

Curbing Corruption in Ethiopia: Applying Democratic Autonomy at the Local Level

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Introduction

Ethiopia seems to be in a paradox. While its economy has been on a growth trajectory for the last fifteen years, more recently, Ethiopia's landscape has been overwhelmed by deplorable rampant corruption and massive youth unemployment that has contributed to social upheaval in some parts of the country. In my earlier research, as a talking point, I proposed that Ethiopia needs to apply a deliberate use of an economic model known as "Employer of Last Resort" to fully tackle the existing youth unemployment. Briefly discussed, the "Employer of Last Resort" paradigm suggests that governments don't need to entirely control employment but should give grants to privately administered institutions to facilitate and guarantee full employment opportunities to the unemployed who are ready and willing to work at a minimum wage in environmentally sensitive projects (Desta, 2016 and Baker 1993).

As part of a series of wide civil services, the Government of Ethiopia's Federal Ethics and Anti-Corruption Commission established Proclamation No. 235/2001 to curb the prevalent corruption. Furthermore, in line with the general agreement of the 2005 UN's convention against corruptions and to receive bilateral and multilateral aid, Ethiopia set the most comprehensive corruption Proclamation (433) in 2005 and established 'Watchdogs' or anti-corruption agencies to detect and prosecute corrupt acts throughout the country. In hand sights, it has been found that the anti-corruption agencies established throughout the country have been ineffective. Transparency International data shows that Ethiopia was ranked 111 out of 177 countries, with a score of 33 on the scale where 100 means very clean and 0 means highly corrupt on the 2015 Corruption Perception Index (2016). According to Global Financial Integrity (GFI), the country has lost close to 12 billion dollars since 2000 to illicit financial outflows (McKenna, 2013).

As briefly mentioned above, corruptive acts have become one of the major burning issues in Ethiopia. As stated by Gebru (2016) in Ethiopia's economic transformation, corruption has become a way of life because instead of sticking to their pledge of honor, some of the leadership of the Ethiopian People's Revolutionary Democratic Front (EPRDF) succumbed to temptation to pursue personal wealth by using public offices for personal gains and self enrichment. Endorsing this type of argument Selam (2016) indicates that instead of setting good example for others to follow, the EPRDF leadership has now admitted that the demand for good governance, lack of effective and quality service delivery, social upheavals and

corruption are very cardinal to the challenges that the current Ethiopian polity is facing currently.

More specifically, in Ethiopia petty types of corruption, such as giving gifts on festive occasions to government officials and religious leaders, is systemic and common. Currently, corruption occurs when businesses obtain permits and licenses due to the existence of complicated bureaucracy. Facilitation payments and bribes are often demanded from businesses when they deal with land-related issues. As a result, corruption seems to be institutionalized in land distribution. In the administration sector, public procurement, tender processes are generally awarded to people with close connections to the government and ruling party. Recently, more than 50 high profile people including government officials, businessmen, and a minister have been arrested in Ethiopia for corruption (McKenna, 2013).

Corruption is ill-gotten gains. Generally, government employees become involved in corrupt activities when their salaries are less than their market wage. An impediment to an efficient government, corruption can destroy the functioning of vital organs. As pointed out by Olken and Pande (2012), corruption “can be quite severe, as corruption may raise the marginal tax rate of firms, decrease business activity, raise the marginal costs of public funds...[and] undo the government’s ability to correct externalities, leading to inefficient outcomes.” In addition, Amundsen (1997) argues that corruption depilates and erodes the cultural, political, and economic fabric of society. At the extreme, corruption even contributes to state collapse (Khan 2006).

Given this determinate issue of corruption, if the Ethiopian government doesn’t have the political will to uproot from its base, the rampant corruption in the country will adversely erode Ethiopia’s Gross Domestic Product (GDP), affect capital accumulation, lower the quality of education, infrastructure, and health services, and may contribute to the political destabilization of the country. Corrupt activities could also contribute to the gradual erosion of foreign investors’ desire to invest in Ethiopia, and somberly minimize the amount of foreign aid that Ethiopia could receive from the United States, European Union and other bilateral and multi-lateral agencies. Therefore, given the negative effects of corruption, in order to strategize good governance in developing countries the World Bank, International Monetary Fund, Organization for Economic Co-operation and Development (OCED), and the United Nations Development Program (UNDP) have separately launched anti-corruption programs for a number of developing countries to tackle (Olken, 2011).

However, due to the poor nature and implementation of anti-corruption programs, corruption has remained a deep-rooted problem in Ethiopia. It has precipitated an increase in social unrest and engendered violent anti-government protests of domestic and foreign investments. As a result, the violent acts in Ethiopia pose a threat against infrastructures, foreign investments, and civilians. Ordinary law enforcement procedures are not able to properly handle the situation; now, the Federal Government of Ethiopia has invoked Article 93 of the 1994 Constitution. That is, effective October 10, 2016, the Ethiopian Government has declared a six-month-long state of emergency. As narrated by Schemm, the state of emergency declared

primarily deals with anti-peace domestic elements that have allied with foreign forces and are jeopardizing the peace and security of the country. In addition, the demonstrators have attacked domestic firms and mobbed the Nigerian and Turkish enterprises in Ethiopia. More specifically, as stated by the former Government spokesman Getachew Redda, to effectively implement the state of emergency in the country, the government is committed to the suspension of the due process of law. In some cases, the Ethiopian Government has also implemented curfews (Schemm, 10, 2016 and Alijazeera, 10, 2016).

Being so complex, and in some cases specific to Ethiopia, a contextual analysis of the state of corruption in Federal Ethiopia's landscape is worthwhile. More specifically, to combat the state of corruption in Ethiopia, a careful examination of the complexities of the centralized federal governance system is very pertinent. Instead of focusing on the conventional rent-seeking that involves the demand (i.e. public sector) and the supply side (i.e. private sector) of wealth-seeking behavior, this study more broadly explores the acts of corruption that include the exercise of official powers against public interest and the abuse of public office for private gains (Shah, 2006).

More specifically, the core issue of the study is: Why has corruption with the formation of constitutional federalism in Ethiopia perpetuated? The major tenet of this study is to ascertain the relationship between federalism and the level of corruption. The central purpose of the study is to investigate the factors that have contributed to the spread of severe corruption in the Federal Democratic Republic of Ethiopia. Given this, the remainder of this article proceeds as follows. Section 2 briefly reviews some major studies and explores the factors that contribute to the root causes of corruption. Section 3 explores some of the strategies that could be used to curb corruption. Section 4 assesses the connection between corruption and federalism. Section 5 briefly details the formation and the effects of federalism in Ethiopia. Section 6 explores if government devolution and the presence of directly elected local officials reduces the acts of corruption.

Literature Review

As mentioned before, corruption entails a complex, multifaceted phenomenon with multiple causes and effects. Generally, corruption describes an ailing economy that is a result of ineffective governance. As narrated by the *Transparency International*, "corruption is one of the greatest challenges of the contemporary world. It undermines good government, fundamentally distorts public policy, leads to the misallocation of resources, harms the private sector and private development, and particularly hurts the poor" (1998). On the other hand, the working definition forwarded by the World Bank points out that corruption is the abuse of public power for private benefit (Amundsen, 1999).

Stated differently, in contradiction to the rules of the game, a government official could use a nation's public office for personal gain or acquiring wealth. That is, in addition to his (or her) salary, a public official could use his (or her) office to accept, solicit, or extort a bribe to accomplish his (or her) duty. Private agents may also actively offer bribes to circumvent public

policies and processes to gain competitive advantage and profit. In addition, it is possible that a corrupt official could abuse his (or her) office for personal benefit through patronage, nepotism, the theft of state assets, or the diversion of state revenues for personal, kin, partisan, or other narrow interest that benefit him (or her) instead of the relevant public (World Bank, 1997, and USAID, 2005).

As persuasively discussed by Aidt (2003), three conditions have to exist in an organization in order for public official to effectively use his (or her) position for attaining corruption. That is corruption could be institutionalized because: 1) the public official may have discretionary power to seek rent; 2) the discretionary power of the state official may enable the public official to extract rent beyond duty of services; and 3) the non-existence of transparency and accountability may enable government officials to harvest rent.

Though the causes and classifications of corruption are obscure, Shah (2006) generally divides the manifestation of corruption activities into the following four categories: a) Petty corruption, b) Grand corruption, c) State or regulatory capture corruption, d) Patronage or team player corruption, and systemic corruption. Petty corruption includes when a citizen pays small amount of bribes (grease money or kind) to a public official in order to have things done for him (or her). These could be payments to lower taxes, avoid fines, obtain water, electricity, or telephone connections, get customs clearance, or obtain building permits.

Grand corruption refers to bribes paid by businesses or interest groups to government officials or administrative elites in order to gain favorable influence in decision-making. State or regulatory corruption entails collusion of public officials and the private sector in order to set up loopholes to bypass existing rules. For instance, due to bribery paid to government officials, certain individual businesses may be allowed to pay lower taxes and win low-level procurement contracts. Patronage or team player types of corruption involves misuse of resources or acts of favoritism by an official to give special assistance to family members, friends, or clients coming from the same origin or geographical location. Finally, systemic corruption uses holidays as a camouflage to give gifts or bribes to government officials. In general, systemic types of corruptions are not viewed negatively. Depending on culture and tradition, systemic gifts are generally prevalent at all levels of society throughout the world (see Montesh, 2016).

The anecdotes and theoretical perspectives that support the functional and dysfunctional attributes of corruption can be explained as a confluence of the structural problem of economics and politics with cultural and individual moral problems. Conventional economics uses rent-seeking behavior interchangeably with corruption. For example, Holden and Sobotka (1996) narrate rent-seeking as a rational response to the incentives faced by both private and public officials. Economists operationalize rent-seeking behavior “as the ability of individuals or entrepreneurs to extract uncompensated wealth for non-productive activities from others over the marginal cost of the product view corruption as a lubricant or grease for circumventing tedious bureaucratic procedures and administrative restrictions. More particularly, in some developing countries that have cumbersome regulations, corruption is purposely used as hedge against bad policies and gives relief against time-consuming queues. Additionally, in some

countries, corruption is purposely tolerated in order to entice better-qualified staff to civil services jobs because the salaries in public sectors are very low. For instance, while Rijckeghem and Weder (1997) argue that low salaries in public offices are supplemented by taking bribes, Reisman (2000) extends the argument that corruption has a multiplier effect on the GDP of a country and can positively facilitate for an open and competitive economy. Thus based on this argument, some economists pinpoint that when used as an incentive system, corruption could create structural and economic change and promote meritocracy. That is, an institutional mix of rewards and monitor, could deter corruption (Nasir, 2006, Bohara, et al., 2004). On the other hand, Acemoglu and Verdier (2000) argue that “because government intervention designed to correct market failures requires the use of bureaucrats to make decisions, it will create opportunities for these employees to be corrupt and demand bribes for their services.”

According to political scientists, corruption connotes the manner in which decisions are made by various rulers to aggrandize their own interest by deviating from their duties. As defined by Amundsen (1999: 7), political corruption is the manipulation of the political institutions and the rules of procedures. Political corruption influences the institutions of government and political system and frequently leads to institutional decay. From a political science point of view, the focus of corruption seems to be on the causes of political spectrum. Generally, political corruption is understood “as one of the deliberate strategies for enrichment and power-aggrandizement employed by authoritarian power-holders” (Amundsen (1999). Thus as suggested by the World Bank, the International Monetary Fund, and the Organization for Economic Co-operation and Development (OCED), corruption could be curtailed by getting rid of rent-seeking politicians and bureaucratizes through “downsizing of the state” and the privatization of government owned institutions.

Using anecdotal and unsystematic studies, Amundsen (1999) declares that in Russia, other formerly communist countries, and one party regimes in Sub-Saharan Africa, with economic liberalization, the level of corruption in these countries has increased to unmanageable proportions. Yet, using rigorous research, a number of studies indicate that the level of corruption decreases with the existence of: 1) democratic open societies that has checks and balances systems for revealing corrupt officials; 2) competitive multi-parties; 3) greater civic engagement that lead to closer monitoring and exposure of corrupt civil servants and politicians; 4) free elections that could encourages the voting out of corrupt officials from office; and 5) freedom of the press that enables journalists and public interest groups to expose abuse (See for example, Shabbir and Anwar 2007).

Based on these premises, political scientists suggest that for curbing corruption, nations that are entangled with corruptive behavior need to subscribe to democratic political institutions, good governance, the freedom of press, transparency, accountability, civic engagement, and render to autonomous federal sovereignty states. Subscribing to cultural and religious factors, anthropologists argue that corruption needs to be assessed contextually and needs to be narrated historically because it is embedded in local culture and norms. For example, gift-giving and repaying are obligatory in certain contexts since it connotes human sentiments. Also, from the socio-cultural perspective, corruption can be viewed as a social problem because it

constitutes a threat to the survival of a society and hinders development as it could minimize growth of any nation. Having explored some of the ways in which corruption damages the social and institutional fabric of a nation, we now turn to some optional reforms that could reduce corruption and mitigate its effects.

Anti-corruption Strategies

As the global movement pushed countries to launch anti-corruption drives in the 20th century and in order to silence social media critics and civil society activists, as well as to fulfill the political conditionality aid donors, many developing countries drafted anti-corruption strategies and set up offices to undertake the necessary efforts to curb corruption (See for example, Kaufmann, 1999). The perception-based measures are less accurate in measuring corruption. Nonetheless, in order to have access to borrowing and foreign assistance, a number of developing countries have been using either the World Bank's (2000) "multipronged" anti-corruption conditionality model," the World Bank's Control of Corruption Index or the Handbook designed by the United States Agency for International Development (USAID), known as tools for Assessing Corruption & Integrity in Institutions (August 2005).

The tools prepared by the World Bank and USAID are very instructive. Nonetheless, the World Bank's tools strongly focus on economic aspects and are not tailored to the conditions of individual countries. In short, the anti-corruption strategies developed by the World Bank seems to: 1) lack capabilities and have very lax corruption enforcement mechanisms; 2) be based on opinions of elites that are chosen to administer the corruption enforcement mechanism; 3) have limited knowledge related to causes, effects, and cures of corruption; 4) include some elites who run the anti-corruption offices who may be deeply involved in corrupt behavior; 5) be composed of anti-corrupt officers or administrators who may lack either the desire or motivation to run the anti-corruption institute; and finally 6) may have the motivation to hide corrupt acts rather than telling the truth, since both the giver and receiver are guilty. They should be required to return the pocketed bribe with interest and be convicted and sentenced for their criminal activities.

In addition, the World Bank's anti-corruption techniques could be less effective in curbing corruption activities in a number of countries because its conceptual framework fails to systematically integrate that significant corruption: 1) occurs up-stream, at higher places, and not downstream; 2) occurs when money is generally deposited abroad; 3) leads to promotion, not imprisonment; and 4) affects millions of poor people and destitute rather than members of the well-to-do classes (United Nations Development Programs, 2014). Finally, because of the undemocratic nature of the country in question, there is a possibility that the administrators might be half-hearted in fully implementing the anti-corruption act.

Given this argument, it might be pertinent to explore if democratic federal governance structure curtails corruption effectively. More specifically, the following questions need to be explored. These are: 1) Do decentralized systems of federal governance curb corruption? 2) How much political will do federal systems of governance need to have to curb corruption? 3)

How much do federal governments invest in setting up policies and task forces, and in providing sufficient funds to curb and implement corruption? and 4) With the establishment of anti-corruption strategies, do federal systems of government set up sound diagnostic, evidence-based monitoring, and review the system to ensure its sustainability?

Anti-corruption Evaluation Tools

The general policies espoused by national governments and international organizations to evaluate corruption seem to be similar across countries (Asongu 2013). However, since corruption is different to different cultural groups, the words used to describe corruption in any country have to be chosen carefully and the judgment must be made precisely and objectively (USAID-IRIS 2005).

More precisely, when evaluating the status of corruption in any country, it is essential to make sure that the criteria used is self-explanatory and the evaluation system is not only pertinent but is within the cultural value setting of the country (Matei and Matei, 2011). In other words, the corruption evaluation criteria needs to be, as much as possible: **relevant** (is in line with the objectives and consistent with the overall goals of the project); **effective** (the intended objectives of the project are achievable); **efficient** (the project is cost-efficient and is achievable on time); **impactful** (positive, negative, intended, and unintended results of the project need to be clearly identified; and **sustainable** (the benefits of the project are likely to continue).

For example, as shown in **Appendix 4**, the anti-corruption strategy techniques used by a number of Asian countries were designed to include: a clear **Vision** (goals will be achieved or accomplished in the mid-term & the long-term future); **Mission** (objectives to be achieved immediately); **Objectives** (the fundamental building blocks for strategic planning); **Strategic Process** (steps and tools that are needed for achieving objectives); and **Monitoring and Controlling Tools and Techniques** (such as benchmarking, tracking, reviewing, and revising the evaluation system) to ensure that the project creates the desirables in accordance with the objectives (See the United Nations Development Programs, 2014).

Given the conceptual framework for assessing anti-corruption programs in Asian countries, we need to explore if democratic federal governance structures are necessarily effective to curtail corruption. That is: 1) Does a decentralized structure of federal governance inhibit corruption? And 2) how much political will does a federal system of governance need to have in order to curb corruption?

Federalism and Corruption

Federalism is a form of governmental and institutional structure designed by the will of the stakeholders to maintain unity within an overarching political spectrum. If implemented properly, federalism contributes to efficiency and preserves diversity through shared rules (Odion, 2011, Elazar, 1987). A review of the literature, however, indicates that the political and

ideological stalemate of federalism has produced polarizing perspectives in assessing the impact of corruptive activities.

Proponents of state-centered or regulated federalism argue that corruption is an outcome of a weak state administration. State-centralized form of federalism may be democratically interlocked, but it may not alleviate tensions of division among its constituents because a state-centered or regulated management system doesn't adequately redistribute political power between the center and the periphery. Stated differently, a regulated or centralized form of federalism is grounded in a democratic form of government in which the party (or coalition of parties) with the greatest representation (majority) in the parliament (legislature) forms the government (Strom, 2000). Nevertheless, being centrally regulated, an aggregative type of federalism structure might have regulatory hardware to curtail corruption but may lack the software necessary to effectively implement and mitigate corruptive activities.

On the other hand, scholars that espouse a democratic autonomous self-ruling type of federalism are skeptical about the viability of a centralized federal state because it is not accompanied by a shifting process. That is, the proponents of democratic autonomous self-ruling type of federalism forcefully argue that in order to practice the principal linguistic and cultural values of its national communities, foster a democratically induced self-ruling form of government, and implement the designated federal sub-units, federalism needs to be demarcated and allowed to exercise dynamic workable levels of autonomy. In other words, supporters of multi-regional autonomous federalism governance strongly argue that federalism need to be indispensable for self-rule, encourage shared governance, and give each region or area the opportunity to enjoy a proportional share of political power to control any type of mal-administration issues that involve corruptive activities.

An empirical research undertaken by Banfield (1979) indicates that a decentralized form of constitutional democratic federalism empowers greater civic engagement, enables local residents to vote corrupt officials out of office, and discourages local officials from having discretionary powers to exert corruption within their communities. Using this premise, Baldalau (2012) strongly argues that decentralization (federalism) accords greater responsibilities for managers and reduces hierarchical control and supervision from the center. The World Bank also indicates "decentralization reforms grant local governments new powers and responsibilities in three dimensions, political, administrative and fiscal. These three dimensions provide discretionary space to local governments (2008). Freille (2008) also reaches a conclusion that decentralized federalism is associated with lower levels of corruption. The relationship between autonomous self-ruling type of federalism and the level of corruption is not robust. However, after a thorough review of the literature, Bohara et al. (2004) strongly argues, "Citizens' repetitive participation in competitive election increases the control of corruption." In contradiction to the basic tenets of federalism espoused and implemented in Ethiopia in 2005, we will review why corruption has become a way of life in Ethiopia.

The Depth of Corruption in Federal Ethiopia

After the Ethiopian Peoples' Republic Democratic Front (EPRDF) ousted the Derg's dysfunctional political authoritarian rule in 1991, it embarked to radically transform the Ethiopian political system through federalism. In the transitional national conference of July 1991, about thirty different groups of all ethnic-based and other opposition parties that were created overnight on the eve of the conference adopted a provisional national charter. Upon the creation of an eighty-seven member Council of Representatives, the EPRDF spearheaded a multiethnic coalition and formed the Transitional Government of Ethiopia (TGE). Consequentially, ignoring the complex and disputed historical origins of the various ethnic groups, with little or no diversity to represent the voices and the will of the majority of the people of Ethiopia, using the interest of the Tigrayan People's Liberation Front (TPLF) and Oromio Liberation Front (OLF), the EPRDF redefined the political landscape. Ethnic boundaries were recklessly drawn to restructure the state into the contemporary Federal Democratic Republic of Ethiopia (See Desta, 2014 and Africa Review, 2009).

In the EPRDF's primary decision-making, organizational principles and discourse reflect the Leninist principles of democratic centralism and the central committee party members are in charge of all major decisions. Allowing the integration of political units with secessionism makes Ethiopia's federalism unique in this era because it is the only federal nation that has integrated political pluralism with the right of secession of its constituents after the dissolution of the USSR in 1985 (See Africa Report, 2009).

In December 1994, a constitutional assembly ratified a new constitution that came to full implementation in 1995. Instead of allowing the various political and ethnic groups to voluntarily join together and form a federal system that stands for equal rights, the EPRDF redrew the political map and adopted an ethnic-based political map of Ethiopia. Using Tigray as its microcosmic model, the EPRDF spearheaded the formation of nine asymmetrical ethnic-based regional states. The five single ethnic states groups are Afar, Amhara, Oromia, Somali, and Tigray. The four multi-ethnic regions are Benishangul-Gumuz, Southern Nations, Nationalities, and Peoples, Gambella, and Harari. In addition, though considered as regions, the Addis Ababa and Dire Dawa cities were designated as federally administered city-states (See Article 47 of the 1994 Constitution). Overall, starting August 21, 1995, the Federal Democratic Republic of Ethiopia was structured into federal, regional (*kilil*) zones, *woredas* and *kebeles*.

As stated in article 50(4) of the 1994 Constitution, the Ethiopian Federal system was supposed to devolve from the center to the local units in order to improve the effectiveness of the state in public service delivery and advance the democratization process by creating conditions that would allow the system of checks and balances to work better. As stated by Negussie (2006), and Asefa (2015), Article 50(4) of the Ethiopian constitution requires the regional states of government to give adequate power to the lowest level units of government to ensure direct participation of the local people. As a result, the EPRDF embarked on the devolution of power to further empower the *woreda*, or lower level of administration. More emphatically, whereas the 1991 manifestation of decentralization was aimed at creating and empowering national and

regional states of governments, the second phase of decentralization extended the devolution of powers to the *woreda* or the lowest level of subunits.

Ethiopia was on the brink of a colossal failure both during the centrist feudal monarchy and the unitary military dictatorship. After the implementation of ethnic-based federalism, Ethiopia has remained generally politically stable. More recently, however, youth unemployment has flared up. In addition, the level of corruption has increased substantially. Corruption is seen as a source of additional income for some government officials, making it very difficult to mitigate.

As a result of unemployment and corruption, social unrest has recently mushroomed in some parts of country. Thereby, the Ethiopian Federal Government has been forced to impose a state of emergency to arrest the glaring social upheavals. The central purpose of the study is then to examine and trace the reasons why the level of corruption has intensified in Federal Ethiopia. The specific questions of the study include:

- 1) Is the depth of Ethiopia's corruption caused as a result of weak state administration nor due to the lack of redistribution of political power between the center and local units?
- 2) Do local public officials in Federal Ethiopia have discretionary powers to exert their power in their localities?
- 3) Do local residents in Federal Ethiopia have the power to rule themselves and vote corrupt officials out of public offices?

An Assessment

As stated above, to ensure national consolidation, the Ethiopian Peoples' Revolutionary Democratic Front (EPRDF) vigorously redefined Ethiopia's political landscape into ethnic federalism and restructured the Ethiopian state into the contemporary Federal Democratic Republic of Ethiopia. To further assure self-rule and ascertain confidence in the nation and the peoples of Ethiopia, each *woreda* or subunit state was assured autonomy and was allowed to practice self-rule at the grassroots level.

More recently, a number of regional governments in Ethiopia have been stepping up the assessment of their management strategies to mitigate the mal-administrative practices and discrepancies. For instance, to curtail some of the mal-administrative practices riddled with the dramatically flourishing of corruption, the Tigraye, Oromia, and Amhara Regional States summoned a regional conference to assess the serious administrative challenges and systematically evaluate the implementation of the agendas for good governance. Concomitant to this conference, the Prime Minister of Federal Ethiopia, Haile Mariam Desalgne, declared the Year 2015/16 as the "Year of Good Governance in Ethiopia."

Prime Minister Haile Mariam has recently identified that the core problems of Ethiopia rests on the lack of effective democracy, corruption, and youth unemployment. To stabilize the social unrest that has gotten out of hand in the country, the government has declared a state of emergency for six months. In the meantime, the Prime Minister has reshuffled his cabinet

ministers. The Prime Minister has already allocated about \$500 million (10 billion *birr*) to mitigate the rupturing youth unemployment. Also, realizing that his quasi-governmental “Kitchen Cabinet Ministers” have knowingly or unknowingly contributed to the duplication of work and was unproductive and costly, the Prime Minister had the courage to dissolve the most powerful and trusted “Kitchen Cabinet Ministers” who had remained firmly in the driving seat, sometimes setting governmental policies with little approval of the appointed portfolio cabinet ministers.

It is too early to assess the impact and effectiveness of the proposals initiated by the Prime Minister. Nevertheless, the Prime Minister’s proposals seem to be superfluous and amount to nothing substantive to give respite to existing problems. Transformative solutions are needed to resolve the underlining youth unemployment and curb corruption levels. Therefore, if basic structural changes were expected, the government needs to: 1) allow democracy with multi-parties to prevail in the country; and 2) devolve that genuine and legitimate power be exercised at the grass roots or *woreda* levels.

Establishing a Multi-party Democratic System: A cursory look at the state of affairs that the country now faces clearly indicates that the EPRDF politicians and bureaucrats have been ‘playing with the rules rather than playing by the rules.’ As the saying goes ‘absolute power corrupts absolutely.’ Instead of following the 1994 Constitution that allowed full checks and balances and rendered autonomy to each sub-unit, it is possible that the EPRDF might have been ruling the country with an iron fist.

As explained in detail in my book “Economic Dependency and Stagnation to Democratic Development State ...” (2014), the developmental state model that Ethiopia borrowed from South Korea and Malaysia presumes that the developmental state has to be manned by highly disciplined non-partisan professional government functionaries. However, most of the public bureaucrats in Ethiopia are not recruited on meritocracy to fulfill the implementation of the country’s development plan. By and large, the civil servants in Ethiopia are recruited to fulfill the whims of the EPRDF and are primarily members of the ruling party. Therefore, as it stands now the EPRDF elites enjoy the upper hand over processes of decision-making, either directly or indirectly. In addition, while the EPRDF ruling party constantly argues that it is applying democratic rules, good governance, and fair judicial practices, in retrospect members of the political party are openly admitting to the Ethiopia public that they were not prudent enough to listen to public concerns.

It is possible to argue that a mono-party country can have full control of the government structure, but also it could also deform the legal system. The judges in the Ethiopian court system have been generally assigned to the court bench not because their training and experience warrant them, but to fulfill the country’s ethnic quota system. Thereby, instead of making decision on their legal merits, the judicial apparatus in Ethiopia delays justice through absenteeism and indefinitely prolonging the execution of cases to get kickbacks.

It is rather sad to note that the Ethiopian developmental plan has not been effectively implemented. Private businesses are rarely involved in setting the plan. It was either obstructed or unduly delayed because the civil servants are, by and large, recruited to serve under the control of the Ethiopian Peoples' Revolutionary Democratic Front (EPRDF) Party. Rent-seeking behavior has become a way of life in Ethiopia because the EPRDF is reluctant to reconcile democracy and government (Aria (2013)). For instance, more recently some of the existing government functionaries were caught red-handed for receiving kickbacks and attempting to use their public offices to maximize their utilities by capturing a large share of the nation's income through their rent-seeking agendas. Actually, a number of state-owned companies in Ethiopia were auctioned below the market prices. As a result, the watchdog of the Federal Ethics and Anti-Corruption Commission (FEACC) is busy investigating the cases of so-called corrupt officials. Nonetheless, it needs to be made clear that the application of anti-corruption techniques is very tricky in practice because as claimed by Olken and Pande (2012), corrupt officials have the ability to substitute to alternate forms of corruption and might have the ability to adapt to policy changes and punishment.

Moreover, the country has not been willing to provide a multiparty electoral system that could promote political choice and guarantee the democratic rights to all the citizens of the country. For example, the opposition political parties that are allowed to exist in Ethiopia have complained of harassment and intimidation. As ascertained by the Africa Development Bank (2009), the nominal opposition parties that exist in Ethiopia perceive that there is an absence of a level playing field and they attribute the outcome of the electoral process to the narrowing of the democratic space.

Therefore, as suggested before (Desta 2016), if basic transformative changes are expected to arise in Ethiopia, the existing mono-party (EPRDF) system has to give way to multiparty systems. Elections need to be held fairly in every locality, without restrictions, that could facilitate the implementation of a constitutional democracy. Thereby, the distribution of political power would also minimize corruptive acts in Ethiopia. In short, Ethiopia needs to rethink of redesigning its form of federalism and practice predictable and transparent democracy with adequate checks and balances that could empower its local citizens.

Rethinking Democratic Autonomy at the Local Level: As mentioned before, the hallmarks of decentralization system in Ethiopia needs to rest on the devolution of real power from the center to local units. By transferring political authority to local governments through the establishment of democratically elected local governments that ensures direct citizen participation of local accountability, the existing power structures will be radically altered. In other words, political discretion of local elected officials needs to rest on the desire to meet the demands and needs of citizens. In short, public offices need to effectively represent, be held accountable, and respond to deliver services in line with the demands of all citizens.

Actually, the magnitude of corruption in Ethiopia would have declined with an effective democratization process in place. As pointed out by Asongu (2013), "the relevance of (vice) and accountability in the fight against corruption decreases as the corruption-control is taking more

seriously by the power that be. It logically follows that the tools of government quality is more effective at the early stages of the fight against corruption than at the later stages.” In addition, it is stated by Asongu (2013) that a number of African countries have established corruption mitigating policies; “however, their implementation and enforcement is another issue and remains a matter of political will.” Local public officials generally collect rent in the name of their public offices in order to fatten their pockets. Also, in centralized federal governmental systems, a typical source of local government corruption and collusion involves drafting tender documents in ways that unfairly benefits one contract over others. In Ethiopia, instead of building governmental offices, it has become more lucrative to rent properties because government officials have been harvesting kickbacks from property owners. Also, it has created a dream for a number of employment seekers to get employment at least for a year with the Customs Department or taxation department, Municipality, Construction, Courts, etc. because it does not take them very long to get rich as a result of the kickbacks that they can get from their customers and vendors. The turnover rate of employees from these lucrative offices is very rampant because the employees prefer to snatch their money and run away before the anti-corruption watchdogs notice their behavior.

As mentioned before, converting Ethiopia from a centralized system or unitary military dictatorship into the current, federal structure in 1991 was a move in the right direction. As it started, the decentralized federalism system allowed the inhabitants of the federal states to enjoy self and shared rule. As a result, the majority of Ethiopians highly value federalism because it gave them the illusion that the government will protect all forms of human rights. Stated differently, as a result of the formation of ethnic federalism in Ethiopia, the established regions were promised to have the opportunity to develop, promote, and preserve their languages and culture.

As time passed, however, a number of inhabitants of the Federal Ethiopian States felt that they were denied economic and political rights by their various governments in power. As a result, they are demanding for Ethiopia to be restructured to accommodate the disenfranchised. They are also insisting that each *woreda* needs to have a number of municipalities run by community elected mayors and council members. In addition, they uttered that by having a strong social base, each municipality could have control over social services (i.e., education and health services), raise its own revenues, make investment decisions, etc.

As discussed by Desta (2016), the formation of autonomous self-ruled *woredas* with local self-governance encourages local units to have a say in selecting their own administrators to bring about political stability. Local units will also be able hold these administrators accountable for their decisions. As proposed in 2001, the democratic self-rule of *woredas* would have served as the organizational structure for the New Federal Ethiopia and become the means of achieving effective bargaining for civic society in Ethiopia. The formation of democratically decentralized geographic systems, such as the proposed “*woredas*” for Ethiopia, have helped states in India, South Africa, Switzerland, Canada, etc. attain political stability (See Desta,2016).

Similarly, as discussed by Keller (2003) the Ethiopian Federal Government has set up a devolved system of administration that could usher government closer to the people and has created an environment conducive to peoples' empowerment, at least on paper. If decentralized federalism is a license to self-rule and is also an effective structure that enables for shared rule with enough assurance of checks and balances, predictable and transparent democracy would have been practiced at the local level. In Ethiopia, the subunit levels or *woredas* are supposed to be the main representative body at the local level. All decisions taken are supposed to directly affect the welfare of citizens and local communities. However, as reported by the Africa Development Bank (2009), in Ethiopia, the local autonomy is rarely respected. The needs and interest of the communities are undermined, limited or impeded because the accountability of local communities are relegated to secondary in some cases to central federal level.

For instance, in current Ethiopia, in any *woreda*, or locality or municipality, local residents are hardly empowered and they have not been able to participate meaningfully in selecting their representatives. The local people are not actually given the right to choose their leaders due to sham elections. In name, the local units are supposed to be autonomous. But, as practiced, the ruling party carefully chooses zone governors, mayors, and *killel* leaders from the hard-core cadres. As a result, the party selected official or cadres are held accountable only by their higher up political leaders instead of the local residents.

As discussed by Desta (2016), for example, during the last election in 2015, some of the EPRDF members never went to their localities to campaign because they were assured by their party leaders that they would be elected, provided they remain loyal to the ideological of their party. To add insult to injury, some of the nominal candidates never cared to listen to some of the concerns that their constituents had. Therefore, after the candidates were proven faithful and accountable to their political party, the constituent units were told to elect the party nominated cadres because the Party endorsed them.

However, as discussed by Asongu (2013), in Hong Kong and Singapore, the effectiveness and success of anti-corruption institutions are directly related to their degree of autonomy. Decentralization (federalism) accords greater responsibilities to locally elected authorities and allows citizens' repetitive participation in competitive election. Therefore, it is most likely that autonomous decentralization reduces the political discretionary power of local officials and can effectively control the level of corruption (Baldalau, 2012, Freille 2008, and Bohara et al. 2004).

Ethiopia's journey towards autonomous democratic federalism can therefore become a reality if the government in power has the political power to sub-divide the existing regional states into manageable geographic regions (for details see Desta, 2016). The effective implementation of working democracy at the local level would empower local citizens to have the full right to call back corrupt officials from their offices and would also help to crack down on the level of corruptive activities that have threatened the basic foundations of the country. With the dismantling of the creeping corruption, Ethiopia's legitimacy would be restored and thereby would give assurance to domestic and foreign investors.

Conclusion

Over the last decade, Ethiopia's economy has flourished. While labeled as a poor country during the Derge's era, Ethiopia has ascertained itself as an emerging economic powerhouse and has attempted to develop its infrastructure. More recently, the weak state administration has flourished corruption. Contrary to the 2001 announcement of decentralized federalism in Ethiopia, there is lack of political power devolution from the center to local subunits. The political cadres of the existing mono EPRDF Party have complete discretionary power to exert their power to their localities and spread corruption. As of the result of the Ethiopian government being unmanageable and ineffective, youth unemployment and corruption have contributed to disruptive social unrest.

Stated differently, Ethiopia's political landscape seems to be dragged into a bottomless grave by the EPRDF political cadres. Ethiopia is governed under a centralized form of government. The citizens of the country are not allowed to democratically elect their representatives. Local people don't have the power to rule themselves or vote corrupt officials out of public offices. Socially, the undesirable corruptive behavior is rampant in the country. As a result, corruption is ailing the country's economy. Corruption undermines the income of the country and fosters rewards for unproductive private and government employees. Being short in its capacity for fair law enforcement and judicial process, the country's court system has become an obstacle in the promotion and protection of human rights. It is heavily engulfed with injustices and delays in dispensation of justice.

If the Ethiopian government turns a deaf ear and refuses to treat the symptoms of the rampant corruption and youth unemployment that have sparked social unrest, the current flourishing economy will likely be passé and not sustainable. The current government's propositions to reduce youth unemployment and the mitigate corruption in the country are very superficial and if implemented will produce marginal results. Thus, we suggest the following economic and political strategies that could result in substantial changes, provided they are integrated into the governance structure.

Economically, Ethiopia's policy makers need to relinquish the existing reactive mode. It is a passé. Instead, they need to focus on proactive strategy and examine the Employer of Last Resort (ELR) economic model. As stated by Desta (2016), the "ELR stimulates productivity, lowers unemployment, arrests inflation, and it plays vital role in stabilizing the economy by reducing fluctuation." Politically, the regime in power and those who have a stake in Ethiopia need to engage in fruitful discussions to: a) reform the Ethiopia's political system; b) democratically redress and revise the existing constitution (no political reform can succeed in Ethiopia under the current constitutional crisis); and c) redefine the ethnically-based regional states into a autonomous federation of Ethiopian subunits or *woredas* (that is, current ethnically designed regional states must be subdivided into manageable units).

If working democracy is effectively implemented at the Ethiopia's local level, citizens can be empowered to have the full right to call back, through a vote of no confidence, the corrupt

officials from their offices without worrying about retaliations. This kind of democratic right accorded to citizens will help to crack down on the level of corruptive activities that have threatened the basic socio-economic and political foundations of the country. In short, the level of corruption in Ethiopia will be reduced with the existence of democratic rights that would encourage free election, incorporate a system of checks and balances, and allow citizens and public interest groups to be involved in civic engagement that could encourage them to fully expose abuses, monitor, and reveal corrupt officials and politicians.

