

# Political Finance in Africa: Ethiopia as a Case Study

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**Abstract**—Since 1991 Ethiopia has officially adopted multi-party democracy. At present, there are 89 registered political parties in the country. Though political parties play an important role in the functioning of a democratic government, how to fund them is an issue of major concern. Political parties and individual candidates running for political office have to raise funds for election campaigns, and to survive as political candidates. The aim of this paper is to examine party funding problems in Africa by taking the case of Ethiopia as an example. The paper also evaluates the motives of local and international donors in giving financial and material support to political parties in emerging democracies and assesses the merits and de-merits of their donations.

**Keywords**—Africa, State funding, Ethiopia, Political finance, Political party, Western donors.

## I. INTRODUCTION

ACCORDING to Canton [1, p.7], political parties in democratic countries “are important to develop consistent policies and government programmes; to pick up demands from society and bundle them; to recruit, select and train people for positions in government and parliament; and to oversee and control government.”

Political parties play two important roles in a political process: they form a government or they serve as opposition [1, p.7]. In a representative democracy, political parties promote vital competition on policy and offer alternative policies. They also give channels for citizens’ participation in government decision-making processes and are significant conduits and interpreters of information about government. In order to exercise their democratic functions properly, political parties should be supported financially [2, p. 4]. As Ettinghausen [3, p. 2] noted, “Democracy can not function effectively unless political parties have enough money to carry out their activities and enough members willing to perform them.”

One of the most contentious issues in the democratic world is the funding of political parties [4, p.3]. At present, let alone in emerging democracies, even in well-established democracies the funding of political parties is a controversial issue [5], [6]. Pollock [7, p.328] argues that “the relation between money and politics has come to be one of the great problems of democratic government. Healthy political life is

not possible as long as the use of money is unrestrained.” As Ewing [8, p. 191] noted, “The problem of political funding is a global one, and there is a case for universal standards that establish a framework of principle to which all can be encouraged to subscribe, and by which all can be judged.” The fundamental question at present is whether political parties should be funded by the public (state) and/or by private contributions. For Tshitereke [6, p.1], “Money buys the access, goods and services, favors and skills that are essential to effective party activity.”

Many scholars such as Austin and Tjernstöm [9], Bryan and Baer [10], Burnell [11]-[12], Carothers [13], Canton [1], Ettinghausen [3], Fambom [14], Mathisen and Svasand [15], Matlosa and Mbaya [16], Pinto-Duschinsky [17], etc have examined political finance in Western Europe and North America. According to Transparency International [18], “Political finance regulations have been introduced in a majority of democracies to promote fair political competition and to ‘clean up’ politics, specifically to limit the influence of business over the political sphere.” Fambom [14] defines political finance as “the manner in which political parties and individual candidates who seek to get elected to political office gather funds for electoral campaigns and in the case of political parties seek to maintain themselves as organizations.” As elaborated by Mathisen and Sväsand [15, p. 4], there are various funding sources for political parties, though the legitimacy of each type of funding is different from one country to another. The major funding sources are: membership fees, income from property or business owned by the party, taxes on representatives, publication sales, contributions from individuals, unions, organizations and corporations, and subsidies from a state or government (i.e. public funding) etc.

The paper raises five important research questions:

(a) Why do African electoral autocrats usually oppose the Western donors’ financial and material assistance to political parties?

(b) Which forms of the Western democracy aid are necessary to Africa?

(c) How do political parties in Ethiopia finance themselves?

(d) How did the Western donors finance Ethiopian political parties in the 2005 election?

(e) What are the consequences of the Diaspora assistance to the Ethiopian opposition parties?

## II. POLITICAL FINANCE IN AFRICA

The narrowest definition of political finance is “money for electioneering” [17, p. 70]. For Carlson [19], “Political

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*finance is a broad term that covers campaign and party finance; use of funds for legitimate, irregular, or illicit political activities; use of state resources for political purposes; and media coverage during the campaign.* According to Smith [20, p. 3], political finance legislations are defined as “*institutional rules pertaining to the collection and expenditure of money by political parties and electoral candidates, whether for campaigns or general expenditures*”. As Smith [20, p. 3] notes, political finance legislation has five main components: public funding, expenditure limits, contribution limits, disclosure requirements, and enforcement.

Though there is an abundant literature on political finance in Western Europe, North America and Asia, perhaps, one of the neglected research areas is political finance in Africa. At present, only very few research works are available. These include: Fambom [14], Mathisen and Svasand [15], Matlosa and Mbaya [16, pp. 11-58], Robinson and Brummer [21], Saffu [22, pp. 21-29], Tshitereke [6], and William [23, p. 179]. According to Ashiagor [24, p. 20], the main problems of African political parties include lack of funding and negative party financing. Opposition political parties in Africa have problems such as scarcity of resources, uneven access to resources, and limited outreach and geographical coverage [25, p. 4], [26, p. 89]. In addition to many other factors, “*these factors tilt the balance of electoral results in favor of the ruling political party*” [26, p. 89].

In Ghana, the major weakness of the political parties is inadequate funding or lack of finances, though, theoretically, political parties get funds from four major sources [27]: money collected when the parties are established, membership dues, donations from well-wishers, and fund raising activities. As indicated by the CDD-Ghana [27, p.2], “*the financial weakness of the parties accounts for the lack of political party dynamism and encourages the abuse of incumbency, political patronage and corruption that, in turn, undermine political party competitiveness, there by undermining the entire system of alternating governments through democratic elections.*”

To address the problems in relation with party funding and corruption, more and more countries have started introducing some kind of regulation involving public funding, disclosure regulations, limits on donation, the prohibition of certain kinds of donations, the setting of party spending ceilings etc. These regulations vary from country to country. In Africa, until recently, funding rules were almost non-existent. In the last decade, however, increasing number of African countries has initiated funding regulations [14]. According to Fambom [14], one-fifth of African countries have laws dealing with party funding<sup>1</sup> though the implementation of the laws is still

<sup>1</sup> Burkina Faso introduced public funding in 1997, Cameroon (1990), Chad (1993), Gabon (1990), Mozambique (1999), Namibia (1997), Seychelles (1996), South Africa (1996), Tanzania (1992, revised in 1995 and 1996), Zimbabwe (1992, revised in 1997) [15]. Ethiopia introduced party finance legislation in 1993 and revised it in 2008. As Austin and Tjerstöm [9] revealed, many other African countries like Botswana and Zambia, do not have any system of regulations.

challenging and most of the laws are incomplete: they deal only with certain regulations concerning party finance.

In Africa, business owners usually donate to governing parties rather than opposition parties due to fear, and in return for “*favours*”.<sup>2</sup> Moreover, donation to opposition parties is a very risky business adventure that can trigger a revenge action from the incumbent parties<sup>3</sup> [22, p. 22]. According to Salin and Nordlund [26, pp. 88-89], the most common sources of income for opposition parties in Africa are citizens living abroad (Diaspora). For instance, in the 1996 election in Ghana, as noted by Gyimah-Boadi [28], Ghanaians living in USA contributed USD 100.000 to the main opposition party. In the 2005 Ethiopian parliamentary election, the main source of income for opposition parties was the Diaspora Ethiopians [29, p. 281], [30, p. 66]. However, the Diaspora money has also brought a lot of troubles to the opposition parties. The debacle of the CUD (Coalition for Unity and Democracy), the largest opposition party coalition in Ethiopia, in the post-election period is the best example of this scenario<sup>4</sup>.

### 2.1. African Governing Parties and State Resources

One of the problems of opposition parties in emerging democracies is the situation where the ruling party makes use of governmental resources for party purposes, while opposition parties are cut off from access to public funds. This situation makes the opposition parties disadvantaged in the electoral process. In many African countries, the distinction between the state and the ruling party is blurred. Therefore, a state resource is taken as a resource at the disposal of the ruling party [16, p.12]. As Fambom [14] confirmed, “*the funding structure of parties is definitely biased in favor of the incumbent party either because of the regulations inherent in public funding of political parties and elections or because of the absence of separation between the State and the party in power.*” In many African countries, in the absence of law and regulations that separate the ruling party and the state, the governing parties take the advantage of the power of incumbency and lavishly use the nations’ fund to win elections at the expense of the opposition parties [27:1]. According to Ashiagbor (24, p. 27), “*Where state resources*

<sup>2</sup> In Ethiopia, for instance, according to the official declaration of the EPRDF, the party collected 17.8 million (Ethiopian Birr) in 1999EC, and 11.4 million in 2000EC. In addition, it collected 75.6 million from the public and 70 million Birr from business owners as donation. The party’s expenses in 1999EC were 18.8 million and in 2000EC it was 18.7 million [75].

<sup>3</sup> According to Berhanu [29, p. 280], people in Ethiopia are afraid of giving financial contributions not only to opposition parties, but also to human right organizations.

<sup>4</sup> The CUD was the biggest and the formidable opposition party coalition in the 2005 parliamentary election. In the said election, the CUD controlled almost 100 percent of the seats in Addis Ababa legislature. It also won many seats in the Federal parliament. In the post-election period, almost all the CUD leaders were sentenced to life imprisonment on charges of attempted “*genocide*”, “*treason*”, and “*for attempting to overthrow the government unconstitutionally*”. After they were “*pardoned*” partly due to the international pressure, and as the result of the mediation efforts of the “*elders*”, in-fighting and rivalry among the party leaders fuelled by the Diaspora led the party into disintegration. Though there were also many other reasons for the sudden rise and fall of the CUD, for sure, the involvement and the heavy influence of the Diaspora Ethiopians is one of the factors.

*are abused for partisan purposes, scarce public funds are diverted to finance partisan political activity and bore holes, clinics or other public goods are reallocated from the most destitute localities to the most politically expedient areas”*

### III. POLITICAL FINANCE IN ETHIOPIA

Except Lovise Aalen [31] who gave a passing remark on resource problems of the Ethiopian parties in Ethiopia, to the best of my knowledge, there is no other literature on party funding in Ethiopia. According to Aalen [31, p. 8], one of the major causes for the weakness of political parties in Ethiopia is their lack of strong resources. Though Ethiopia introduced a political finance legislation that allows the legally registered political parties (i.e. loyal oppositions) to receive public funding as early as 1993<sup>5</sup>, in the last seventeen years, no sufficient or significant state funding was given to the opposition political parties [32]. In the present-day Ethiopia, only the ruling party coalition, EPRDF, particularly its dominant member, TPLF (Tigray People's Liberation Front), is very rich and powerful. As a governing party for almost two decades, the EPRDF has strengthened itself in various ways. As opposition parties alleged and as it is widely believed, the incumbent party controls many multi-billion business organizations<sup>6</sup> under the umbrella corporation called EFFORT (Endowment Fund for the Rehabilitation of Tigray).

According to Shinn and Ofcansky [33], the EFFORT was established in August 1995 as an umbrella organization for companies operated by the Tigray People's Liberation Front (TPLF) and operates as a public endowment. The main companies include Addis Pharmaceuticals, Guna Trading Company, Hiwot Agricultural Mechanization, Mega Advertising Enterprise, Radio Fana, Trans-Ethiopia Company etc. The top officials of the EFFORT are prominent government officials and TPLF party executives such as Seyoum Mesfin (Minister of Foreign Affairs) and Sebhat Nega [33, p. 137]. For Prendergast and Duffield [34, p. 46], the EFFORT is a:

*“Non-government-owned enterprises controlled through majority shareholding by members of the TPLF and to a lesser extent by other EPRDF-affiliated parties, particularly the OPDO and the Amhara National Democratic Movement (ANDM)..... EFFORT obtained large blocks of shares in numerous key companies formed by leading by TPLF members. Profits end up under the control of the EPRDF members. These companies represent what is likely the largest concentration of capital and assets within Ethiopia.”*

As the richest and the most powerful party in the country the ruling EPRDF party has used its tremendous wealth<sup>7</sup> to

<sup>5</sup> The 1993 proclamation (46/1993) [76] is recently revised and a new proclamation (No. 573/2008) [77] is introduced.

<sup>6</sup> According to Proclamation 46/1993 (Article 27 (2)), and the revised Proclamation 573/2008 (Article 51(3)), political parties are not allowed to engage in commercial and industrial activities.

<sup>7</sup> However, the ruling party denies that it owns a big business in the country. According to Bereket Simon, one of the top officials of the party, EPRDF “does not own fixed assets, except for office furniture and vehicles” (see [78]). On the other hand, as Shinn and Ofcansky [33] revealed, “The Private sector complains that EFFORT companies receive unfair advantages

control the country's economy<sup>8</sup>, bureaucracy, army, parliament and even the judiciary.

#### *3.1. The Western Donors' Democracy Assistance to Ethiopian Political Parties in the 2005 Election*

In the 2005 election, as part of democracy assistance, the Western donors offered financial/material assistance to Ethiopian political parties that participated in the election. In this election, many opposition parties, the incumbent party, and the independent candidates received indirect funding (i.e. non-cash support in goods and services) for their election campaigns from the international donors. The coordinator of this funding programme was the Electoral Reform International Services (ERIS). ERIS<sup>9</sup> received the fund from the international donors through the United Nations Development Program (UNDP). According to the cash-value allocation formula, each political party/coalition received 3,460 Birr per candidate (i.e. a maximum of 259,000 Birr for 75 candidates). Furthermore, each political party or coalition that contested in two or more regions (with more than one candidate in each region) received a cash-value allocation of 43,250 Birr per region it contested. In order to encourage the participation of women, each political party or coalition fielding a woman candidate received a cash value allocation of 2,160 Birr (250 USD) per woman candidate. Each independent candidate received a cash-value allocation of 3,460 Birr for printing services. All in all, in the 2005 election, each political party was entitled to receive a maximum of 30, 000 USD (i.e. 400USD for a single candidate) in the federal election.<sup>10</sup> ERIS also supplied additional 5000 USD (for each region) for political parties contesting in two or more regions. All in all, ERIS offered 515,150 USD to political parties and independent candidates in the May 2005 election: EPRDF received USD 88,750

*and force private companies out of business.”* Moreover, according to OLF [79], EPRDF has replaced public enterprises with political party businesses.

<sup>8</sup> Johnston [51, p. 5] argues that “parties with insufficient resources cannot build popular participation”, while “parties with excessive resources” become “isolated from their own social base.” The cases of the Ethiopian opposition parties and the ruling EPRDF party are clear examples of these situations. Due to their chronic financial shortage, opposition parties in Ethiopia are not able to recruit party members as they wished. On the other hand, many of the ruling TPLF officials who victoriously marched from Tigray to Addis Ababa empty-handed seventeen years ago, all of a sudden, became millionaires and the owners of big buildings and lucrative businesses in the country (see [80]). This sudden sky-rocketing wealth which is amassed through corruption and nepotism has detached the TPLF leaders from the majority of their supports. Furthermore, as The Reporter [81] lamented, due to the very high corruption level among the top officials of the government, the people found themselves in a very desperate situation and do not even know to whom they report their grievances.

<sup>9</sup> The donors supported the contending political parties and the independent candidates through ERIS in close cooperation with the NEBE (National Electoral Board of Ethiopia). According to NEBE, in line with the agreement between the NEBE and ERIS, the donors (through ERIS) handed over the cash to the NEBE and the NEBE purchased election-related goods and distributed the items to the participant parties and the independent candidates [36], [35].

<sup>10</sup> In this case, the amount of money offered by the ERIS was for 75 candidates in each political party.

(17%), CUD 71,000 USD<sup>11</sup> (14%), UEDF (United Ethiopian Democratic Forces) 47,500 USD (9%); OFDM (Oromo Federalist Democratic Movement) 34,150 USD (7%), independents 141, 200 USD (27%), and other small parties 132, 300 USD (26%).<sup>12</sup> Furthermore, in the election of the Somali region, which was held separately due to security reasons, ERIS distributed material assistance to the Somali People's Democratic Party (SPDP), the Western Somali Democratic Party (WSDP), the Coalition for Unity and Democracy (CUD), the Dil Wabi People's Democratic Movement (DWPDM), the Somali Democratic Alliance Force (SDAF), and the All Ethiopian National Movement (AENM) [35], [36]<sup>13</sup>.

Despite the said international assistance, as two of the top leaders of the CUD (Berhanu Nega and Lidetu Ayallew) disclosed, the major sources of income for most of the Ethiopian opposition parties were the Diaspora Ethiopians [29, pp. 279-283], [30, p. 45]. The two major opposition parties that received substantial financial support from the Diaspora Ethiopians<sup>14</sup> in the 2005 parliamentary election were the CUD (Coalition for Unity and Democracy), and the UEDF<sup>15</sup> (United Ethiopia Democratic Forces). The Diaspora's financial contribution had assisted the two opposition parties to score tremendous results in the 2005 parliamentary election. The CUD and the UEDF collected money from the Diaspora Ethiopians in various ways. In order to raise funds, the top leaders of the CUD and the UEDF had made frequent visits to the various European and North American countries and cities, and were able to raise a considerable amount of money [37].<sup>16</sup>

The Diaspora financial assistances, we can say, were string

<sup>11</sup> According to the ex-top CUD official, Berhanu Nega [29, pp. 279-283], the European Union (through the UNDP) gave the CUD around 43, 000 USD (in kind) during the 2005 parliamentary election.

<sup>12</sup> For further detail see [82].

<sup>13</sup> ERIS gave financial/material assistance not only to the political parties, but also to the CSOs/NGOs that facilitated the 2005 Ethiopian election. For instance, Fafen Development, a local NGO, received financial/material support from ERIS in its project of giving training on election-related issues in the Somali regional election [35].

<sup>14</sup> The Diaspora assistance involved not only financial support but also propaganda support.

<sup>15</sup> The UEDF was established at a conference in Washington D.C in 2003. In the 2005 election, the UEDF was composed of five parties based in Ethiopia and nine parties in exile. The domestic parties were the All Amhara People's Organization (AAPO), the Ethiopian Democratic Unity Party, the Ethiopian Social Democratic Federalist Party, the Oromo National Congress (ONC), and the Southern Ethiopia People's Democratic Coalition.

<sup>16</sup> In these fund raising events, the participation of Pal Talk Internet Forums and the foreign-based Radio stations were very important. The most active Pal Talk Internet Forums ("Rooms") were: "The Ethiopian Current Affairs Discussion Forum", and the "Ethiopians in Diaspora Discussion Forum" that gave support to the CUD party; and "The Forum of Ethiopians", and the "Assimba Room" that actively assisted the UEDF. Other Pal Talk rooms such as the "Ethio-Switzerland Room" also played an active role by arranging political discussions with the top leadership of both the CUD, and the UEDF. In these Diaspora fund raising events, various famous Ethiopian singers and journalists who made their permanent residences in Europe and America had played important roles.

attached as observed in the post-election period.<sup>17</sup> In addition to many other factors, the Diaspora's heavy-handed pressure on the CUD and the UEDF has contributed for the internal turmoil the two opposition coalitions underwent in the post-election period that eventually led to the disintegration of the CUD<sup>18</sup>. I argue that one of the reasons that contributed for the collapse of the CUD was the party's heavy dependence on the Diaspora donors. The CUD leadership fell victim to the in-fighting and rivalries of the Diaspora Ethiopians that later on contributed for the party's factionalism and fragmentation marked by accusations and counter-accusations of "dictatorship", "corruption"<sup>19</sup> and "infiltrations."

### 3.2. Political Finance Proclamations in Ethiopia

#### *Political Parties Registration Proclamation (No. 46/1993)*

The first political finance legislation was declared in 1993. The proclamation was composed of various clauses on different issues such as party formation, party membership, registration of parties, dissolution and suspension of political parties etc. According to Article 27 (2) of the proclamation, a political party "may not directly or indirectly engage in commercial and industrial activity." Article 27 (3) stipulates that upon the approval of the government or the regional government, political parties can collect money by arranging events such as bazaars. As Article 28 states, the sources of finance for political parties are membership dues collected from members, subsidy and grants from the government, and donations from others. The prohibited donations are from foreign nationals, foreign governments and foreign political

<sup>17</sup> The Diaspora's heavy pressure was one of the factors that forced the CUD parliament elects to boycott the federal and regional parliaments. In the post-election period, some Pal-Talk Rooms were busy in making phone-calls to the CUD parliament elects urging them to boycott the parliament.

<sup>18</sup> While the CUD leaders were behind bars in Ethiopia, their Diaspora supporters and the various support groups ("Chapters") in the US and Europe started a bitter in-fighting. Eventually, two formidable rival Diaspora groups emerged: one group (i.e. *Kinijit* International Leadership-KIL) allied itself with Birtukan Midekasa, the party's first chairperson, and Berhanu Nega, the mayor-elect of Addis Ababa. The other group (i.e. *Kinijit* International Council-KIC) allied itself with Hailu Shawel, the chairman of the CUD. The in-fighting became intense particularly after the CUD leaders were released from prison. One of the worst mistakes the CUD leaders committed was their failure to strengthen their supporters in Ethiopia as soon as they were released from prison. Instead, they flocked to Europe and America [83], and joined the war of words between the two rival Diaspora groups. It is alleged that the in-fighting paved a way for the ruling party agents to infiltrate and destroy the party beyond repair. In fact, as early as 2005, the ruling party was intensely and cunningly attempting to drive a wedge among the leadership of the CUD, by widely circulating a rumour that the party was composed of two groups: "moderates" ("liberals") and "conservatives" ("hard-liners") (see [84]). This cleverly designed strategy of the ruling party bore fruit when it destroyed the CUD, which was the most formidable opposition party in the country. It is alleged that by infiltrating the various support groups in the USA and Europe, the EPRDF agents intensified the conflict between the two rival CUD groups (For details on the alleged spying and infiltration activities of the EPRDF government on the Diaspora, see [85]—[90]).

<sup>19</sup> The supporters of Birtukan Midekasa and Berhanu Nega accused Hailu Shawel of dictatorship, and his close associates in the Diaspora for involving in corrupt practices. On the other hand, the supporters of Hailu Shawel accused Birhanu Nega, Birtukan and their Diaspora associates as infiltrators and agents of the incumbent party.

parties, welfare organizations, religious organizations, and prisoners of law (Article 29). According to Article 30, a political party is not liable to pay any kind of income tax on income collected from its members and supporters. Article 31 stipulates that in case a political party “*is found to have accepted money, goods, or any property in the form of donation, gratuity, inheritance or proceeds from commercial and industrial activity*”, the assets received shall be confiscated upon court’s decision. The proclamation also instructs parties to keep the books of account (Article 35). Furthermore, every member of a political party can inspect the books of account of the party at any time (Article 35/2), and every party has “*the responsibility of proving to the government that its expenditures are applied to advance its political activities*”(Article 35/4). The proclamation also states that every political party should officially issue annual financial reports (Article 36).

*Revised Parties Registration Proclamation (No. 573/2008)*

In September 2008, Ethiopia promulgated the revised parties registration proclamation (No. 573/2008). In addition to other provisions such as the political parties’ registration, transparency etc, the proclamation has also provisions on political finance including donations to locally registered parties. According to the revised proclamation, the government gives state (public) funding (direct and/or indirect) to legally-registered political parties and candidates for conducting their day to day activities (Article 42). The public funding is allocated (Article 45/1) on the basis of the political parties’ seats in the federal and regional (state) parliaments<sup>20</sup> [38]. The proclamation stipulated that during election campaigns state funding would be given to political parties based on the number of candidates, and on the number of women candidates each party fielded for regional and federal parliaments (Article 45/2). Article 51/1 of the proclamation instructs that other local donors (individuals or companies) can give donations in line with the NEBE directives [38]. Article 54/2 and 54/3 state that every party should be transparent<sup>21</sup> and should reveal its property and all its accounts including the contributor’s name and the pledged amount [38]. Furthermore, Article 55/4 states that every party should make all its expenditures revealed to the NEBE [38].

<sup>20</sup> So far, state funding has not been given to the political parties. Recently, the CUD, which is led by Ayele Chamiso has issued a press release condemning the government’s delay in implementing the state funding (*see* [91]).

<sup>21</sup> It is interesting to note that the recently established opposition party, Unity for Democracy and Justice (UDJ), which is led by Birtukan Midekssa declared that its annual budget (7.3 million Birr) would be collected from its local supporters [92]. According to critics, this is a very ambitious plan that did not take the political and economic conditions in the country in to consideration. This is because, first and foremost, many of the people are very poor. Second, due to the retaliatory measures of the ruling party, the people are not in a position to financially support opposition parties. On the other hand, the party’s official disclosure of its budget has made the UDJ the first opposition party in the history of Ethiopia to show transparency. Almost all parties in Ethiopia including the ruling party are not transparent regarding finance.

The Proclamation prohibits donation or grant from foreign nationals (52/1a), foreign government or foreign political party (52/1b), welfare organizations or non-governmental organizations (52/1c), religious organization (52/1d), prisoners of law (52/1e), illegal persons or organization whose aim is to take political power unconstitutionally (52/1f), terrorist organizations (52/1g), unknown sources (52/1h), government organizations (52/1i), and donation in return for favors (52/1j). In this proclamation, it is stated that if any party receives donation from any prohibited sources, the donation should be handed over to the NEBE, otherwise it would be confiscated (Article 52/2, 3), [32].

The parliament debated the draft proclamation in December 2007. As observed in the parliamentary debate, the introduction of the direct and the indirect public funding to political parties received mixed reactions from the opposition parties. In principle, almost all opposition parties accepted the introduction of the public funding. However, the other provisions in the legislation such as the revelation of the names of the local donors, and the ban on Diaspora donors (who assumed foreign nationality) were highly objected. The opposition parties have also an earnest fear that the local donors would be frightened to give financial and material support to the opposition parties due to the risk of retaliatory measures by the incumbent party<sup>22</sup>. They argued that the provision would particularly frighten the business community and bar them from lending support to the opposition. Their fear has a justified ground as witnessed in the post- election period in 2005. It was alleged that in the pre-election period the government intimidated<sup>23</sup>, and in the post-election period, revoked the licenses of many business people when they closed their businesses in response to the opposition call for boycotts. Moreover, in the post-election crisis in 2005, many of the supporters of the CUD who gave financial, material and political support were rounded up and imprisoned. It was alleged that the government security forces took the list of the party supporters and members by ransacking the various offices of the party after they imprisoned the CUD leaders [29, p.583]. Moreover, due to the extreme poverty of the local supporters, the major sources of income for the opposition parties so far have been the Diaspora Ethiopians and foreign nationals of Ethiopian origin. Therefore, the new legislation that requires the disclosure of the names of the Diaspora donors and the prohibition of foreign nationals of Ethiopian origin from materially and financially supporting the opposition parties is a major blow to the opposition parties.

<sup>22</sup> In order to observe how people in Ethiopia are afraid of financially supporting the opposition parties, *see* Berhanu [29, pp. 280-283].

<sup>23</sup> *See* [93].

TABLE 1 SUPPORT TO POLITICAL PARTIES, COALITIONS AND INDEPENDENT CANDIDATES IN THE 2005 FEDERAL AND REGIONAL ELECTION

	Total Cash-Value Allocation (ETB)
All Independent Candidates	1,266,630
Name of Recipient Political Party/Coalition	Total Cash-Value Allocation (ETB)
Ethiopian Peoples' Revolutionary Democratic Front (EPRDF)	767,685
Coalition for Unity and Democracy (CUD)	614,150
United Ethiopian Democratic Forces (UEDF)	410,875
Oromo Federalist Democratic Movement (OFDM)	295,400
All Ethiopian Democratic Party	192,460
Geda System Advancement Party	151,375
Sheko and Mezenger People's Democratic Unity Organization	129,315
Oromia Liberation National Party	121,100
Tigri Worgi Nationality Democratic Unity Party	73,100
Sidama Liberation Movement	67,900
Sidama Hadicho People's Democratic Organization	67,900
Ethiopian Pan Africanist Party	61,845
Oromo Liberation Unity Front	52,765
Oromo Abbo Liberation Front	38,060
Wolayata People's Democratic Front	32,000
Afar National Democratic Party	29,840
Afar Revolutionary Democratic Unity Front	29,840
Benishangul-Gumuz Peoples' Democratic Unity Front	24,220
Gambela People's Democratic Movement	10,380
Ethiopian National Unity Party	10,380
Afar Liberation Front Party	6,920
Denta, Debamo, Kitchenchla Democratic Organization	6,920
Unity of Southern Ethiopia Democratic Forces	6,920
Harari People Democratic Party	6,920
Gamo Democratic Union	6,920
Argoba Nationality Democratic Organization	6,920
Argoba People's Democratic Movement	3,460
Ethiopian Social Democratic Movement	3,460
Gedeo People's Democratic Organization	3,460
Somali Peoples' Democratic Party	3,460
Hareri National League	3,460
Ethiopians' Unity Democratic Organization	3,460
<b>Total</b>	<b>3,242,870</b>

Source: NEBE (National Electoral Board of Ethiopia)

#### IV. DISCUSSION

##### 4.1. Principles of Political Finance

Political finance legislation has many principles. One of these principles is transparency in the sources of funding [3, p.3]. As Ettinghausen [3, p.4] argued, "Political finance should be direct and completely open". According to the USAID [39, p. 5], the disclosure of the flow of money, "Sheds light on the relationship between money and political credibility and build confidence in the democratic process." In a truly democratic society secrecy in the donation of funds or in their receipt is unethical and inappropriate. At present, more and more countries are adopting laws and regulations to ensure disclosure. After examining 104 countries in the world Pinto-Duschinsky [17, p. 74] revealed that 62 % of the

countries covered in the study have disclosure rules. In Africa, countries like Benin, Cape Verde, Ghana, Lesotho, Mali, Mauritius, Morocco, Namibia, Niger, Sao Tome and Principe, and Seychelles have laws that instruct parties to make public disclosure of expenditure. On the other hand, Botswana, Burkinafaso, Central African Republic, Madagascar, Malawi, Mozambique, Namibia, Senegal, South Africa, Tanzania, Uganda and Zambia have no such laws<sup>24</sup> [9]. The African Union [40], in its convention held at Maputo in July 2003, passed a resolution urging African countries to be transparent in funding political parties in order to combat corruption. According to Scarrow [41, p. 8], the logic of such transparency law is that "sunshine is the best disinfectant". As maintained by Neill Committee,<sup>25</sup> cited by Ettinghausen [3], transparency in the funding of political party has the following advantages: "the public and the media know who is financing each political party; rumor and suspicion wither; the possibility of secret influence over ministers or policy is greatly diminished; public confidence in the probity of the political process is raised." Though transparency and disclosure of donors to political parties in principle is good and it is the most favored practice in well-established democracies, it can be counter productive in new or emerging democracies, particularly in developing countries due the high risk of harassment of those who donate to opposition parties [42, p. 4]. Moreover, in post-conflict societies, the widely accepted standards for transparency in political finance may not fit the extreme political situations in those societies because transparency could make exposure of political support for opposition parties very dangerous [43, p. 13].

In many African countries, it is difficult to examine political parties' financial sources. Many African countries do not have laws and regulations dealing with political parties monetary conditions. Therefore, identifying financial sources, auditing procedures, etc have been very difficult. In countries like Benin, Botswana, Burkina Faso, Cape Verde, Central African Republic, Ghana, Lesotho, Madagascar, Malawi, Mali, Mauritius, Morocco, Mozambique, Namibia, Niger, Sao Tome and Principe, Senegal, Seychelles, South Africa, Tanzania, Uganda and Zambia, donors are not required to disclose the contribution they made to political parties. In countries like Benin, Cape Verde, Ghana, Lesotho, Mali, Namibia, Niger, Sao Tome and Principe political parties have to disclose contributions they received. Whereas, in Botswana, Burkina Faso, Central African Republic Madagascar, Malawi, Mauritius, Morocco, Mozambique, Senegal, Seychelles, South Africa, Tanzania, Uganda and Zambia political parties are not required to disclose the contributions they received [9].

<sup>24</sup> Except Benin, Namibia, Mali, and Niger, in many African countries like Botswana, Burkina Faso, Cape Verde, Central African Republic, Ghana, Madagascar, Malawi, Mauritius, Morocco, Mozambique, Namibia, Sao Tome and Principe, Senegal, Seychelles, South Africa, Tanzania, Uganda and Zambia there is no ban on anonymous donations to political parties [9].

<sup>25</sup> See [94].

In many countries, donations to political parties from dubious sources are not allowed. The prohibited sources of fund include: funds from foreign governments [22, p. 22], [44, p.182], foreign individuals [45, p. 47], [44, p. 182], [46, p. 13], and to a certain extent from exiled communities. According to Saffu [22], the law in Mali bans foreign donations, but it doesn't include other issues on party funding. In Ghana, the law prohibits foreign donations and has disclosure provisions, but it does not mention other issues of party funding [22]. In Cape Verde, Morocco, Sao Tome and Principe, and Senegal there is a ban on foreign donations to political parties. Whereas in Benin, Botswana, Burkina Faso, Central African Republic, Ghana, Madagascar, Malawi, Mali, Mauritius, Mozambique, Namibia, Niger, Seychelles, South Africa, Tanzania, Uganda, and Zambia there is no ban on foreign donations to political parties [9].

Corporate donations are also one of the prohibited sources of funding [45, p. 47], [22, p.22], [44, p. 182]. This is because large donations may corrupt politicians and influence them to give favors (when they assume political power) to corporate donors in return for their donations. In Cape Verde, Central African Republic, Mali, Morocco, and SaoTome and Principe there is a ban on corporate donations to political parties and on the other hand, in Benin, Botswana, Burkina Faso, Ghana, Madagascar, Malawi, Mozambique, Namibia, Niger, Senegal, Seychelles, South Africa, Tanzania, Uganda, and Zambia there is no ban on corporate donations to political parties [9].

The other form of prohibited source of funding is state entity donations [47, p. 4], [44, p.182]. State authorities and institutions are banned from donating funds to political parties (except that are part of public funding schemes). Countries like Benin, Burkina Faso, Cape Verde, Mali, Morocco, Sao Tome and Principe, have laws that ban on donations from government contractors to political parties. On the other hand, Botswana, Central African Republic, Ghana, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Niger, Senegal, South Africa, Tanzania, Uganda, and Zambia have laws that ban donations from government contractors to political parties [9].

Donations from organized crime, gambling, and drug trade are also prohibited sources of funding [44, p. 182]. In some countries, organized crime and drug lords try to influence elections by pumping in money to political parties. The so called "god father" scandal in Nigeria, particularly in the Anambra (Southeastern Nigeria) and Kwara state (Central Nigeria) can be cited as examples [48, p. viii]. Donation from religious groups is also prohibited [44, p. 182]. In a democratic country, state and religion are separate. Therefore, faith organizations are not allowed to give financial assistance to political parties.

The second major principle in political finance legislation is

transparency in the spending of party funding. Generally, parties are advised to have transparent "spending caps" and lower ceiling of political parties' election expenditure [3, p.3]. As noted by Warner [49, p. 6], spending caps are designed "*to avoid the perception, if not the reality, that the more money spent on a campaign, the greater the likelihood that a candidate will be elected.*" Moreover, the laws are set to make the playing field even by creating equality among the competing parties in the election, and to stop the unnecessary wasting of money which could be wisely spent elsewhere." According to Saffu [22], the laws in Benin limit campaign expenditure and Kenya also had provisions that limit campaign spending, but removed them in 1992. Later on, in 1999, a bill for state funding of political parties was passed by the parliament [22].<sup>26</sup>

The third principle is confirming that trade unions get the open consent of members and shareholders in giving donations to political parties [3, p.3]. In fact, in many countries, like the U.S.A donations from trade unions are banned [44, p 182], [45, p. 47], [50, p. 2], [51, p. 10] because trade unions are expected to be neutral, and they are separated from the political parties. According to Scarrow [41, p. 7], the logic behind this ban "*is that only individual citizens can vote, so that only individual citizens should be funding campaigns.*" In some countries such as England donations from trade unions is legal [45, p. 47], [50, p. 2]. In many African countries, there are no laws regarding trade unions [9].<sup>27</sup>

The fourth major principle is preference for small donations from the broad masses than large donations from few sources [3, p.3]. This is mainly to promote the participation of the majority of the people in the political process [3, p.3]. In Africa, only very few countries like Benin, Mali and Niger have a law that sets a ceiling on contributions to political parties [9]. In many African countries such as Botswana, Burkina Faso, Cape Verde, Central African Republic, Ghana, Lesotho, Madagascar, Malawi, Mauritius, Morocco, Namibia, Sao Tome and Principe, Senegal, Seychelles, South Africa, Tanzania, Uganda, and Zambia there is no ceiling on contributions to political parties<sup>28</sup> [9].

#### 4.2. Public (State) Funding

Public funding is a fund given by a government or a state to political parties and/or candidates. The major purpose of state funding, according to Young et al [4, p. 3], is to reduce or eliminate political corruption "*that occurs when donations are*

<sup>26</sup> However, Sefakor Ashiagbor has a different story. According to Ashiagbor [24, p. 10], "*There are currently no political party finance laws in Kenya*", and "*political parties are registered and operate under the Societies Act.*"

<sup>27</sup> In Ethiopia, Article 11(1) of the revised parties registration proclamation (No. 573/2008), says that trade unions can not be registered as political parties. However, the proclamation says nothing concerning donations from trade unions can donate to political parties.

<sup>28</sup> In Ethiopia, both proclamations (1993, 2008) do not mention donation ceiling.

given in expectation of a policy concession or government contract.” These days, more and more countries in the world are giving public funding to political parties. According to Pinto-Duschinsky [17], out of 143 countries that are rated by the Freedom House as “free” or “partly free”, 84 countries (i.e. 59%) have introduced laws providing direct public funding to political parties and candidates<sup>29</sup> [27, p. 6]. Different countries follow different criteria for the allocation of public funding. Public funding could be based on: the number of elected candidates i.e., the number of seats each party holds in the parliament [52, pp. 17-86], [53], [54, p. 1], [55, p. 15], [46, p. 13], the number of registered members of each party, proportional to the number of votes cast [52, pp. 17-86], according to the age of the party (giving priority to young and new parties), or it could be distributed equally among all parties [52, pp. 17-86]. The distribution time of public funding could be on the basis of election cycles, calendar year, or fiscal year. Moreover, depending on the allocation formula public funding can be distributed before or after the election [52, pp. 17-86].

There are two forms of public funding: direct public funding, and indirect public funding. Direct public funding is direct money assistance to political parties or individual candidates usually through bank transfer or, at times, in check or in cash. However, in most of the countries that offer public funding, the most favored form is indirect public funding. According to Argandona [47, p. 14], Birnir [56, p. 10], Pinto-Duschinsky [57, p. 7], Tjernström and Katz [44, p. 182], and the USAID [46, p. 13], there are different forms of indirect public funding offered to political parties. These include: media access (i.e. free advertising slots for political parties),<sup>30</sup> free printing and distribution of campaign information; subsidized or free office for political party headquarters or local offices; subsidized or free public transportations for candidates and party activities; use of government buildings such as schools, sport arenas for rallies and meetings; relaxed taxation<sup>31</sup> status for political parties; subsidized or free postages for political parties in disseminating information material; subsidized or free telephone lines and telephone calls; giving tax incentives for donors to a political party.

<sup>29</sup> In most of established democracies state funding was introduced gradually. Direct state funding was declared in Germany in 1967, Denmark in 1969, France in 1965, Italy in 1974, Canada in 1974, Greece in 1984, Australia in 1984 [95], [96], [63]. In Austria, party finance laws were first introduced in 1975. This law was revised in 1982, 1984, 1991, and 1996 [20, p. 14].

<sup>30</sup> The broadcast of multi-party election debates are not included in indirect public funding. In countries like Benin, Burkina Faso, Cape Verde, Central African Republic, Ghana, Madagascar, Malawi, Mali, Mauritius, Morocco, Mozambique, Namibia, Niger, SaoTome and Principe, Seychelles, South Africa, and Tanzania political parties are entitled to free media access [9]. In all these countries, except Cape Verde and Mauritius, the basic criterion for allocating the broadcast time is equal time. According to Pinto-Duschinsky [17], out of 104 countries globally studied, 79 % of them have adopted regulations giving free political broadcasts.

<sup>31</sup> In the revised political parties registration proclamation (No. 573/2008), Ethiopia exempts legally-registered political parties from any kind of income tax (Article 18).

As Saffu [22, p. 22] disclosed, in many African countries, incumbent parties deliberately ignore provisions dealing with state funding when constitutions and laws are drafted and ratified due to their partisan interest.<sup>32</sup> Unfortunately, opposition parties who were supposed to be benefited from the introduction of the laws on state funding are usually very weak and divided to influence or force the ruling parties to introduce such laws [22, p.22]. Most of the time, incumbent parties introduce laws that potentially and systematically exclude opposition parties from state funding. For instance, Zimbabwe introduced a law allowing political parties to get state funding if they fulfill the criteria of having 15 seats in parliament. This law practically banned many opposition parties from receiving state funding [58, p. 10].

In South Africa, political parties receive public funding and they are free to receive private donations from domestic and foreign sources with no limits on the amount. Moreover, they are not obliged to disclose their source of funding and the amounts they received [6]. In 1994, South Africa stopped its former law that used to allow the public funding of all registered political parties, and started funding only represented political parties [6, p. 4]. According to Schikonge [59], African countries like Botswana, Lesotho, Mozambique and Mauritania do not grant any financial assistance to political parties and therefore political parties in those countries depend on private donors. On the other hand, few African countries such as Malawi, Mozambique, Namibia, South Africa and Zimbabwe offer direct public funding to political parties based on the parties' electoral performance [59]. In general, from all regions in the world, Africa lags behind in the proportion of countries that have public funding. In 2002, there were only fourteen African countries that directly fund political parties with or without legislation: Benin, Burkina Faso, Chad, Egypt, Equatorial Guinea, Gabon, Malawi, Morocco, Mozambique, Namibia, the Seychelles, South Africa, Tanzania and Zimbabwe. However, in most of the said countries, the amount of state funding is very small. Only in four countries (i.e. Morocco, Seychelles, South Africa and Zimbabwe) state funding is sufficient enough to bring a change in the political system [22, p. 25].

According to CDD-Ghana [27], Phillips [60, p. 17], and Young et al [4, p.4], public funding has many merits. First, it helps in reducing inequality among political parties. It is argued that public funding reduces the advantages of incumbency and ruling parties' greater financial resources. Second, it reduces the corruption of party leaders, i.e., since public funding is tied with conditions (e.g. transparency) it takes away the chance of political leaders to receive money from other illegal sources, and discourages vote-buying

<sup>32</sup> The most important reasons for not introducing public funding in Africa are the partisan interest of the ruling parties [22, p. 25], and to a certain extent, the poor economic condition of the African countries [57, p. 22], [22, p. 25].



practices. Third, it reduces the kick-backs, i.e., it helps in removing the danger of being influenced by donors who give large donation in return for political favors when the recipient party takes political power. Fourth, public funding maintains and ensures the continuity of democracy. Fifth, it limits or blocks the influence of foreign countries over domestic political parties. Sixth, through public funding the state may force political parties to have more women or other minority candidates, and to hold internal elections. Seventh, it helps to make political parties active (particularly in countries where the society is too poor to support political parties). In ever-increasing cost of election campaigns, state funding is a necessity for the survival and continuity of political parties.

According to various sources, many scholars, state funding has also many de-merits. These are: First, it diverts the public money from more useful projects that could be used for construction of schools and hospitals [61], [39, p. vii]. Second, it may lead to the "Cartelization" of political parties (i.e. it makes political parties complacent) [27, p.5], [62, p. 4]. In other words, after receiving public funding political parties may not be interested to recruit more members or they may not be interested to have consultations with the public since they get easy money. According to critics, this can separate the party from its supporters [63], [64], [39, p. vii], [65, p. 7], [4, p. 3]. The third de-merit is the so-called "statization". It is argued that public funding makes political parties dependent, and hence, put them under the mercy of the ruling party and government [39, p. vii], [47, p. 1], [52, p. 28], [66, p. 8]. Moreover, the laws on public funding could be used as instrument of attack by the incumbent party against opposition parties. According to Pinto-Duschinsky [57, p. 17],

*"Laws about political funding are of little value unless they are properly and fairly enforced. Unbalanced enforcement may make some laws worse than useless The most dangerous scenario is where laws become unrealistic and virtually all candidates and parties disobey them but where a governing party uses its authority to bring legal charges on a discriminatory basis against politicians who have lost an election. The enforcement of laws on corruption and political financing may be used as a stick to discredit and imprison political opponents."*

Pinto-Duschinsky [57, p. 23] argues that, *"Public funding is not necessarily a politically-neutral instrument. It is easy for a ruling party to enact rules about public funding which will be to its partisan advantage."* Moreover, for Pinto-Duschinsky [57, p. 23], *"The promise of public financing may be used by a government to manipulate and divide opposition parties."* In addition to the above points, *"When the threshold for receiving money is low, public subsidies sometimes encourage the creation of a multitude of shell parties or splinter groups of parties which exist for the sole purpose of being receptacles for state aid"* [57, p. 23]. Furthermore, as Ashton [67, p. 1] rightly pointed out, public funding system opens a door for the major parties in power *"to manipulate the party financing rules in order to benefit themselves at the expenses of the*

*smaller parties"*.<sup>33</sup> Fourth, the system of public funding tends to keep the status quo. Hence, only the already well-established parties that have seats in the parliament get advantages over the new and young political parties. The fifth de-merit is that public funding of political parties forces the tax payers to shoulder the expenses of political parties which they do not support [68, p. 13]. Sixth, according to it Biezen [69] and Griner and Zovatto [52, p. 28], public funding may lead to the "bureaucratization" of political parties. That is to say, as Smith [20, p. 20] notes, public funding increases the professionalism of party bureaucracy.

In countries like Benin, Mali, Morocco, Namibia, Niger, and Sao Tome and Principe the body that is responsible for administration and enforcement of the party funding regulation is government department, particularly the Ministry for Internal Affairs. On the other hand, African countries such as Cape Verde, Ghana, Malawi, South Africa and Tanzania have a system of regulations for the financing of political parties and the responsible authority for administration and enforcement of the regulations is the National Electoral Management Body [9]<sup>34</sup>.

#### *4.3. Western Donors' Democracy Aid and Its Complications*

Election campaigns in Africa are very expensive due to the low income of many Africans, high illiteracy rate, low technological development, high rural population usually living in sporadic villages, low level infrastructure such as poor roads, archaic telecommunications and transport. All these factors add heavy burden on political parties [22, p. 2]. Moreover, due to the extreme poverty in Africa, African political parties are having a very serious difficulty in receiving sufficient contributions (donations) from the public. In developed democracies, public funding may be sufficient to cover all the expense of the political parties. But, in many emerging democracies, public funding is either non-existent or meager. As the result, political parties would be compelled to look for funds from other sources including party assistance from donor countries [6]. In general, the high cost of elections and their ambition to have high quality elections made Sub-Saharan emerging African democracies to be donor dependent [58, p. 9]. For Canton [1, p. 6], party assistance is *"any type of international assistance geared towards individual parties or the party system as a whole, with the purpose of strengthening democracy in a given country."*

When we examine the role of donor countries in the democratization process of Africa, it is evident that there is a shift in donor behavior from the previous non-interference in the internal affairs of other countries to that of support for

<sup>33</sup> As pointed out by Roper [97, p. 4], MPs introduce party finance laws that benefits parliamentary parties over non-parliamentary or out-of-government parties.

<sup>34</sup> In Ethiopia, the National Electoral Board (NEBE) is responsible for the enforcement of party finance legislation.

democracy and human rights. The major emphasis of donor countries in Africa's democratization process rests on the elections. In the early years of the Western democracy aid to Africa, there were attempts to give direct financial donations to African political parties. However, soon controversies erupted and still now there are problems for political parties receiving foreign aid. In some African countries, as I stated earlier, there are laws and regulations to control political parties' fund raising because, as many electoral autocrats argue, the absence of such regulations might lead political parties to be controlled by foreign donors. It is true, some times, foreign funding to African political parties from the Western countries might be counter-productive. In the past, there were a lot of allegations against opposition parties by the incumbents due to foreign funding and how the funding was used. There were many attempts to portray opposition parties as tools of foreign governments. Therefore, for African political parties, foreign funding could be disadvantageous and sometimes might have disastrous effect.

In many African countries, funding from foreign sources is usually prohibited due to its risk to the national security of countries. According to Pinto-Duschinsky [17, p.74], 49 % of the 104 countries that were studied have regulations that ban foreign donations. It is feared that through donations foreign countries and organizations might influence the recipient countries' domestic policies. Moreover, foreign influence through donations, particularly those foreign elements that do not have voting rights are not allowed. According to Amundsen [25, p. 5], Western donors' support to political parties could bring negative outcomes, namely, "intervention problems", increasing fragmentation of political parties, "polarization" among parties, and "entrenching the ruling elite" in place.

Realizing these risks, foreign donors are no more willing to give direct assistance to African political parties. Instead, they decided to give their assistance indirectly. These include: building the capacity of electoral management bodies by offering technical support, seminar, training, travel grants, material and financial support, with the goal of improving conditions for the holding of "free and fair election" and by sending international election observers<sup>35</sup> [see 70, pp. 119-137]. As Boneo and Dahl [43, p. 20] notes, indirect support given by Western donors is "*of fundamental importance for the countries where political parties cannot attract substantial funding.*"

The donor countries assistance, in this way, can add

<sup>35</sup> According to Deegan [98, p. 2], "*the international donor community was fearful of directly involving itself in party development, preferring instead to fund NGOs which did not arouse accusations of political interference.*" However, at present, even the Western democracy aid to NGOs/CSOs in Africa has met serious opposition from electoral autocrats, as the case of Ethiopia clearly demonstrates. Recently, the Ethiopian government has introduced a repressive proclamation criminalizing the involvement of NGOs/CSOs in human rights activities.

legitimacy to the electoral processes and results in emerging democracies. As Karume [71, p. 3] opined, "*While donors in general do not fund political parties, as it is prohibited by electoral acts of most recipient countries, they do offer assistance in terms of training, seminars and conferences.*" According to Mathisen and Svasand [15], at present, there are five major Western donor countries that offer support to African political parties. These are: Germany, the United States, Britain, the Netherlands, and Sweden.

#### (A) Germany

Various foundations which are associated with German political parties offer political assistance to developing countries [72, p. 10], [15]. These are: Friedrich-Ebert-Stiftung (FES), Konrad-Adenauer-Stiftung (KAS), Friedrich-Naumann-Stiftung (FNS), Hanns-Seidel-Stiftung (HSS), and Heinrich-Boll-Stiftung (HBS).<sup>36</sup> These *Stiftungs* (foundations) originally were aimed to provide civic education to the German people. But, later on, they started to expand their activity outside Germany. These foundations get their fund for their international activities from the German government and have full independence in the use of the funds. At present, the foundations conduct their activities in more than hundred countries and the biggest recipient African country is South Africa. For instance, the Konrad Adenauer foundation has supported the Inkatha party of South Africa since the 1980s, while the Friedrich Ebert Foundation has supported the ANC. On the other hand, the Friedrich Naumann Foundation supported the liberal community and organizations like the South African Institute of Race Relations (SAIRR) and the Helen Suzman Foundation. The other recipient African country has been Uganda. Both Konrad Adenauer Foundation and Friedrich Ebert Foundation have been supporting Uganda since 1987. The Uganda People's Congress (UPC) received support from Friedrich Ebert Foundation, while the Democratic Party (DP) of Uganda received support from Konrad Adenauer Foundation [72, p. 10]. In their activities in developing countries which have been going on for the last three or more decades, these German foundations have been criticized for their co-operation with authoritarian and single party regimes. Therefore, due to these constant criticisms the foundations stopped supporting political parties in developing countries, but increased their support to civic societies, advocacy groups, the media, political think tanks, parliaments, and electoral commissions [15].

#### (B) The United States

The American support for new democracies is conducted largely by two organizations: the National Democratic Institute (NDI), and the International Republican Institute (IRI) [19, pp. 1-20], [13, pp. 14-15]. Both NDI and IRI have been getting fund from the National Endowment for

<sup>36</sup> The foundations are associated with various parties: Friedrich-Ebert-Stiftung (FES) with the Social Democrats (SPD), Konrad-Adenauer-Stiftung (KAS) with the Christian Democrats (CDU); Friedrich-Naumann-Stiftung (FNS) with the Liberal Party; Hanns-Seidel-Stiftung (HSS) with the Bavarian Christian Social Union; Heinrich-Boll-Stiftung (HBS) with the Green party.

Democracy (NED), and the USAID [73]. In comparison, NDI works more broadly than IRI that works only in few countries that are strategically important to the U.S national foreign policy interests [73, p. 17]. If we compare both NDI and IRI with German *Stiftungs* we will find that both American organizations (NDI & IRI) are less autonomous than their German counterparts, and their programmes are expected to adhere to the US government's guidelines. The two American foundations support and conduct projects on elections, civic education, parliamentary strengthening, and political party capacity building. Their support to political parties is geared to the training of members of parliament, technical assistance for party building and for election related issues and monitoring of elections [15]. The two American groups sometimes are accused (in developing countries) of being interventionist and partisans. For instance, Ethiopia expelled three American groups from the country in the controversial 2005 Parliamentary election. The Ethiopian government, on March 30, 2005 told the NDI, IRI and another American organization, IFES,<sup>37</sup> to leave the country within 48 hours due to their "failure to register" properly [70, pp. 119-137].<sup>38</sup>

#### (C) Britain

Since 1992, the UK Westminster Foundation (WF) has been supporting the building of pluralistic democratic institutions overseas. The foundation has been active in East and Central Europe and in Anglophone African countries. The foundation is not affiliated with any particular party, and attempts to have a neutral role in the democratization assistance. It gives technical assistance to electoral processes, supports the independent media, trade unions, political NGOs, parliaments and political parties. The foundation gets its fund from the British government [15]. According to Mathisen and Svasand [15], British political parties also offer technical and budget support to political parties in developing countries. The technical assistance involves training, election campaigning, party management, and support for think-tanks while the budgetary assistance involves the funding of party core and capacity building activities.

#### (D) The Netherlands

The Dutch foundation for the new South Africa (NZA) was established to assist post-apartheid South Africa's stability. The foundation was supported by all Dutch political parties in the parliament, except the extreme right party. In 2000, NZA was replaced by the Netherlands Institute for Multi-party Democracy (IMD). The new foundation attempted to expand its activity in Latin America and Asia, and in few African countries such as Mozambique [15].

#### (E) Sweden

Seven Swedish foundations closely aligned with Swedish

political parties have started to support "sister parties" in developing countries, and East and Central Europe since 1995 [74, p. 11]. Their aim has been developing pluralistic party systems in the new democracies [15]. The support includes both technical and budgetary assistances to political parties. African countries such as Mozambique, Tanzania, and Ethiopia have been the beneficiaries of such support [74, p. 12].

## V. CONCLUSIONS

The potential sources for party funding in Africa include popular funding (i.e. party membership dues and individuals donations by party members and supporters), money from fund-raising by party activists, levies on the salaries of party members occupying state or government offices, public funding, and returns in investment portfolios [26, p. 88]. According to Saffu [22, p. 22], the most important form of party funding in Africa are donations from foreigners (legally or illegally) and founders of political parties, corrupt kickbacks, state subsidies, and business investment returns.

As stated earlier, receiving financial support from Western donors has both advantages and disadvantages. In emerging democracies, foreign funding is sometimes viewed as an attempt of external forces to influence the outcome of national elections and the directions of political parties [25, p. 5]. In this case, foreign funding is regarded as something that violates the basic principle of democracy, i.e., "*The election of representatives should express the political preferences of the politically enfranchised citizens*" [15, p. 18]. Secondly, political parties' dependence on external funding<sup>39</sup> might limit or decrease their attachment to their electorate. In other words, political parties' connection with the electorate will be less as long as political parties continue depending on foreign aid [15, p. 18]. When political parties' connection with the electorate decreases, they no longer reflect the view of the electorate because the political parties and leaders start to live comfortable life thanks to the foreign aid. Thirdly, party leaders could be turned into authoritarian<sup>40</sup> practices and might follow a monolithic leadership. Furthermore, they could be less and less tolerant to criticisms from fellow party members fearing the exposure of their corrupt practices. Fourthly, foreign funding could also lead to the formation of the so-called, "party entrepreneurs"— individuals who establish political parties to tap internationally available funds [15, p. 18]. Therefore, many ambitious individuals would be encouraged to establish political parties as a short cut for rapid personal wealth. This condition could lead to further fragmentation of political parties—a development hardly conducive to democratic consolidation.

<sup>37</sup> International Foundation for Electoral Systems (IFES), formerly the International Foundation for Election Systems.

<sup>38</sup> Solomon Abebe, spokesman of the Ministry of Foreign Affairs of Ethiopia, said that the representatives of the three American organizations entered Ethiopia with a tourist visa "without getting any authority or without making any agreement with the concerned bodies [99]." For detail, see Wondwosen [70, pp.119-137].

<sup>39</sup> According to Carlson and Walecki [100, p. 7], in post-conflict elections, funding from illegal sources, Diaspora groups and foreign nationals "can hinder reconciliation between formerly warring factions and efforts to replace the bullets with ballots."

<sup>40</sup> For further detail on authoritarian practices of party leaders in Africa, see [101, pp. 1-15], [102, pp. 60-68].

At present, as I have already discussed, many observers criticize foreign funding as unethical and counterproductive. On the other hand, there are arguments that support foreign funding to political parties in the newly emerged democracies. According to the advocates of this argument, foreign funding for opposition parties is necessary to counter the domination of the ruling parties. Though, ideally, political parties should develop and depend on national resources alone, the absolute poverty in Africa does not allow political parties to grow and entirely depend on national resources. After considering both sides of arguments, we can say that if democracy is to be entrenched in Africa it needs to be strengthened from within. Foreign funding might be necessary, but it should not be tainted and should not try to impose models from outside, and it has to support national processes [15, p. 21]. Moreover, as recommended by Amundsen [25, pp. 7-8], instead of giving direct support to political parties, the democracy aid of the Western donors should be channeled in indirect forms such as assisting reforms in constitutional and legal framework, electoral commissions, election observation missions (both local and international), strengthening parliaments, local governments, the media and the civil society in the recipient countries.

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