state to pursue it and transform the lives of people at the household and family level.

7.4 Conceptual Framework on Governance Reforms and Agricultural Development

The concept of 'governance' was already introduced above. In general, it comprises mechanisms, institutions, and processes of decision-making and implementation through which persons and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences (cf. Cheema, 2005). More specifically, according to Graham and colleagues (2003), governance can be seen as '... a process whereby societies or organizations make their important decisions, determine whom they involve in the process and how they render account' (*ibid.*, p. 1). It is about '... the interaction among structures, processes and traditions that determine how power and responsibilities are exercised, how decisions are taken, and how citizens or other stakeholders have their say'. Governance includes a range of organizations, public, private, and co-operatives and complex relationships between and among them. Institutions of local government, civil society organizations, and private cooperatives as well as market institutions are all relevant actors in the context of the new governance paradigm. In other words, it is broadly a process that encompasses state-society interactions and partnerships.

The role of governance¹⁵⁹ has been recognized in the past three decades in different parts of the world, also in agricultural policy (IFAD 1999; Dasgupta & Roy 2011; Mandemaker et al., 2011; Rotberg, 2014; Mo Ibrahim Foundation, 2022).

¹⁵⁹ Despite variations in content and focus, the governance reforms examined here were designed to promote structural changes in state institutions and change in the incentives that shape the behaviour of state actors (cf. Robinson, 2006).

The essence of 'good governance' (see above) was described in numerous documents and in the early 1990s originated from the World Bank,¹⁶⁰ as a policy concept. It is generally seen as referring to predictable, open, and enlightened policy, together with a bureaucracy imbued with a professional ethos and an executive arm of government accountable for its actions (IFAD, 1999). Governance analysis focuses on the formal and informal actors involved in decision-making and implementing the decisions made, and on the formal and informal structures that were set in place to arrive at and to implement decisions (cf. Sheng et al., 2007).

Governance assessments have traditionally focused on *formal* governance structures and processes and less on the interaction between actors and institutions. Recently, newer generations of governance analysis frameworks have emerged which adopt a more realistic and non-normative approach, and as such are also more in line with political economy frameworks and approaches (DFID, 2009; cf. Piron et al., 2016).

Agricultural governance is concerned with augmenting growth and development of a country's agriculture sector, and managing the consequences of this process through the effective functioning of its institutions, the application of technology and scientific innovations, the implementation of policies, adherence to legal acts and regulations, and the active participation of all involved stakeholders (Dasgupta & Roy, 2011). When good governance is established and maintained as a day-to-day function in both organizations and human behaviour, it will have a positive effect on agricultural production and service delivery.

So agricultural governance is the coordinated management of the sector as a whole; this includes a collection of rules, stakeholder involvement and processes which are managed with shared interest (cf. Dasgupta & Roy, 2011). Sector governance is broader than government, as it also covers non-state individuals and institutions, including the private sector. It also is aimed at facilitating and speeding up the implementation of accountability, participation, predictability, and transparency. In addition, it also encourages dynamic government policy design, and sectorial and institutional linkages to modernize the agricultural sector.

Accountability is key, and means making public officials answerable for their behaviour, actions, and decisions and being responsive to the entities from which they derive authority. *Participation* refers to enhancing people's access to and

160 See: Bhargava et al., 2011; <https://www.worldbank.org/en/topic/governance/overview>; www.worldbank.org/en/news/video/2015/10/13/good-governance-why-it-matters.

influence over policy and decision-making undertaking development for and by the people.

Predictability refers to the fair and consistent application of laws, regulations, and policies to regulate society.

Transparency refers to the availability and accessibility of information to the public, and the clarity of rules and regulations. The agricultural governance reforms are expected to ensure access to accurate and timely information about the agricultural development policies and strategies. The agricultural governance reform comprises various actions, such as organizing relevant stakeholders, conducting a sector diagnosis,¹⁶¹ and developing a shared vision and strategy.

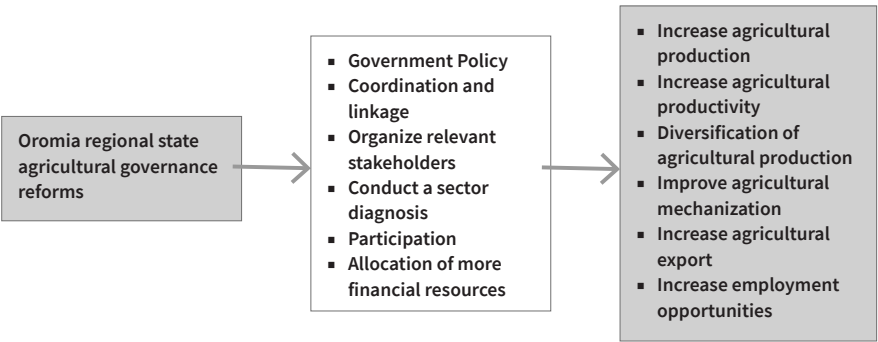


Figure 7.1
Conceptual framework on the (expected) impacts of agricultural reform governance on agricultural development

The often-mentioned main challenges to effective agricultural sector governance are: limited knowledge of the sector’s needs, limited buy-in from sector stakeholders, and limited resources. As a result, many actors attempt to transform the sector through uncoordinated interventions which are difficult to scale up to the sectorial level without strong sectoral governance in place. These will be enduring but urgent challenges for Oromia Region’s agricultural policy.

161 A sector diagnosis is meant to identify the needs and opportunities for improved sector governance and sector performance. A sector diagnosis tool can be used to (i) assess the current level of sector performance and identify its main strengths and weaknesses, (ii) inform strategies to enhance the effectiveness of sector governance, and (iii) assess progress in improving sector performance by conducting a baseline and subsequent repeated measurements.

7.5 Study Methods

7.5.1 Data and Respondents

The study used both primary and secondary data. The primary data were collected from regional experts working in the Agriculture and the Irrigation and Pastoral Development Bureaus. Both bureaus were selected purposely because they actively participate in the reform activities. A larger sample (60%) was taken from the Agricultural Bureau due to the number of its workers and its expertise. The remaining 40% was from the Irrigation and Pastoral Development Bureau. The structured questionnaire was developed to obtain the views from these experts. The respondents were randomly selected.

The secondary data were collected from different bureaus in the region, such as the Agricultural Bureau, the Oromia Planning and Development Commission, the Central Statistical Agency branch, and some other sources (reports, concept notes, policy papers, etc.).

Based on the types of variables, data from 2010 to 2022 was used. But for most of the variables the secondary data used were from the period between 2018 and 2021. The study used descriptive analysis for both the primary and secondary data. Data presentation includes simple tables and graphics to show trends and the composition in the study period. The study applied research ethics standards to maintain the anonymity of informants and maintain minimum standards of quality.

7.5.2 Scope and Limitations of the Study

The scope of the study is on the impact of agricultural governance reform in Oromia national regional state as observed and reports by experts and on the basis of government plans. It analyses mainly the reform period starting in April 2018. It will not include consideration of changes made before this reform period. Furthermore, the study analyses major crop production, but not other agricultural activities like livestock production and trade, or forestry. Most of the data were collected at the regional level, not at the zonal or local levels. The other limitation of the study is that it does not use well-developed econometric models to identify the major determinants of agricultural reform in the region. Lacking sufficient data for this, the study was not able to develop systematic estimation models or variable correlations that would explain the major elements and determinants of the agricultural governance reforms.

7.5.3 Respondents' Characteristics and Response Rate

The total respondent number was 100, collected from agricultural and irrigation bureaus in the Oromia region. Out of 100 questionnaires distributed, 94 were returned; that means only 6 were not filled in. The research response rate of 94 is very adequate and sufficient to undertake analysis.¹⁶² Regarding educational qualifications, most of the respondents were had completed first-degree and second-degree level education. BA and BSc education qualification was 53.5 percent, while those with an MA or MSc degree comprised 45.2 percent of the total. So, the academically qualified were more than 98 percent.

Most of the respondents' work experience was more than 20 years (38 percent of the total respondents). The second and third highest work experience periods were between 11-15 years and 6-10 years, with 29.76 and 23.8 percent, respectively. That means the study involved more experienced respondents with adequate and sufficient knowledge and information sources about agricultural reform in Oromia Region. Those with work experience between 16 and 20 years took 7 percent of the total. The least experienced ones among the respondents were those with less than five years (i.e. only 1.2 percent of the total of respondents).

Table 7.1

Education level and work experience of the respondents

No	Educational level	Number of respondents	%	Experience in years	Number of respondents	%
1	Below BA	1	1.2	0-5	1	1.2
2	BA/BSC	50	53.5	6-10	25	23.8
3	MSC/MA	43	45.2	11-15	30	29.76
4	Above MSC/MA	0	0	16-20	6	7.1
				Above 20	32	38.09
Total		94	100	Total	94	100

Source: Field observations, 2022

The respondents' workplaces are the regional bureaus for agricultural, irrigation and pastoral development. These bureaus are the most important actors/partners in agricultural reform and transformation in the region. As can be seen in the figure below, 60.6 percent of the respondents are from the Agricultural Bureau and 39.4 percent from the Irrigation and Pastoral Development Bureau. Most of the

¹⁶² I note that converting into percentages is of limited value because the percentages and actual numbers coincide.

reforms in the agricultural sector were undertaken by the Agricultural Bureau. The number of respondents from this Bureau was also higher than those from the Irrigation and Pastoral Development Bureau.

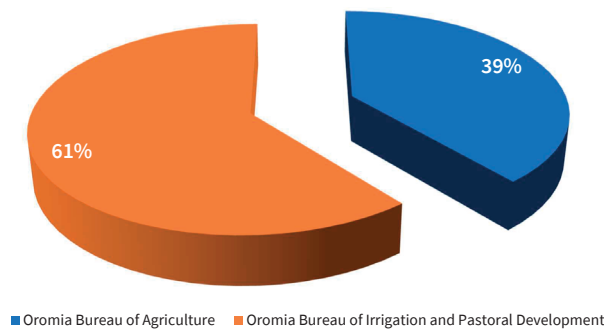


Figure 7.2
Number of respondents by work place
Source: Field observations, 2022

7.6 Experts’ Familiarity with Recent Agricultural Governance Reform in Oromia

According to the respondents more than 87 percent had information about the agricultural reform program in the region. Out of 94 respondents only 11 percent (6 respondents) did *not* have (sufficient) information about the agricultural governance reform in the region. Sixty-nine percent of the respondents believe that the information reached many people in the relevant communities. In addition to information about the reforms, many respondents (82%) were familiar with the major objective of the agricultural governance reforms. Only 11 percent were not clear about these objectives. This indicates that although within the more than three years the government did create awareness and provided information about the new objectives of the regional agricultural reform activities, it did not realize full coverage among the experts and other stakeholders who *should* be informed about the policy reforms because of their job descriptions.

Table 7.2

Respondents' knowledge or information about agricultural reforms in Oromia

No	Knowledge about agricultural reforms	Measurement	Respondents' response		
			Yes	No	No idea
1	Do you know about the agricultural reforms in Oromia	No.	77	6	1
		%	87	11	2
2	Do you think that everyone is informed about the agricultural reform programme in Oromia	No	60	17	7
		%	69	23	8
3	Do you know what the objectives are of the agricultural reforms in Oromia	No	72	11	1
		%	82	17	1

Source: Field observations, 2022

The information about views on the reform program was obtained from the government office staff. About 72 percent of the respondents said that they received the information on the reform activities from the government offices. Only 26 percent of the respondent said that they got information primarily from relatives or friends. The role of private media or newspapers as sources was insignificant: only one percent said that they got the information from such sources. This may indicate that the state or private media perform poorly in terms of coverage or reliability in reporting or promoting regional social and economic development activities. However, the private media or newspapers could play a leading role in reaching the public at large about state policy, reforms, and related activities.

The government has identified the general objectives of the agricultural reform activities as focusing on: employment creation, enhancing food security, import substitution, and export promotion. The study asked the respondents to identify those major objectives of the new agricultural governance reform. As can be seen from Figure 7.3 below, many respondents said that the major objective of the governance reforms is increased productivity, agricultural mechanization, and food security. Around 80 percent of the respondents said that the key objective of the reform is to achieve higher agricultural productivity. Furthermore, 69 percent of the respondents said that food security was the major objective of the reforms.

Employment creation was the lowest ranked aim of the reform program among respondents. This is an underestimation of the aim of employment creation of the agricultural sector. But the government identified increasing employment opportunities as a major objective in its agricultural sector reform. Such a big variation between the government objective and respondents opinion needs further exploration at the regional level. To achieve the above objective the government took

various actions like increasing financial and human resources, restructuring the agricultural institutions from the regional level to the local administration, and encouraging the private sector to get involved in the agricultural sector.

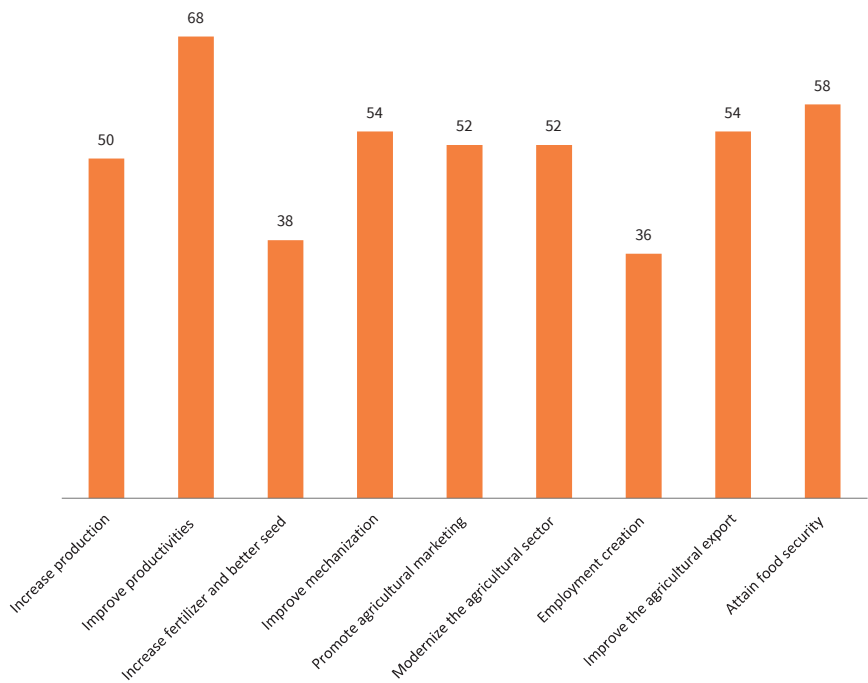


Figure 7.3
The opinion of the respondents about the objectives of agricultural governance reform
 (Number) Source: Field observations, 2022

7.7 Agricultural Governance in Oromia: State of the Agrarian Sector and the Reform Agenda

Oromia Region is one of the larger regions in Ethiopia, covering between 34 per-cent of the land surface and 36 percent of the total population. It is endowed with various natural and human resources. It has more than 20 million hectare of land deemed suitable for agriculture, with the estimated irrigable land being more than 4.5 million hectares. The regional economy is dominated by agricul-ture, responsible for about 45 percent of regional output (GDP) with more than 90 percent of total exports and providing 80 percent of all employment.

The agricultural sector produces ‘non-marketable products’ (i.e. food used for rural people’s own consumption, reflecting the large degree of subsistence agri-

culture) which take about 88 percent of total production. About 72 percent of the respondents said that the agricultural governance reform has impact on the development of the agricultural sector. The next subsection below analyses the impact of the new agricultural governance reforms on production, composition of agricultural production, agricultural high-value products, and other indicators.

7.7.1 Trends of Agricultural Production in Oromia

In 2015 the total crop production in Oromia was 143 million quintal (from a total land size of 6 million hectares. In this year the total agricultural productivity was 23 quintal per hectare. In 2017, total crop production had increased to 171 million quintal, a growth by 14 percent as compared to 2015. With no change in cultivated land size in these two years, the productivity of the agricultural sector increased from 25 quintals per hectare in 2015 to 29 in 2017, which means productivity increased by 16 percent in the same period. The productivity growth was higher than the growth rate of production. But in 2019 the production and productivity did not show any significance change as compared to 2017.

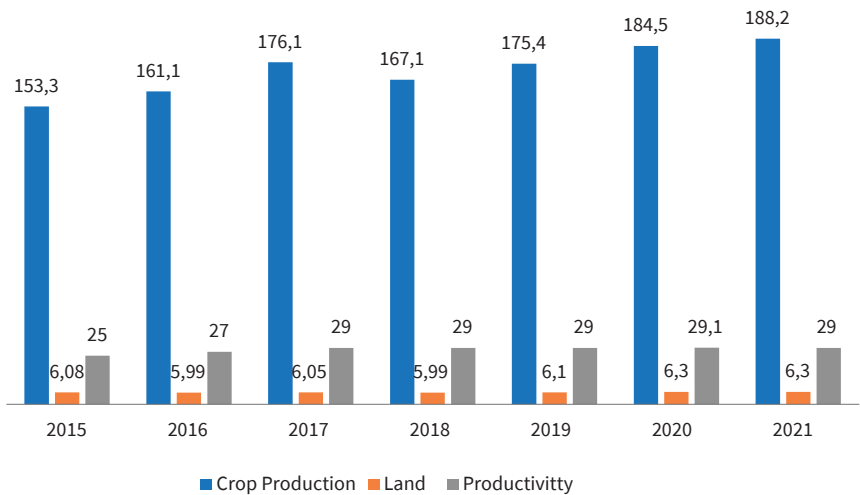


Figure 7.4
Major trends in agricultural production, land and productivity between 2015 and 2021
 Sources: Oromia Agricultural Bureau, 2021

In 2021, the total crop production in the region reached 188 million quintal, that is, a 7.2 percent growth as compared to 2019. In the same period, the regional agricultural *productivity* (production per labourer) did not show any change: it remained on 29 quintal per hectare. The increase in production was achieved by the

expansion of the cultivated land: from 6.1 million hectare in 2019 to 6.3 million hectares in 2021 (The total land size covered by agricultural fields was 6.3 million hectares). So, productivity lags behind.

The trends analysis revealed that since the implementation of the agricultural governance reform the sector has shown an increase in the trends but without significant productivity growth and land use expansion. Even in terms of growth the change in production is not much different as compared to before the governance reforms. But 71 percent of the respondents believed that the agricultural governance reform increased production of the agricultural sector. Political instability and various other external shocks (locust plague, drought and irregular rainfall) affected the impact of the agricultural governance reform on productivity and production.

7.7.2 Composition of Agricultural Production in Oromia

The other performance indicator of the agricultural sector is related to the composition of the agricultural product range. The major agricultural products in the region can be categorized into three types: cereal, pulses, and oil seeds. According to the Regional Agricultural Bureau, in 2012 total agricultural production of all crops was 114 million quintal. In 2012, out of this total, cereals took 86.8 percent of production. Pulses and oil seeds took, respectively, 10.1 and 2.9 percent of the total. Four years later, in 2016, the share of the cereals had increased to 88.8 percent of the total, and pulses and oil seeds decreased to 8.5 and 2.6 percent, respectively.

In 2021 the agricultural output was still highly dominated by cereals, with 89.8 percent. Pulses and oil seeds remained at 8.1 and 1.8 percent, respectively. Therefore, the product composition of the agricultural sector did not show any significant change. Cereal production only grew more. This may be due to the government household-level food security programs that focus on wheat production, which started in the region in the last two years (2020-2021). In addition to this, a 'cluster farming program' started in the region in 2021, now mainly focusing on the production of cereals, notably wheat (on irrigated fields), also for export. Cluster farming is a new approach to production whereby subsistence farmers who lack sufficient investment means for modern production join for cultivation of selected (marketable) crops on geographically interconnected farms or plots of land. In such geographically grouped farming, from 30 to 200 farmers work together on adjacent lands to farm with modern inputs (improved seeds, fertilizer, and 'best-practices'). It was seriously introduced by the Ethiopian Agricultural Transformation Agency (ATA) in 2019. Cereals quickly became popular in this

mode of farming. There was no effective support program yet for the oil seeds and pulse production in the sector: so far it was left for private investors.

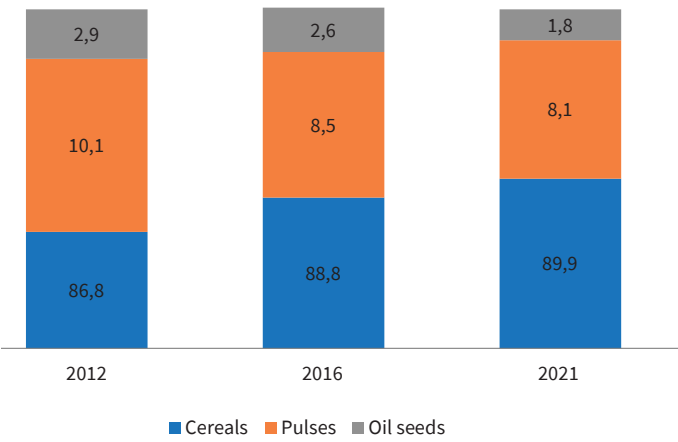


Figure 7.5
Composition of major agricultural production (%)
 Source: Field observation data, 2022

So, in this regard, even if the agricultural reform effort failed to increase the share of oil seeds and pulses, it was successful in encouraging the farmers to concentrate on wheat production, which would enhance food security in the region and the country as a whole. In addition to this it would help the region to enhance household-level wealth creation due to the sale of wheat. It was also expected that this effort would replace imported wheat from abroad.

Furthermore, the regional agricultural governance reform focused on high-value agricultural products, including avocado, mango, banana, and papaya. During the last three years, the total cultivated area and production of these products increased in the region. The figure below shows the production of these fruits. In the years 2020-2021 the production of avocado, banana, papaya and mango increased by 79 percent, 43 percent, 47 percent, and 18 percent, respectively.

The regional state established various nursery centres for the preparation of improved seeds for the high-value fruit products at the regional level. The increase in these products was seen as improving the incomes and livelihoods of the rural community, in addition to modernizing the agricultural sector. The higher production also improved the regional export portfolio and capacity, enhancing foreign export earnings at the national and regional levels.

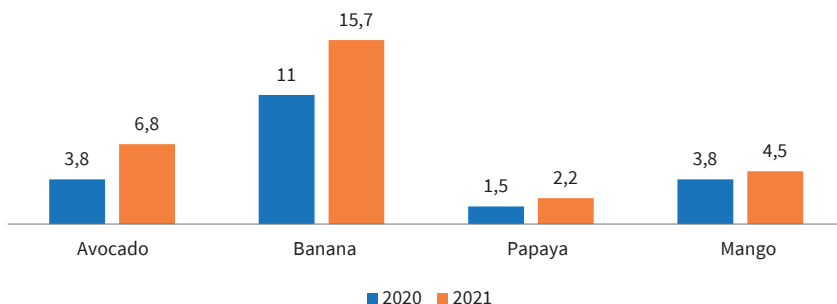


Figure 7.6

High-value agricultural products' increase in 2020 and 2021 (%)

Source: Field observation data, 2022

7.7.3 Agricultural Investment in Oromia

Since the establishment of the Oromia regional state in 1991 the priority given to agricultural investment was poor and inefficient. The low investment in the agricultural sector not only perpetuated or increased rural poverty but also prevented modernization of the agricultural sector. In the same way, poor agricultural investment aggravated the raw materials supply to the agro-industrial sector.

Understanding this fact, the regional government undertook governance reform to accelerate investment in the region's agricultural sector. A new investment regulation was issued to encourage the farmers to invest. In addition to the farmers, other small-scale enterprises and cooperatives were urged to invest in agriculture. In 2018 the number of investment projects in the agricultural sector was no more than one thousand. But in 2021 the number of total licensed investments in the sector reached four thousand. In 2022, the total number of agricultural investments then increased to 5,594. That means during this earlier agricultural reform period the number of total investors in the agricultural sector increased fivefold.

Table 7.3a

Trends of agricultural investment projects in Oromia, 2008-2022

Year	No. of investment projects
2008	1004
2018	1370
2021	4283
2022	5594

Source: Field observation data, 2022

Table 7.3b

The percentage share of agriculture investments in Oromia on total investments

Year	% of agrarian investments on the total
2008	11.6
2018	12.9
2021	24.8
2022	26.8

Source: Field observation data, 2022

The share of agricultural investments in the total investments was only 11.6 percent in 2009, but in 2022 it reached 26.8 percent. In addition to this, the reforms in the sector led to an increase in the participation of local farmers in the region. Just within three years, more than eight thousand rural farmers became involved in such investment activities. So, government intervention in the agricultural sector not only increased the number of investment projects in the sector but also seemed to have made the sector more ‘inclusive’.

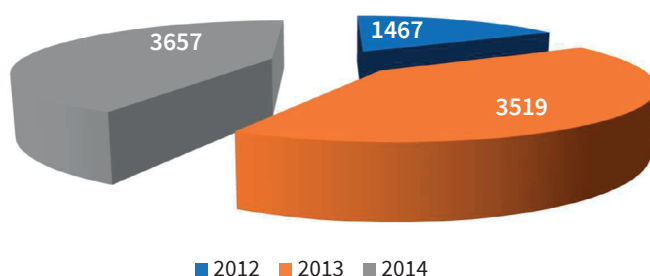


Figure 7.7

The total number of farmers involved in investment between 2012 and 2013

Source: Field observation data, 2022

7.7.4 Agricultural Clustering, Contract Farming, and Mechanization Development

As we saw above, agricultural clustering plans played an important role in trying to improve the effectiveness of the agricultural sector. The broader definition is that agricultural clustering refers to the geographic and product concentration of agricultural products by the rural household head or farmer. The ‘cluster’ can be an array of linked farming industries and other entities important to competition. In 2019, the total number of clusters was 3,382 and the number of households participating was 109,365. After two years, in 2021, both the number of households and the number of clusters had increased six- and fifteen-fold. Just within two years, more than 52,000 new clusters and 696,000 additional households had joined cluster farming in the region.

By 2022, the total number of clusters and the number of households involved reached 66,373 and 974,792, respectively. This sharp increase enhanced agricultural production in the clustering areas. The land size leased started with less than 50,000 hectares in 2010 but increased to more than 3.2 million hectares today (2022). In the same way, production from agricultural clustering as well as productivity were higher.

Table 7.4a

The number of clusters and households between 2019 and 2022

Year	No. of clusters	No. of households
2019	3382	109,365
2020	21,524	689,331
2021	56,239	805,636
2022	66,323	972,792

Source: Field data 2022

Table 7.4b

Growth in the number of price contracts by land size, cluster, and number of farmers, in the years 2021 and 2022

Price contracts by:	In 2020	In 2021
Land size:	121,996 ha	218,756 ha
Cluster farms	11,671	85,023
No. of farmers	116,529	369,140

Source: Field data 2022

The development of cluster farming encouraged the initiation of future contract marketing. In the year between 2020 and 2021, the total land size included in contract farming increased by 79 percent. That means in 2021 an additional 96,761 hectares was added for agricultural production based on contract farming. In the same way, the number of farmers and the number of clusters in contract farming increased by 73,352 (the number of clusters) and the number of farmers grew by 182,620. In other words, the number of farmers increased by 97 percent and the number of cluster farmers increased sixfold.

Such development of contract farming and increasing numbers of farmers gave an incentive to get involved in the agricultural sector and at the same time improve the asset generation capacity of the farmers. The agricultural governance reform in the region thus provided more opportunities. The introduction of new agricultural marketing regulations and institutional set-up at the regional and local level facilitated contract farming and had an impact at the household level.

The new government reforms in the agricultural sector also focused on enhancing the mechanization of agriculture. Accordingly, more than 2,000 new tractors and more than 80 combines were purchased and distributed to farmers.

7.7.5 Use of Fertilizer

Fertilizer plays a major role in improving the productivity and hence production in the agricultural sector. The declining of the land size per household and deterioration of land quality showed the need for increasing fertilizer provision and application in the region. The agricultural governance reform thus focused on an increase in the distribution and utilization of fertilizer. Before the reform period since 2018 there were no significant uptakes in the utilization of fertilizer due to high costs, coercion, and rapidly growing indebtedness of farmers. In 2019 the total fertilizer quantity used was 4.9 million quintal. After a year, the amount used increased to 5.8 million quintal in 2020, in other words, by 16.4 percent. In 2022, the total fertilizer reached 7.4 million quintal.

Between 2021 and 2022, Oromia Region managed to show an annual growth of 16 percent in fertilizer use. Strong integration between the stakeholders and timely supply of the fertilizer enhanced its utilization. The amount of fertilizer increased more than the growth rate of extra land cultivated. This indicates that the amount of fertilizer per hectare increased, which suggests improvements in productivity of the land and at the same time productivity at the household level.

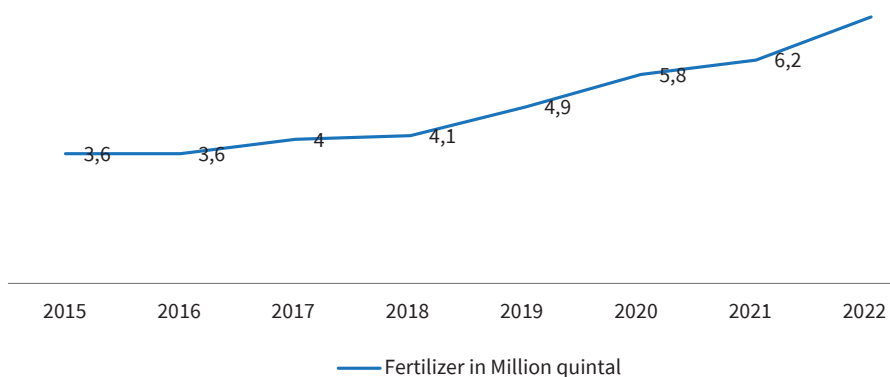


Figure 7.8
Trends in fertilizer use in Oromia in million quintal
 Source: Field observation data, 2022

7.8 Respondents’ Opinions on the Impact of the Agricultural Governance Reform in Oromia

The preceding section identified the impact of the agricultural governance reforms on the basis of secondary data collected from different sources. In this section, we comment on the perceived impact of reforms among respondents. The figure 7.9 below shows that many of the respondents agree on positive impacts of the governance reform on production, productivity, the provision of inputs, financial allocation, certain of more employment, and export earnings of Oromia region.

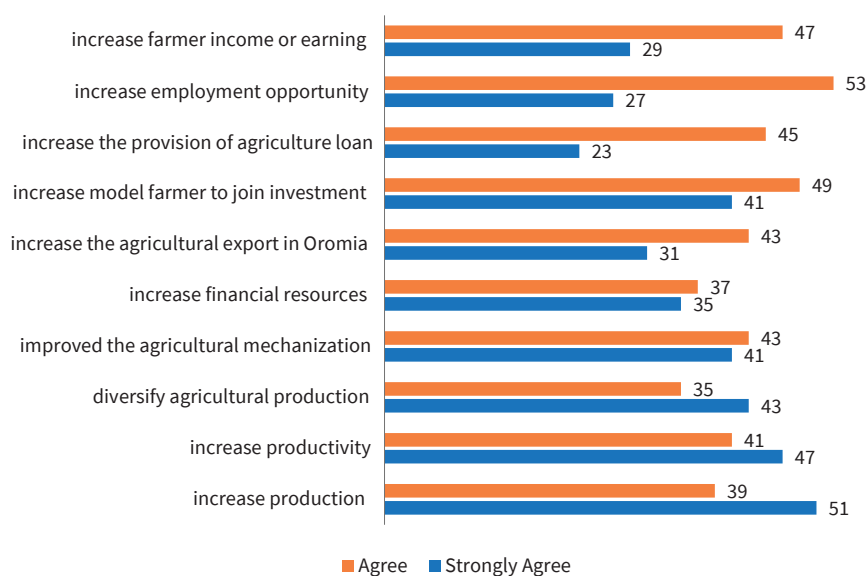


Figure 7.9

The respondents' opinions on the impact of agricultural reform governance in Oromia

Source: Field observation data, 2022

(Note: The table – and survey questions – regrettably omitted the question to respondents of whether they would *disagree* with the statements, although there were certainly those who did so).

The respondents largely agreed especially on the impact of the reforms regarding their effect on increases in production (54 percent agreed), productivity growth (50 percent agreed) and diversification of agricultural production (46 percent agreed). On other indicators, such as employment creation, farmer income and provisions of loans there is much less agreement. But 47 percent agreed that the reform had an effect on increasing agricultural incomes, while only 29 respondents agreed on the actual increase of farmers' incomes. That means, of the total respondents only 31 percent agreed that the impact of the reforms resulted in increasing the income of rural producers. In the same way, only 29 percent of the respondent agreed that reform impacts were visible in employment creation. Only 24 percent of the respondent strongly agreed on increased loan provision after the reforms. Finally, about 48 percent thought that loan provision was not addressing the demand for loans in the agricultural sector. From these figures it can also be inferred that a large section of the respondents did *not* agree with the impact of the reforms being positive or sufficient.

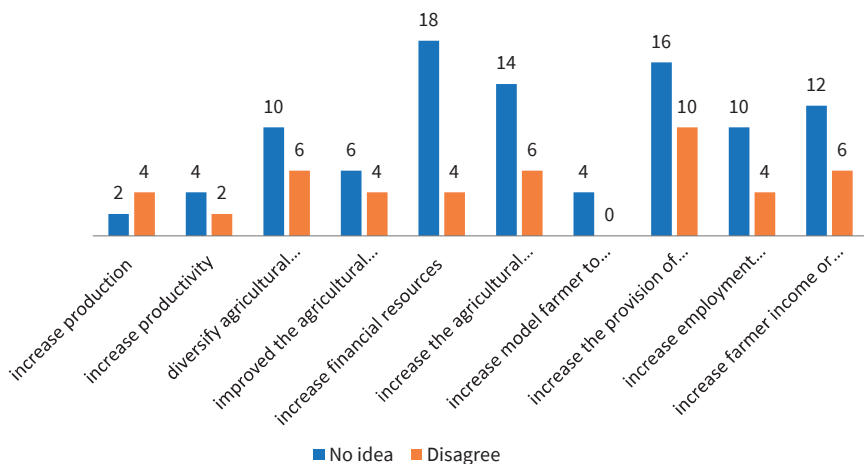


Figure 7.10

The respondents' opinions on the impact of agricultural reform governance in Oromia

Source: Field observation data, 2022

(Note: The table – and survey questions – regrettably omitted the question to respondents if they would disagree with the statements, although there were certainly those who did so).

There are also respondents who do not have any idea about the reforms and their real impact, while at the same time some disagree on the impacts of the reform program. About 19 percent, 17 percent and 15 percent of the respondents said they had no idea about how these reforms worked out on financial resource allocation, loan provisions or export earnings in Oromia. In addition, way, 10.6 percent of the respondents saw no impact of the reforms on financial loan provision, 6.4 percent did not see increase of export earnings, and 6.4 percent were doubtful about successful product diversification. Even if these latter respondents are small in number the regional state must work in addressing what is true of the perceptions/concerns, and in general an increase of loan provisions, agricultural diversification, and enhancing export earnings of the agricultural sector must get more attention.

7.9 Challenges of Agricultural Reform in Oromia: a Note

During the last four years (2018-2022), the government's policy on agricultural governance reform has impacted on agricultural production and productivity. It facilitated the injection of new financial resources in the sector. It has also influenced the composition and the technology application in the agricultural sector. The performance of the sector is, however, not without any challenges. An assessment of the sector's 'good governance', however, cannot be given yet.

According to the study outcome (see Table 7.5, below), expert respondents thought that the major challenges of the agricultural reforms were: financial constraints (59.5%), marketing development (47.6%), and infrastructure development (47.6%). Other challenges reported were the poor state of research and innovation and of sectoral integration.

Table 7.5

The respondent opinion on the major challenges of the agricultural governance reform (in % of respondent), per challenge

Respondents' views on the major challenges	% (of 100)
Financial resource constraints	59.5
Lack of strong institutions	33.3
Poor or low irrigation development	45
Lack of adequate human resources	21.4
Poor agricultural marketing	47.6
Poor development of infrastructure	47
Low political commitment	21.4
Absence of effective agricultural research innovation	45

Source: Field observation data, 2022

7.10 Conclusion and Recommendations

The agricultural sector is the mainstay of Oromia's regional economy. It takes the major share of regional economic growth, employment creation and foreign earnings. Due to various reasons the region failed to use effectively the sector potential to transform people's lives and at the same time build the regional economy. After the recent reforms the regional government did take various measures to use the sector's potential. It has undertaken high-level research on identifying the major challenges of the agricultural sector. Based on the research outcomes of this preliminary study, major government interventions were identified, like new investments, cluster farming, agricultural pricing policy, agricultural mechanization, increased fertilizer provision, and the provision of agricultural loans. But, based on past experiences and studies (cf. Zewdie, 2020), more can be done.

The study revealed that the government's actions to improve agricultural governance enhanced the openness and transparency of the decisions regarding the development of the sector. Due to this, production and productivity of the sector showed signs of increase, despite continuing internal and external challenges. The governance reforms also led to more investment and to improvement of agricul-

tural mechanization. The major challenges were the shortage of agricultural loans, sector integration, basic infrastructure provision, and product diversification.

The Oromia regional state must accelerate and intensify agricultural governance reform to attain the sector's transformation (cf. Zewdie's comments, 2020). The regional government must work on identifying more potential sources of agricultural loans to meet the large demand. The region must also work more on product diversification. There are many options for the region to engage rural producers in diversifying their products. Through massive state or private investment the state needs to work on enhancing high value agricultural products like, for example, tea and spices¹⁶³ (e.g. ginger, cumin, pepper and turmeric; also sesame) which would enhance regional export capacity. In addition, agrarian policy might emphasize and stimulate the development of the local domestic food industry (in Oromia and elsewhere in the country): processing the products rather than exporting them in 'raw' form. There is also a rapidly growing domestic *urban* market for this.

After the reforms started, the region's production and productivity showed some improvement, but due to poor supply chain management it did not have much effect on the incomes of the rural people. In this regard the regional state should work on better supply chain management and agricultural pricing. The other important issue is agricultural mechanization. During the reform period the region significantly increased the provision of tractors and combines. While this is not the solution to the problems of all farmers, selected mechanization in promising areas and sub-sectors would help, especially by stimulating private rural entrepreneurs. Due to insufficiently effective utilization of agricultural mechanization the region failed to see breakthroughs in agricultural productivity. The regional state must therefore work on effective distribution and efficient utilization of agricultural mechanization.

Another issue is that agricultural governance reform is not a one-time activity but ongoing, so the regional government must engage the institutions of higher education and non-governmental organizations in its decisions on agricultural development policies. In addition, awareness creation on agricultural governance reforms is a job that needs special attention. This must be wide-ranging and diversified in order to reach the public at large, as it is not possible to reach all people via through official channels. Private media, online channels and local community networks are useful to expand the awareness and knowledge of the new governance reforms in the region.

163 See: <https://oec.world/en/profile/bilateral-product/spices/reporter/eth>.

Last but not the least is sectoral integration. Many respondents believed that currently there is poor sectoral integration at the regional and local levels. By its very nature, agricultural activities need integration and linkages that work for the provision of new technology and that can stimulate agricultural marketing. Oromia Regional State must work on an agricultural integrated plan that will focus on transforming the sector in this respect. In terms of ‘good governance’ discussed above (in Sections 1 and 4) – a durable ideal but by far not reached – serious consultation and engagement of the farmers/rural producers is thereby needed: to work towards their empowerment, provide them with better information systems, mobile (money) services, and allow them choices in production and marketing, with the general aim of improving their agency and quality of life.

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8

The Citizens' Charter Experience in Amhara Regional State, Ethiopia: Implementation and Challenges in the Public Sector – an Exploratory Study

Meselu Alamnie

Abstract

This study evaluates the experience with the idea and practice of the 'Citizens' Charter' in Amhara Region in the past decade. Fashionable as new mode of relating to the wider citizenry and improving rapport between government authorities and the common people (the 'customers') since the early 1990s, these charters were meant as explicit and transparent documents outlining the public services, rights, and obligations that citizens could appeal to in their relations with the state and thus enhance the latter's accountability. The ultimate success of such an initiative and its actual delivery depends on fundamental changes in the professionalism and standards of delivery among government officials, and the relationship between public delivery units and citizens. If the reforms allow members of the public to hold officials to account as directly as possible, success can be achieved. But in the Amhara Region the success seems quite limited, as most respondents from the implementing government agencies reported a lack of confidence and dissatisfaction with the observance and performance of the public service delivery announced under the Citizens' Charter. Some positive aspects are that citizens have become more conscious of their civic rights than before, and have become more demanding, and are able to put pressure on service providers for delivery. There have also been improvements in customer satisfaction. But serious reform is needed in the policy domain and the implementation capacities to make it a success.

8.1 Introduction

8.1.1 Background of the Study

This chapter makes an assessment of the status and challenges of Citizens' Charter implementation in the Amhara Region sector offices in its initial decade since ca. 2012, with a renewed incentive under the Reform Agenda since 2018. It reviews aspects of the promised delivery of public services of the Charter among the public and based on interviewing the implementers. Suggestions are made for possible solutions to correct the failings and irregularities that were reported.

Public service delivery is one of the reasons why government should exist. Citizens need their government to provide public services which cannot be provided by the private sector. Governments pay much attention to public service delivery because it is one of the means by which government legitimacy is established. But in recent years, governments have been confronted by financial and governmental challenges, while the pressure from their citizens to improve public services has increased. Citizens have become increasingly vocal and demanding, and government is always challenged by the traditional administration processes and legal obligations to provide efficient services demanded by the people (Osborne & Gaebler, 1992; Osborne & Plastrik, 1997; World Bank, 1992). Thus, as in other countries in the developing world, and in Ethiopia and Amhara Region specifically, a series of reform initiatives was launched and implemented starting in 1991. Reform initiatives to 're-invent' government and streamline its bureaucracy, such as Strategic Planning, Performance Management, Business Process Re-engineering (BPR), BSC, or Kaizen, were introduced over the last three decades (Challa, 2020; Getahun, 2018; Hailekiros & Singh, 2012; Tilaye, 2007; Paulos, 2001; Fikadu, 2014).

However, several studies concluded that limited results were achieved by these reform initiatives. One of the reasons why the reforms were unable to bring about the intended benefits is their limitations in directly engaging the public in the service delivery system. Most of these reforms were efforts to improve the service delivery systems and processes within the bureaucracy. Thus, as commented by many, the efficiency and effectiveness of the public service delivery cannot be achieved without taking steps to fundamentally change *the relationship between public delivery units and citizens*. Reforms that allow members of the public to hold officials to account as directly as possible should be introduced. It was in response to such demands that Amhara Region began implementation of a Citizens' Charter in 2004 E.C.¹⁶⁴ (2011/2012), to improve the quality of its public

¹⁶⁴ Ethiopian calendar.

services offered by public offices at the regional, zonal and *woreda*/city administration levels.

Many governments have subscribed to Citizens' Charter reforms, not just to modernize their public service but mainly to fundamentally change the way citizens relate to them. It in principle empowers the citizenry by enhancing access to information regarding service standards and to corresponding remedies available to citizens if they are not satisfied with the quality of services provided. Thus, conceptually, the Citizens' Charter is a unilateral declaration by a public sector that specifies what a transacting public may look forward to from a public office. It describes the detailed procedures for obtaining a particular service and the guaranteed performance levels that the public may expect from that service (James et al., 2005). The Charter indicates the rights and services available to citizens, the procedures regarding how these will be delivered, the remedies that will be available in case of non-deliverance, and the obligations of citizens in return (Haque, 2005). A Citizens' charter thus becomes an instrument to improve transparency, efficiency, accountability, and quality in the public service delivery.

Despite the abovementioned promised benefits and the expectation that the implementation of the Citizens' Charter would boost citizens' satisfaction, most of the field observations have shown that the change outcomes were not up to the expected level. A report of a Citizens' Opinion survey conducted in 2009 E.C. (2016/2017) by the government of Amhara National Regional State (ANRS) showed that citizens in the region had low and declining levels of satisfaction with public services. Therefore, it needs to be investigated why the reforms failed to realize their promised benefits. Considering that the Citizens' Charter is the most recently implemented administrative reform in the region, it would be sensible to explore the implementation process and challenges facing it, before attempting to investigate its effects.

Thus, this study was initiated to explore the status and challenges of Citizens' Charter implementation in the Amhara Region sector offices.

8.1.2 Research Questions

- What does the status of implementation of the Citizens' Charter in the Amhara Region look like?
- What are the challenges of Citizens' Charter implementation in the Amhara Region?
- What are the root causes of challenges to successful Citizens' Charter implementation?

- What are possible interventions that could be taken to correct the irregularities in implementation?

8.1.3 Research Objectives

General Objective

The general objective of this study was to assess the status and challenges of the Citizens' Charter implementation in the Amhara Region sector offices and suggest possible solutions to correct the failings and irregularities.

Specific Objectives

- To show the status of the Citizens' Charter implementation in the sector offices of the Amhara regional government
- To identify challenges that impede effective implementation of the Citizens' Charter in the sector offices of the Amhara regional government
- To analyse the root causes of challenges in the implementation of the Citizens' Charter in the sector offices of the Amhara regional government
- To suggest possible interventions that might be taken to correct the irregularities in the implementation processes.

8.2 Conceptualizing the Citizens' Charter

8.2.1 What is a Citizens' Charter?

A Citizen's Charter is a set of commitments made by a public sector organisation regarding the standards of service which it delivers. The term 'charter' is sometimes confusing, as the same term is often used when rights are granted to cities, universities, and other public organisations. But it must be noted that public service charters are not the same charters used in those cases, as they are essentially undertakings or promises to the public on the services they may expect from an organisation that exists for that reason and on the way that service will be delivered. Charters are a promise to service users; they are also a challenge to the organisation. Charters encourage and empower customers, motivate and empower staff and give management clear targets. They also promote transparency (Osborne & Plastrik, 1997).

Public service charters may go by different names depending on the target audiences. Whether the latter are called citizens, customers, clients, service, or institutional charters, regardless of the terminology the charters all represent *contracts* between an organisation and its users.

Charters can be formulated at different levels: at the national, local, sectoral, institutional, or departmental level. The national charter is one that applies to services across a nation, or to one of the federal states (if they exist). A local charter on the other hand is one that relates to a service delivered in a local area. It may be produced by, for instance, a local benefit office, hospital, or local authority, and is tailored to the 'local' audience. Local charters must take national standards, where these exist, as their minimum, but they may improve on them, and may include standards that do not appear in any national charter to which they relate. A sectoral charter is one that is formulated by a sector such as education, health, agriculture, transport, or utilities.

8.2.3 Brief Historical Description

Historically, the first citizens' charter initiative dates back to the early 1990s. The United Kingdom's charter approach at that time was in an effort to respond to growing demands for accountability, transparency, and efficiency, on one hand, and to the pressures from the community for more and better services, on the other. This was best expressed by former UK prime minister John Major's speech made to The Economist Conference on the Streamlining of the Public Sector, on 27 January 1992: 'The citizen's charter came about because it is high time to raise standards of performance in our public services demand of the consumer.... And it was also the wish of those who work in the public sector themselves. They had the skills, the dedication and the enthusiasm to do it. All they needed was the freedom and the encouragement to try out new ideas' (CGG, 2008).

Following the UK's first initiative, several countries, from Australia to Jamaica, France and South Africa, formulated their own versions. And, most recently – in 2012 to be exact – the Ethiopian federal government, including Amhara Region, announced that their public sector offices would have their own charters. Implementation of the Citizens' Charter was as one component of the civil service reform program implemented in Ethiopia. It was stated in the reform program that the public service delivery system, although an improvement compared with the past, still is not up to the expected standards. This could be attributed to the absence of a service orientation, lack of accountability, no information about service standards and requirements, and poor grievance handling and redress mechanisms. Thus, it was believed that if the charter approach is well-designed, communicated and implemented, it can address these problems.

8.2.4 Changes in the Government-Citizen Relationship

The concept of the Citizens' Charter deconstructs three hitherto prevailing notions on the government-citizen interface that effect some fundamental changes in the understanding of the public service delivery system:

- The perception of 'citizen-as-subordinate' is replaced by the notion 'citizen-as-peer' and evaluator of public services. The traditional 'impermeable boundaries' of public services are replaced by the idea of 'interlocking of roles', where the public service provider and the service user or the citizen interlock to produce outcomes that maximizes latter's satisfaction.
- It advocates citizen-centric governance, wherein the traditional notion of 'primacy of rules' is replaced by an explicit 'emphasis on outcome' and user satisfaction.

In the overall analysis, more than mere structural change the Citizens' Charter puts the emphasis on change in the mindset or attitude of public servants.

8.2.5 Theoretical Foundations of the Citizens' Charter

Fekadu (2014) has tried to demonstrate how the concept of the Citizens' Charter has benefited from three basic public administration theories: 'Good Governance', 'New Public Management', and 'New Public Service'.

Good governance is a concept first put on the policy agenda and prescribed by World Bank in its 1989 report on Sub-Saharan African countries: they had to undertake to tackle their development challenges through streamlining of their public services. Though different authors and development institutions tried to define and identify elements of 'good governance' differently, the elements of accountability, transparency, responsiveness, the legal framework/rule of law/predictability, and participation are at the centre of their definitions, and seen as common elements that constitute good governance. Citizens' pursuit of transparency, accountability, and responsiveness is encouraged. According to Torres (2003), the major driving force for different countries' governments to formulate citizens'/service charters was the citizens right to, and pursuit of, transparency, accountability and responsiveness. Moreover, efficient public service delivery is what the 1992 World Bank's document on Africa put as features of good governance. The CGG (2008) indicated that good governance is the technology, and the Citizens' Charter is the tool. Thus, it was understood that the CC is an initiative, if not the only one, that lays the foundation for and promotes good governance.

New Public Management (NPM) theory is an influential model for the public sector which inspired most public sector reforms for effective service delivery and encouraging government to be more efficient and responsive. It basically emphasizes efficiency, the centrality of the citizen or customer, as well as accountability for results. As a Citizens' Charter is tuned to efficiency, accountability, and transparency in public service delivery, NPM has therefore its own fingerprint in the development of the concept of the Citizens' Charter and related initiatives.

Elements in the *New Public Service* (NPS) model are somehow additional and mutually reinforcing with NPM. But there are differences as to who public servants are responsive to (citizen vs. customer), on the role of government (serving vs. steering), in approaches to accountability (market-driven vs. law, community values, and professional codes), among others. Principles of NPS (see Denhardt & Denhardt, 2000, 2015) include: the role of government is not to steer but to *serve* citizens; the public interest is the aim, not a by-product; and the following imperatives are always emphasized: 'think strategically', 'act democratically'; 'serve citizens, not customers'; 'accountability is not simple'; 'value people, just not productivity'; and 'value citizenship and public service above entrepreneurship'. The Citizens' Charter initiatives began almost a decade before the introduction of the New Public Service approach. This fact, however, does not deny the role of NPS model in promoting the elements of CC. Specifically, the attention given to value citizens, the accountability to community values, and shared public interest, that is, citizen-centric administration, are similar.

8.2.6 Components of the Citizens' Charter

Despite some differences in practice, the following are most commonly included components in the Citizens' Charter (Ahsan and Huque, 2016):

- 1 Vision and mission of the government office or agency;
- 2 Identification of services offered and of the client/customers;
- 3 The step-by-step procedure to obtain a particular service;
- 4 The officer or employee responsible for each step;
- 5 The maximum time to accomplish the process;
- 6 Documents to be presented by the customer, with clear indication of the relevancy of said documents;
- 7 The procedure for filing complaints in relation to requests and applications, including the names and contact details of officials/channels to approach for redress;
- 8 Feedback mechanisms for recommendations, suggestions, comments as well as complaints; and
- 9 Grievance redress mechanism.

8.3 Methods and Materials Used

8.3.1 Research Approach

This study was essentially an explorative study conducted to gain a more complete understanding about the implementation of the Citizens' Charter in the Amhara Region and its challenges. It is an attempt to understand the status of its implementation and all possible factors responsible for a successful implementation. Thus, rather than focusing on a few factors for rigorous investigation, all factors and the nature and extent of their influence are explored. In addition, the nature of interaction between these factors and the effect on implementation is assessed. To this end, various forms of data from multiple sources using multiple methods were used. Data collected through different means were then analysed separately using their own appropriate analytical method. The results of the analysis were brought together and triangulated to each other to draw findings and interpretations of the study.

8.3.2 Type and Sources of Data

Both qualitative and quantitative data are used for this study. Qualitative data, mainly in the form of stated experiences, opinions and feelings from officials representing their office, as well as from documents, were sought and used. Quantitative data were generated by surveying the opinions, feelings and perceptions of individual service providers and their team leaders in the regional administration.

8.3.3 Data Sampling

Respondents for qualitative data were selected based on the level of engagement and responsibility they had in the Citizens' Charter implementation processes in their respective offices and in the region. These include a former director and experts from reform coordinating sections, follow-up, and support office; staff in the civil service bureau; directors of the reform coordinating office of the Agriculture Bureau and Education Bureau; and focal persons for reform implementation in the Trade and Market development bureau, as well as a former director of the reform coordination office of Awi Nationality zone, former team leaders, and experts in the Injibara city administration, Motta city administration, and Bahir Dar city administration, and staff from the planning and budgeting office directors of all city administrations. The printed copy of the Citizens' Charter, and the guidelines for developing and implementing the charter were also consulted. It was in fact not easy to find the records and documents, as most of them were either misfiled or lost when some of these offices were dissolved. Therefore, it can be said

that the study was conducted based on the data collected from staff from regional bureaus, zone administration offices and city administration offices. Bahir Dar city administration, Injibara city administration, and Motta city administration were selected because of accessibility. Bahir Dar city was selected to represent one of the major cities of the region. Injibara was selected to represent cities of one of the minority nationality zones of the region. Motta was selected to represent the regular middle level cities of the region.

8.3.4 Data Collection Methods and Procedure

Qualitative data was collected mainly through in-depth interviews with selected officials and experts. The interviews with individual officials or experts took 2:30 hours on average. Since some of them were former officials and experts involved in the reform and now assigned elsewhere, it was difficult to locate and find where they were. Moreover, to gain more complete information and since their engagement now was in different areas, I was forced to appeal to their memory by requesting them to recall the reform process that took place especially during the early periods of the implementation process some years ago. Data were also collected through document analysis, finding and looking into various official documents produced in the offices.

Quantitative data was generated mainly through a survey, by using a structured questionnaire. The questionnaire consisted of 38 questions, mostly Likert-scale items, to address eight main parameters of the Citizens' Charter implementation. The questionnaires were administered by trained enumerators, with close supervision from the researcher. The selection and location of offices and respondents was made in consultation with civil service offices of the administrations. Thus 16 offices from Injibara and Motta each were selected, while 17 offices were selected from Bahir Dar administration. Then two service providers/experts and one team leader were selected from the selected offices. As a result, totally 147 questionnaires were distributed, and all were completed and returned. Only a few questions on some questionnaires were found to be unanswered.

To give a brief insight into the respondents' backgrounds, as can be observed in the attached appendix, the gender composition of service providers is characterized by male dominance, but it shows a changing trend in the gender composition of service providers in the public sector, as a significant number 35.4% (52) of them were females. A promising shift is also observed in the educational qualification of the service providers, as evidenced here in a majority 132 (89.8%) of respondents holding bachelor's degrees and even six of them were master's de-

gree holders. This is a potential that could be used for the improvement of service delivery in the public sector offices of the region.

As to the composition of respondents in terms of responsibility they assumed in their respective offices, the collected data shows that while about 67% (98) of them were experts who were directly involved in service provision, the remaining 33% (49) were their supervisors (team leaders). Moreover, most of the respondents had many years of experience in their current office or elsewhere in the public sector.

8.3.5 Data Analysis

As indicated before, analysis of qualitative and quantitative data took place separately, employing appropriate analytical techniques. Qualitative data collected through in-depth interviews was analysed using thematic analytical methods. This involved first transcribing the data collected in the form of voice records and then this was followed by the identification of the main thematic issues. Thus the opinions, views and experiences of the interviewees were organized under the selected items and the results were drawn based on comparisons of each interviewee's views under each theme.

The data collected from the respondents were checked for completeness and consistency and then coded into SPSS software. Analysis of quantitative data in the SPSS was made using descriptive statistical tools such as frequency and percentage. The results of the analysis are presented in this research report in the form of tables, graphs and verbal narrations.

Eventually, the results of both thematic analysis and descriptive analysis were brought together and triangulated for consistencies. Thus, findings and interpretation of this study were drawn based on the result of this triangulation.

8.4 Citizens' Charter Implementation in the Amhara Region

8.4.1 Introduction

This section constitutes the main body of this research work, and presents results and findings from the data collected through in-depth interviews, document analysis and the survey. The study is organized into several sections and sub-sections, beginning with a brief description of the implementation process, followed by an assessment of implementation status, and then of the challenges of imple-

mentation. Finally, in the last section, the main challenges of its implementation will be presented.

8.4.2 Overview of the Citizens' Charter Implementation Process in the Amhara Region

Implementation of the Citizens' Charter in ANRS began in 2004 (2011/2012) as a follow-up to BPR and BSC implementation processes: to strengthen the application of service standards and bring accountability of the civil service to citizens. The implementation process was primarily spearheaded by the then Civil Service Bureau, until 2009/10 E.C (2017/2018). The Bureau, through its reform monitoring and support coordinating office, took the responsibility of leading, coordinating, monitoring, evaluating and supporting the implementation of reforms, including the Citizens' Charter, in several sector offices. Reform monitoring and support coordinating office was strongly organized, and had 20 experts dispersed throughout sector bureaus. Citizens' Charter implementing bureaus were regularly evaluated and ranked, based on their progress in implementation.

This stimulated internal competition even within bureaus and between directorate offices. Preparation of the Citizens' Charter implementation in the sector bureaus was carried out by a committee that consisted of selected individuals from directorate offices. It was of course done with some level of consultation with wider staff of the bureaus. Later, in 2007 EC (2015/2016), two major sector offices – the Agriculture Bureau and the Education Bureau – were allowed to organize their own reform office at the directorate level. The reason behind this, as indicated by the interviewees, was that the Agriculture Bureau was the poorest performing bureau in terms of reform implementation. But in most of the bureaus the responsibility was given to a single focal person. As per the opinion of all interviewees, during the early period of implementation until 2009/10 E.C (2018), despite differences, most of the bureaus had given adequate attention to its implementation. They claimed that successes especially in terms of making the civil service customer-oriented or service-oriented were witnessed in some public institutions.

Service standards had been developed at regional level sector bureaus and rolled out to zone and *woreda* levels. Evaluation of performance in terms of meeting service standards used to take place at the end of the budget year, and improvements in the standards were made when necessary. 'Training of trainers' (ToT) courses both at the federal and regional level were given to selected representatives of sector bureaus, and orientation of civil servants was given during the early period of implementation. Experts who took ToT training were supposed

not only to train others at the *woreda* and zone level but also to play an advisory role in the implementation process. Once charters and standards were formulated based on the BPR study document at the regional bureaus, they were accordingly established at different tiers of government – zonal, *woreda*, and kebele level – based on regional level service standards. The Citizens' Charter was published and disseminated to users using different mechanisms, including posting on notice boards at the entrances of public offices, posting on office gates and dissemination of printed copy of the charter. Service users were provided with mechanisms to provide their opinion, feedback or complain mostly through suggestion box and/or suggestion archive.

8.4.3 Citizens' Charter Implementation Status in the Amhara Region

This section presents information on the status of the implementation of the Citizens' Charter in the regional public sector offices through an analysis and triangulation of the data collected through in-depth interviews with selected officials, and via document review and survey of the views, feelings, and perceptions of service providers, and their immediate supervisors who were likely to have had direct contact with citizens.

To begin with, overall, a majority of surveyed service providers 76.2% (112) felt that the Citizens' Charter was *not* successfully implemented in their office. All the interviewed officials agreed as well that the Citizens' Charter was not only the least implemented reform, but to them it also seemed to be completely interrupted while in progress (in 2021-2022). Only very recently have some offices seemed to recognize the importance of the Citizens' Charter, as there have been some renewed efforts made for its implementation in these offices. The interviewees from the Civil Service Commission mentioned that some offices that used to dislike its supervision and support were now beginning to request the Commission for support and training on the Citizens' Charter. For example, the urban land administration offices of Motta city administration and Injibara city administration started Citizens' Charter-like initiatives to respond to the mounting pressure from citizens for more efficient service delivery. It has to be noted, however, that these initiatives do not strictly follow Citizens' Charter principles.

However, most of the informants commented that implementation of the Citizens' Charter was not deemed feasible within the current situation of insecurity and lack of available resources: notably with the lack of order and security in especially the north of the country (the war that started in November 2020 and also heavily affecting northern Amhara regions), leaders did not have the confidence to exercise their authority to enforce implementation of the Citizens' Char-

ter procedures on their employees. Instead, the overall restoration of peace and order was seen as an absolute prerequisite.

To be more precise, the assessment of the implementation status of the Citizens' Charter programme should be made using seven important parameters, such as: *institutional arrangements, adequacy of financial, human and material resources provided, citizen involvement and empowerment in the Citizens' Charter formulation, efforts of transparency, feedback, and complaint handling, and accountability.*

Relevant questions were designed and asked of the selected respondents. The following discussion is based on the responses of interviewees and respondents to questions related to these components.

Institutional Arrangements

Implementation of any reform can happen successfully and sustainably only if the necessary institutional arrangements are put in place. In order to assess how the necessary institutional preparations were made for successful implementation of the Citizens' Charter in various offices of the region, the selected respondents were asked various relevant questions. Firstly, they were asked if their respective offices had established a separate work unit dedicated to follow-up and support implementation of the Citizens' Charter in their office. Their response showed that a majority 59.1% (87) of the respondents perceived that their office organized a separate work unit dedicated to this purpose, and still a significant number 60 (40.8%) felt that their office did not have any unit to support and follow-up on the Citizens' Charter implementation process. As already discussed in the previous section, the fact of the matter is, as per the results of interviews with concerned officials at various levels, that various work units such as the reform monitoring and support coordinating office, a focal person and a reform implementation committee as well as a reform coordinating office in two sector bureaus (Agriculture and Education) were organized at the regional level. Similarly, as indicated by informants, a reform team under the auspices of the Civil Service Office both at the zonal level and the *woreda* level had been organized. The same focal person and reform coordinating committee was organized in sector offices both at the zone and *woreda*/city administration levels.

However, in 2008 E.C. (2015/2016) when revolts and resistance movements began against the then political regime in different parts of the country, the government's power to enforce its policies and administrative directives started to erode. As a result, the reform implementation processes in most offices began to lose their momentum. Moreover, since 2009/10 E.C. (2018) because of the new

federal government directives, each sector bureau became responsible for choosing and implementing its own reform tools, including the Citizens' Charter. Sector bureaus (i.e. the parent offices) still took the responsibility of rolling it out vertically to their respective zone and *woreda* offices. Consequentially, the regional, zonal, and *woreda* level civil service offices were forced to abandon their role of coordinating, following-up, and supporting reform implementations of sector offices and the status of civil service bureau were reduced to commission level. They were forced to dissolve their reform implementation directorates and assign their experts elsewhere. It was only recently, in 2012 E.C. (2019/20), that the Civil Service Commission started reorganizing its own reform-implementation coordinating office at the directorate level.

Most of the Amhara Region's sector bureaus (for instance, the Education Bureau) interrupted such reforms (though not officially), and their reform office were weakened. Experts with the responsibility for implementing the reform were assigned elsewhere, either permanently – through promotion or lateral transfer – or via temporary assignment. Others (for instance, at the Agriculture Bureau) made an attempt to continue, but with an extremely low level of energy and attention. Very few – for instance, the Bureau of Trade and Market Development – attempted to keep the reform momentum, but were challenged by the influence of a majority of other bureaus that interrupted the reform. As one informant from the Bureau described it, employees sometimes tended to resist the Citizens' Charter implementation, as they knew that it did not exist anywhere else except in their office. They felt that they were being forced to waste their time on something useless and outdated. As per the opinion of one informant from the regional civil service commission, '...the leadership in these offices either understood the new federal government directive wrongly or used it as an excuse to abandon reform implementation in their office.'

Another factor related to weak institutionalization of the Citizens' Charter implementation structure was leadership ownership and commitment to the implementation process. The largest share of respondents, 58.5% (86), seemed to disagree with the opinion that the leadership of their office owned the implementation process, and only 12.9% (19) of the respondents agreed that the leadership had full commitment to implementation. The result seems to be consistent with what was suggested by interviewees, that the leadership was occupied more by seasonal tasks and spent most of their time in successive meetings, spurred by the urgent political and security issues of the region and of the country as a whole that emerged following the formation of the new government in 2018 and specifically after the eruption of the armed conflict in the northern part of Ethiopia in November 2020. Of course, as already mentioned in the above paragraph,

the fact that leaders of various offices abandoned the reform showed that lack of leadership and ownership of the reform was real. The interviews reflected that most leaders did not consider the reforms as tools to facilitate their leadership job; rather they viewed the implementation process as a hurdle causing additional burdens and as inconveniencing to their leadership and creating unnecessary confrontations with their employees. Not all of leaders were truly convinced nor internalized the claimed purposes and benefits of the Citizens' Charter and other reforms. They implemented it out of their compliance mentality. This is why most commented that the Citizens' Charter implementation suffered from being relegated as mere compliance to regional or federal government requirements.

Moreover, the excessive turnover of leadership caused by the successive reshuffling at various levels could be one of the structural reasons why leaders did not understand and own the reform. It was often highlighted by interviewees that the lack of institutionalization and the discontinuity in implementation was caused mainly by this continual reshuffling of leaders and experts, as well as restructuring of offices – a very common problem in Ethiopia's administrative structures. To say that most offices did not have an institutional memory is a fair judgment, considering the difficulty of finding proper documentation of the implementation process and the difficulty of finding officials or experts who can provide an adequate account of the (history of the) implementation process. The improper transfer of responsibility from outgoing to incoming leader is another likely reason for exacerbating the loss of institutional memory. Most of the leaders currently in position had no idea about the historical and current status of the Citizens' Charter implementation in their offices.

Another issue that could show the state of institutionalization of the implementation process is whether this process has become part of the annual plan, budget, and report. While a large number of respondents, 53.7% (79) and 59.9% (88), seemed to agree with the suggestion that it has become part of the annual plan and annual performance reporting, respectively, they seemed to be unclear if it had become part of the annual budgeting, as a large proportion of the respondents 46.3% (68) said that they neither disagreed nor agreed. The interviewees underscored that when the Civil Service Bureau had strong reform, support and follow-up offices at all levels, the implementing offices were required to plan and regularly report on their progress. Evaluation of performance in terms of meeting service standards used to be made at the end of the budget year and improvements in the standards were made when necessary. But since the weakening of the reform office, it was very difficult to say that all offices regularly and consistently reported their reform implementation progress. The reform had (and still has) no owner.

Table 8.1

Institutional arrangement for CC implementation

SN	Institutional Arrangements	Number and Percentage of respondents					
		Yes		No			
		#	%	#	%		
1	<i>'There is a work unit dedicated to follow-up and support implementation of CC in my office'</i>	87	59.1	60	40.9		
		Disagree		Neither Disagree Nor Agree		Agree	
		#	%	#	%	#	%
2	<i>'The leadership in my office owned the implementation of CC'</i>	86	58.6	42	28.5	19	12.9
3	<i>'Citizens' Charter implementation is always part of the office's annual plan'</i>	17	11.6	51	34.7	79	53.7
4	<i>'The required resources for CC implementation are included in the annual budget'</i>	36	24.5	68	46.3	43	29.2
5	<i>'I regularly report on the progress of CC implementation'</i>	28	19	31	21.1	88	59.9

Source: Public Service Providers in Amhara Region, 2022

Adequacy of Human, Financial, and Facility Resources Provided

Successful implementation of the Citizens' Charter without adequate provision for human, financial and material resources is unthinkable. However, as depicted in the table above, the vast majority of 87.1% (128) of surveyed service providers did not believe that they received adequate training on the Citizens' Charter. Moreover, the overall awareness of the employees about the Citizens' Charter, as per perception of 103 (70.1%) respondents, was inadequate. As all interviewed officials agreed, training of trainers (ToT) arranged both at federal and regional level was given to selected representatives of sector bureaus, and zonal and *woreda* level offices. Of course, the adequacy of the training and the number of trainees was questionable. The training was not focused on the Citizens' Charter; rather it was on all reform tools. Furthermore, only a few selected experts were trained just once, and the duration of that training was too short. Experts who took ToT training were supposed not only to train others in their respective offices at the *woreda* and zone level, but also to play an advisory role in the implementation process. Other civil servants had received a very brief orientation during the early periods of implementation. Since then, there has not been any training or orientation provided for them.

Unfortunately, almost all those trained experts are now elsewhere and no longer train others or support the Citizens' Charter implementation process.

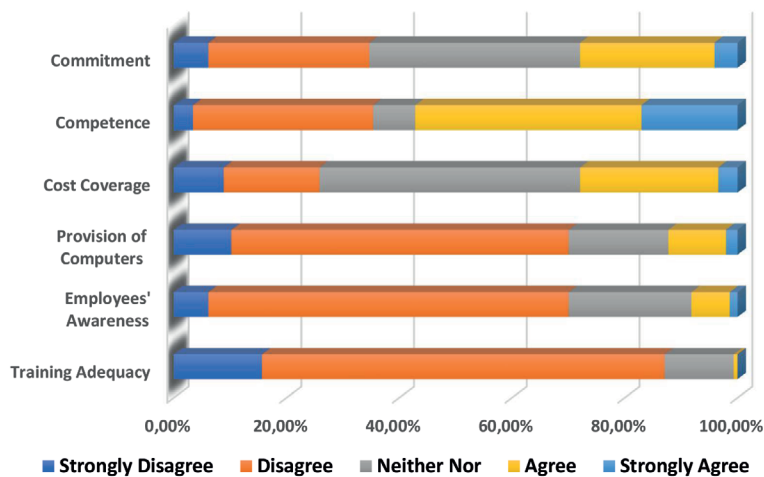


Figure 8.1
Adequacy of financial, human and material resources for CC implementation
 Source: Public Service Providers, 2022

Ideally, the provision of a well-integrated information system that helps to keep a record of the performance vis-à-vis service standards would facilitate the successful implementation of the Citizens' Charter. Service providers should at least be provided with the means to facilitate the fulfilment of the service standards. Unfortunately, about 70.1% (103) of the respondents stated that they were not even provided with computers in their office. Moreover, the result shows that those offices far from the regional city seemed to suffer most when it came to this availability of computers. Most interviewees did not associate the problem with a lack of computers. It was rather a lack of an information system that employees could use to record and track their performance vis-à-vis service standards. They stressed that one of the most disliked components of the Citizens' Charter by service providers was the clumsy and laborious job of recording each service vis-à-vis standards: this caused too much paperwork. Thus, they suggested that office automation could have minimized the paperwork and made the implementation process smoother.

However, when it comes to employees' competency to meet service standards, the largest proportion of the employees, 57.15% (84), perceived that they had the competency to provide services as per the standards. This is in contradiction to the widely held belief that most of the civil servants who were responsible for

providing public services are characterized by a high level of incompetency. In fact, it is understandable that employees tend to be biased when they are asked about their own competency. But the prevalence of incompetency among service providers in the public office is believed to be extremely high. It is widely accepted that the competency of civil servants in the region is eroding over time and that the current experts have a skills and knowledge gap preventing them from effectively implementing and meeting the service standards of the Citizens' Charter.

As shown in the above graph, about 34% (51) of the respondents claimed that employees did not have any commitment in terms of meeting the service standards of the Citizens' Charter. A large number 37.45% (55) of respondents were undecided about the level of commitment of service providers. While this has been supported by the interviewed officials, several factors were mentioned as reasons behind the low level of employees' commitment. Civil servants view reforms in general as 'conspiracies' with a political agenda attached to it rather than as a means of streamlining the service delivery system. This unpopularity of the reforms is associated mostly with the enduring effect of past reform failures and reform fatigue, caused by successive past (unsuccessful) reforms in the civil service.

Lack of competency and sceptical attitudes are not limited to service providers but also extend to their leaders. As leaders are assigned by the political authorities mostly as a reward for their political loyalty, they usually do not have the necessary skills and knowledge to understand, initiate, and develop their own reform policies, including the Citizens' Charter. That is why, as evidence from the interviews shows, there is a practice of 'copy-catting' by zone and *woreda* offices rather than preparing their own Citizens' Charter.

The Citizens' Charter Formulation Process and Citizens' Involvement

Interviewed officials, especially in regional sector offices, indicated that the preparation of service standards begins at the bureau level. The team/committee formed for this purpose develops them with some expertise support from the civil service bureau and limited consultation with wider service providers. The team essentially draws service standards from a BPR study that already detailed the time, quality, and quantity standard for each job and service. But, as commented by many, BPR standards were not carefully formulated and failed to truly reflect the reality. That is why an unreasonable distribution of burdens between jobs was observed. Some jobs/tasks were overly burdened while others were 'under-burdened' and were not supposed to be an eight-hour job. Thus, some service providers complained that the service standards set for them were unrealistic and difficult to meet. Moreover, they said that standards were set without considering the overall set-up and availability of resources in their office. Once this process

was completed at the regional sector bureaux, service standards were disseminated vertically to their subordinate sector offices at zone and *woreda* levels. Sector offices at the zone and *woreda* level simply copycat and adopt standards mostly without any customization effort. Thus, the Citizens' Charter formulation process was implemented essentially through a top-down approach.

It is always imperative in Citizens' Charter implementation that *citizens* should have an active and meaningful involvement in the formulation of the Citizens' Charter. That is how citizens will have a chance to have their preferences and interests considered and incorporated in the formulated charter and get them reflected in the standards. It is the involvement of citizens in the formulation process that would make public services citizen-responsive. However, the majority of surveyed service providers, 78.9% (116), perceived that citizens did not get the chance to participate in the preparation of the charter. The facts, as generated from the interviews, show that though there were diverse experiences in different offices, the involvement of citizen in the Citizens' Charter formulation process was non-existent. It was observed in a few offices that 'representatives' of communities were invited for a general public meeting to discuss broader issues, and, in the meantime issues related to service standards could be raised and discussed as well. But it was uncommon to see platforms dedicated to seriously discussing the charter.

Although it is widely assumed that citizens' involvement in the charter formulation process can have multifaceted consequences, of which citizen-responsive service and improved citizens' awareness of service standards are some. The survey of service providers' response portrayed that a majority of respondents, 60.5% (89), did not agree with the proposition that citizens were aware of service standards. The interviewed officials also argued that, although there were attempts to disseminate information about the service standards through various means, such as by posting on notice boards, personal charters on their office gates, and distributing printed copy forms, they were not effective enough to make citizens aware of the standards. One reason could be the fact that citizens were not involved from the beginning. If citizens were involved in the preparation process of the standards, they would be more likely to know each standard prepared.

Table 8.2
Efforts of citizens' involvement

Efforts of citizens' involvement	Disagree		Neither Agree nor Disagree		Agree	
	#	%	#	%	#	%
'Citizens have participated in the preparation of the charter'	116	78.9	26	17.7	5	3.4
'Citizens are aware of the service standards'	89	60.5	40	27.2	18	12.3
'Responsiveness to citizens' needs and requirements has increased'	57	38.8	34	23.1	56	38.1

Source: Public Service Providers, 2022

The most puzzling fact is that while service providers admitted that citizens had a low involvement and low level of awareness of the service standards, a significant number of them – 38.1% (56) – still believed that the service they provided was responsive to the needs and requirements of citizens. Of course, about a similar number of the respondents – 38.8% (57) – did *not* believe that the responsiveness of their service had improved and quite a significant number of the respondents – 23.1% (34) – did not want to show their agreement or disagreement with the suggestion that service responsiveness had improved. But the implication is significant, as there are still a large number of service providers who think that they can make services responsive to the needs and preferences of citizens *without* citizen involvement. Which means a lot has to be done to change the service providers' 'I know what is good for you' mind-set. Instead, a citizen-friendly attitude that values the needs and preferences of citizens should be created.

Efforts toward Transparency

One of the parameters that can be used to evaluate successful implementation of the Citizens' Charter is that of initiatives taken to improve transparency. The citizen involvement issue that was raised in the previous discussion could be associated with transparency efforts. The more citizens are involved in the process, the more transparent it would be. But there are other initiatives that could be taken to improve transparency. Worth mentioning here are demanding service providers wear name badges, dissemination of service standards through various means, and completeness of the information provided.

Service providers in the selected administrations were asked to provide their views about the adequacy of these efforts. Regarding the wearing of name badges, the vast majority of respondents – 66.7% (96) – answered that they did not wear

badges, although quite a number of them – 27.8% (40) – practiced badge wearing in their office. But still, this reflects the fading importance of badge wearing in various offices of the region. Officials interviewed on the matter suggested that wearing name badges is one of initiatives that gained less attention recently.

Table 8.3

Efforts of transparency

Efforts of transparency	Disagree		Neither Agree nor Disagree		Agree	
	%	#	%	#	%	#
‘Employees wear badges’	96	66.7	8	5.5	40	27.8
‘The charter is posted in the public places / entrance gates’	56	38.9	22	15.3	66	45.8
‘The charter is posted at entrance gates of offices’	33	22.9	23	16	88	61.1

Source: Public Service Providers, Amhara Region, 2022

Mixed practice is also reflected in the posting of the charter in public areas and/or entrance gates of their offices: 45.8% (66) of the respondents replied that their office posted the charter in the public areas/entrance gates but still 38.9% (56) of respondents said that their office did not display such information. Respondents also showed their office’s mixed practice of posting the charter at the office gates, though there was some positive inclination towards the posting of charters on the gates, as 61.1% (88) of the respondents agreed with the existence of the practice. But most of the interviewed officials were of the opinion that at most offices such efforts of disseminating information about the Charter, specifically the practice of posting it in public areas – apart from the office gates – had become declined. The practice of posting it on office gates still exists but to a diminishing extent.

Transparency is the result of not only efforts of information dissemination but also of completeness of the information disseminated. In this regard, the surveyed service providers, as shown in Table 8.4, demonstrated that showing schedules of service is the most commonly displayed information, followed by requirements from clients and responsible persons. Time needed to complete the service and qualities of the service were in the third tier of most commonly displayed information. It must be understood though, that the amount of fee that clients are required to pay to obtain the service is information rarely shown in the Charter. This reflects a lack of standardization and diverse practices among offices when it comes to the efforts to be transparent.

What matters most to some interviewees is not the posting of the information and dissemination of print copies of Citizens’ Charter texts or completeness of the information, it is rather citizens’ ability *to make use* of the available information. Informants think that service users oftentimes do not try to get service information about the service from posted or disseminated information. They rather tend to get the information by asking experts orally. This is a ‘cultural’ thing that has to be considered when designing communication means. Interviewees commented that people in Ethiopia are not only less educated but are still culturally conditioned to see oral communication as primary.

Another important issue for transparency is the use of the local language for disseminating information about service standards. But, as highlighted by one informant in Awi nationality zone, the Citizens’ Charter texts prepared in a printed copy or posted on notice boards were not translated into the working language of the nationality zone. Awi is the local working language used in that zone but has never been used in charters.

Table 8.4
Type of Information included in the CC

Type of information included in the CC	Number and percentage of respondents selected	
	#	%
Service schedule	125	86.8
Requirements of clients	91	63.2
Responsible service provider	89	61.8
Time needed for completion of the service	81	56.2
Quality specification	76	52.8
Service fee	24	16.7

Source: Public Service Providers, 2022

Feedback and Complaint Handling Practice

Success in implementation of the Citizens’ Charter should be assessed in terms of providing citizens with the chance to complain when they are dissatisfied with the service and to give feedback (be it positive or negative), so that service standards can be improved in the future. Thus, service providers were requested for their opinion about the practices of feedback and complaint handling in their office. The practice of evaluating service delivery against Citizens’ Charter standards was not as prevalent as it was supposed to be, as reflected by 57.2% (83) of the re-

spondents. But the number of respondents who perceived of the existence of such an evaluation should not be underestimated, as 33.8% (49) of the respondents replied positively to this question. This reflects the fact that there is *no standard practice* among offices of the region. Officials explained that they had a practice of evaluating service delivery performance quarterly and suggested standard revisions if the problem was with the standards. But this practice did not exist in all offices after the weakening of civil service bureau supervision and follow-up. One more positive note that we can take from the surveyed respondents is the fact that the largest number of respondents – 57.9% (84) – witnessed that citizens have the possibility of complaining about their service delivery dissatisfaction to the relevant office. This was confirmed by responses of interviewed officials as well.

Table 8.5
Respondents' perception of complaint handling

Complaint handling practice	Disagree		Neither Agree nor Disagree		Agree	
	#	%	#	%	#	%
Employees' performance evaluated against standard regularly	83	57.2	13	9	49	33.8
Citizens are provided with the chance to complain if they are dissatisfied	48	33.1	13	9	84	57.9
Suggestion-box/suggestion archive is checked and sorted out regularly	61	42.1	30	20.7	54	37.2
Leadership in the office takes special interest in citizens' complaints	70	48.3	9	6.2	66	45.5
Citizens are provided with clear complaining procedures/mechanisms when they are dissatisfied	84	57.9	12	8.3	49	33.8
Do citizens get a timely response to their complaint?	102	69.4	23	15.6	22	15

Source: Public Service Providers, 2022

Respondents did not seem to agree when it came to their office practice of regularly checking and sorting out complaints filed by citizens through the suggestions box. Although the number of respondents – 42.1% (61) – who disagreed is slightly larger than the number of respondents – 37.2% (54) – who agreed with the existence of the practice in their office, the difference is not that large. The same can be said about the respondents' views about the leadership interest in addressing the dissatisfaction of the public. However, the number of respondents – 57.9% (84) – who disagree with suggestion that offices provided citizens with

clear complaint procedures/mechanisms was significantly larger than the number of respondents who agree with it: 33.8% (49). What can be clearly understood from respondents' answers is that timely responding to citizens' complaints is one of the major deficiencies in the Citizens' Charter implementation process in most offices in Amhara Region. The majority of respondents – 69.4% (102) – said that their office does *not* timely respond to citizens' complaints. The ineffective complaint handling arrangement was confirmed by a majority of service providers – 80.9% (119) – who responded that citizens could not hold the office or service providers to account for failing to timely respond to citizens' complaints. Moreover, a major deficiency in the complaint handling process was observed from service providers' responses: a great majority – 87.8% (129) – perceived that citizens were not satisfied with the responses to their complaints.

Officials reflected that the complaint receiving and redressing process was one of the key missing components of the Citizens' Charter in their office. However, they indicated that their attempt to receive citizens' complaints through the suggestions box was not as successful as was expected. For instance, the interviewees from the Agriculture Bureau noted that most of the complaints collected through the suggestions box were found to be from employees of their own bureau and related to administrative issues, such as promotion, placement and transfers. None of them were from the actual service users. Whenever they felt dissatisfaction, citizens oftentimes tended to complain orally, which in most cases remained undocumented and was not helpful to hold those responsible to account.

Putting an appropriate feedback-receiving arrangement in place is always for the benefit of the quality of a service developed. If such mechanisms and platforms are provided, citizens can forward their feedback, both affirmative and negative, so that service providers get the chance to improve the quality of service in the future. Revisions and updates in the service standards are possible if feedbacks from citizens are effectively solicited. However, as per the views of a large number of surveyed respondents – 66% (97) – citizens do not get a chance to provide feedback about service standards or quality of service delivered. The interviewed officials argue, on the other hand, that no public discussion was ever organized dedicated to the purpose of receiving feedback on the service standards. Citizens, mostly representatives, may forward their discontent with public service delivery when a general public meeting takes place around the end or beginning of the fiscal year. But this arrangement has not been effective to collect useful feedback to improve the standards for the future.

Table 8.6
Feedback-receiving Practice

Feedback-receiving practice	Disagree		Neither Agree nor Disagree		Agree	
	#	%	#	%	#	%
Citizens can hold the office or service provider responsible when their complaint does not get timely response.	119	80.9	8	5.4	20	13.6
Citizens are satisfied with the response to their complaint.	129	87.8	9	6.1	9	6.1
Citizens have the chance to provide their feedback about the service standards.	97	66	13	8.8	37	25.2

Source: Public Service Providers, 2022

Accountability for Service Standards

Accountability is always at the heart of any Citizens' Charter initiative. It is one of the potential benefits expected from Citizens' Charter implementation. It is, therefore, important to assess the level to which the accountability benefit of a Citizens' Charter is being realized. The aforementioned discussion on complaints and feedback mechanisms, of course, has useful implications for judging the accountability arrangements installed. But another indication of the existence of accountability is the extent to which *individual* service providers are accountable for meeting service standards. Thus, beginning with the inclusion of service standards in the individual employee performance appraisal process, service providers were asked if service standards were part of their performance evaluation criteria. They seemed to have divided opinions about the issue. While a small majority of respondents – 50.3% (74) – agreed that service standards had become part of their performance appraisal, a significant number – 43.6% (64) – did *not* agree with this. Respondents were asked questions related to the practice of rewarding or punishing employees based on meeting service standard requirements. A majority of the respondents felt that employees at the individual level are not subject to reward – 74.8% – or punishment – 59.2% – because of meeting or failing to meet service standards. Hence, it can be understood from their responses that the service standards are not made obligatory requirements at the level of the individual service providers. This means they are no longer useful tools to hold individuals accountable.

The interviewed officials indicated that in the early periods of the Citizens' Charter implementation process – when there was a practice of recording service standard deviations – attempts were being made to at least recognize individual

employees who succeeded most in meeting the standards. But it has never been translated into any serious sanction or reward. This was discontinued latter. But what was concerning most for the officials was a lack of legal frameworks to enforce service standards. They felt that internal administrative arrangements of accountability are simply not strong enough if not supported legally.

Table 8.7
Accountability arrangements

SN	Accountability Practice	Number and Percentage of respondents					
		Disagree		Neither Disagree Nor Agree		Agree	
		#	%	#	%	#	%
1	Employees get reward- ed when their service fails to meet standards.	110	74.8	6	4.1	31	21.1
2	Employees get punished when their service fails to meet standards.	87	59.2	19	12.9	41	27.9
3	Meeting service stan- dards is considered in employees' perfor- mance appraisal.	64	43.6	9	6.1	74	50.3

Source: Public Service Providers, 2022

Citizen Empowerment

It is widely understood that one of the consequences of a successful practice of the Citizens' Charter is empowerment of citizens by improving the awareness of their rights and benefits and as well as by boosting their confidence. The theoretical and empirical claim is that citizens will be able to know what is expected of them and what to expect from service providers. The assessment shows that there is a low level of citizens' awareness about the Citizens' Charter, evidenced by the fact that a majority of the respondents – 55.8% (82) – expressed their disagreement with the statement that claims citizens have awareness about the Citizens' Charter. Similarly, a large number of respondents showed disagreement when they were asked if citizens had gained more clarity on what they should expect from service providers. However, it must be noted that unlike the extent of lack of awareness about the Citizens' Charter, a substantial number of respondents – 29.2% (43) – still believe that citizens' understanding of and clarity about the services they expected from service providers is showing improvement.

Table 8.8
Citizen Empowerment

SN	Citizen Empowerment Efforts	Number and Percentage of respondents					
		Disagree		Neither Disagree Nor Agree		Agree	
		#	%	#	%	#	%
1	Citizens have awareness about the Citizens' Charter.	82	55.8	38	25.8	27	18.4
2	Citizens' understanding and expectation of services have become more clear.	77	52.4	27	18.4	43	29.2
3	Citizens' awareness of their rights and benefits has increased.	22	15	26	17.7	99	67.3
4	Citizens' confidence service has increased.	26	17.7	29	19.7	92	62.6

Source: Public Service Providers, 2022

One possible positive and encouraging impact observed because of the practice of the Citizens' Charter is the improvement in citizens' understanding of the rights and benefits they may expect from public office. This assertion is supported by 67.3% (99) of respondents, who agreed with the statement that claims citizens' awareness of their rights and benefits has increased. A similar trend of improvement is in citizens' confidence. As observed in the survey, 62.6% (92) of the respondents expressed their feeling that citizen's confidence to demand quality service and up to the charter standard was increasing since the implementation of the Citizens' Charter in their office. Interviewed officials, specifically in Injibara city administration and Motta city administration, underscored that the implementation of the Citizens' Charter stimulated citizens to be more conscious of their rights. Since the implementation of the Citizens' Charter, they have become more demanding and put much pressure on service providers and officials for efficient service delivery. They commented that their demand is not actually as per service standards but rather simply out of their right as citizens. This, as per the officials' view, was an unintended effect of the Citizens' Charter and may sometimes lead to disorder.

Citizens' Satisfaction with Services

Though the overwhelming view is that implementation of the Citizens' Charter is unsuccessful, it is important to see how such an incomplete implementation can also influence the (dis)satisfaction of citizens with public services in general. Service providers seem to be divided when it comes to their opinions about the effects

of the Citizens’ Charter on quality of service. This is because while 52 respondents responded that the Citizens’ Charter does not have an effect, 46 of them agreed that its implementation *does* have effect on service quality, and a further 49 of them doubted whether the Charter has an effect or not. Thus, observing these divided opinions, one would say that the implementation of Citizens’ Charter differs from office to office and so will its effect on service quality. Additionally, the fact that such significant numbers of respondents are undecided about its effect, one could suggest that the implementation of the Citizens’ Charter in public offices so far has been nominal and without a clear realization of its benefits.

As already discussed previously, repeated citizens’ surveys have shown that generally citizens were highly dissatisfied with the services they received from public offices in the Amhara Region. Attempts were made to get the views of service providers themselves on the perceived effects of Citizens’ Charter on citizens’ satisfaction: we requested respondents to compare citizens’ satisfaction *before* implementation and *after* implementation of the Citizens’ Charter and see if it had been weakened (it must be noted that, as discussed before, implementation of the CC was weakened and even completely interrupted even in some institutions in 2021/22). The number of respondents who felt that citizens were satisfied after implementation of the CC was much higher – 47.6% (70) – than those who perceived citizens satisfaction before the CC implementation and after the CC implementation ‘as weakened, which was 29.2% (43) and 23.1% (34), respectively. The number of respondents who felt citizens were dissatisfied or partly dissatisfied with the services turned the other way around, which means a higher number of respondents – 60.5% (89) and 55.1% (81), respectively – felt that citizens were dissatisfied with the service *after* Citizens’ Charter implementation. But relatively few numbers of respondents – 27.9% (41) – believed that the number of citizens were dissatisfied after implementation of the Citizens’ Charter. This shows that the Citizens’ Charter can have an important effect on customer satisfaction if implemented properly and successfully.

Table 8.9
Effect of CC implementation on Customer Satisfaction

Citizens’ Satisfaction	Very dissatisfied	Partly dissatisfied	Neither dissatisfied nor satisfied	Partly satisfied	Very satisfied
Before CC implementation	18	43	42	41	3
After CC implementation	8	33	36	52	18
After CC implementation was weakened	41	48	24	34	0

Source: Public Service Providers, 2022

Interviewees agree with possible and limited improvement in customer satisfaction after Citizens' Charter implementation and a declining level of customer satisfaction after it was already weakened. However, they did not believe that the Citizens' Charter was implemented in its complete form or that they had been able to reap its potential benefits in service delivery so as to bring about customer satisfaction.

8.4.4 Challenges of Citizens' Charter Implementation

In synthesis, the following challenges of Citizens' Charter implementation are worth mentioning.

Deficiencies in Citizens' Charter Design

- Service standards at the zone and local administration level are developed through copycatting of regional sector bureau standards rather than by developing their own customized standards.
- Service standards are developed based on (earlier) BPR study standards, which itself is unreliable and unacceptable for some.
- There is weak or no engagement at all of citizens in the Citizens' Charter formulation process.
- Service standards are outdated and are not regularly evaluated and updated.

Deficiencies in Citizen's Charter Implementation

- The Citizens' Charter is not implemented in its complete form and there is no standardized implementation practice in all offices.
- Information dissemination mechanisms used to make citizens aware of the Citizens' Charter are not effective.
- Unavailability of an integrated and able information system made tracking the implementation progress and the deviation from service standards more difficult.
- Lack of institutionalization and continuity in implementation is caused by the ongoing successive restructuring of offices, the reshuffling of leaders and experts, as well as an improper documentation and learning process.
- Accountability is weak, as Citizens' Charters are not legally enforceable. Only the consequences of failure to meet the standards are managed internally and used for performance evaluation, which itself is found to be unsuccessful.
- The practice of receiving complaints via suggestion boxes is found to be unsuccessful, partly associated with citizens' lack of engagement. There is no clear complaint redress mechanism.
- There is no formally recognized and arranged feedback-receiving practice.

- There is a lack of adequate and continued capacity-building work on the Citizens' Charter.

Skills and Knowledge Gaps in Implementing the Reforms

- Leaders, reform officials, experts, and service providers have a skills and knowledge gap to effectively implement the Citizens' Charter. The adequacy of the education profiles of the manpower in the public sector is not translated into competencies required to initiate, formulate, follow up, support, evaluate, and successfully implement the Citizens' Charter.

Attitudinal Deficiencies

- Reforms in general are unpopular among experts and service providers.
- Service providers do not have incentives to commit themselves to meeting service standards.
- The leadership lacks the attitude, commitment, ownership and political confidence to successfully implement the Citizens' Charter.

Deficiency in Public Engagement

- Citizens show a lack of active engagement in understanding, evaluating, providing, and holding service providers accountable for efficient service delivery. This may partly have to do with a weak democratic culture and low literacy.

8.4.5 Factors beyond the sphere of the Citizens' Charter

The following sub-section tries to present arguments that suggest some of the root causes of challenges to Citizens' Charter implementation that are beyond the boundary of the Citizens' Charter itself. Since these root causes are chronic in nature, their linkage with challenges of implementation should be made known.

One of the reasons contributing to the current prevalence of incompetency in the civil service, as commented by many interviewees, is the current defective *education system* that produces graduates without ensuring they acquire the necessary competency. Moreover, the practice of recruiting, selecting and promoting of employees based on academic qualification and years of experience without looking into the competencies they have contributed plays its part in the public sector being overwhelmed with incompetent people. It is even difficult to clearly state the competency levels and areas required for different positions. The recent evaluation and grading of jobs were made without clarity about the required competencies. Evaluations of jobs were made using educational qualification and experience as indicators of competency. It has been commented that the current narrow grade structure contributes to the incompetence levels prevalent in the

civil service. It is argued that since the narrow grade pay structure does not give leaders discretion to significantly improve the salary of high-performing employees in their current position, they are forced to promote them even if they do not meet the competency requirements of the new position. That is why frequent and excessive staff promotions are observed in the civil service.

Moreover, the tradition of appointing leaders based on their political loyalty without consideration of their real merits is another main reason for prevalence of leadership incompetence in the public sector. It has been commented that the Ethiopian government's political commitment to streamline the public sector through reforms has been without any commitment to building technocratic capacity so as to translate reform ideas into reality. Thus, the effort to select and shape able leaders has been inadequate.

As commented by many, the practice of coating political party ideology with state-of-the-art reform initiatives contributed to the unpopularity of reforms among civil servants. Reforms initiatives lack popular support because many suspect that these are just means of promoting hidden political agendas of the ruling party rather than efforts of streamlining the government bureaucracy on its own merit. The long-embedded culture of lack of service delivery orientation in the civil service is another attitudinal problem for civil servants' lack of interest in the Citizens' Charter. But most importantly, unattractive payment structure and absence of a proper performance-based incentive system have played role in making employees less interested in or committed to reform initiatives, including the Citizens' Charter. The performance-based evaluation and reward system was promised but not yet implemented, and the horizontal bi-annual salary increment was interrupted for a long period of time. This is very important especially during the current high inflation period (2019-2022). Leaders' discretion to motivate and incentivise their performing staff meaningfully is limited due to the narrow grade pay structure. Leaders will have to be encouraged to acknowledge the performance of their staff, which is currently a clumsy process and not always possible for all employees.

Due to the long tradition of a lack of a clear boundary between political party and government, appointed leaders over the past decades had a commitment to promote political party interests through the government apparatus. This was because they knew that, at the end of the day, their evaluation and reward would be based on meeting such political party objectives. That is why they paid lip service to the purposes of reform initiatives.

The top-down reform initiative resulted in undermining the devolved power of local administrations, using local governments' capacity deficiencies as an excuse. City administrations and nationality zones have constitutional power to initiate and implement their own reforms in their administration. This, however, has been compromised by parent regional sector bureaus. Rather than helping local administrations develop their own capacity, regional bureaus make them entirely dependent on them. This dependency syndrome extended to the extent of not using their local working language in developing Citizens' Charters.

The lingering effect of *past* reforms is another serious issue. The bad reputation of reforms of the past decades has extended to the recent ones. Mistakes committed in the implementation of past reforms have a strong *attitudinal* implication on recent reforms initiated by the government. Moreover, since most of the public sector reforms implemented in Ethiopia were supposed to be integrated, the effects of deficiencies in the past reforms have been clearly observed in the recent reform efforts. As discussed in the previous sub-section, erroneous standards by the BPR study were observed in the service standards of the Citizens' Charter. Moreover, failure of the BSC initiative was the primary reason why evaluation of individual service providers based on meeting service standards became impossible. The discussion in the previous paragraphs has shown how the recent job evaluation and grading system (JEG), the narrow grade pay structure, and failure of a performance-based reward system complicated the problem in Citizens' Charter implementation.

Additionally, the lack of democratic culture and a low level of literacy in the general public hinder reaping the promised transparency, accountability, and service delivery benefits of Citizens' Charters.

Finally, with the current extent of lack of order and stability in the country and the region (2020-2022), smooth implementation of reforms in the public sector is not likely. As discussed before, leaders in the public office did not have the confidence to exercise their power of enforcing reform implementation.

8.4.6 Policy Actions Suggested

Despite the inadequacies in its implementation, the *relevance* of Citizens' Charters to ensure citizen-friendly service delivery remains the same. Therefore, in our opinion, the implementation of Citizens' Charters must resume. However, it must be implemented following a selective approach. It must be noted that Citizens' Charter reform may not be equally relevant to all offices. Thus, public service delivery units with frontline services should be prioritized.

The important role of communication in this implementation should be underscored. Thus, well-designed communication and rebranding of the reforms must take place, so that the bad reputation and attitude of service providers toward the reforms can be improved so that they will take part in the implementation with full energy and interest.

The Citizens' Charters designed and implemented should address all the deficiencies identified in this study so that the implementation can be executed in its complete form.

Piloting of reforms before full-scale implementation is very important; this means focusing on some selected work units that are more appropriate for Citizens' Charter implementation. And then, insights and lessons should be documented through an action research approach and used for future extension of the reforms to other work units.

The use of information technology is not beyond the reach of government and, if utilized properly, much of the cumbersome paperwork can be reduced.

Use of innovative means of communication to disseminate the charters to people/citizens who are less educated, less literate and with less-developed democratic standards should be a major assignment. And of course, the role of civil society organizations in making people aware and mobilizing citizens in this process must be highlighted and improved.

It is advisable that the Citizens' Charter be implemented following a *holistic* approach, which means that the integration of other reforms with the Citizens' Charter must be understood and the deficiencies in other reforms – such as BSC and BPR – should be addressed. It is important to note as well that the inadequacies in all aspects of service delivery ideally must be addressed through a 'total quality management' (TQM) approach. Service providers will then be able to provide service as per Citizens' Charter standards if all these inadequacies are properly addressed.

First, a system of merit-based appointment of institutional leaders who can identify and initiate reform tools (career professionals) should be instituted. In other words, state of the art reforms need state of the art minds. Therefore, government should work hard to develop technocrats who are well-equipped with the skills, knowledge, and attitudes to successfully design and implement reforms.

A competency framework for the civil service should be developed, so that competency-based recruitment, selection and promotion and capacity-building programs could be carried out. In this process, knowing the competency gaps of the existing staff has to be ascertained first, that deciding which staff development or human resource management activity needs to be carried out can be easily determined.

Not only is the introduction of a broad-grade salary structure is critical, but also introducing a reasonably attractive salary structure in the implementation of Citizens' Charter is also important.

The use of an objective performance-budget evaluation regarding service standards should become the norm. Moreover, a performance-based reward system in its genuine form must be used to incentivize the service providers.

Major rethinking is needed to reshape the relationship between political party and government, which entails regional government and local administration and reform coordinating offices in the civil service and implementing bureaus or offices. Clear boundaries between political bodies and public office leaders should be established. For that to happen, there must be a practice of management contracts where expected results are clearly spelled out and agreed upon, and where evaluation should be based on only on the achievement of agreed-upon results. Therefore, they need to have a performance-based relationship. The discretion to choose and implement Citizens' Charters or other reform tools should be left to leaders of public institutions rather than being imposed from a central body or the Civil Service Commission. However, relevant experts from the civil service could be consulted.

In addition, a balance should be observed between bottom-up and top-down reform initiative approaches. That means that the power to choose and adjust service standards according to their particular circumstances needs to be devolved to city administration/*woreda*, and zone offices, and regional sectors bureaus/parent offices can then assume responsibility for suggestive and supportive functions. The aim of regional sector support should be to help local government sector offices build their capacity and become independent in the future so that local administrations will be able to fully exercise their constitutional power of initiating and implementing their own reforms.

The Civil Service Commission at the regional level and the offices at zone and city administration levels can be organized as a specialized government unit that assumes responsibility for coordinating, facilitating, building capacity, supporting,

monitoring, and evaluation, as well as the documentation and learning roles in the implementation process.

8.5 Conclusions

Implementation of the Citizens' Charter in the Amhara Regional government sector bureaus and sector offices in the various city administrations has not been carried out successfully in its complete form. Practice has been diverse and differs from one office to another. Moreover, it should be noted that the implementation process has gone through three stages. During the early periods of implementation, the government was fully committed to its implementation and there were attempts to implement it following its principles in full. However, after the 2008 E.C. political instability and the assumption of power by the new government in 2011 E.C., implementations of the Citizens' Charter implementation was largely abandoned, with only some remnant elements remaining. More recently, however, some offices seem to have recognized its importance and are making renewed efforts to implement a Citizens' Charter-like initiative.

Generally, it can be concluded that the Citizens' Charter is one of the most recent and the least implemented reforms of all public sector reforms in the Amhara Region and in Ethiopia in general. Despite differences in practice from office to office, the implementation process is found to be lacking most of the required parameters. The Citizens' Charter formulation process is found to contain erroneous standards and was mostly non-participatory. The engagement of citizens in the Charter formulation process, giving feedback, evaluation and holding service providers to account falls short of the level required. The reality that the implementing offices have not had the proper institutional arrangement to successfully implement Citizens' Charter. Capacity building efforts to better equip and enable their human resources are found to have been inadequate and a one-time shot. Efforts at transparency have been inadequate and found to be ineffective.

Since the implementation has been incomplete, it is difficult to determine whether the promised benefits of Citizens' Charter have been realized. Despite the irregularity in implementation and its unclear effect, there are some positive aspects of Citizens' Charter worth mentioning. Citizens have become more conscious of their rights as citizens than ever before, and consequentially they have become more demanding and are able to put pressure on service providers for more efficient service delivery. Moreover, there were improvements in customer satisfaction because due to Citizens' Charter implementation, even if small,

expecte that those gains in improvement in customer satisfaction later declined once implementation efforts weakened.

Since the Citizens' Charter still remains a relevant tool in addressing public service delivery inefficiencies, there must be a renewed effort to resume its implementation. To realise its full potential benefits, the Citizens' Charter implementation must be carried out in its complete form. What has been found is that while some of the challenges that caused the irregularity in Citizens' Charter implementation are specific to the Citizens' Charter initiative itself, others are broader and equally germane to all reform tools. Thus, a successful implementation and full realization of the benefits of Citizens' Charters cannot come about by addressing only its specific factors. Rather, factors that are beyond the sphere of the Citizens' Charter need to be addressed as well.

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This book explores policies and governance initiatives in Ethiopia introduced after the federal government launched its 'Reform Agenda' in April 2018. It features studies on key topics including women's empowerment, agrarian governance, youth (un)employment, foreign direct investment, and citizens' charter issues. These chapters were written by Ethiopian policymakers and academic researchers as part of their professional practice. The book begins with a general introduction to the five-year project (2018–2023) and includes a political overview of Ethiopia's federal governance structures and federal–regional relations. The seven empirical studies provide valuable insights into the challenges, opportunities, and conditions for improved policymaking. While the chapters highlight promising developments, they also reflect on the setbacks since 2020. Political turmoil and internal conflicts have slowed the fine-tuning and implementation of the Reform Agenda in 2023–24, underscoring the urgent need for reassessment and recalibration.

