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Author

Anjum, Eshita Erica

Publication Date

2016

Peer reviewed|Thesis/dissertation

UNIVERSITY OF CALIFORNIA

Los Angeles

*Decentralization and the Delivery of Basic Services in a Developing Country:
Institutional Challenges of Providing Water and Sanitation to Urban Consumers in
Addis Ababa, Ethiopia*

A thesis submitted in partial satisfaction of the requirements for the degree

Master of Arts in African Studies

by

Eshita Erica Anjum

2016

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ABSTRACT OF THE THESIS

*Decentralization and the Delivery of Basic Services in a Developing Country:
Institutional Challenges of Providing Water and Sanitation to Urban Consumers in*

Addis Ababa, Ethiopia

by

Eshita Erica Anjum

University of California, Los Angeles, 2016

Professor Edmond Keller, Chair

Through data derived from primary public documents and a critical analysis of secondary sources, this paper investigates the connection between Ethiopia's adoption of decentralization and the ability of the municipal government of Addis Ababa to provide access to basic services such as water and sanitation to its residents. It finds that while the administrative devolution framework centered on the idea of ethnic federalism pursued in Ethiopia has brought government closer to the people, it has also placed heavy burdens on municipal institutions to provide services that they are ill-equipped to shoulder. This thesis argues that the inability of local administrations to efficiently and equitably provide services to urban consumers is as much a problem emerging from weak institutional capacity as it is a product of limited fiscal capacity and concludes by providing recommendations for Addis that may also be relevant to other similar metropolises in the developing world.

The thesis of Eshita Erica Anjum is approved.

Stephen K. Commins

Randall D. Crane

Edmond Keller, Committee Chair

University of California, Los Angeles

2016

I am grateful to my advisors Edmond Keller, Stephen K. Commins, and Randall D. Crane for their guidance through this process. I am equally grateful for the support of Magda Yamamoto and Sandy Valdivieso and the feedback and encouragement provided by Iqra Qadri, Tisha Holmes, Janice R. Levi, Lily Sofiani, and Kurt Klein. Last, but never least, I am so grateful for the love and support of my parents.

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Chapter 1: Introduction

The provision of reliable water and sanitation services to rapidly growing urban populations is one of the biggest challenges developing countries face today. While both rural and urban inhabitants struggle to cope with the consequences of the ongoing water crisis, large-scale rural-to-urban migration as well as the population growth happening within cities makes improving services for urban consumers all the more urgent and problematic. While these are global trends, the issues are greatly exacerbated in African megacities such as Lagos, Nigeria; Cairo, Egypt; and Addis Ababa, Ethiopia which are fully undergoing metamorphosis but their governments have limited capacities to respond to such crises in a timely and effective manner.

Generally in these cities and others like them, a strategy involving the adoption of political, administrative, and/or fiscal decentralization has led to the transfer of service-delivery responsibilities from central to lower levels of government.¹ The transfer of responsibilities, however, has not always been paralleled by an equal shift in powers such as with the authority to generate revenue through taxation or borrowing. In instances where these powers are officially shared, local agencies have found it challenging to balance their means with their needs.² The provision of services following decentralization has thus often met with mixed results in different places. In some cases decentralization has severely strained the ability of already over-burdened local governments to maintain, improve, and extend existing water and sanitation infrastructure and services. When and where allowed, city officials have responded by

¹ Junaid Ahmad, *Decentralization and Service Delivery*, World Bank 2005.

² John M. Cohen and Stephen B. Peterson, *Administrative Decentralization: Strategies for Developing Countries*, 1999.

augmenting their allotted budgets by experimenting with short-term as well as long-term contracts and concessions with the private sector, including domestic groups and multinational corporations, as well as internationally-backed non-governmental organizations, aid agencies and donors to name a few.³

The efforts undertaken by central and municipal governments coupled with the contributions from development partners have allowed for considerable progress which is reflected in the progress made toward achieving the seventh Millennium Development Goal set by the United Nations in 2000, to ensure environmental sustainability. Specifically, Target C of the goal to “Halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation” was achieved five years ahead of schedule, and a recent report by the United Nations states that in 2015, 91% of the world’s population enjoyed access to improved drinking water sources and 58% had access to piped drinking water on premises. The report also states that 2.1 billion people now have access to improved sanitation services, and since 1990, the number of people practicing open defecation has fallen by almost half.⁴ Despite this progress, the report confirms that *universal* access to both water and sanitation services remains elusive; notably, worldwide 1 in 3 people continue to use unimproved sanitation facilities and 946 million people continue to practice open defecation.⁵ Access in remote rural areas continue to be problematic, but unsurprisingly, despite rapid development and modernization of cities in the Global South, the most significant gaps in urban

³ Compare privatization in Mexico City, with decision not to privatize in Johannesburg, World Bank project in Jakarta, WaterAid in Ethiopia, to list a few.

⁴ United Nations, *The Millennium Development Goals Report: 2015*, 7.

⁵ *Ibid*, 9.

service delivery can be found in low-income neighborhoods whose numbers continue to swell in the hearts of cities and in the outskirts “peri-urban” areas.

I. The Selection of the Addis Case and Statement of the Problem for the Study

This thesis critically analyzes the issue of access to basic needs by focusing on the case of the delivery of water and sanitation services in Addis Ababa, Ethiopia. Specifically, it investigates the connection between the country’s choice to adopt decentralization and the ability of the municipal government of Addis to provide water and sanitation services to all constituents, paying careful attention to the success of the relevant policies and programs toward improving access in low-income areas.

While water and sanitation are issues central to the health and development of any city (in the Global North and South), Addis is especially deserving of a closer look because it is currently at the nascent stage of its transformation into an international megacity. To frame this transition around numbers: today, the city’s population stands at roughly 3.5 million residents which is comparable to Los Angeles’s 3.8 million.⁶ By the year 2040, the population of Addis and its five surrounding satellite towns is projected to grow to 8.1 million which is comparable to the 8.4 million people currently residing in New York City.⁷ This population growth will not only occur within the city and due to migration from other regions of the country, but also as people from neighboring

⁶ These numbers are projected as the last population census report by Ethiopia’s Central Statistical Agency was published in 2007 at which time the city’s population was initially reported as 2,739,551 people (Table 2.1 page 7 of report).
<http://www.csa.gov.et/newcsaweb/images/documents/surveys/Population%20and%20Housing%20census/ETH-pop-2007/survey0/data/Doc/Reports/Addis_Ababa_Statistical.pdf>

⁷ William Davidson, “Addis Ababa Doubling in Size Gives Africa Another Hub,” Bloomberg Business, 2014.
<<http://www.bloomberg.com/news/articles/2014-08-01/addis-ababa-doubling-in-size-gives-africa-another-hub>>

countries, across Africa, and outside of the continent continue to venture into Addis seeking both refuge and economic opportunities.

This transition is planned for, desired, and encouraged by the national government which has incorporated various measures into its development plans to expand cities such as Addis (while continuing to support the agricultural sector), to retain the country's talent pool, and to attract both human capital and investments from abroad.⁸ While this transformation into an international megacity may be well within the plans, the rate of growth is happening faster than planners can keep up with in Addis, especially when it comes to the provision of water and sanitation services beyond the wealthy center of the city to poor neighborhoods located throughout and in the peri-urban areas often characterized by slums.⁹ Addressing the ability to do so, however, will be key to the success for both Addis and the country's short-term and long-term development goals.

In sum, Addis is already an international megacity and has every potential to transform into an even larger and more vibrant metropolis. Without careful planning and timely execution of plans, however, the city is experiencing growth without equity and this issue will only become more profound over time unless a robust plan to tackle poverty, inequality, and lack of access to basic needs is quickly implemented. On the other hand, if measures are taken now to ensure that as Addis strives to achieve middle-income status, the standard of living for even low-income groups rises, the city can not only live up to its "poster-child status" for development, it can ultimately be a

⁸ Sustainable Development and poverty Reduction Program (SDPRP) launched in 2002, Plan for Accelerated and Sustained Development to end Poverty (PASDEP) launched in 2005. Ministry of Finance and Economic Development.

⁹ *Ethiopia Urban Profile* UN-HABITAT, 2008. <<http://mirror.unhabitat.org/pmss/getElectronicVersion.asp?nr=2719&alt=1>>

model for equitable urban growth. For this to happen, equity must be a focus in all sectors of governance and planning; but first and foremost, it must be a central theme when addressing the most fundamental needs of society such as access to basic water and sanitation services.

II. The Plan of the Thesis

To contextualize the questions this thesis explores, the following section reviews the existing literature on decentralization and service delivery. Chapter One then concludes by providing a statement of the hypotheses and a description of the data and methods used for research. The remainder of the thesis is organized into three additional chapters: Chapter Two traces Ethiopia's historical experiences with centralized rule and the country's gradual adoption of the decentralization framework. Chapter Three critically assesses the current experiment with decentralization and its impact on the ability of municipal institutions to provide basic services to urban consumers in Addis Ababa. Chapter Four concludes the thesis by providing policy recommendations based on findings.

III. Literature Review

In the mid-20th century, international donors had harbored high hopes for newly independent states, especially the former colonies in the resource-rich African continent. Development across Africa, as well as in low-income countries in Latin America, Eastern Europe, and throughout most of Asia, however, fell considerably short of expectations. These trends were attributed to a number of factors, but many of the

shortcomings were linked to problems arising from centralized governance which was being severely taxed by population growth in the developing countries. In response, decentralization was widely promoted and adopted globally. The question was and is “why?”

A. The Emergence of Decentralization Theories

Decentralization was not the first “silver bullet” aimed at expediting development: it was preceded by a number of other strategies often imagined in the Global North and injected into the institutions and policies of the Global South through a variety of means.¹⁰ While the leaders of developing countries are certainly capable of designing their own development policies or choosing those designed externally because they believe in the merits of such experiments, some argue that in many cases, they were strong-armed into making changes to fit the particular vision of development designed by donor countries and development partners and then advanced through incentives such as conditional aid and loans. For instance, Elliot Berg’s report, *Accelerated Development in Sub-Saharan Africa: An Agenda for Action*, published in 1981 by the World Bank—more commonly referred to as the Berg report—performed two primary functions to this effect. First, it analyzed the problems hindering African development, attributing many of the failures to domestic factors. Second, it strongly advocated African states to pursue economic liberalization geared toward increasing international trade. It concluded by urging international aid organizations to assist African leaders as they shifted to incorporate the policies advocated within the report.¹¹

¹⁰ See Calude Ake’s *Democracy and Development in Africa* (2001) and Thandika Mkandawire’s “Thinking About Developmental States in Africa” *Cambridge Journal of Economics* (2001).

¹¹ Berg, Elliot. *Accelerated Development in Sub-Saharan Africa: An Agenda for Action*. The World Bank: 1981.

Since its publication and the application of its recommended policies, both the content of the Berg report and its real-world impact have invited heavy criticism. One aspect of the report, as well as many other works published around that time and in more recent years about African underdevelopment, which scholars such as Giovanni Arrighi condemn, is the frequent tendency to blame developmental failures on internal factors such as domestic policies and leadership while ignoring the relationship of developing states with the global political economy as well as the considerable impact of the reforms advanced by the World Bank, IMF, and donor countries through the terms of conditional aid which became especially popular following the Berg report.¹² Specifically, many works focus on the positive changes that should—and in some cases do—appear from external intervention, while neglecting that under the yoke of conditional aid, as developing countries scrambled to make changes to attract donor funds, not only did the promised benefits fail to materialize, in many places the results were catastrophic.

In *Democracy and Development in Africa*, Claude Ake launches his argument along this line of thinking, suggesting that external players had enjoyed too strong a role for far too long in deciding Africa's development policies. He argues that this was partly due to ruling regimes of various African nation-states "largely [ceding] development strategy to external agents" being more interested in their own avaricious desires and political survival than in setting development agendas for their respective countries.¹³ As the ruling elites "opportunistically" adopted the numerous policies designed and promoted

¹² Giovanni Arrighi, "The African Crisis: World Systemic and Regional Aspects." *New Left Review*. (2002): 5-36.

¹³ Claude Ake, *Democracy and Development in Africa*. The Brookings Institution: 1996. 97.

by bilateral American and European donors as well as multilateral organizations like the World Bank and IMF, development across the continent lagged as generic prescriptions for import substitution, structural adjustment programs, and other changes neglected realities on the ground and failed to benefit citizens and garner popular support and acceptance.¹⁴

Ake makes his point by referring to both a number of development “plans” as well as the experiences of several countries including Nigeria, Ghana, Kenya, and Tanzania. While he does not say outright that external contributions are undesirable, the take-away point is that for development to truly even start in Africa, local practices and histories must play a central role in policy design—focus must be on the “smallholder.”¹⁵ It is within this context that Ake envisions the decentralization of power as a possible means of moving away from the disastrous policies of the past and toward a better political and economic future for developing African states. Ake considers decentralization in this sense to be one of the “residual options” the last chapter of his book is dedicated to, but not as a framework imposed in the same manner that World Bank and IMF stabilization programs had been leading up to the year his book was published in 1996.

Since Ake’s publication, decentralization has in fact been incorporated into the development strategies of many African states. In the 2010 publication, *Municipal Infrastructure Financing: Innovative Practices from Developing Countries* edited by

¹⁴ Ake, 97.

¹⁵ Ake, 148-58.

Munawwar Alam, it is noted that about 80% of developing countries had by then integrated decentralization into their governance structures over the course of the previous decade.¹⁶ The book focuses on four primary case studies in Dar Es Salaam, Tanzania; Kampala, Uganda; Karachi, Pakistan and Dhaka, Bangladesh, first outlining the decentralization frameworks adopted in each country before surveying the resulting capacity of municipal governments to fund, manage and deliver services. Significant attention is not given to *why* decentralization was adopted in these countries; although, it is briefly mentioned that in Tanzania, decentralization ranks high on the national policy agenda because the federal government recognizes that the role of local government is critical to economic growth and poverty reduction.¹⁷

In the final chapter of the book, it is mentioned that the growing importance of subnational entities is slowly being embraced in developing countries as national governments both prescribe these frameworks and create environments for responsible spending and management at the local level.¹⁸ While the language of the book might suggest that Ake's vision for homegrown decentralization has finally manifested, in reality, external development partners have continued to shape both the theory and its implementation, albeit as Alam's work suggests, the adoption of decentralization schemes throughout the continent has perhaps emerged from a greater amount of agency demonstrated by both African leaders and what is popularly wanted by citizens than in previous eras of reform.

¹⁶ Munnawar Alam, *Municipal Infrastructure Financing: Innovative Practices from Developing Countries*. (London: Commonwealth Secretariat 2010) 1.

¹⁷ Alam, 14.

¹⁸ Alam, 90.

Crawford Young, in *The Postcolonial State in Africa: Fifty Years of Independence, 1960-2010*, better contextualizes the atmosphere within which these decentralization policies materialized as he traces the political changes on the continent categorizing the transformations to fall within six distinct phases. His work portrays the modern African narrative as eras of hope followed by disappointment and again by renewed hope. Young notes that widespread discontent in the 1960s was followed by a sense of possibility predicated around a belief in the “integral state” where a strong centralized state was envisioned to be capable of creating order and economic prosperity.¹⁹

By the mid-1970s, however, the drawbacks of trusting strong central apparatuses to successfully guide their respective countries became apparent as regimes proved often to be ineffective at stimulating growth and seemed plagued by corruption. While Young’s work does have a heavy focus on internal conditions and critics might argue that this repeats the mistake of not connecting Africa’s predicaments with the global economy and ideologies, his book also credits the changes that followed the crisis of the 1980s with what was popularly demanded by *citizens* and with African leaders becoming more responsive to internal pressures rather than solely external ones, lending support to Alam’s claims.

To be clear, this is not to state that external parties did not play a role in the proliferation of decentralization policies: as Thandika Mkandawire notes in an article published in the *Cambridge Journal of Economics* in 2001, Bretton Woods institutions

¹⁹ Crawford Young, *The Postcolonial State in Africa: Fifty Years of Independence, 1960-2010*. (Madison: University of Wisconsin Press, 2012) 334-374.

such as the World Bank came to recognize the importance of the state during the “integral state” fervor, and then, amidst the disappointments engendered by the strong state model, began to push for “good governance.”²⁰ These ideas were perpetuated through numerous publications such as the World Bank 1989 report denoting the importance of the state but also stressing “good governance” and then through the well-tried model of conditional funding and rewards for meeting good governance criteria.

Simultaneously, faced with the failures of centralized regimes, an abundance of academic literature emerged vilifying the state, often from practitioners and scholars writing from the vantage point of the Global North.²¹ Nonetheless, while both centralization and decentralization theories may have external support and donor countries and organizations might continue to find ways to exert their influence, the adoption of various forms of decentralization can also be attributed to a greater amount of dialogue between a country’s civil society and the state than what was present during previous eras where the bulk of discourse happened between political elites, despotic or otherwise, and the bilateral and multilateral development partners that offered them assistance but on the condition of assimilation into their models of growth.

B. Definition of Key Terms and Examples

As Alam noted, by this point decentralization has proliferated globally and the term is widely known in the social sciences, but in practice, it is much more complicated than a

²⁰ Thandika Mkandawire, “Thinking about developmental states in Africa.” *Cambridge Journal of Economics* 25.3 (2001) 292.

*Neo-Marxist scholar Antonio Gramsci explored in detail the notion of the “integral state” focusing on state power and his analysis has since inspired discussion by many scholars studying the relationship between a state’s power and its political apparatus, economy and development. The definition that scholars such as Crawford Young and Thandika Mkandawire use is derived from Gramsci’s work, and in post-colonial Africa, the “integral state” was synonymous to centralization and authoritarianism: a weak center and political pluralism, at the time, were viewed as contributing to disorder and economic stagnation.

²¹ Mkandawire, 293.

simple move away from centralized governance as it can be done in a number of different ways and the nature, application, and effects of its implementation vary considerably depending on local contexts. Defining the term, therefore, is not an easy task and has only become more difficult over the past two decades as decentralization has manifested in a multiplicity of ways and the literature trying to capture the phenomenon has produced a plethora of overlapping but nuanced labels and definitions. However, in *Rethinking Decentralization in Developing Countries*, Jennie Litvack, Junaid Ahmad, and Richard M. Bird provide a good starting point, describing decentralization as the transfer of responsibilities to lower governing units in three primary ways: fiscally, politically, and administratively.²² All three are important and interconnected, but institutional restructuring generally follows three distinct tracks as defined by Dennis A. Rondinelli: through deconcentration, delegation, and devolution.²³ Most reports and literary works explore in depth particular types of decentralization and typically assess the results in specific places. Nonetheless, we can borrow from and aggregate the basic definitions provided to grasp what each of the pathways essentially entail.

For instance, the 2008 book *Fiscal Decentralization in Developing Countries* edited by Richard M. Bird and François Vaillancourt, starts by defining deconcentration as “the dispersion of responsibilities within a central branch of government to regional branch

²² Jennie Litvack, Junaid Ahmad, and Richard M. Bird, *Rethinking Decentralization in Developing Countries*. (Washington, D.C: World Bank, 1998) 4.

²³ Dennis A. Rondinelli, "Financing the Decentralization of Urban Services in Developing Countries: Administrative Requirements for Fiscal Improvements." *Studies in Comparative International Development*. 25.2 (1990): 43-59.

offices or local administrative units.”²⁴ Essentially, by this definition, whether deconcentration is being implemented financially, politically or administratively, it involves the central government assigning its branch offices responsibility over certain tasks; if they exist, independent or quasi-independent lower governing units do not gain any “real” responsibilities or powers.²⁵

As Jesse C. Ribot explains in his 2002 report, through deconcentration, while there may be some downward accountability built into local branch offices, ultimately, they are still simply extensions of the central regime and are thus primarily accountable upwards to the center.²⁶ Perhaps a clear example can be drawn from Pakistan: as Bird and Vaillancourt mention in their work, in Pakistan, “metropolitan corporations have some deconcentration of metro functions by means of zonal offices.”²⁷ While these zonal offices redistribute responsibilities for service delivery geographically and are locally based and should thus be responsive to local needs, it is best to think of them as capillary branches that are accountable to higher tiers that are in turn branches of and accountable to the center. Several authors have added to the definition of deconcentration drawing from the experiences of other countries that have attempted to implement it in various ways such as in Indonesia, Cambodia, Guatemala, Brazil, and Namibia to name a few places. Nonetheless, there seems to be general consensus that while a popular choice in many unitary states, at worst deconcentration is not

²⁴ Bird, Richard M. and Francois Vaillancourt Eds. *Fiscal Decentralization in Developing Countries*. Cambridge University Press: 1998.

²⁵ Litvack, 4.

²⁶ Jesse C. Ribot, *Democratic Decentralization of Natural Resources: Institutionalizing Popular Participation*. (Washington DC: World Resources Institute, 2002) 4.

²⁷ Bird, 87.

decentralization at all, and at best, it is the weakest form of decentralization as the central regime retains all its power and simply shifts around which of its organs oversees what tasks.

On the other hand, both delegation and devolution redistribute responsibilities between central and lower governing units and/or private sector actors. Through delegation, local governments and “semi-autonomous” organizations are responsible for decision-making and the delivery of public goods and services. Importantly, unlike branch offices, while these governing units and organizations are not under the direct control of the central government, they are ultimately accountable to it leading to what essentially becomes a principal-agent relationship.²⁸ Bird and Vaillancourt emphasize this point stating that through delegation, the central government plays the role of the principal and appoints agents, such as subnational entities and private organizations, to act on its behalf.²⁹ Unlike in deconcentration where responsibilities are shifted from central government to its own branch offices, in delegation, the “agents” are independent bodies which are either drawn from the private sector or are constitutionally recognized subnational governing units. Notably, they are still responsible for accomplishing the goals set for them by the center—similar to deconcentration, they are accountable to the center rather than to local constituents.³⁰

²⁸ Litvack, 4-6.

²⁹ Bird, 207-8.

³⁰ Ibid, 41, 207-8.

Bird and Vaillancourt characterize fiscal institutions in Argentina to incorporate aspects of delegation, but perhaps an even clearer example can be drawn from examining a developed country: the 2009 publication *Water and Sanitation Services: Public Policy and Management* claims that since the 1982 Decentralization Act in France, “delegation of urban water services to private operators has become the rule.”³¹ The particular model of delegation in France at the time followed the contours of privatization as the national government relied on existing private water companies as agents to deliver water to municipalities rather than on local governing units—in fact, by directly utilizing private organizations, the central government essentially prevented municipalities from forming their own public-private partnerships.³² The particularities aside, the French model demonstrates the principal-agent relationship expected from delegation as responsibilities shift outside of central government and its branches to external agents, who remain accountable to the center.

Finally, the third pathway through which decentralization can be implemented is through devolution which is considered the most intensive form of decentralized restructuring as it aims to shift authority for decision-making, management and finance to “quasi-independent” local governments whose officials are to be elected by local constituents.³³ In addition to this, Rondinelli asserts that in a genuinely devolved system, these local governments should have clearly and legally defined boundaries

³¹Jose Esteban Castro, and Leo Heller, Eds. *Water and Sanitation Services: Public Policy and Management*. (London: Earthscan, 2009) 19.

³² Castro, 192.

³³ Litvack, 6.

over which they have jurisdiction and are responsible for public services.³⁴ Importantly, and unlike in deconcentration and delegation, Bird stresses, that “not only implementation but also the authority to decide what is done is in the hands of local governments.”³⁵

Examples of states experimenting at least in certain sectors with devolution are plentiful and include both developed countries such as Germany as well late-developing countries such as India. Bishnu Prasad Mohapatra assesses the latter’s experiment with devolution in “Local Self-Governing Institutions in India and Fiscal Decentralisation: Issues, Challenges and Policy Prescriptions,” concluding that while devolution in India is stated to give local governments an integral role in designing and implementing development agendas based on local needs, in practice there are several issues hindering the efficacy of devolved local governance and service delivery, some of which emanate from the top, or rather the center, and others of which are endemic to lower governing units such as weak institutional capacity—trends that have become commonplace in many developing countries experimenting with devolution which the next few sections will explore in greater detail.³⁶

Last, for the purposes of this paper and the case study it is dedicated to, it is also important to define federalism and its relationship to decentralization. Defining federalism is as difficult an endeavor as defining decentralization since different scholars have offered both converging and diverging interpretations over the years. One

³⁴ Rondinelli, 1998

³⁵ Bird, 3, 207-8.

³⁶ Bishnu Prasad Mohapatra, “Local Self-Governing Institutions in India and Fiscal Decentralization: Issues, Challenges and Policy Prescriptions,” *IOSR Journal of Humanities and Social Science* 1.6 (2012) 41-48.

can amalgamate the definitions provided by William H. Riker and Robert Dahl to come up with a meaningful and working definition of a federal system as one in which there are at minimum two levels of government and in which the subnational entities have certain areas over which they have constitutional rights to exercise autonomy.³⁷ To this, the idea of “residual powers,” could be added. Whereas the Constitution of a country might not explicitly spell out the powers of subnational entities, it is assumed that whatever powers are not stated to be the domain of the central government are within the purview of lower governing units.³⁸

The language used thus far might already make apparent the tie between decentralization and federalism: if federalism sets the stage for establishing distinct levels of government, decentralization distributes to these tiers authority and responsibility. Federalism has become commonplace globally, but that does not mean that it is practiced with great conviction just as decentralization is practiced widely but not necessarily deeply. Daniel Treisman notes, for instance, that “in Sub-Saharan Africa, countries tend to have more tiers of government, but relatively low fiscal and personnel decentralization, and little local autonomy or local electoral accountability.”³⁹ This assessment of African federalism is key to understanding the shortcomings of decentralization in developing African states, and subsequently, the issues that emerge around municipal institutions and service delivery.

³⁷ See William H. Riker, *Federalism: Origin, Operation, Significance* (1964) and Treisman (2002).

³⁸ Daniel Treisman, “Defining and Measuring Decentralization: A Global Perspective.” UCLA, 2002.

³⁹ Treisman, 35.

C. Experiments with Decentralization: Africa in Focus

At first glance, it may seem that deconcentration is favored by governments who do not genuinely wish to share power but nonetheless see the merits of assigning branch offices responsibilities as a means to superficially placate donors who are proponents of decentralization while perhaps improving service-delivery by redistributing the workload to offices within their own sphere of control. In fact, early on and to date, deconcentration has been the popular choice in several countries such as Guatemala, Indonesia, Cambodia and Namibia. Litvack notes that this has often been due to the fact that while branch offices existed or could be erected without too much difficulty and could then be utilized to improve service delivery, in many developing states, independent, locally-elected, and capable local governments were not commonplace.⁴⁰

Others suggest that while existing strong local units are not common or easy to establish in many places, deconcentration has become the default form of decentralization due to other reasons such as low political will. For instance, Anne Larsen comes to this conclusion while tracing Namibia's decentralization experiment. The Namibian case is an interesting one, because according to the central government, the agenda was not actually deconcentration, but rather delegation which was to lead to devolution. Larsen claims however, that in practice what occurred, is in fact a mix of deconcentration and delegation: decentralization was to be carried out by the establishment of thirteen regional councils that were established in 1992—these councils were to be accountable to citizens and help the fledgling democracy improve participatory government, sustainable development, and government's capacity to plan

⁴⁰ Litvack, 4.

and administrate. These councils, however, operated more like branches of the center and remained strictly under the national government's control. Larsen argues that while the required energy to create these councils may have been immense, it is in fact the lack of political will that has slowed down the pace of decentralization in Namibia.⁴¹

While Larsen's analysis sheds some light on the state of decentralization in Namibia, it is important to note that given the country's complicated history, there is much more to understanding its unsteady progress. In an article published in 2000, Joshua Bernard Forrest contextualizes Namibia's experiment within the legacy of its colonial and post-colonial past. Apartheid in Namibia ended only in 1990, and the country soon entered into a severe drought. The capacity of developing states to handle crises such as this is generally weaker than in developed states; in Namibia, Forrest argues, that despite the close relationship with the center that has been criticized, the creation of regional councils helped to address the issue in a manner that encouraged grassroots participation. Forrest states that the "powers of those councils were not clearly defined, but they would use their own creative inter-organizational resources to successfully carve out for themselves a significant political role at the regional level."⁴²

Forrest goes on to argue that these regional councilors coordinated extensively with villagers and traditional leaders to mitigate the impact of the drought through a variety of means, including but not limited to introducing community leaders and officials from the

⁴¹ Anne Larsen, "Decentralization in Namibia: A Case Study of the Erongo Region." *The Interdisciplinary Journal of International Studies* 1 (2003) 1-13.

⁴² Joshua Bernard Forrest, "The Drought Policy Bureaucracy, Decentralization, and Policy Networks in Post-Apartheid Namibia." *The American Review of Public Administration* 30 (2000) 315.

Department of Water Affairs and helping to foster relationships between them.⁴³ He focuses on five specific regions and concludes that while the efficacy of drought relief committees were mixed, in general the regional councilors enabled better implementation of relief programs. The main take-away point, then, from contrasting Larsen's and Forrest's studies is that while decentralization may not be as deep as the national government initially promised and the ties between regional councils and the center may remain strong, the role of citizens has also gained strength: devolution might not yet be a reality but the changes Namibia is undergoing can be traced to its willingness to experiment with decentralization overall.

At any rate, while on the one hand, deconcentration can be viewed as a cursory nod to decentralization devoid of the hoped-for benefits, it has also meant that countries that opted for deconcentration or have accidentally somewhat settled into it—such as in Namibia—have also avoided the pitfalls of decentralization of which there have been many. While initially, donor countries and organizations envisioned decentralization as a “silver bullet” and supported it as earnestly as they earlier advocated policies of import substitution, opening of markets, structural adjustment programs and the like, in practice it has come to be seen as either a “panacea or a plague.”⁴⁴ For instance, in his policy research for the World Bank, Remy Prud'homme observes that decentralization can ultimately undermine efficiency; preserve existing corruption and even increase it; increase disparity; and further jeopardize the stability of already fragile states.⁴⁵

⁴³ Ibid, 316.

⁴⁴ Bird, 1.

⁴⁵ Rémy Prud'homme, *On the Dangers of Decentralization*. Washington, D.C: Transportation, Water & Urban Development Department, World Bank, 1994.

Prud'homme focuses on the case of Tunisia, but the story is being played out globally and several—if not most—African states have attracted this type of criticism.

For example, William Muhumuza uses Uganda's experiences to conclude that in addition to the drawbacks listed by Prud'homme, states were and are especially susceptible to the hazards of decentralization in countries where donor-driven programs neglect local context and where the political will and commitment of national leaders are lacking.⁴⁶ Muhumuza contradicts Ake's optimism as well as the underlying tone in Alam's work, as he suggests that similar to periods of earlier reforms, African leaders have often adopted decentralization to placate donors and for their own "political self-preservation" rather than to benefit their citizens. They succumbed to these reforms in order to receive international aid—the dispersal of which was contingent on implementing decentralization.⁴⁷

Muhumuza portrays Uganda as perfectly exemplifying this narrative. He first notes that decentralization was practiced in Uganda long before the two recent decades that most scholars scrutinize. Pre-colonial states in Uganda practiced decentralization; the British colonial regime decentralized rule through the creation of districts; and the post-independence regime continued with the decentralized model it inherited—only to "scrap" it in the 1960s.⁴⁸ When the National Resistance Movement (NRM) came into power, decentralization was re-introduced through a set of policies laid out in the 1980s.

⁴⁶ William Muhumuza, "Pitfalls of Decentralization Reforms in Transitional Societies: The Case of Uganda," *Africa Development*, 33.4 (2008) 59–81.

⁴⁷ *Ibid.*, 60.

⁴⁸ *Ibid.*, 63.

While the NRM claimed that these policies were “homegrown,” Muhumuza notes that they materialized conveniently at a time where the “international policy environment emphasized, among other things, decentralization reforms.”⁴⁹ The NRM introduced Resistance Councils and Committees to implement decentralization to seemingly “empower people, promote popular participation, equitable distribution of resources, accountability and responsibility while at the same time enhancing efficiency and effectiveness in service delivery,” but Muhumuza suggests that it was actually the need to access Western aid that drove the adoption of reforms.⁵⁰ President Museveni and the NRM then utilized the decentralization framework to build grassroots patronage rather than empower local communities, and in the process, severely weakened local governments’ autonomy from the central apparatus; and furthermore, the nepotism practiced in hiring federal and district employees which manifested from these practices have adversely affected service delivery due to rampant corruption.⁵¹

Muhumuza’s analysis of decentralization may seem scathing both of the central regime and international donors, but Uganda is popularly cited as one of Africa’s greatest decentralization failures. To this list, critics have labelled “failures” in South Africa, Chad, Nigeria, Botswana—in fact, most of Africa’s decentralization experiments have been classified as failed, failing, or lagging.⁵² More recently, however, attention has shifted from condemning experiments to questioning why decentralization has had

⁴⁹ Ibid, 64.

⁵⁰ Ibid, 64-77.

⁵¹ Ibid, 78-80.

⁵² Andrew Siddle, and Thomas A. Koelble. *The Failure of Decentralisation in South African Local Government: Complexity and Unanticipated Consequences*. Cape Town: UCT Press, 2013; James S. Wunsch and Dele Olowu, “Regime transformation from below: Decentralization, local governance, and democratic reform in Nigeria.” *Studies in Comparative International Development*. 314 (1996/1997): 66-82; Amy R. Poteete, Bashi Mothusi and Daniel Molaodi, *Comparative Assessment of Decentralization in Africa: Botswana in Country Assessment Report*, (2010).

such a terrible track record on the continent, and in the states that continue to implement decentralization policies, the focus is now on determining how the situation can be improved. In sum, the results of decentralization experiments have been extremely mixed and while more recent research aims to understand why, there continue to be significant gaps in the existing literature especially regarding the particular problems of using such a strategy to provide basic services such as water and sanitation in the context of poor African megacities with limited fiscal, administrative, and human resource capacities.

D. Toward a New Analysis of Decentralization

While criticism of decentralization has come from many perspectives, as focus on development has shifted from macroeconomic growth and toward the living standards of citizens in developing countries, especially the plight of the poor, more attention is being given to the relationship between decentralization and the delivery of basic services such as the provision of water and access to sanitation. Specifically, experts are now investigating the challenges municipal governments of developing countries face in the aftermath of decentralization schemes, especially in devolved systems where local governments not only have the responsibility to provide services but must also set their own agendas and manage and finance their public projects. While the results have been mixed from one place to the next, many municipalities in developing countries, especially those undergoing rapid urbanization such as Dar es Salaam, Nairobi, Kinshasa, and Addis Ababa to name a few African examples, are finding that they are ill-equipped to successfully meet their goals due to issues related to infrastructure, finance, and management—areas they have come to be increasingly responsible for

within the context of decentralization but are struggling to mitigate within the context of exponential population growth and urban sprawl.

The problem of inadequate infrastructure is perhaps the most intuitive to grasp when defining infrastructure as physical structures such as pipelines that provide water and sewage systems that remove waste—this sort of infrastructure was the early focus of many reports produced by national governments, the World Bank, the United Nations and a host of non-governmental organizations concerned with extending basic water and sanitation infrastructure to rural areas cut off from services, and more recently, in rapidly growing urban centers whose existing infrastructure is not sufficient for current populations or projected growth. Decades later, infrastructure continues to be deficient as evidenced by both the initial need to include it in the “UN Millennium Development Goal Target 7.C: [to] Halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation and,” as well as 15 years later, by the fact that while the goal was successfully met, universal access is far from a reality in most parts of the developing world.⁵³

The creation of new infrastructure as well as projects aiming to extend, improve, and maintain existing structures requires many things, however, and one key ingredient is substantial capital investment. Consequently, fiscal capacity is an area that has attracted considerable attention over the years. Globally, billions of dollars have been spent and continue to be spent on developing water infrastructure for both industrial and household use—for instance, in “The Financing of Hydropower, Irrigation and Water Supply Infrastructure in Developing Countries”, John Briscoe reported that by 1999,

⁵³ <<http://www.un.org/millenniumgoals/environ.shtml>>

approximately \$65 billion was being spent on water infrastructure in developing countries annually, and about \$25 billion of that total amount was directed towards water supply and sanitation.⁵⁴ Expenditures on these projects were carried out through a combination of external support given bilaterally from developed to developing countries, international organizations such as the World Bank and non-governmental organizations such as WaterAid, as well as funds allocated by the central and municipal governments of developing countries themselves, and private-sector partnerships with both domestic and international actors.⁵⁵ The particular combination of participants and funding packages depended on local contexts but overall helped to address the issue of low fiscal capacity persistent in developing states.

While the billions of dollars invested and collective efforts have improved physical infrastructure, it has become apparent that money alone will not eradicate the gaps in development: there are also considerable limitations in the administrative infrastructure of developing countries' governments resulting in management issues that constrain the ability of municipal institutions to successfully provide basic services. In fact, Rondinelli suggests that low administrative capacity is the most serious problem developing countries are facing; and recently, Edmond J. Keller has argued that the issue of management at the municipal level may be the area most in need of attention.⁵⁶ This is particularly true in urban areas where rapid growth not only strains physical

⁵⁴ John Briscoe (1999) The Financing of Hydropower, Irrigation and Water Supply Infrastructure in Developing Countries, *International Journal of Water Resources Development*, 15:4, 459-491.
<<http://dx.doi.org/10.1080/07900629948718>>

⁵⁵ Ibid.

⁵⁶ See Keller 2012 and Rondinelli 1990, 4.

infrastructure and challenges municipal governments to fund the relevant projects due to weak revenue bases, but where there is both a lack in quantity and quality of human capital to oversee and execute programs, lack of coordination between involved parties, and overall lack of means to utilize the powers given to municipal governments to enable them tackle their responsibilities. For example, while local governments may have the responsibility to collect revenues they do not always have the institutional infrastructure and capacity to optimally do so.⁵⁷

E. The Ethiopian Experience with Decentralization

This is essentially the story that is currently playing out in Ethiopia, one of the poorest countries in the world with a reported gross domestic product of \$54.80 billion (current U.S. dollar) in 2014.⁵⁸ The government of Ethiopia is striving to elevate the country from low to middle income status by pursuing a plan that will both advance the agricultural sector while promoting urban development.⁵⁹ Moreover, this growth is planned to occur in a decentralized setting: two phases of devolution have set the stage for the national government to focus on large infrastructure projects such as building the Renaissance Dam while municipal bodies are responsible for providing services to constituents.⁶⁰ While most of Ethiopia's 96.96 million inhabitants live in rural areas, urban centers are rapidly growing, especially the capital of Addis Ababa.⁶¹

⁵⁷ Keller 2012.

⁵⁸ <<http://data.worldbank.org/country/ethiopia>>

⁵⁹ Ministry of Finance and Economic Development, 20.

⁶⁰ See Balema (2014) and Jacey Fortin "Dam Rising in Ethiopia Stirs Hope and Tension," New York Times 2014. <http://www.nytimes.com/2014/10/12/world/dam-rising-in-ethiopia-stirs-hope-and-tension.html? r=0>

⁶¹ <http://data.worldbank.org/country/ethiopia>

Amidst this population boom, the city is faced with the challenge of providing housing and basic services to all residents—including low income communities whose numbers continue to swell, an issue worsened by systematic displacement of poor people by government resettlement projects.⁶² The government of Addis has strived to meet these goals by pairing “pro-poor policies” with “5-Year Action Plans” but good intentions and careful planning have not produced the desired outcomes.⁶³ The city’s transformation into an international metropolis can be evidenced by the ongoing construction of modern buildings for private housing and commercial use and a light rail transportation system, but low-income communities in Addis continue to lack access to basic services despite these developments.⁶⁴ For instance, a 2007 UN-HABITAT survey reported that only 21 percent of homes in the city had access to safe water supplies through either household connections or protected public sources such as standpipes, boreholes and wells.⁶⁵ Notably, only 23 percent of residents had access through private taps; the majority relied on public taps and water-sale and collections sites and about 8 percent had access only to unsafe water.⁶⁶ The issue of urban sanitation was even more deplorable: only roughly 9 percent of homes had their own flush-toilets; majority relied on pit latrines, and nearly 20 percent continued to practice open defecation.⁶⁷

⁶² Gebre Yntiso, “Urban Development and Displacement in Addis Ababa: The Impact of Resettlement Projects on Low-Income Households,” *Eastern Africa Social Science Research Review*, 24.2 (2008) 53-77.

⁶³ Bertus Praeg, *Ethiopia and Political Renaissance in Africa*. 2006. 147.

Addis Ababa City Government, *Addis Ababa in action: City Development Plan 2001-2010 Executive Summary*, 2002.

⁶⁴ Keller 2012.

⁶⁵ UN-HABITAT, *Situation Analysis of Informal Settlements in Addis Ababa*, Nairobi: UN-HABITAT, 2007.

⁶⁶ Uli Wessling Tolon, “Comparison of Urban Upgrading Projects on Development Cooperation in Ethiopia: Ethiopia and Its Capital, Addis Ababa, 2008, 11.

⁶⁷ Keller 2012

While this data is drawn from reports and surveys from roughly 8 years ago and the situation has improved since then, these issues are far from resolved. To address the lack of physical water and sanitation infrastructure, the government of Addis will need to tackle both its shortcomings in administrative infrastructure and the resulting management issues as well as its ability to finance public projects. These areas are not mutually exclusive and must be tackled together, but the means to do so are predicated on the nature of Ethiopia's recent adoption of its specific formula of decentralization centered on "Ethnic Federalism"—the current status of which not only determines the capacity of Addis to provide services to residents but must also be considered if discussion of strengthening management and securing capital, of pinpointing the details of how to do so, and of what to prioritize in the process are to lead to tangible results.⁶⁸

IV. Hypotheses

The thesis is designed to test the following hypotheses and any corollaries that grow from them:

- *Hypothesis 1:* In Ethiopia, decentralization has been adopted due to both the international policy climate as well as the ruling party's desire to respond to the demands of ethnic citizens for more self-determination for their groups, to administrate more effectively at regional and local levels, and to better provide services such as water and sanitation to communities.

⁶⁸ Chapters Two and Three will discuss in greater detail federalism and decentralization in Ethiopia. Essentially, below the central government, there are nine states in Ethiopia today six of which are organized along ethnic lines and 3 along multi-ethnic lines. The capital city of Addis Ababa and Dire Dawa are chartered cities that answer directly to the central government rather than to the states in which they are located. In other words, Ethiopia has a devolved federal system organized *partially* along ethnic lines.

- *Hypothesis 2:* Administrative devolution in Ethiopia has created more space between the central government and state and local institutions and the increase of autonomy and power at both state and local levels has consequently brought government closer to the people by improving the ability of citizens to voice demands and community needs.
- *Hypothesis 3:* Devolution has placed heavy burdens on local governments to efficiently and equitably provide services to consumers which they are not well-equipped to meet due to shortcomings in both fiscal and institutional capacity resulting in large gaps in service delivery, particularly in rapidly growing urban centers such as Addis Ababa.
- *Hypothesis 4:* Despite global discussion of and national commitments to “pro-poor” policies, decentralization is not enabling equitable service delivery in Addis Ababa and throughout Ethiopia as benefits of programs continue to be captured by higher income groups and lower socio-economic classes remain underserved.

By testing these hypotheses, this thesis will increase understanding of the complicated range of issues that contribute to the lack of universal access to basic services in Addis Ababa, Ethiopia—reasons that include but go beyond the power of the center and the country’s wealth and city’s revenues. Improving understanding of the combination of factors that prevent the efficient delivery of services by municipal institutions and equal access by all socio-economic groups in Addis will shed light on how policies and programs can be tailored to better meet targets in the future. Furthermore, although the

experience of each city is unique, lessons from Addis can serve as a template for other low-income megacities faced with the challenges of meeting the needs of rapidly growing populations while pursuing a number of other critical development goals.

V. Data & Methods

For its data, this paper relies heavily on primary public documents especially those published by the Ethiopian national government, the World Bank, the United Nations and NGOs working on site. It also provides a critical analysis of secondary sources such as academic work based on history and social sciences which focus on decentralization and service delivery. Using this combination of sources, the study approaches the topic from a macro level of analysis to establish the international policy climate and connect it to the historical processes leading to the adoption of decentralization policies in Ethiopia, before zooming in on issues surrounding the provision of urban service delivery in a decentralized climate using Addis Ababa as a case study. Notably, while the thesis is dedicated to giving a balanced argument by looking at works produced nationally by Ethiopia's government as well as internationally by organizations like the World Bank and by drawing on literature produced by scholars belonging to "different camps," the fact remains that many of these works are produced either by western organizations or scholars who are funded and then published by these same organizations. As a consequence, it is important to bear in mind that both the raw data and its analyses in primary and secondary sources might be skewed to support a more western perspective and evaluation, or at the least, abstain from being too critical of

policies promoted by the Ethiopian government or by the countries and organizations of the Global North for the benefit of the Global South.

Chapter 2: Decentralization and the Ethiopian Context

The Federal Democratic Republic of Ethiopia (FDRE) is situated in the Horn of Africa in the northeast of the continent. It is a landlocked country encompassing 1.1 million square kilometers and is roughly twice the size of the state of Texas. It shares borders with Djibouti, Eritrea, Kenya, Sudan and South Sudan. Today, Ethiopia is governed as a federal republic composed of nine ethnically-based states and two self-governing administrations: Dire Dawa and the capital city, Addis Ababa.⁶⁹ The current system of ethnic federalism is structured to acknowledge the numerous ethnicities that Ethiopia's roughly 97 million citizens identify with and to balance the demands for self-determination and autonomy by these groups within the context of an overarching Ethiopian identity through decentralized governance.⁷⁰

Ethiopia's history is marked with both waves of deepening centralization and decentralization, from its establishment as an imperial power up to the emergence and solidification of the modern nation-state. This chapter does not take on the immense task of tracing Ethiopia's long—over 2000 years long—and rich economic, political and social history, but rather draws on history to provide the context within which decentralization is currently practiced in the country. Essentially, this chapter establishes that while throughout most of Ethiopia's past, strong central rule has been the norm, the very same bureaucratic institutions erected by emperors to buttress their autocratic rule laid the foundations for decentralization in the modern era as governance transitioned from the historical relationship between rulers and subjects to the

⁶⁹ The World Factbook, <<https://www.cia.gov/library/publications/the-world-factbook/geos/et.html>>.

⁷⁰<<http://data.worldbank.org/indicator/SP.POP.TOTL>>.

contemporary relationship between the state and its citizens. The chapter concludes that this in turn has led to a decentralized state that is supposed to not only manage tensions among ethnic groups, but also to enable government to provide services to citizens more efficiently and equitably.

I. The Empire

What is presently “Ethiopia” has its origins in the ancient city of Axum and the medieval state of Abyssinia. Here we refer to this political entity as “Ethiopia”.

Throughout most of its long history, governance in Ethiopia was a relationship between the aristocracy and subjects. The latter consisted of individuals from a diverse group of ethnic identities, and while various trades and crafts were practiced, the majority of the population consisted of subsistence farmers.⁷¹ In this setting, while the nobility and especially the “King of Kings” (or in modern times the “Emperor”) remained aware of the currents sweeping through their lands, their primary concerns were not with the vast majority of their subjects but rather with the Church and the maintenance of a unified multi-ethnic state.

For the most part, from one emperor to the next, this tension was successfully managed in a way to maintain power and overall stability. The pattern was most notably disrupted, however, following a period where tensions built to the brink of a civil war and central rule almost completely disappeared from 1769 to 1855 during the *Zimene Misafint* (“Era of the Princes”). During this time, “Ethiopia” was a geographical idea more so than a unified political entity: power devolved to nobles and regional warlords with

⁷¹ Robert L. Hess, *Ethiopia: The Modernization of Autocracy*. (Ithaca, New York: Cornell University Press: 1970) xviii-26.

various political communities existing *within* what had been the Abyssinian/Ethiopian Empire.⁷² In other words, the centralized state broke down.

Beginning around 1855 a.d., however, the state was reconstituted and then re-consolidated under the rule of four successive leaders who established themselves as “King of Kings”: Tedros II (1855-1868), Yohannes IV (1871-1889), Menelik II (1889-1913), and Haile Selassie I (1930-1974).⁷³ It was during this period that the modern state began to become manifest and more or less consolidated. Throughout the reign of these four emperors, Ethiopia established its place as an independent and powerful African force in an era that was otherwise dominated by European imperialism and colonial expansion. Most famously, Ethiopia was the only African polity to successfully thwart European ambitions during the “Scramble for Africa” (1881-1914) as it soundly defeated Italian forces at the Battle of Adwa in 1896.⁷⁴ During this time, important changes also happened *internally* that laid the foundations of the modern state: the development of administrative/bureaucratic institutions.

When Tedros II came to power in 1855, he attempted to install permanent administrative institutions that had until then been absent from Ethiopian governance. His vision was to shift the Empire away from semi-feudal practices to a system that would replace local rulers with governors who would be loyal to the Emperor rather than to regional ties and interests.⁷⁵ The inspiration for these modern institutions were

⁷²Milkias, Paulos. *Haile Selassie, Western Education and Political Revolution in Ethiopia*. (Youngstown, New York: Cambria Press: 2006). (Chapter 1 discusses the “Era of the Princes” from 1769 to 1855 as centralized control from Empires residing in Gondar completely ceased.) See also: Hess, 49.

⁷³ Hess, 51.

⁷⁴Raymond Jonas. *The Battle of Adwa: African Victory in the Age of Empire*. (Cambridge, Mass.: Belknap Press) 2011.

⁷⁵ Hess, 52.

undoubtedly motivated by a desire to reduce the power of nobles who could potentially threaten Tedros II's rule. The aristocracy, however, successfully ensured that the desired institutional reforms did not fully materialize during his reign. While his successor, Yohannes IV, was able to restrict the power of the aristocracy, institutional restructuring as Tedros II had intended and the emergence of modern bureaucratic institutions did not truly materialize until the reign of Menelik II and Haile Selassie I.⁷⁶

Once established, however, and as envisioned, modern bureaucratic institutions went hand in hand with strengthening central rule. For example, Menelik II chose to ignore hereditary claims to power as he methodically worked to undermine potential political rivals who drew on regional and family connections for their support base. Instead, he created and appointed "*rases*" (dukes) that were loyal to him to oversee their designated regions. This marked the beginning of "centralized ministerial government, staffed by the forerunners of a modern elite" in Ethiopia, but it was a system that depended on Menelik II. In old age, however, both the Emperor and his reign grew weaker: in his final days and following his death, political turmoil threatened to engulf the empire once again.⁷⁷

Following a period of uncertainty that narrowly avoided returning Ethiopia to the state it had been in before Tedros II came to power, Haile Selassie I ascended to the throne in 1930.⁷⁸ Like Menelik II, he recognized the need for men who would be loyal to him and also understood that they would not be found in the ranks of the nobility. As

⁷⁶ Ibid, 53-9.

⁷⁷ Ibid, 61.

⁷⁸ Ibid, 64.

Haile Selassie I restarted the process of modernizing institutions which had been on hiatus for over a decade after the death of Menelik II, he was in part inspired by the same desire as his predecessors to consolidate his rule and weaken the aristocracy that could potentially undermine him.⁷⁹ Unlike his predecessors, however, Haile Selassie I was educated by French Jesuits who taught him extensively about European institutions—lessons that he internalized following his first tour around Europe.⁸⁰

His education and experiences inspired him to add novel elements to Ethiopian governance. For example, under his leadership, a Constitution was created which established a bicameral parliament and cabinet with ministers. While both the Constitution and new governance framework resembled the institutions which had become increasingly popular in Europe, in practice however, Ethiopia remained quite different than constitutional European monarchies and states. The modern institutions that emerged in Europe were created in response to popular—and often violent—demands for the power of monarchs to be reduced and shared and for government to better address the needs of its people. In Ethiopia, on the other hand, institutional reforms actually enhanced the power of the Crown by serving as means for the Emperor to block rival nobles rather than to truly transfer power and share it with others. Given this objective, the modernization of Ethiopia's institutions effectively fortified the center, but it did not significantly enhance the government's ability to carry out many of the tasks that dealt with ordinary subjects: surveying land and collecting taxes, for

⁷⁹Milkias, Ch. 4 and also Hess, 65.

⁸⁰Ibid.

instance, remained difficult even for the increasingly modern bureaucracy fortified under Haile Selassie I.⁸¹

Essentially, during the reigns of Menelik II and especially of Haile Selassie I, Ethiopia underwent significant institutional changes such as the creation of a bicameral parliament and a cabinet with ministers. In addition to the creation of 16 ministries of government each charged with its own set of responsibilities, an army, judiciary and diplomatic corps were cultivated to be loyal to the center—to the Emperor—in a move away from its past. Ethiopia also formally adopted a Constitution in 1955 that recognized the concept of human rights.⁸² From these events we can take away two key points: first, administrative changes had been initiated to transform the traditional monarchy and outfit it with modern institutional elements that would continue to be a part of Ethiopia after the monarchy ended. Second, as the idea of “the republic” became more popular globally, ordinary Ethiopians were beginning to be considered as something more than subjects, at least by *language* of the Constitution.

In practice, however, the relationship was still that of subject and ruler. Ideas such as human rights, while enshrined in the Constitution, remained far from reality and most Ethiopians, especially the less educated segments of the population which numbered in the majority at the time, were not familiar with the concept of human rights and did not harbor expectations to be treated along such lines.⁸³ In fact, at the district and village

⁸¹ Hess, 66-70.

⁸² *Revised Constitution of Ethiopia* (1955) Article 36.

⁸³ Hess, 125.

levels, the peasant class continued to look to traditional customs around land ownership and family connections for authority. For them, daily life remained much as it always had while the center continued to be the seat of power concerned first and foremost with protecting its influence through institutional, military, and economic means.⁸⁴In other words, modernization did not touch everyone equally and served primarily to consolidate the Emperor's rule becoming increasingly invisible and irrelevant the farther one moved away from the center.

II. Last Days of the Monarchy (1936-74)

As fascism swept through Europe and engulfed it in another World War, Emperor Haile Selassie I's reign was interrupted by a period of Italian occupation which lasted for five years (1936-41). Though short, the occupation produced substantial changes. In order to pave the way for Italian colonization, modernization was accelerated, but this time, with focus on physical infrastructure rather than the institutional reforms that had been the priority for Ethiopia's rulers. The Italians made heavy investments to construct roads, railways, and dams and both public and private enterprises grew in number during this time.⁸⁵ While the period witnessed rapid change in terms of the development of infrastructure and the number of European immigrants that poured into the country, governance was no less centralized or authoritarian than it had been in historic or recent times. Italian rule, nonetheless, was short-lived, and as the Allied Forces emerged victorious and World War II came to an end, Haile Selassie I returned to

⁸⁴ Hess, 78.

⁸⁵Hess, 80-88.

Ethiopia from his exile and reprised his role as emperor exactly five years from the day Addis had fallen to the Italians.⁸⁶

During the years following his return, Haile Selassie I resumed the modernization efforts and institutional changes he had prioritized throughout his rule. Importantly, this phase of modernization was driven by a somewhat different motivation than what had inspired Tedros II, Yohannes IV, Menelik II, as well as Haile Selassie I himself during the earlier years of his reign. Namely, while the institutions created under in previous periods of modernization had targeted reducing the power of rival nobles and strengthening the power of the Emperor, the efforts undertaken by Haile Selassie I following his return to Addis in 1941 focused on easing the growing political and social unrest throughout Ethiopia.

The Emperor hoped that stabilization could be achieved through reforms that modernized government institutions such as by replacing the 1931 Constitution with the 1955 Constitution which enhanced parliament's powers, but this and other efforts ultimately proved insufficient to re-strengthen his rule and create a sense of order.⁸⁷ A number of factors strained the Emperor's authority: first, the cost of fighting uprisings throughout Ethiopia, especially the nationalist movement in Eritrea which had been annexed in 1952, took a heavy toll on government resources. Second, this was particularly ill-received given that famine, combined with high employment rates and inflation was taking a dire toll on Ethiopians. Third, Haile Selassie's institutional reforms did little to appease the discontent felt by a growing class of educated Ethiopians who

⁸⁶Hess, 66-70.

⁸⁷ Hess 71.

viewed the government as both antiquated and corrupt. Ironically, it was the Emperor's early modernization efforts that had created the new generation of university-educated elite who so deeply resented the political order which continued to staff "modern" institutions by recruiting members from the old noble families.⁸⁸ The growing discontent felt by various groups over the status quo contributed to rising communist sentiments and signaled an end to autocratic imperial rule: as sympathy and support poured in from Russia and Haile Selassie grew more disconnected from his people and feebler in old age, Ethiopia was ripe for revolution.⁸⁹

III. The Communist Period (1974-91)

Emboldened by communist ideology and frustrated with the Emperor's inability to resolve the country's growing socio-economic problems, the *Derg* (a military junta) removed Haile Selassie I from power in February 1974. In the following months, the *Derg* initiated military rule under the guise of first patriotism, then African nationalist ideology, and finally scientific socialism.⁹⁰ Among its first priorities was executing former members of government and allegedly murdering the Emperor on August 22, 1975.⁹¹ As Lieutenant Colonel Mengistu Haile Mariam, chairman of the *Derg*, assumed power as Head of State he was faced with a number of civilian groups competing for control of the country, the most prominent being the Ethiopian People's Revolutionary Party (EPRP),

⁸⁸ Hess, 71.

⁸⁹ Jinadu, Adele L. "Soviet Influence on Afro-Marxist Regimes." *Afro-Marxist Regimes: Ideology and Public Policy*. Eds. Edmond J. Keller and Donald Rothchild. (Boulder, Colo: Lynne Rienner Publishers, 1987) 225-56.

⁹⁰ Keller 2014, 78.

⁹¹The official reason for his death at the age of 83 is complications from a prostate condition, but many supporters claim he was assassinated. "25 Years After Mysterious Death, Haile Selassie's Body Entombed." *Chicago Tribune*. November 6, 2000.

as well as factions within the *Derg* that challenged his leadership. The violence that erupted between contending parties and factions ultimately resulted in the execution of political rivals as well as the massacre of thousands of ordinary Ethiopians labelled as dissenters by the Mengistu regime during the bloody political campaign known as the *Key Shibbbir* (the “Ethiopian Red Terror”) which gave way to the Ethiopian Civil War.⁹²

In addition to the political and social instability that continued to rock Ethiopia’s core as groups challenged Mengistu’s rule, Ethiopia’s borders also came under attack as Eritrea continued to seek separation and to regain the autonomy it had lost following its annexation to Ethiopia during the reign of Haile Selassie I.⁹³ To add to the chaos, while the Eritrean War for Independence waged on, Somalia launched an attack in 1977 with the intent of seizing and annexing Somali-occupied borderlands in the Ogaden in Ethiopia which it had long vied for but finally felt was in a position to seize. The political turmoil that consumed Ethiopia following the *Derg* takeover contrasted with the military strength Somalia had accumulated over time.⁹⁴ In the end, however, the *Derg*’s response to both internal and external challenges with mass violence allowed Mengistu and his chief supporters to remain in power, even as he “officially” terminated the *Derg* in 1987, and in the following months, the “civilian” government of the People’s Democratic Republic of Ethiopia (PDRE) was established.

As Mengistu and former members of the *Derg* remained in positions of power in the PDRE, violence, oppression, corruption and mismanagement continued to be

⁹²Rene LeFort, *Ethiopia: An Heretical Revolution?* London: Zed Books Ltd., 1983.

⁹³ Hess, 72.

⁹⁴Tareke, Gebru. “The Ethiopia-Somalia War of 1977 Revisited.” *International Journal of African Historical Studies*, 33.3 (2000) 635-40.

signatures of the “new” government and rebel factions continued to attempt to overthrow the regime. In 1991, while the Eritrean People’s Liberation Front (EPLF) regained control of most of Eritrea, while a coalition of rebel forces, the Ethiopian People’s Revolutionary Democratic Front (EPRDF), captured key cities within Ethiopia. Mengistu fled the country, and the EPRDF arrested majority of the *Derg* leaders still in Addis signaling a true end to the oppressive rule that marked Ethiopia’s communist excursion.

The changes that ensued laid the foundations for the modern Ethiopian state, but it is worth noting at this point that while the *Key Shibbir* was purportedly inspired by the Soviet strategy pursued when converting to communism, it was not the only facet of communist ideology that the *Derg* sought to replicate in Ethiopia. The regime also confiscated vast tracts of land from the aristocracy and the Church and nationalized both property and industry. Under communist ideology, the confiscated lands should have been geared towards more evenly reallocating resources to the Ethiopian people, but in reality, the Mengistu regime maneuvered to stabilize and strengthen its own power.

Despite the massacres during the *Key Shibbir*, demands of self-determination by various ethnic groups persisted and military responses provided only a tenuous hold on power. The creation, therefore, of the Program for the National Democratic Revolution in 1975 promised local communities more power over their own affairs through political and administrative decentralization to help ease tensions. The land reforms that nationalized property and redistributed it to communities to be overseen by local

development councils known as *kebeles* were executed with similar goals in mind.⁹⁵ In this sense, the policies implemented by the *Derg* mimicked the modernization of Menelik II and Haile Selassie I: modern institutions and ideologies were repurposed to consolidate the power of the center. Moreover, just as the modernization pursued by the emperors created the skeletons of institutions that would be utilized by later regimes, the nationalization of land and creation of *kebeles* which happened during the communist period would continue to be significant for the modern Ethiopian nation-state as Chapter 3 will discuss in greater detail.

IV. The Republic (FDRE 1991-present): Decentralizing to Serve Citizens

Following the *Derg*'s defeat in July 1991, the EPRDF which by then as a coalition of the Tigrayan People's Liberation Front (TPLF), the Oromo People's Democratic Organization (OPDO), the Ethiopian People's Democratic Movement (EPDM), and the Afar Democratic Union (ADU) held a peace conference with the EPLF, and the Oromo Liberation Front (OLF) to adopt a Charter and established the Transitional Government of Ethiopia (TGE).⁹⁶ The TGE consisted of a Council of Representatives and the national charter functioned as a transitional constitution.⁹⁷

During this time, both Ethiopia's borders and politics shifted rapidly, especially from 1991-94. Notably, following a long war for independence and the fall of the *Derg* regime,

⁹⁵ Keller 2014, 78-9.

⁹⁶ Aaron P. Micheau "The 1991 Transitional Charter of Ethiopia: A New Application of the Self-Determination Principle," *Case Western Reserve Journal of International Law*, 282 (1997): 367-394.

⁹⁷ Siegfried Pausewang, Kjetil Tronvoll, and Lovise Aalen. *Ethiopia Since the Derg: A Decade of Democratic Pretension and Performance*. (London: Zed Books, 2002).

Eritrea separated in May 1991.⁹⁸ In subsequent years, many of the parties and figures that had played important roles following the collapse of the *Derg* withdrew from the transitional government.⁹⁹ Three years after the establishment of the TGE, a new constitution was written creating a bicameral legislature and judicial system, and in 1995, Meles Zenawi who had been chairman of the TPLF and subsequently became the head of the EPRDF after its formation was elected as the Prime Minister. Negasso Gidada who had been part of the OLF and later served as central committee member for the Oromo People's Democratic Organisation (OPDO) became President. During this time, members of parliament, of *Shengo*, were also elected.¹⁰⁰

Since then, several multiparty elections have taken place although the EPRDF remains the dominant party. Allegations of voting irregularities have surfaced and at times been met with violence: the Ethiopian experiment with democracy has not been without its problems, but the institutions in place and the status of Ethiopian citizens are drastically different today than throughout most of Ethiopia's past.¹⁰¹ Nonetheless, the modern state and notion of citizenship has its foundations in history.

First and foremost, history makes apparent that while the concept of a singular Ethiopian identity is possible in a state that is home to several national identities, these different nationalities cannot be suppressed—they must be incorporated and

⁹⁸David Pool, "Eritrean Independence: The Legacy of the Derg and the Politics of Reconstruction. *African Affairs*. 92.368 (1993) 389-402.

⁹⁹Pausewang 2002, Ch.2.

¹⁰⁰*Ibid.*

¹⁰¹Pausewang; "Ethiopian Protestors 'Massacred'" BBC News October 19, 2006 <<http://news.bbc.co.uk/2/hi/africa/6064638.stm>>; Human Rights Watch <<https://www.hrw.org/world-report/2006/country-chapters/ethiopia>>.

managed.¹⁰² Carving the country into nine ethnic states creates an institutional template following this rationality as does the creation of a parliament with two chambers both of which draw their members by vote from ethnic constituencies. In other words, the institutions created by Menelik II and Haile Selassie I have been updated: they no longer serve to consolidate loyalty and power for the emperor but rather to balance the demands of various groups.

The adoption of ethnic federalism in Ethiopia, therefore, is not superficial: in ideology and in practice, ethnic federalism is a genuine attempt at a decentralized system of governance that balances demands for autonomy of national groups by formally granting ethnically based states powers explicitly through the Constitution. Granted, the center continues to retain significant powers which are also outlined in the Constitution, but aside from creating the basic framework for decentralized governance which has thus far contributed to managing tensions between various nationalities and more or less maintained political stability, the discussions leading up to the creation of the current Constitution, its ultimate structure, and the measures that have followed can be viewed as two periods of decentralization that incorporated within its goals not simply the need to foster stability but also the rights and needs of citizens.

V. Conclusion

Most of Ethiopian history is the story of a dynamic political community with shifting borders, the assimilation of various groups through conquest, and in the modern era, several influential and powerful emperors fighting to maintain, strengthen and expand

¹⁰² Keller 2014, 82-6.

their powers. The Empire has changed many times over: beginning as a city-state, it collapsed into independent principalities, was reconstituted, and eventually succumbed to a military-led revolution. Most recently it has taken the form of what is termed a “federal democratic state”, however the center continues to retain authoritarian characteristics. Throughout most of this historical narrative, the center and its primary political leaders have been oriented to the dominance of central authorities. This was firmly established during the reign of two modernizing emperors Menelik II and Haile Selassie I and persisted ever since.

Under these emperors, modernization first created bureaucratic institutions that although initially limited in political powers and accountable wholly to the center, later served as the backbone for decentralized governance. The argument that the new institutional apparatuses implemented by Tedros II, Yohannes IV, Menelik II, and Haile Selassie I were designed to chiefly check the power of rivals is convincing; but even so, these same institutions laid the foundations for a system that would later be capable of not only better governing but also serving Ethiopians.

Secondly, modernization also sowed the seed for the transformation of Ethiopians from subjects to citizens with human rights enshrined in the Constitution. Again, there may be merit to the argument that the adoption of the Constitution, the language of human rights, the abolition of slavery, etc. may be mostly attributable to emperors wanting to adopt the “vener of modernization” to improve Ethiopia’s image in the international arena. Nonetheless, while in the early days, the idea of human rights may have been largely unknown by most Ethiopians, as the number of educated Ethiopians swelled and as dissatisfaction within these ranks grew and spread, the stage was set

not only for a revolution that would change who governed the state, but also ultimately the state's accountability to its people.

Although the rule of the *Derg* marked the end of the monarchy, it did not deliver Ethiopians to better circumstances and did not improve the state's accountability to its people. Despite being marked by brutal violence and misrule, the period does highlight the transformation of Ethiopians from subjects to citizens. The *Derg* targeted not just the nobility but average citizens because the latter had begun to demonstrate both ownership and agency: by voicing demands over not only who ruled but *how* they ruled, they signified the emergence of a constituency that partakes in governance and that expects those who govern to not only prioritize power but also service. They were so unrelenting in these expectations, the *Derg* eventually turned to decentralization over violence as a means of governance, albeit too late and to unsatisfactory effect.

The overthrow of the *Derg* regime and the consolidation of the FDRE laid the foundations for a democratic state. Two periods of devolution have shaped the central government to be better representative of and attentive to the number of diverse ethnic identities in Ethiopia and the needs of its citizens along social, political, and economic lines. Specifically, the creation of regional governments, district governments, and the abundance of investigations conducted, plans created, and programs implemented since 1991 has enabled government to be more aware of citizens needs and to provide them with services more efficiently and equitably.¹⁰³ These efforts, though robust, have

¹⁰³For example, According to a World Bank study "Achieving Better Service Delivery through Decentralization in Ethiopia," the decentralization of power to *woredas* in 2002/03 coincided with narrowing differences in per capita expenditures on education and health across *woredas*. Moreover, the study found that decentralization disproportionately favored remote, food-insecure, and pastoral *woredas*, suggesting that decentralization has been "pro-poor." Similarly, if comparing rates before and after decentralization, the aggregate budget for education in remote *woredas* rose by 44% compared to just nine percent in *woredas* located within 50 kilometers from a zonal capital.

not improved the living standards of Ethiopian citizens to the extent desired however, and although the conditions are harsh throughout the country, the situation in growing urban centers such as the capital of Addis is especially critical. The following chapter therefore takes on the task of determining what the issues are, why they persist, and how they are linked with the decentralization framework that guides the contemporary state.

VI. Two Phases of Decentralization

The first phase of decentralization took place during the transitional period (1991-95) and the focus was to determine which powers would be reserved for the state and which ones would fall under the purview of regional governments. It was agreed that the latter would have broad powers over language, culture, education, health, police and security, as well as social and economic development activities. Furthermore, Article 10 of the Constitution was drafted to give regional states the authority to establish, direct and supervise economic development programs and the regional governments were consequently organized to be capable of administering these responsibilities through the creation of several specialized units such as the Service and Development Committee.¹⁰⁴ Notably, some financial powers to borrow or to levy taxes were also granted, but regional governments remained largely dependent on the center in this regard.

¹⁰⁴ Tewfik, Hashim. "Transition to Federalism: The Ethiopian Experience." (Ottawa: Forum of Federations, 2010) 7-8.

The second phase of decentralization can be described as deepening devolution and was marked by the adoption of the Constitution in 1994 and its implementation in 1995. The Constitution clearly stated that each regional state would be responsible for:

- Establishing a state administration that best advanced self-government and democratic order based on the rule of law
- Enacting and implementing their state constitutions and laws
- Preparing and implementing economic, social and development policies and plans for their respective states
- Levying and collecting taxes and duties through state revenue sources
- Preparing and administering their budgets
- Administering land and other natural resources in accordance with federal laws
- Enacting and implementing laws on the administration of state employees and the conditions of their work
- Establishing their own police forces and maintaining public order and peace within their respective territories¹⁰⁵

In other words, the 1994 Constitution formally granted regional states extensive powers including residual powers; but importantly, the central government determined the general policies, strategies and national standards that the regional states then used as

¹⁰⁵ Tewfik, 10 and 16-17.

the basis to formulate more specific plans and policies to be implemented within their domains.¹⁰⁶ For example, while the center enacts laws for utilization and conservation of land and natural resources, the regional state administers such resources within its territories. As a consequence, “interdependence between the center and the regional governments is a given and cooperation a must.”¹⁰⁷

Perhaps the more significant aspect of the second phase of decentralization is not simply what is spelled out in the Constitution, but the institutional and structural changes that were subsequently implemented to better enable regional states to exercise their powers. To this effect, administrative devolution has been supported and facilitated by a number of targeted national and regional strategies such as the *Woreda* Level Decentralization Program in effect from 2002-03, which established *woredas*, or districts. This cleavage still followed ethnic lines but had significant repercussions for service delivery and development—specifically this phase of devolution relegated most service delivery responsibilities to tiers below the regional government to the district/*woreda* level.¹⁰⁸ Regional constitutions were amended, allocating decision-making powers and functions, human resources through the reassignment of public employees, and financial resources through block grants with minimal conditions from the regional to the district/*woreda* level.¹⁰⁹

¹⁰⁶ *The Constitution of the Federal Democratic Republic of Ethiopia*. (Addis Ababa: The Republic, 1994) Articles 50 and 52.

¹⁰⁷ Tewfik, 16-17.

¹⁰⁸ Samuel Addis Alemayehu, “Ethiopia: Reflections on Ethiopia’s Constitution and Devolution of Power.” *All Africa*: February 14, 2015. <<http://allafrica.com/stories/201502160102.html>> .

¹⁰⁹ Tewfik, 24.

Some other measures taken to assess the status and improve and deepen devolution include the Sustainable Development and Poverty Reduction Program (SDRP) and Plan for Accelerated and Sustained Development to End Poverty (PASDEP), Capacity Building Strategy, and Civil Service Reforms. The SDRP was initiated from 2002-05 and was followed by PASDEP from 2005-10. The goals of both programs were to improve education to stimulate human capacity, to expand infrastructure and institutions, and to invigorate grass-roots communities/civil society. One of many successes resulting from these efforts was that by the end of 2007, access to clean water improved from 19 percent to 52.4 percent.¹¹⁰

Achievements to this and other effects cannot be attributed to the SDRP or PASDEP alone, however, as other programs worked to compliment efforts and realize goals. For example, as a key result of the Capacity Building Strategy, the Ministry of Capacity was established with the aim to improve human resources and to strengthen institutions to help reach development objectives. The Ministry's aims were to study the institutional weaknesses relating to issues such as management: it worked to study the problem, find the gaps, develop ICT and human resources, and monitor and design reform programs.¹¹¹

Likewise, the Civil Service Reforms scrutinized similar issues. In 1994, the Prime Minister established a task force to evaluate the administrative and management practices of the civil service. The task force discovered that there were serious issues

¹¹⁰See PASDEP and SDRP documents; see also Garcia & Rajkumar *Achieving Better Service Delivery Through Decentralization in Ethiopia* (World Bank: 2008).

¹¹¹ Tewfik, 22-23.

with the managing of financial and human resources at both central and regional levels. It specifically noted the lack of capital and managerial skills and outdated legislations and systems that fed into poor public service delivery.¹¹² The Task Force stressed the need for better monitoring and evaluation systems to address these issues. In response, the Civil Service Reform Program (CSTP) was launched in 1996 and the first phase lasted until 2000. Its goals were to improve:

- Expenditure control and management with a focus on accounting, auditing, budgeting, procurement and management
- Information systems, human resource management and planning, professional development programs, and job classification and grading
- Executive management systems, management and performance evaluations, delegation and accountability to line ministries
- Capacity of staff, and the capacity to plan
- Service delivery and quality of services with focus in development of best practices especially through the establishment of complaint and redress mechanisms

¹¹² Undoubtedly, some of these shortages were due to the fact that after the military regime fell, many top civil servants who had been loyal to the regime and were part of the Ethiopian Workers Party were expelled leading to a major shortage in the number of civil servants, specifically those most capable. Moreover, during the transitional period, although there were large deployments of civil servants from the center to the new regional governments, the latter had a major shortage of skilled personnel capable of implementing policies and programs—adversely affecting the delivery of public services. (See Tefwik, 14).

- Ethics through ethics education, by developing a code of conduct and strengthening capacity of mass media¹¹³

The first phase met with limited success but set the framework for a second and more fruitful stage from 2001-10 known as the National Capacity Building Program.¹¹⁴ Despite the success of the latter program, and all the programs mentioned thus far, there continue to be severe challenges in the availability of educated and skilled personnel, financial and material resources, and technological facilities at central, regional, and district levels.¹¹⁵ Specifically, at the regional level, limited taxing powers sometimes prevent state governments from successfully enacting their constitutional rights which in turn restricts the capacity of districts to provide services. The issues are then exacerbated at the local community level. In other words, despite commitment to finding, studying, and addressing weaknesses hampering growth, considerable institutional barriers remain in addition to low fiscal capacity. Decentralization has facilitated progress towards achieving development objectives with these areas in focus, but the framework has not eradicated the issues thus far discussed.

¹¹³ Tewfik, 24-27.

¹¹⁴ Ibid, 25-26.

¹¹⁵World Bank, *An Independent Review of World Bank Support to Capacity Building in Africa: The Case of Ethiopia*. Corporate Evaluation and Methods Operations Evaluation Department. (Washington DC: World Bank, 2005) 33.

Chapter 3: Institutional Challenges to Providing Basic Services **Post-Decentralization: Water & Sanitation in Addis Ababa**

I. Introduction

The preceding chapter traced the emergence of the current system of decentralized governance practiced in Ethiopia, concluding that presently the process has two particular consequences of special relevance for this study. The shift from subjects to citizens who voice their needs and expect government to address these needs are both a factor which led to decentralization as well as a product of it. These demands in turn can potentially be better addressed through the modern bureaucratic institutions that decentralization has gradually created and aims to strengthen. This chapter argues, however, that while decentralization has brought government closer to the people and improved understanding of local needs in Ethiopia, one negative consequence is that the responsibility for service delivery is now shouldered by the lowest administrative tiers whose limited institutional capacity adversely affects the efficacy with which they can provide basic services to urban consumers.

While previous studies have focused on the importance of fiscal capacity, the argument that will be advanced here is that shoring up institutions is of equal importance if resources are to be optimally used by municipalities as they strive to provide basic services to residents. While municipal “institution-building” will require different approaches from one locality to the next within Ethiopia, for its case study, this chapter will draw on examples relating to the delivery of water and sanitation services in Addis Ababa. Although the overall situation in the capital and its administrative structure are unique in ways, addressing the most fundamental needs of citizens in the country’s most rapidly developing city and the continent’s second largest one is critical given the

current and projected trends of rapid urbanization and population growth. The issues explored in this chapter will therefore aim to make recommendations for Addis that may also be relevant to other similar metropolises in the developing world. First, however, to better grasp the link between decentralization and the capacity of local institutions in Addis to provide efficient and equitable access to water and sanitation services, it is necessary to gain an understanding of the current situation in the city. As such, the following section will give a brief profile of Addis to set the stage for a critical analysis of the major institutional challenges the city is facing as it strives to meet the needs of a growing population, many of whom live below the poverty line.

II. Addis Ababa: Growing City, Growing Needs

While most Ethiopians continue to reside in rural areas, the country is rapidly urbanizing with several cities experiencing growth in recent years. The most heavily populated of these cities is the capital of Addis Ababa. The 2007 Census reported the city's population to be slightly over 2.739 million people and predicted that the 2015 population would rise to approximately 3.273 million.¹¹⁶ In fact, in 2015, at 3.238 million people the population fell just short of the projected numbers, but the estimated rate of urbanization nationally stood at 4.89% from 2010-15. This was considerably higher than in most countries across the continent including those which have attracted attention for rapid development in recent times such as in Nigeria where the rate of urbanization was

¹¹⁶*Ethiopia: Regions, Major Cities & Towns*. N.p., n.d. 07 Oct. 2016. <<http://www.citypopulation.de/Ethiopia.html>>.

4.66% annually during the same time-frame.¹¹⁷ In fact, the rate of urbanization in Addis outstrips most cities globally.

The boom that Addis is currently experiencing, while driven by several factors, has resulted with the population expanding beyond what current infrastructure in the city can support and at a rate that is happening faster than planners can keep up with. The effect is that large segments of the urban population live in slums throughout the city and in the adjacent “peri-urban” areas on the outskirts of the city. A 2008 UN Habitat report indicated that the growth of informal settlements in Addis have become an especially acute problem over the past 25 years citing that “half of the *kebele* houses, accounting for 40 percent of the total housing stock, need replacement. Between 50-80 percent of the remaining houses are informal, or built without permit.”¹¹⁸ While discussion of slums often directs focus to the issues surrounding quantity and quality of housing, an equally pressing problem connected to the housing crisis is that many of these informal settlements are largely cut off from the existing water and sanitation infrastructure that services the wealthier core of Addis.

A survey conducted by UN-HABITAT in 2007 found that only 21 percent of homes in the city had access to safe water supplies and only 23 percent of residents had access through private taps.¹¹⁹ While most people in Addis relied on public taps and

¹¹⁷ "The World Factbook: ETHIOPIA." *Central Intelligence Agency*. Central Intelligence Agency, n.d. 07 Oct. 2016. <<https://www.cia.gov/library/publications/the-world-factbook/geos/et.html>>.

"The World Factbook: FIELD LISTING: URBANIZATION." *Central Intelligence Agency*. Central Intelligence Agency, n.d. 07 Oct. 2016. <<https://www.cia.gov/library/publications/the-world-factbook/fields/2212.html#et>>

¹¹⁸ *Addis Ababa Urban Profile*. Nairobi: UN-Habitat, 2008. PDF. p.12
<[file:///C:/Users/Erica%20Anjum/Downloads/2739_alt%20\(1\).pdf](file:///C:/Users/Erica%20Anjum/Downloads/2739_alt%20(1).pdf)>

¹¹⁹ *Situation Analysis of Informal Settlements in Addis Ababa: Cities Without Slums, Sub-Regional Programme for Eastern and Southern Africa*. Nairobi: UN-Habitat, 2007. Also see Uli W. Tolon and Francesc Magrinyà. *Comparison of Urban Upgrading Projects on Development Cooperation in Ethiopia*. , 2008. 11.

water sale and collections sites, roughly 8 percent only had access to unsafe water sources. Meanwhile, only about 9 percent of homes were equipped with their own flush-toilets; majority made use of pit latrines, and nearly 20 percent continued to practice open defecation using rivers, ditches, and other exposed spaces.¹²⁰ Over the 8 years since these reports were released, efforts by various actors including local residents, the government, NGOs and international donors and development partners have produced improvements. As the population in Addis continues to grow and both formal but especially informal settlements expand, however, water and sanitation infrastructure and services fall direly short of needs.

In the past, politicians, practitioners and researchers alike have pointed to low fiscal capacity as the primary challenge hindering developing nations like Ethiopia from providing basic services. Certainly, fiscal capacity is an issue that continues to be relevant in Ethiopia today as money is spread thin at the national level and even thinner moving down the rungs of the administrative ladder that decentralization has created. There is indeed “a huge mismatch between what has to be carried out and the funds available.”¹²¹ As such, the importance of sufficient capital should not be relegated to the background when discussing how to improve the current situation, but a key reason that efforts do not meet with the success anticipated during the planning phase is equally attributable to weak institutional capacity. The following sections detail the tiers that decentralization has created focusing on the unique situation in Addis, the specific institutional weaknesses that debilitate the municipal administrations that are

¹²⁰Tolon, 11; Keller 2012; *Addis Ababa Urban Profile*, 9.

¹²¹ *Addis Ababa Urban Profile*, 7.

responsible for service delivery, and how these deficiencies restrict local governments' abilities to provide services equitably.

III. Decentralized Administration in Addis Ababa

The decentralization framework currently in use in Ethiopia has created several levels of government. Under the national government, there are regional state governments which have smaller administrative units within them: cities and towns are divided into districts called *woredas* which under the Derg regime were further broken down to even smaller neighborhood units called *kebeles*, the latter of which continue to be relevant to date.¹²² Generally, across Ethiopia the lowest tiers are responsible for addressing local needs but not only are they accountable to higher tiers—municipalities to states, essentially—their budgets are also ultimately determined and funding allocated in a top-down manner.

Addis Ababa is one of two exceptions to this hierarchy: along with Dire Dawa, Addis answers directly to the central government, specifically to the Ministry of Federal Affairs, rather than to the state that it is located in as is typical in the rest of the country.¹²³ By its charter, Addis is required to consult with the state of Oromia in which it is located before implementing development projects such as those to provide its residents with water and sanitation services since these projects can also affect residents living outside of the capital's borders in adjacent areas in Oromia.¹²⁴ Beyond this however, Addis has

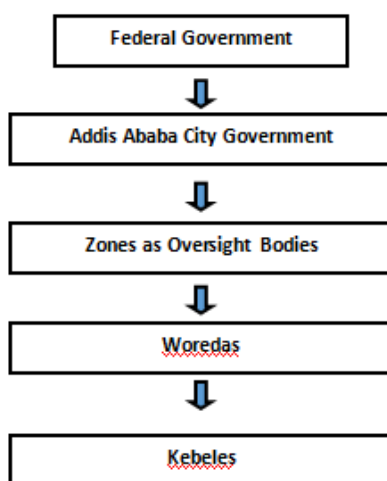
¹²² Ottaway, 30.

¹²³ "Article 49: State Structure - Ethiopian Government Portal." State Structure - Ethiopian Government Portal. N.p., n.d. 07 Oct. 2016. <<http://www.ethiopia.gov.et/state-structure>>.

¹²⁴ For a more detailed discussion about the relationship between Addis Ababa and Oromia with regards to development projects, especially water and sanitation services, see: Gebrie, Geremew S. *Integrated Decision Support Tools for Rural Water Supply Based*

more or less the same status and autonomy as regional states do in Ethiopia. Specifically, Proclamation no. 87/1997 dictates Addis Ababa's charter as an administrative unit and details its organizational structure.¹²⁵

FIGURE 1: ADDIS ABABA GOVERNANCE



Under its partial but well-defined autonomy, the city has made significant progress towards addressing many issues including employment, housing and the provision of basic services to residents. Notably, the city's administrations have reduced processing time to days or weeks compared to the months or years it can take municipal institutions elsewhere in the country and in many developing nations.¹²⁶ Interestingly, while the city

on *Ethiopian Case-Studies*. München: Oldenbourg, 2012. A presentation with very useful graphics of his findings can be accessed online, here:

<<http://uradapt.iwmi.org/Data/Sites/23/projectdocuments/3rdresapinaddis/baselinesituationpertainingtowatersupplyandwastewatermanagementinaddis.pdf>>.

¹²⁵ Federal Negarit Gazeta of the Federal Democratic Republic of Ethiopia: July 1997 613-24.

<<http://faolex.fao.org/docs/pdf/eth43983.pdf>>.

¹²⁶ *Addis Ababa Urban Profile* (page 10) cites Addis Civil Service improvements in processing time; a 2008 World Bank document, *Project Appraisal Document on a Proposed Credit in the Amount of SDR 93.8 Million (US \$150 Million Equivalent) to the Federal Democratic Republic of Ethiopia for an Urban Local Government Development Project*, credits the "country's discipline" referring to the institutional capacity of federal and local administrative organs, specifically the Federal Government: Ministry of Finance and Economic Development (MOFED), Federal Government: Ministry of Works and Urban Development (MWUD), Regional Government: Bureau of Finance and Economic Development (BOFED), and Urban Local Government (ULG) on page 20. Several scholars have written about issues surrounding processing time of documents, requests, and complaints. For example, Hernando

administration is responsible for a number of areas such as “developing guidelines, setting standards, and establishing a complaint handling system,” it states its priorities are “capacity building, justice system improvements, transparency and community participation.”¹²⁷

On the one hand, this list can be seen as a means to placate public outrage not only due to the perceived corruption over the electoral process following the disputed results of the 2004 election won by the Ethiopian People’s Revolutionary Democratic Front (EPRDF) but with the grand corruption at higher levels and governance at large. While this interpretation might not be inaccurate, it is worth noting that the priorities set by the Addis civil service following the election did not center attention on funding. Emphasis on areas such as “capacity building” and “transparency” indicate that addressing the capabilities of those responsible for the delivery of services in the field by focusing on their preparation and training and reducing corruption at the point of delivery are of critical importance. In other words, the question of whether or not enough resources are there to tackle all necessary objectives has taken a backseat while the stated priorities make clear that it is imperative to improve human resources and the institutions they operate in which are responsible for allocating and utilizing funds to better serve citizens.

De Soto (*The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*. New York: Basic Books, 2000.) discusses processing time in Egypt, and in *Regulatory Governance in Developing Countries* (Minogue, Martin, and Ledivina V. Cariño. *Regulatory Governance in Developing Countries*. Cheltenham, UK: Edward Elgar, 2006.), the cumbersome and lengthy process of businesses gaining licenses to operate in the Philippines despite institutional reforms is discussed in detail (see pages 144-53).

¹²⁷ *Addis Ababa Urban Profile* p.10 cites these commitments; a more recent reiteration of these priorities are stated in the *Outcome Document of the Third International Conference on Financing for Development: Addis Ababa Action Agenda*. s.l.: United Nations, 2015. Specifically, pages 8 and 15 focus on infrastructure and capacity-building linkages and the transparency and accountability of institutions as priorities.

IV. What is Institutional Capacity & Why is it Important?

Institutional capacity, or lack thereof, and its relation to the success of development goals have garnered increasing attention in recent years. The concept has become especially popular as over time it has become apparent to all stakeholders in planning, policy-making and project-implementation that neither an existing abundance of resources nor an inflow of capital through investors and donors are sufficient to produce desired results toward development objectives. Consequently, there has been a shift away from simply attributing failures to a lack of funds and resources to searching for other contributing factors. The general consensus, as highlighted in a policy brief published by the Brookings Institute in 2002, is that “countless development efforts have failed because countries lack institutions with the ability to sustain their economic policies.”¹²⁸

In other words, the governments of poor countries and their development partners may carefully design policies and programs to address gaps, but the success of these strategies are contingent on the capacity of a state’s existing institutions to adopt and implement policies both in the short and long term. To this effect, many of the discussions at the 2002 United Nations International Conference on Financing for Development held in Monterrey, Mexico focused on institutional challenges to economic growth.¹²⁹ The topic was consistently an area of focus for the 184 countries, several

¹²⁸ Carol Graham. "Strengthening Institutional Capacity in Poor Countries: Shoring Up Institutions, Reducing Global Poverty." *Brookings*. N.p., -0001. 07 Oct. 2016. <<https://www.brookings.edu/research/strengthening-institutional-capacity-in-poor-countries-shoring-up-institutions-reducing-global-poverty/>>.

¹²⁹ Ibid.

regional commissions including the Economic Commission for Africa, and many UN branches and international organizations represented at the conference.¹³⁰

For example, participants at the conference attributed Argentina's economic crisis to the country's dependence on institutions that operated according to an "inflexible currency regime" which crippled its abilities to regulate local governments' expenditures. In fact, much of the discourse which took place at the conference also cited institutional challenges, although the details varied based on the specific experiences of different countries. Consequently, the Monterrey Consensus, a document produced following the conference which has since served as a roadmap for international cooperation for financing development, focuses on providing guidelines with the objective of strengthening the institutions of developing countries to help attain development goals.¹³¹

Indeed, since the launch of the Millennium Development Goals in 2000 by the UN and following the 2002 conference in Monterrey, the phrase "capacity-building" has become a staple in most reports and policy recommendations produced by international organizations well as national and local governments. Weak institutional capacities at all levels of the administrative chain have been recognized as major factors in explaining flawed or failed policies, and addressing institutional capacity at all levels—both higher levels of the policy process as well as lower more local levels—have since become

¹³⁰ For full list of attendees, see pages 19-23 of the *Report of the International Conference on Financing for Development: Monterrey, Mexico, 18-22 March 2002*. New York: United Nations, 2002.

¹³¹ *Monterrey Consensus of the International Conference on Financing for Development: The Final Text of Agreements and Commitments Adopted at the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002*. New York: United Nations, 2003.

*Follow up conferences were held in Doha in 2008 and in Addis Ababa in 2015.

priorities. What “institutional capacity” and “capacity-building” exactly mean however, are neither intuitively comprehensible nor are the terms typically defined in any clear manner in majority of the documents or speeches in which they are mentioned. Perhaps this is due to the broad scope of issues to which these and related terms apply. The Brookings policy brief, for example, states that “‘Institution building’ is a catch-all concept that encompasses a wide variety of goals that have always been at the core of overcoming underdevelopment”.¹³²

This statement perhaps risks giving the incorrect impression that there is broad consensus over the details regarding institutional capacity-building when in fact there have been several scholars who have challenged the notion that the quality of institutions must first be strengthened to optimize development. Mick Moore (1998), Ha-Joon Chang (2002), Dani Rodrik (2003), and Arthur Goldsmith (2004) for instance have all questioned in their respective works whether or not good institutions are a pre-requisite to development or a product of it.¹³³ Merilee S. Grindle has underscored this point as well in a 2004 article while assessing the concept of “good governance” suggesting that institutional reforms and capacity-building must be scrutinized in detail rather than used as blanket terms aimed towards solving all developmental challenges.¹³⁴

¹³² Graham, 2016.

¹³³ Mick Moore. "Death Without Taxes: Democracy, State Capacity, and Aid Dependence in the Fourth World." *The Democratic Development State : Political and Institutional Design / Edited by Mark Robinson and Gordon White*. (1998).

Ha-Joon Chang. *Kicking Away the Ladder: Development Strategy in Historical Perspective*. London: Anthem, 2002.

Dani Rodrik. *In Search of Prosperity: Analytic Narratives on Economic Growth*. Princeton: Princeton University Press, 2003.

Arthur A Goldsmith. "Good Governance? Institutions and Economic Development in Historical Perspective. Paper prepared for the 100th Annual Meeting of the American Political Science Association, Chicago, September 2-4. 2004.

¹³⁴ Merilee S. Grindle "Good Enough Governance: Poverty Reduction and Reform in Developing Countries." *Governance*. 17.4 (2004): 525-548.

On the other hand, the critical need to address institutional capacity has been highlighted by both proponents and critics of the current development aid system. For instance, in “Analysing Decentralization Policies in Developing Countries: a Political-Economy Framework” Dennis A. Rodinelli, James S. McCullough, and Ronald W. Johnson make a case for the link between weak institutional capacity in developing countries and the inability of central and local governments to provide services and maintain physical infrastructure.¹³⁵ At the 2002 Monterrey conference, the former International Monetary Fund (IMF) Director Michel Camdessus also stressed that “if the summit could only deliver one thing, it should be extending assistance to enhance institutional capacity in poor countries.”¹³⁶ The significance of institutions and their link to development agendas have also been argued for by many other experts, such as Thandika Mkandawire and David Ellerman in *Capacity for Development: New Solutions to Old Problems*; and similarly, in a 2005 working paper for the World Bank Junaid Kamal Ahmad, Shantayanan Devarajan, Stuti Khemani, and Shekhar Shah examined the difficulty of decentralized service delivery especially when subnational governments lack institutional capacity.¹³⁷

In sum, while there may be differences in opinion about the particular sequencing of institutional reforms and the achievement of development goals and of the specific ways in which institutional capacity should be enhanced, there is however, general consensus among scholars and practitioners that the strength of institutions, the success of

¹³⁵ Dennis A. Rodinelli James S. McCullough, and Ronald W. Johnson. "Analysing Decentralization Policies in Developing Countries: a Political-Economy Framework." *Development and Change*. 20.1 (1989): 57-87.

¹³⁶ Graham, 2016.

¹³⁷ See: Sakiko Fukuda-Parr, Carlos Lopes, and Khalid Malik. *Capacity for Development: New Solutions to Old Problems*. Sterling, Va: Earthscan Publications, 2002; "Decentralization and Service Delivery." *By Junaid Kamal Ahmad, Shantayanan Devarajan, Stuti Khemani, Shekhar Shah*. N.p., n.d. 07 Oct. 2016.

developmental policies, and the provision of basic services are all inextricably linked. Consequently, the governments of developing countries and those that seek to help them cannot simply look at the existing resources and infrastructure, determine how much more is needed to grow the economy and serve citizens, and develop and implement plans. For goals to be achieved, it is imperative that a host of issues that go beyond physical infrastructure, resources and funding are scrutinized.

The majority of these issues in turn are related to institutions and include a diverse set of concerns over areas such as the existence of oversight committees, the sufficient availability of skilled personnel, the presence of mechanisms to facilitate the transition between one leader to the next so that development projects do not stall or lose traction during the process, and the existence of accountability measures to check against corruption to name a few. In other words, for development goals to be met, a broad array of institutions and qualified people must exist. As suggested in the Brookings policy brief, without well-functioning institutions, existing resources are not optimally utilized and “poor countries often cannot absorb external resources, whether they are in the form of financial flows, technical expertise, or global public goods.”¹³⁸ In “Absorptive Capacity and Achieving the MDGS” François Bourguignon and Mark Sundberg stress this point suggesting that since 2000 as official development assistance (ODA) has increased, building the absorptive capacity of institutions is key to developing countries optimally utilizing the additional external aid received toward meeting development goals.¹³⁹ Of course, determining which particular set of institutional issues need to be

¹³⁸ Graham, 2016.

¹³⁹ François Bourguignon and Mark Sundberg. “Absorptive Capacity and Achieving the MDGS.” Helsinki: UNU WIDER, 2006.

addressed varies from place to place and changes based on objectives; the following section thus discusses the institutional framework Addis Ababa operates under and then moves on to assess some key areas in need of improvement for water and sanitation goals in the city to be met.

V. The Institutional Framework of Addis Ababa and its Weaknesses for Service Delivery

Ethiopia's transition from a unitary state to a federal system has not been a peaceful or easy process and tensions have erupted leading to violence throughout the country over the years, especially leading up to and following elections. Notably, in 2004, hundreds of students at Addis Ababa University and in secondary schools throughout Oromia were arrested following protests.¹⁴⁰ Subsequently, the results of the 2005 multi-party national election in which the EPRDF coalition won a five-year term for the third consecutive time, were disputed by opposition parties. As riots and violent protests broke out in the following months, the police and military responded with excessive use of force resulting in serious human rights abuses.¹⁴¹ In response to the tense political climate and disputes over election results, an interim city government was created in Addis based on the structure established by previous administrations.¹⁴² The interim government consisted of three tiers: at the highest level, the cabinet exercised

¹⁴⁰ Human Rights Watch "Ethiopia." <<https://www.hrw.org/world-report/2006/country-chapters/ethiopia>>

¹⁴¹ See U.S. Department of State. "Ethiopia." <<http://www.state.gov/j/drl/rls/hrrpt/2005/61569.htm>>; and BBC News. "Ethiopia Profile - Timeline." <<http://www.bbc.com/news/world-africa-13351397>>

¹⁴² *Addis Ababa Urban Profile*, 10.

*The Federal Government under Prime Minister Melese Zenawi, appointed a cabinet and Berhane Deressa to lead the "Addis Ababa caretaker administration" from 2006-08 as mayor. See *Kaleyesus Bekele* "Ethiopia: Mayor Meets the Press." *The Reporter*. June 10 2006.

executive powers while the mayor attended to technical matters. The second tier consisted of 10 *woredas* with administrative jurisdiction over the lowest tier which consisted of 100 *kebeles*.¹⁴³

Today, the structure remains similar although the numbers reflect the extent to which Addis has grown in just over a decade. The capital is divided into six second-order administrative divisions called zones which serve as oversight bodies over 28 *woredas*. The *woredas*, or districts, are third-level administrative divisions managed by locally elected governments. They provide support to the 328 *kebeles* under their jurisdiction, 305 of which are designated as urban and 23 as rural. The *kebeles* are wards or neighborhood associations which were first created under the *Derg* regime, but continue to be relevant administrative units to date: they are the smallest administrative units in the country.¹⁴⁴

Although the *kebeles* do not enjoy the same formal powers as higher tiers, they are both the primary level of contact for most residents and are designated to administer over local issues such as neighborhood improvement programs and building code enforcement.¹⁴⁵ The *kebele* administration consists of an elected council that deliberates on policies, strategies and programs, an executive committee drawn from members of the council, a social court, and development and security staff. To carry out its responsibilities, *kebeles* often form community user committees where residents are

¹⁴³ *Addis Ababa Urban Profile*, 10-11.

¹⁴⁴ See *Addis Ababa Urban Profile*, 10-11; Yilnaz, Serdar and Varsha Venugopal. *Local Government Discretion and Accountability in Ethiopia*. Working Paper: Andrew Young School of Policy Studies, Georgia State University. 2006. 3-7. <<http://siteresources.worldbank.org/EXTSOCIALDEVELOPMENT/Resources/Ethiopia.pdf>>; and Addis Ababa City Government <<http://www.ethiopia.gov.et/stateaddisababa>>

¹⁴⁵ *Addis Ababa Urban Profile*, 10-11; Yilnaz, 5.

responsible for maintaining water points such as spring management and maintenance, minor irrigation schemes, and in a number of cases, *kebeles* have even taken on tasks such as building water tanks.¹⁴⁶ Currently, *kebeles* are also authorized to assess and collect local taxes and municipal service fees and are expected to prepare budget plans to submit to the sub-city tier.¹⁴⁷ Specifically, the *Addis Ababa City Public Expenditure Review* states that,

“In the sub-cities and *Kebeles*, elected councils make the decisions regarding expenditure assignment. Through the *Kebele* councils, local people are encouraged to participate in the budget process. This devolution of decision-making power to the sub-cities and *Kebeles* was introduced in 2003 after the federal proclamation to re-organize the city and improve achievements of development objectives and good governance through decentralization of public services.”¹⁴⁸

While this institutional framework is designed to take advantage of the benefits of decentralized administration, in practice, several weaknesses emanate from the current framework that limit institutions’ abilities to effectively fulfill responsibilities. In the case of Addis, institutional reforms in three key areas relating to the regulatory framework and tax system, municipal planning and human resources are particularly in need of overhaul across the various tiers, but especially at the most local level of *kebeles* which citizens interact with and participate in most closely if service delivery is to be improved. Constraints on the space and time of this analysis do not allow the thesis to do justice to

¹⁴⁶ Yilmaz, 2008; Pratt, Brian and Lucy Earle. Study on Empowerment of Citizens in Ethiopia. International NGO Training and Research Center (INTRAC). July 2004; and Federal Democratic Republic of Ethiopia, Ministry of Health. *National Hygiene and Sanitation Strategy*. 2005. 5-6.
<http://www.wsp.org/sites/wsp.org/files/publications/622200751450_EthiopiaNationalHygieneAndSanitationStrategyAF.pdf>

¹⁴⁷ *Addis Ababa Urban Profile* 10-11; *Addis Ababa City: Public Expenditure Review*. DC: Washington, 2013. 2-7.

¹⁴⁸ *Addis Ababa City: Public Expenditure Review*, 2.

and cover all of the institutional issues in need of reform at all the various tiers, but the three areas examined in the following section are representative of the broader set of institutional challenges the Addis is facing today.

A. Outdated Regulations & Revenue Collection

The charter of Addis Ababa defines the roles of actors at the various tiers of the city's government, outlining what the zones, *woredas*, and *kebeles* are responsible for as well as what the "conditions of work" or the relations between the city government and its officials should be.¹⁴⁹ Notably, the current institutional structure builds on the foundations leftover from previous administrations: the *kebeles* for instance were units first created under the *Derg* regime.¹⁵⁰ Although there is nothing inherently wrong with utilizing existing structures, problems emerge as administrative units must perform the tasks they are currently responsible for within the context of both new legislation as well as regulations left over from previous administrations whose goals and practices were not necessarily in sync with current decentralization, development, and equitable service delivery objectives.¹⁵¹

The specific issue in Addis resulting from this regulatory framework is that while today the largest source of revenues is land and property taxes, the nationalization of property that occurred during the scientific socialist program undertaken by the *Derg* regime starting 1975, has to date not been fully reversed.¹⁵² These land policies further

¹⁴⁹ *Federal Negarit Gazeta of the Federal Democratic Republic of Ethiopia*. January 2003. (See page 2 of PDF and page 2044 of the *FNG*). <<http://www.aacc.gov.et/images/pdf/Charter%20&%20Constitution/charter.pdf>>

¹⁵⁰ Ottaway, 30.

¹⁵¹ *Addis Ababa Urban Profile*, 10. The specific "legislations" being referred to are the nationalization reforms undertaken by the *Derg* in 1975 (See Ottaway 28-9 as well).

¹⁵² Ottaway, 28-9.

complicate an already difficulty and lengthy process of legally gaining land rights on which to develop housing which in turn spurs the increase of informal housing structures across socio-economic classes.¹⁵³ Due its very nature, the informal housing sector, consisting of slums and squatter settlements, is difficult to tax; and given the gaps in records, it is difficult to estimate what exact percentage of existing revenue sources local officials fail to collect fees and taxes from. This is nonetheless a general problem in developing countries with large informal housing sectors, as Richard Arnott notes:

“Holding constant the real income of an economy, the larger is the informal sector, the lower is its fiscal capacity—the maximum amount its governments can collect in tax revenue on a sustained basis. To meet the demand for public services in the face of reduced fiscal capacity, governments in developing countries impose high tax rates on formal-sector income and turn to other revenue sources that are inherently inefficient, resulting in highly distortionary fiscal systems. This diminished revenue-raising capability relative to the size of the economy restricts the scale and scope of expenditure programs that governments can and should undertake, and encourages the use of regulation, both to direct the economy and to collect fee revenue.”¹⁵⁴

Although Arnott is referring to income taxes specifically, the same logic applies to revenue collection from property: the larger the informal property sector, the more

¹⁵³ Problematic land reforms have long affected Ethiopia’s economic development as well as political stability. Studies such as Daniel Ayalew and Stefan Dercon’s (Ayalew, Daniel, and Stefan Dercon. *Land Rights, Power and Trees in Rural Ethiopia*. Oxford: Centre for the Study of African Economies, 2007.) examine the issue in more rural contexts, but the *Addis Ababa Urban Profile* notes that the issue is just as critical in the urban context (see page 12 on housing in Addis).

¹⁵⁴ Arnott, Richard “Housing Policy in Developing Countries: The Importance of the Informal Economy” *Urbanization and Growth*. World Bank 2009. 169-70. <http://siteresources.worldbank.org/EXTPREMNET/Resources/489960-1338997241035/Growth_Commission_Vol1_Urbanization_Growth_Ch6_Housing_Policy_Developing_Countries_Importance_Informal_Economy.pdf>.

difficult it is for officials to collect taxes from existing sources and to meet the needs of residents for access to water and sanitation as well as other basic services.

To add to the problem, current regulations prevent local institutions from using the taxes which they do collect to perform their duties. Under the present system, although *kebeles* are most closely in contact with residents, best aware of local demands and responsible for addressing them, they are not empowered to use the taxes and service fees that they collect to address community needs: the *kebele* administration must turn over revenues to the sub-city tier. These revenues may then be directed towards addressing the needs voiced by citizens to *kebele* councils or channeled to meet other purposes. In sum, the regulatory environment that institutions must function in inhibit them from collecting all the revenues that are already available thus limiting the funds that can ultimately be directed towards improving existing water and sanitation infrastructure and extending it to areas that are underserved. The limited funds that are collected might be invested in what is deemed urgent by the community but only if officials at higher tiers who have little to no interaction with community members recognize these needs as priorities.

B. Empowered to Plan, but Not to Act

Second, although local units are asked to draft plans based on the needs that they identify through interaction with constituents, they are limited in their capacity to act on these plans. The revised charter strengthens the role of *woredas* and *kebeles* and the latter are now expected to be “centers for development and direct popular participation.”¹⁵⁵ The *kebele* councils are locally elected and charged with the

¹⁵⁵ *Addis Ababa Urban Profile 11*, Addis Ababa City Public Expenditure Review (2010) pages 2-7.

responsibility of deliberating on policies and programs to strengthen their communities. Based on findings, they draft plans and prepare budgets.¹⁵⁶ Following this, however, proposals are submitted to the sub-cities: under the current system *kebeles* are not authorized to implement the strategies they design or to approve the budgets they draft.¹⁵⁷

This repeats some of the same fallacies at the institutional level mentioned in the previous section: the level of decentralization that has thus far been adopted in Ethiopia means that people are encouraged to participate by voicing their concerns and the lowest tiers of government provide a platform for them to do so. Neither people nor the tier they actually interact with, however, are empowered to participate in problem-solving in meaningful ways: the level of devolution that is currently underway in Addis means that, currently, people can be a part of the discussion of what is wrong and what is needed but may often only be passive recipients of solutions. This in turn means that local institutions are only fulfilling half the role that decentralization seeks to make them capable of. At the moment, community participation, when it is prioritized, still generally call on *kebeles* and citizens to act according to programs created for them than author or co-author their own programs and to answer to higher administrative tiers rather than at least be in part accountable to the institutions in which they participate.

¹⁵⁶ *Addis Ababa Urban Profile*, 11.

¹⁵⁷ *Addis Ababa Urban Profile*, 11. Furthermore, according to page 7 of the *Addis Ababa City: Public Expenditure Review (Addis Ababa City: Public Expenditure Review*. DC: Washington, 2013.) "Community participation in the budget process both at sub-cities and *Kebeles* is also generally low or non-existent" which raises concerns about not just the capability of *kebeles* to implement plans and budgets, but also their capacity to create these plans and budgets through intensive deliberation of community members and these concerns are also raised by a 2009 WaterAid report by Girma Aboma (see page 15 of *Ethiopia: Effective financing of local governments to provide water and sanitation services*. WaterAid 2009).
<<file:///C:/Users/Erica%20Anjum/Downloads/local%20government%20financing%20ethiopia.pdf>>

One place this model as it applies to the water and sanitation crisis in Addis Ababa can be seen clearly is in the proposal outlined in the *National Hygiene and Sanitation Strategy* (WSP) published in 2005 by the Ethiopian Ministry of Health. Although the document identifies “realizing community empowerment and responsibility through using viable local solutions” as one of seven conditions that will determine success and further notes that “advancing decentralisation is dedicated towards people taking ownership of their own development,” the role of communities and *kebeles* remains the weakest in the institutional and cross-sector method that is endorsed by the plan.¹⁵⁸ The report posits that while sanitation is a right for all citizens, it is also a responsibility and to this effect proposes that communities are enabled to develop local solutions and individuals within communities should lead by example—with women preferably taking the lead. The plan proposes a “carrot and stick” approach and suggests that “the community should set the rules and standards on non-compliance which would be subject to local sanction.”¹⁵⁹

While this language might suggest that community participation is encouraged at the *kebele* level, the responsibility for creating an enabling environment is actually designated to the *woreda* level. Specifically, while communities are to focus on changing behavior, “the *woreda* will take responsibility for developing the right mix of mobilization, promotion and sanctions to achieve 100% coverage. The *woreda* administration enables the process with support from the regional coordinating forum which, in turn, is supported at the national level.”¹⁶⁰ The plan specifically states that

¹⁵⁸ *National Hygiene and Sanitation Strategy*, 5-6.

¹⁵⁹ *Ibid.*, 9.

¹⁶⁰ *Ibid.*, 24-25.

while the community leaders are to “lead by example” the “*woreda* administrator is the key figure responsible for spearheading sanitation and hygiene promotion throughout the *woreda*, and to ensure targets set are achieved.”¹⁶¹

To be clear, there is nothing egregious about delegating different responsibilities to different tiers and approaching goals through coordination among tiers—between *kebeles* and *woredas* for instance. What is problematic, however, is that at the moment, empowering citizens and local institutions or *kebeles* is synonymous to allowing them to “interpret” policies and programs to accommodate local conditions while local participatory methods focus on encouraging community members to teach, encourage, and lead their neighbors rather than having “outsiders” lead interventions. This is progressive compared to approaches taken only a few decades ago, but notably, despite the prevalence of the term “empowerment” local institutions in fact only have the power to identify their needs: the plans and budgets they produce based on perceived needs and capacity are forfeited to higher tiers. In other words, they are *not* empowered to implement their own programs with the horizontal capacity and accountability that is as much a target of decentralization as creating a multi-layered vertical framework.

C. Human Resources

Third, there is both a lack of skilled personnel and existing human resources are under-utilized. When the Federal Democratic Republic of Ethiopia was established, many of the administrative positions previously occupied by individuals associated with the *Derg* regime were vacated. In the 25 years that have passed since this political transition, some of the gaps have been filled but decentralization has made obvious that

¹⁶¹ Ibid, 26.

there continue to be a shortage of knowledgeable and skilled people as the quantity and quality of human capital is most lacking at the lowest tiers where neither the prestige nor the pay is sufficient to attract the most capable professionals despite urgent need.¹⁶² For example, the WSP states that “facilitators skilled in participatory methods such as Participatory Sanitation and hygiene Transformation (PHAST) are not widely available. Trainers who train other trainers with appropriate manuals and materials might exist in the project setting but this is limited.”¹⁶³ While the deficiencies in number, type and skill-level of human capital are partially attributable to Ethiopia’s status as a late-developing country, studies have indicated that current human resources are under-utilized throughout all tiers of government.

With regards to water and sanitation, specifically, this is considered to be a product of over-reliance on NGOs and donors to build infrastructure, provide access to urban consumers, especially poor people, and to mobilize resources and people to achieve results. While all involved parties share responsibility for the current pattern, it is worth noting that the attitude at the local level is reflective of the national agenda. Although limited in what they are independently allowed to do, a significant amount of the accomplishments in urban water and sanitation are attributable to initiatives taken by donors and NGOs, rather than large-scale projects taken on by the central government. The “partnership”, in other words, has been imbalanced from the start with the central government not taking on as substantial a role as it should in the prioritization, planning,

¹⁶² Numerous studies have focused on the impact of decentralization and availability of human resources especially in rural areas as well as impoverished urban areas. Many of these studies focus on the education sector in African countries, but page 7 of the *Addis Ababa Urban Profile* notes specifically that the *kebele* pay scale is not competitive enough to attract sufficient and quality personnel for local administrations and service delivery and 2015 *Addis Ababa Action Agenda* also notes the lack of technology and technical expertise, financial capacity, and support at the local level (see page 16).

¹⁶³ *National Hygiene and Sanitation Strategy*, 18.

and implementation of urban water and sanitation projects. As the phase of decentralization currently underway defines roles but does not enable local actors to take action in the absence of directives from higher tiers, lack of prioritization at the national level leads to lack of prioritization and efficient mobilization of personnel at the state and municipal levels of otherwise capable individuals adding to the issue of an overall shortage of human capital.

VI. Conclusion

As a developing nation, Ethiopia must grapple with challenges resulting from a lack of adequate capital and resources. The country's progress towards development goals, however, is contingent on more than simply the government's ability to fund projects through internal revenue collection schemes and external support from donors. Institutional capacity must be strengthened across all tiers of government that decentralization has created, especially the lowest municipal tiers which are responsible for providing services to residents. Specifically, at the local level, individuals can currently voice their needs to elected officials in *kebeles* but these *kebeles* are in turn only allowed to play half the role that decentralization creates for them, serving as forums to discuss and plan, but not to act.

In effect, moving down the rungs of the administrative ladder that decentralization has created, one finds more expectations of municipal institutions as well as better knowledge of local needs; however, the capacity to collect revenues and use these revenues and to implement plans and strategies typically become diluted moving downwards and sometimes completely dissipate. For equitable access to water and sanitation to become a reality, these issues must be addressed by developing a

strategy that streamlines institutions to function optimally within units, coordinate more effectively with other institutions horizontally and vertically, and work with local residents in more robust ways to achieve goals. Essentially, although the budget may currently be small, available resources can be better utilized and future endowments better absorbed and channeled if issues surrounding institutional capacity are treated with the same urgency that fiscal capacity has so long received.

Chapter 4: Preparing for the Future

The autocratic rule of princes, emperors, and military despots mark most of Ethiopia's two thousand years of history. Today, citizens democratically elect their local, state, and central governments. A Constitution that both acknowledges and seeks to accommodate through ethnic federalism the numerous nationalities spread across the country and their persistent demands for autonomy guide the Federal Democratic Republic of Ethiopia. Furthermore, the Constitution protects the basic human rights of all Ethiopians. The definition of human rights, however, has expanded since the concept was first introduced during the reign of Emperor Haile Selassie I. Moreover, while the Emperor's subjects were largely ignorant of what their rights were, today's citizens are not only aware, but expect their government to protect, promote, and provide for their rights that are enshrined in the Constitution.

To these ends, the adoption of decentralization enables the central government to better address the demands of autonomy of various national groups by clearly defining the power of the regional states and establishing a structure for the latter to exercise their authority and carry out their responsibilities. Decentralization also creates a framework that has the potential to better enable regional and local governments to address the basic needs of citizens. Two periods of deepening devolution, have to a degree, transformed some of this potential to reality, but much work remains to be done.

At the present, the lowest and most local tiers of government, the *kebeles*, serve as the closest point of contact with residents and can consequently best identify their needs. They are not, however, currently empowered to address these needs. Their incapability is as much a result of inadequate financial resources as it is a problem

emerging from weak and dysfunctional institutions. Three key institutional issues that pose critical challenges as local governments attempt to provide services to citizens are outdated regulations and their relationship to revenue collection; barriers to local institutions implementing carefully devised plans and budgets; and issues around human resources.

Both democracy and the level of administrative decentralization currently underway are new to Ethiopia. Weak institutional capacity, thus, may in part be attributable to Ethiopia's status as a late-developing country as well as characteristic of the more nascent phase of decentralization. Devolution has thus far led to the creation of several administrative tiers and assigned these tiers with responsibilities as well as some authority. It has not, however, fully enabled lower governing bodies to exercise their powers to best serve communities. One response to this criticism might be that decentralization is happening in "phases" and this is why we witness some of the discrepancies between what local governments *should do* and *can do*: perhaps in a later phase, these issues will be tackled. The question lingers, however, as to whether the current status of decentralization is a matter of sequencing, or perhaps, if it is a product of the current regime wishing to retain as strong a central government as possible—essentially, adopting an updated form of the "vener of modernization."¹⁶⁴

This question may be difficult to answer and is not in the scope of this thesis. What is certain, however, is that while empowering citizens to present their needs is a step in the right direction, it will only lead to disillusionment if people begin to feel that their voices are not truly being heard. Indeed, today decentralization allows local

¹⁶⁴ Hess, 1970.

governments—the *kebeles*—to serve as stages complete with microphones, but it does not guarantee that what is voiced will ultimately be valued by those in power.

Empowering local institutions to address the gaps in service delivery that they identify will therefore be critical to improving conditions and fostering trust and stability across communities.

For this to happen, citizens and local institutions will need to diligently pursue additional reforms, but the central government will also need to make sincere and swift commitments to enable them. Decentralization can no longer serve in its historic role as a tool to strengthen centralized autocratic rule, nor should it be viewed primarily as a means to balance ethnic tensions. Decentralization, at this point in Ethiopia's narrative, must aim at the center entrusting more power as well as responsibilities to the various tiers underneath it. For devolution to produce optimal results, however, the institutional capacity of local governments must be addressed. This thesis will thus conclude by offering a few recommendations that may be of help in the process. Recommendations provided here focus on how reforms can help Addis specifically, but may also be applicable across and beyond Ethiopia.

I. Recommendations to Enable Local Institutions in Addis Ababa

A. Reverse the nationalization of property

The nationalization of land and industry was one of the only actions undertaken by Mengistu and the *Derg* regime which garnered widespread approval. Support was given primarily because it was seen as the first step towards the property historically owned by the Church and the aristocracy being evenly reallocated to ordinary Ethiopian citizens. While some redistribution did occur, to date, a significant amount of land

remains nationalized and rather than belonging to the people or even to private enterprises and developers.¹⁶⁵ It is essentially an asset of the central government.

This has several negative side-effects. Most significant to this paper, it further obfuscates the process of gaining land rights. Accordingly, this produces a chain reaction. To begin, the paucity of land rights contributes to the burgeoning of informal settlements. These settlements then pose challenges for the collection of revenues. Consequently, inefficient collection of revenues means less funds available for the provision of basic services. The central government must therefore develop a strategy to slowly privatize ownership as a step towards maximizing municipal revenue collection which can then be directed towards a variety of areas including expansion of access to water and sanitation.

B. Develop a more efficient process for the formal ownership of land

The civil service in Addis has significantly reduced processing time for many of the requests that pass through its offices. Securing land rights, however, is still a lengthy and cumbersome process that encourages people across socio-economic classes to build illegally.¹⁶⁶ This contributes to the issue of revenue collection as this thesis has argued. It also makes it difficult for planners to efficiently respond to the needs of the population in these informal settlements. Addis is growing most rapidly in these areas that are underserved—often cut off from existing water and sanitation infrastructure. Initiatives must be taken to streamline the process of citizens gaining land rights. An appropriate strategy can both curtail the expansion of informal housing with

¹⁶⁵ *Addis Ababa Urban Profile* 2008.

¹⁶⁶ *Ibid.*

limited access to services *and* facilitate planners as they attempt to accommodate an urban population growing at an exponential rate.

C. Protect the rights of residents in informal settlements

The demolition of informal settlements and resettlement programs endorsed by the central government have drawn heavy criticism for a number of reasons.¹⁶⁷ One consequence of relevance to the status of water and sanitation in Addis is that local residents are unlikely to improve conditions when unsure of the length and security of their tenure. Moreover, the efforts of NGOs and other actors to provide low-income and underserved communities with access to taps, latrines, etc. are undermined if communities are so vulnerable. In other words, efforts to extend services serve as short-term band aids rather than as part of a long-term solution in this scenario. The federal government should therefore not disregard the communities which already exist as it encourages new development projects that are aligned with its vision of Addis as modern metropolis.

D. Legalize current informal settlements

Currently, officials struggle to keep track of activities in the formal sector. To ignore the informal sector that already envelopes most of the city and is growing exponentially is to create an issue that will be increasingly difficult to remedy in future years. Rather than enacting policies that ignore the existence of slums and their independently developed customs of property ownership and responses to basic needs, bringing the informal sphere into the “bell jar” and working with local customs and

¹⁶⁷ Gezahegn Abebe and Jan Hesselberg. “Implications of Urban Development-Induced Resettlement on Poor Households in Addis Ababa.” *Ghana Journal of Geography* Vol. 5, 2013.; Amber Henshaw. “Ethiopia: Homewreckers.” *BBC World Service*. June 12, 2007.
<http://www.bbc.co.uk/worldservice/africa/features/focus_magazine/news/story/2007/06/070612_ethiopia_homewreckers.shtml>.

solutions can expedite the issues around property rights, revenues, infrastructure and access.¹⁶⁸ Importantly, this might be one of the most significant ways to improve the lives of the urban poor—by recognizing and partnering with them rather than neglecting, working around or even over them in the pursuit of a vision of modernization and wealth that has at its focus the modern elite.

E. Enable community participation by improving local human resources

This can happen in a variety of ways, but it ultimately means that citizens must be able to do more than voice their concerns or “lead by example”. Local governments must be able to act on the plans that they create by utilizing some of the revenues that they collect and the budgets that they draft. To this end, providing training as well as tools and technology to local leaders and offices will enable them to make the most of the powers given to them—once those powers are fully transferred from higher tiers. In other words, focusing on building skills and management training must be prioritized at the local level of human resources.

II. Concluding Remarks

The amount of water and sanitation infrastructure that must be built to service a growing population and extend services to the poorest settlements throughout Addis and the country cannot happen without the central government taking on a stronger role. To this end, the government must stop relying on uneven relationships with development partners but themselves prioritize reliable and equitable access to water and sanitation services. Moreover, the effectiveness of the decentralization framework

¹⁶⁸ De Soto 2003.

and the efficient provision of basic services in Ethiopia are contingent on the central government working vigorously with regional and local institutions to achieve development targets. This means not only planning for the future and implementing policies and programs, but also that the center must loosen its grip on power and allow it to germinate at the local level. If this is done and the above recommendations are considered, universal access to basic services including but not limited to water and sanitation, will just be one of many development goals within Ethiopia's horizon.

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