

Integrated Regional Development Planning in

Ethiopia: the case of Oromiya regional state

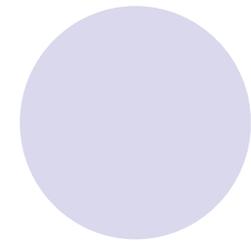
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**Oromiya Finance and Economic Development
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- Ethiopia is a country of 1.059 million square kilometer, located in the Horn of Africa between approximately 3° and 15' north latitude and 33° and 48' east longitude.
 - Ethiopia's base of natural resources is the foundation of any economic development, food security and other basic necessities of its people.



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- Smallholder agriculture is the dominant sector that provides over 85 percent of the total employment and foreign exchange earnings and approximately 44 percent of the Gross Domestic Product (GDP).
 - Currently, the total population of the country is estimated at about 84.1 million and is the second-most populous nation in Africa after Nigeria.

- The average age of the population is about 59 years. By 2030, the total population of the country is expected to be 120 million
- Ethiopia has a long history and experience in medium and long term planning starting with the three consecutive 5-year plans of the 1957-1961 period followed by the ten year plan of 1984/85-1993/94 period. Accordingly, we have two planning regimes: the centrist and the decentralized one.

Two planning regimes can be identified

A) Pre-1991 period (centralised)

i) the imperial regime

ii) the socialist period

B) The post 1991 planning regime

The Imperial period

The first five year development plan (1957-61);

- encouraged government to concentrate investments in areas which are believed to be promising from national development perspective.
- the idea of a conflict between economic growth on one hand and distribution of scarce resources over wider area on the other hand
- economic policies were geared to maximizing growth and capital accumulation: some regions will grow faster and others will lag

the second five year development plan (1963-1967)

- development of agriculture was seen as a prerequisite to fulfill the targets envisaged in the second-five year plan for the production of cotton, wheat and livestock.
- intensification of agricultural development through package programs in relatively small and well defined areas

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- The Chilalo agricultural Development Unit (CADU),
 - the Walaita Agricultural Development Unit (WADU),
 - the Ada District Development Project (ADDP),
 - the Tach Adyabo and Hadgiti Developemnt Unit (TAHDU),
 - the Southern Regional Development Project (SORADEP) and
 - the Humera Agricultural Development Project were projects along the line with different objectives and comprehensiveness
 - **Both policies were led by sector specific policy and did not encourage any specific territorial regional development strategies.**

- **Third Five-Year Development Plan (1968-1973).**

- the first attempt to develop a regional framework for planning
- A proposal was made of fourteen regions which were related to resources in regions, river basins, depressed areas, metropolitan areas
- There was, however, nothing done to implement the proposal.

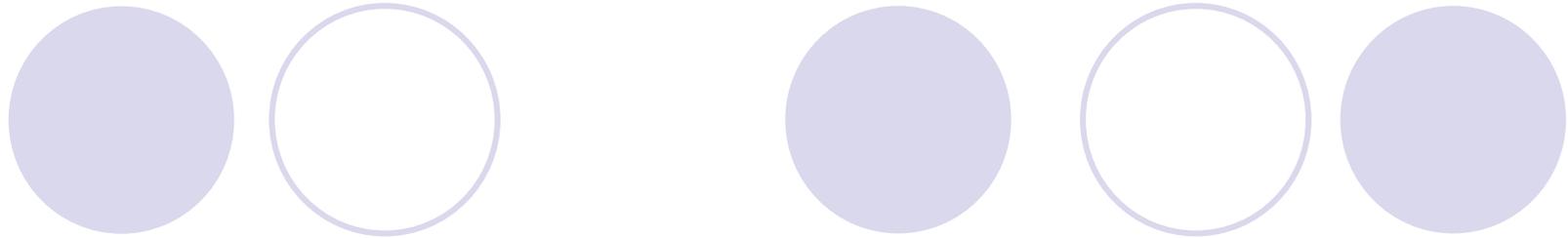
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- **The different Five-Year Plans which were elaborated prior to 1974 were not successful in formulating sound regional development policy or establishing an institutional framework for regional economic growth or balanced regional development In the country**

The Socialist Regime



- Adopted in 1974 : nationalization of all major means of production
- 1978-1982 six annual plans were prepared
- The six annual plans of the Dergue regime did not contain any strong substantial policies and strategies in regional development that could have been implemented.
- The Ten-Year Perspective Plan covering the period 1984/85-1993/94 was formulated with policy objectives of:



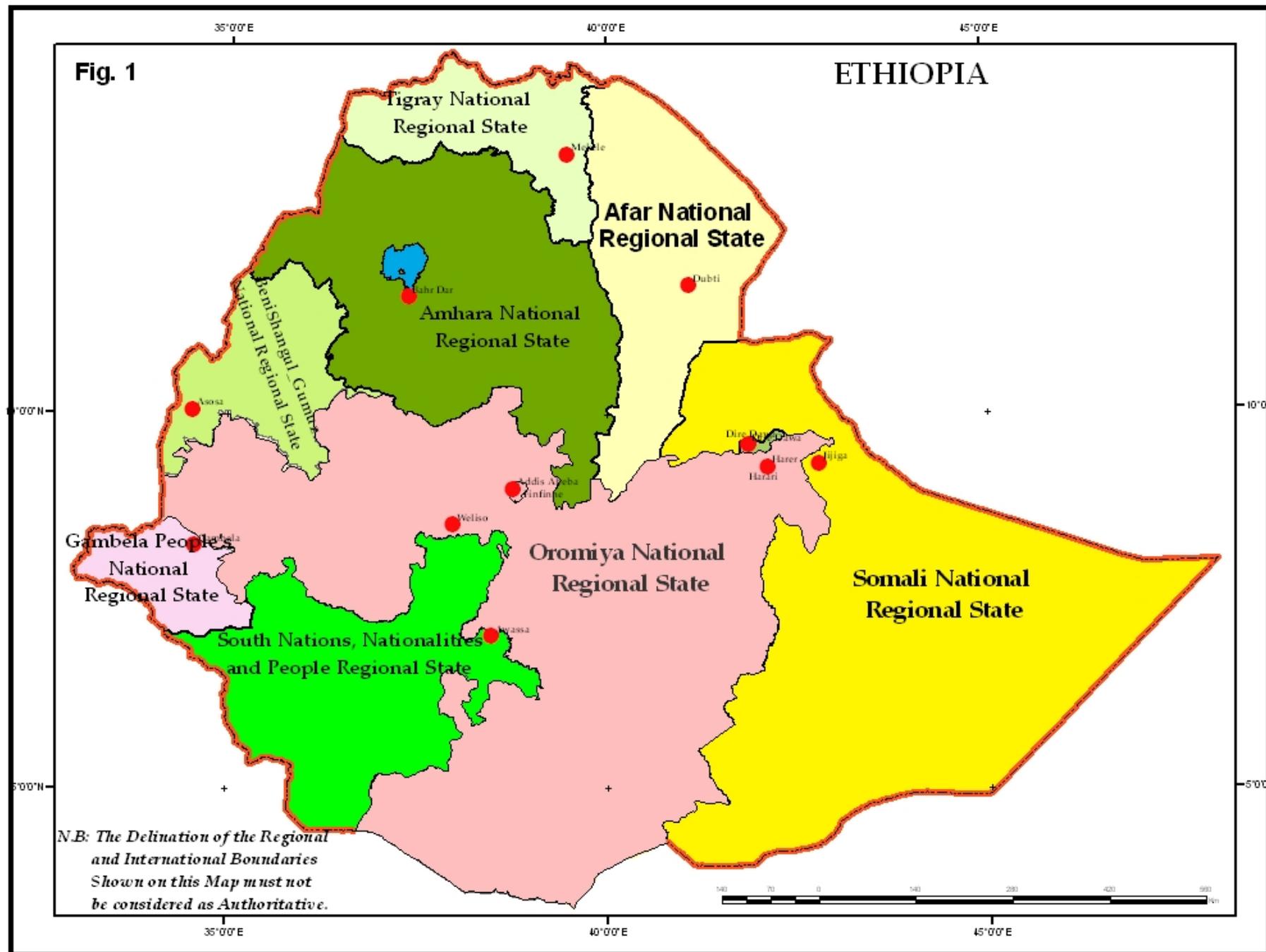
- balanced inter-regional distribution of economic and social infrastructure,
- regional development specialization and
- delineation of administrative boundaries
- The plan, however, did not materialized due to
 - lack of funds
 - lack of commitment and political instability in the country

- All the efforts made prior to 1991 had clear national development orientation in that the different programs were meant to integrate the region's economy with the national economy
- regional development was understood as long as it aided national growth and output.

The Post 1991, the Federal system of Government

- After years of management under command economy, protracted civil war and recurring drought, the Transitional Government of Ethiopia was formed in 1991
- It began a broad spectrum of reform measures to address both the immediate need of economic recovery and reconstruction to jump start the economy, while addressing the long-term structural problems of underdevelopment.

- In 1992 the Transitional Government embarked upon a decentralized political, administrative and economic structures and powers instead of the past centralized systems
- The government enacted proclamation (TGE, 1992a) which established the National Regional Self-Government.
- Accordingly, nine national regional states and two city administrations were established on the bases of settlement patterns, language, identity and consent of the people concerned



- Regional states can establish zones, districts, special districts and villages.

According to the constitution of the Federal Democratic Republic of Ethiopia, the activities within the powers of the regional governments, among others, include:

- Establishing regional administration on the bases of self-determination and establishing a democratic system
- ***Formulating and executing the regional constitution***
- ***Formulating and executing the economic and social development policies, strategies and plans***
- Administering land and natural resources on the bases of the federal law
- **Determining taxes and collecting revenues from regional sources and draw up and administer the regional budget;**

- Maintaining peace and order in the region and establishing regional police forces.

The regional council is the supreme political authority in the region and is mandated to formulate regional economic and social development policies.

- The process of policy formulation is both bottom up and top down

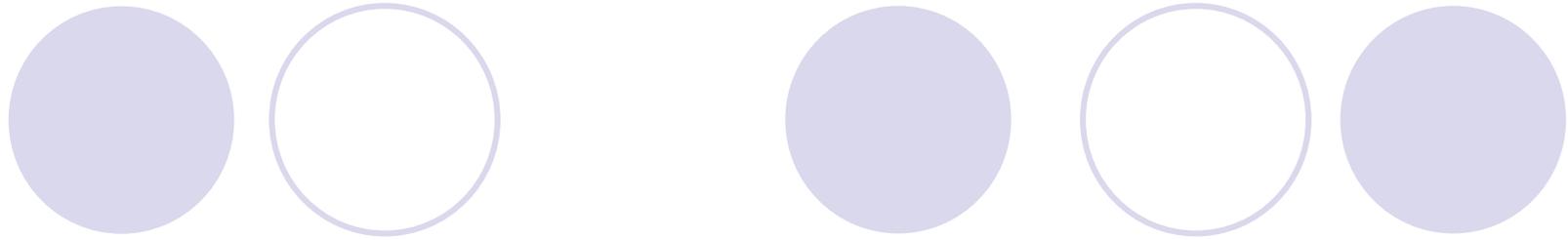
Regional development and planning under the federal arrangement

The new federal system has made it possible for regional development concerns to be at the top of the government agenda in national policy making and it paved the way for decentralized decision-making

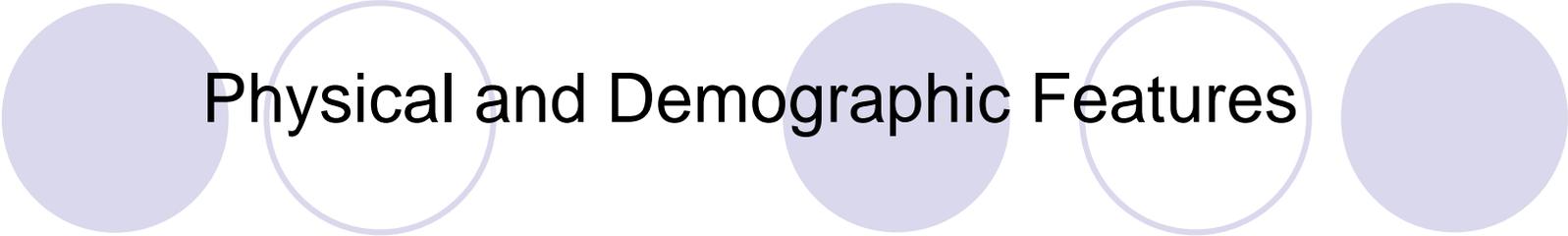
- the role of local communities in regional development planning is increased
- The regional and sub-regional authorities have now more roles in public and private investment
- The regions have the power and responsibility to prepare, approve and implement their own plans, in accordance with the concrete situations of their regions and key national policy objectives

Inter-regional allocation of grants

- is an important instrument of regional development and has occupied a prominent position in the economic and social development of regions.
- allocating grants among different regions using a formula that has equity bias in its criteria and computations.
- The formula has been carried out in a highly participatory and transparent manner with regional states
- The equity bias is derived from the intention of the government to redistribute the fruits of development
- Criteria in allocating resources to different regions include revenue generation capacity and expenditure needs of the regional states.

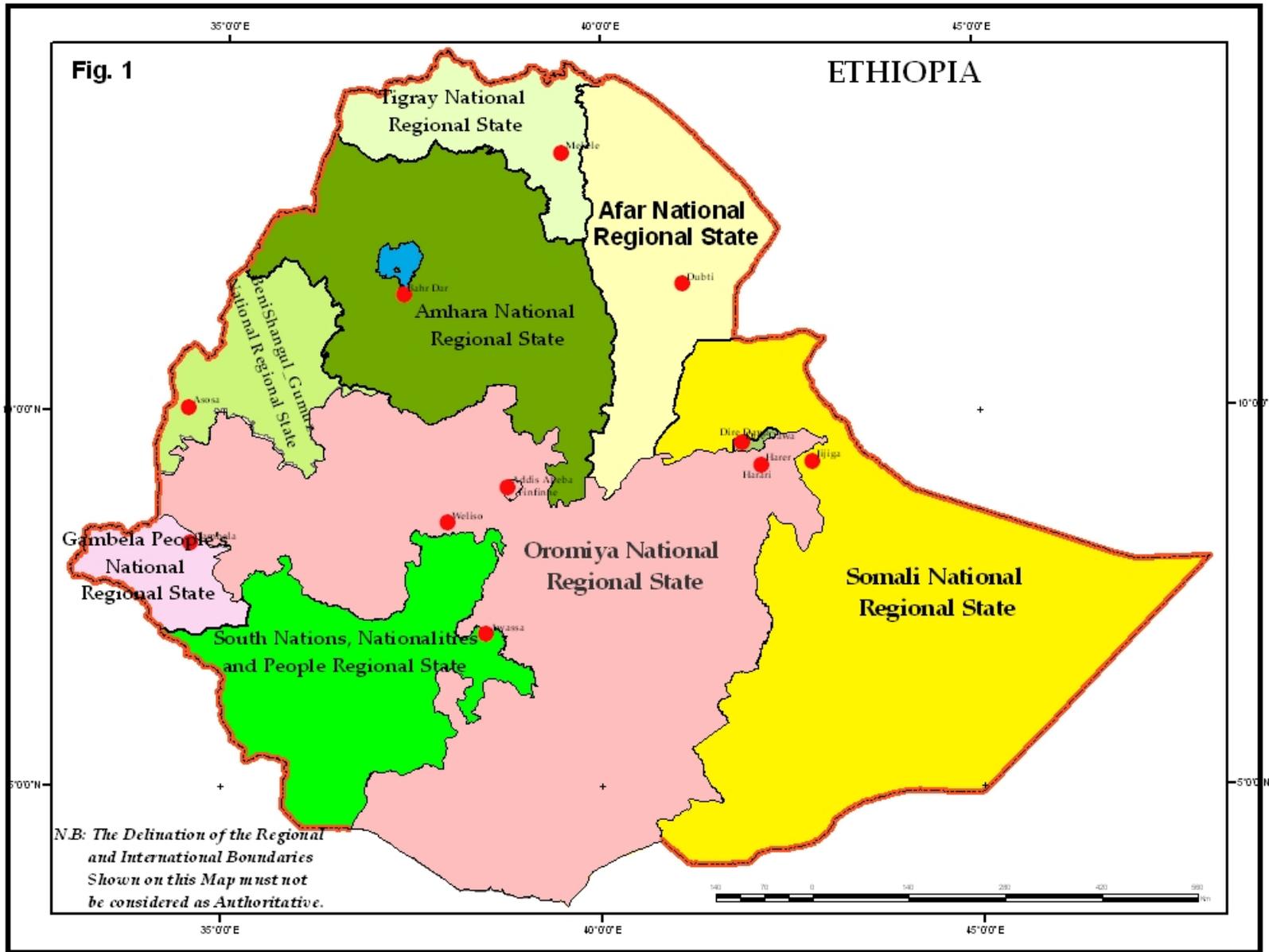


Integrated Regional Development Planning: the case of Oromiya Regional State, Ethiopia



Physical and Demographic Features

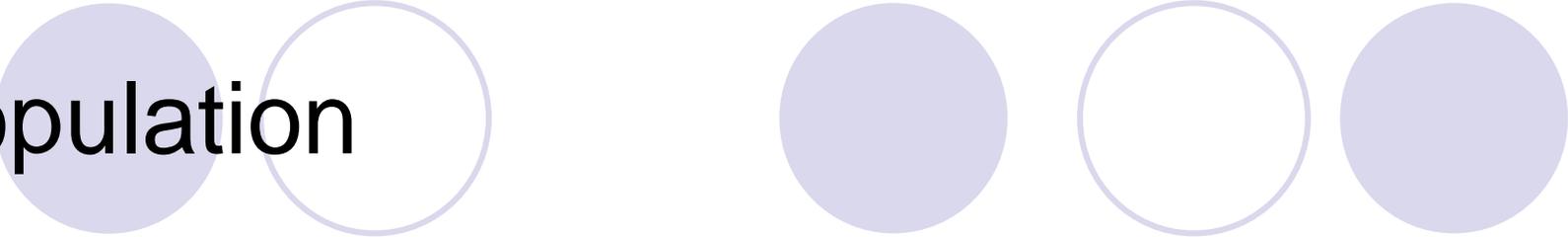
- ❖ The administrative structure of the Oromiya Region
 - Has four ladders of administration: the region, zone, district and villages
 - Eighteen zones,
 - 265 *aanaas/districts and*
 - 39 *urban administrations.*
 - *The are 6500 lowest administrative units /villages in the region..*
- ❖ Organs of the Regional State comprises :
 - the 'Caffee' or parliament, which is vested with the legislative power and is the supreme organ;
 - the Administrative Council, in which the executive power is vested and is accountable to the 'Caffee' and
 - the Court, in which the judicial power is vested.
 - The Regional Government instituted various executing and administrative organs at different administration levels.



Physical and Demographic Features...

- Oromiya National Regional State is situated between 3°24'20" North to 10°23'26" North latitudes and 3 degree18' 03"- 34°07'37" East to 42°58'51" East longitudes
- Altitudinal range of 500 to 4,377 masl
- From the total area of the land (363,375km²)
- It is about 34.3% of the land mass of the country.

Population



- According to the 2007 population and Housing census result, Oromiya has a total population of about 31,179,949 in 2012 where male and female had almost equal number
- About 87.7 percent and 12.3 percent are living in rural and urban areas, respectively (CSA, 2012).
- Oromiya is the most populous region in Ethiopia. The region has the highest rate of population growth 2.9 percent per annum.

Integrated regional development planning exercise in the Region

- The procedure of plan preparation involves two main processes: the planning and the budgeting processes

The planning process

- The regional government of Oromiya has institutionalized the planning system at each level of administration.

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- The planning system closely follows the local government system.(region, zone, district, village)
 - Community , district , zone, sector Bureau, BoFED (sectors)
 - Community, district, zone, BoFED (BoFED line)
 - Sectors report both to their line sector and BoFED at each level of administration
 - the councils, the administrations and the bureaus are involved in their development planning process.
 - The administration is responsible for different bureaus, departments, and offices at regional, zonal and district levels respectively
 - The administration at each level plays the central role in recommending the plan and budget.

- The administrations are technically supported by planning and sector units at each level of government structure
- approval and appropriation of the plan and budget is done by the region and district council in their area of operation.
- The planning units are the regional finance & economic development bureaus, zonal departments and district offices which have cross sectoral mandates.
- Sector planning units are responsible for planning for their own sectors and submitting the same for horizontal planning units at each level of government structure

- Planning at the village level is managed by a village development committee.
- At all levels of planning, community has a say and is participating starting from identification of development activities to the level of implementation and monitoring and evaluation.
- There are still, however, capacity gaps not only at the community level but also at all levels of administration in the area of integrated regional development planning
 - UNCRD Africa office has had positively responded in this respect and benefited us in the area of project planning and management, data collection and analysis and the PRA methodologies.
- The actual process of plan formulation at regional and district level is a combination of top-down and bottom-up approaches.
- The budget process follows similar trend as the planning one. Implementation is solely managed by respective sector/sectors institutions found at all level. All government institutions at all levels have their own medium term and annual development plans.

Resource Transfer and Allocation

The Ethiopian government budget is divided between the federal and the regional government:

1. Federal Government budget— which finances development activities implemented by the Federal Government Ministries in the Regions. :

2. Budget to regions

How is the budget allocated between regions?

Here **equity** appears to be the guiding principle

- Budget is allocated between regions in accordance with the Federal criteria which considers revenue generation capacity (induce more revenue generation) and expenditure needs (equity issue) of the regions.

- Then regions (Oromiya in this case) in turn allocate its budget between:
 - Capital expenditure =, i.e. for development projects keeping the equity issue; and
 - Recurrent expenditure.
- As a Block grant to districts

In addition to the block grant (sources from treasury and foreign sources) from the federal government, the region has sources of fund from its own revenue and retained revenue.

- Budget allocation between sectors and projects is in accordance with the general policy direction and concrete development situations of their respective zones.

The regional government of Oromiya allocate budget between districts based on the block grant formula which is based on expenditure needs and infrastructure deficit of the districts. More than 60% of the total budget of the regional state is allocated to the districts using District Budget Allocation Formula in Oromiya

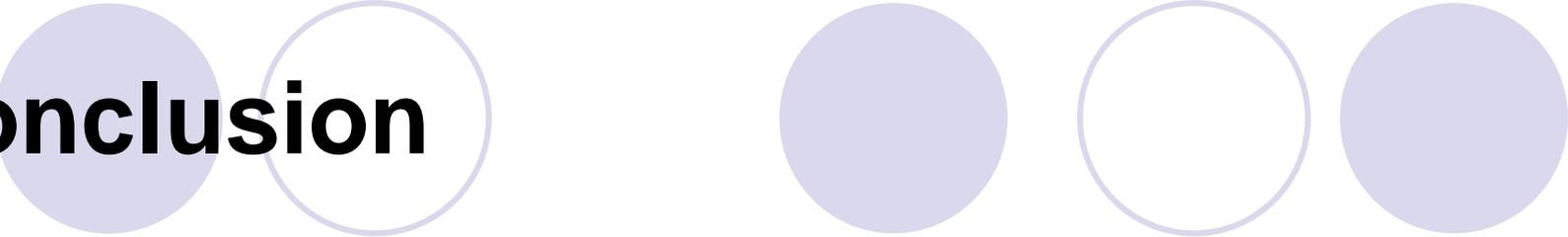
Sources of budget for district include block grant from the regional state and districts' own revenue.

Why block grant to districts?

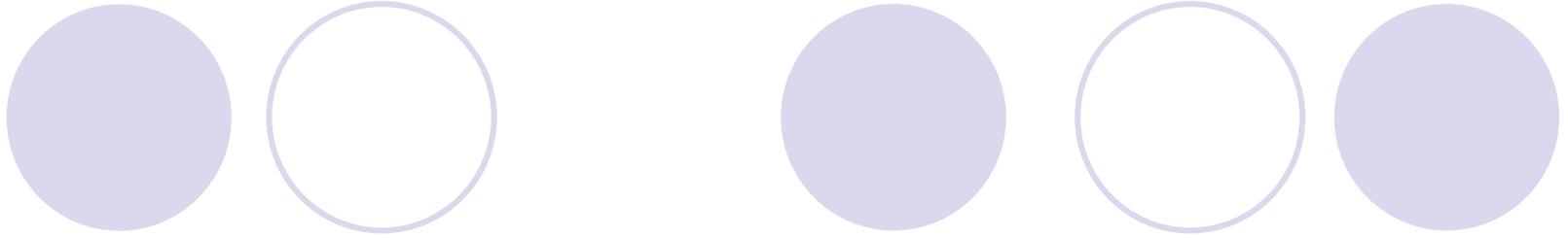
The major purpose of decentralizing budget to *districts* is to create local autonomy in order to allocate budget on their own development priorities and equity issue.

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Conclusion



- Regardless of success in decentralization of power, equity issue, community participation, political commitment, peace and security, there are still areas to be considered if we opt for better integrated regional development planning.
- Shortage of skilled man power in the areas of integrated regional development planning ,'shortage of budget, and lack of long term planning are some of the challenges that needs due attention.



Thank you//