

# Ethiopia's anti-NGO law and its consequences for economic development

Berhanu Nega and Carl Milofsky\*

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**Abstract** This paper highlights the important role democratically organized non-governmental organizations (NGOs) operating at the local level play in fostering economic development. This view runs counter to modernization theory's claim that a significant level of economic development must be achieved before democratic organization is possible. It uses Ethiopia as a case study of the cultural infrastructure of civil society and uses case examples of local NGOs to show the importance of local-level democracy for economic development. We argue that local civil society organizations (CSOs) tend to threaten political leaders, the example of Ethiopia showing initial government acceptance and then growing resistance to CSOs, the most recent example of being the passing of an anti-NGO law. We argue that such government repression threatens opportunities for economic development that are generated by local-level NGOs.

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## Introduction

This paper uses the case study of Ethiopia to argue that freely operating non-governmental organizations (NGOs), especially those operating locally and emphasizing democratic participation, are essential for economic, political, and social development in very low-income societies. We argue against the notion that grass roots democracy is a luxury reserved for nations that have achieved a high level of economic development.

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\*Address for correspondence: Carl Milofsky, Department of Sociology and Anthropology, Bucknell University, Lewisburg, PA, USA; email: [milofsky@bucknell.edu](mailto:milofsky@bucknell.edu)

This is a theme contained in modernization theory where it is argued that while democracy is desirable it can only be achieved once citizens have escaped extreme poverty (e.g. Lipset, 1959; Inkeles and Smith, 1974; Dahl, 1971, 1989; Lipset, 1994; Dimond, 2008; Nega, 2009). Positing this evolutionary order between economic development and democracy has allowed western governments, NGOs, and financial institutions to support authoritarian governments in developing societies as the price for providing humanitarian and military aid. We argue that undercutting democracy also undermines the potential for local entrepreneurship, a process essential for economic development.

To make the argument we begin with descriptions of the way particular local projects may be organized. This includes the kinds of undertakings that lead to resource development and the way a combination of native social resources and outside organizing assistance combine to create dynamic projects. Equally important is the larger context of civil society and the climate of trust and optimism that it can produce. Civil society in our sense of the term includes voluntary or non-profit associations and projects, the broader relationships and dialogues in which their participants become involved, and cooperative, supportive relationships with government, operating at different levels of aggregation, as well as with NGOs whose organizational reach extends from the local to the national and often to the international level.

While civil society organizations (CSOs) are important for social entrepreneurship, we also argue that they are inherently threatening to authoritarian political regimes. This runs counter to conventional pluralist political theory, arguing as it does that a rich matrix of local associations hierarchically organized into legitimate, representative networks is essential for democracy (Skocpol, 1992, 2003). Local democratic organizations based in the civil society sphere tend to operate outside of the political sphere. As they grow and become effective at solving economic and community problems their leaders become more respected by the citizenry. Professional politicians then tend to feel threatened both in electoral terms and in believing that their power to initiate programmes and allocate resources is being undermined. In both the United States and Northern Ireland this political reaction has been documented (Moynihan, 1969; Acheson and Milofsky, 2008, *forthcoming*). Recognizing that political reaction is to be expected as the civil society sphere gains strength it is important that NGOs, western governments, and financial sector funders strongly support institutions of democracy in less wealthy countries because maintaining these institutions is essential for the maintenance of continued economic progress.

## The example of Ethiopia

Although it is an extremely poor country Ethiopia has a strong infrastructure supporting civil society. There are well-developed cultural and societal traditions favourable to forming economic cooperative associations and working cooperatively within and across ethnic group boundaries. Ethiopia also has a large long-standing NGO presence. As a result local Ethiopian participants in projects have developed a lively interest in politics and development issues affecting their communities.

During the 1990s government played an important supportive role. The new revolutionary government supported the growth and development of the local NGO sector and civil society. It created a constitutional structure that set up democratic institutions and provided important protections to local organizations, their participants, and to Ethiopian and international NGOs. However, where once it had supported and benefitted from the democratic process government leaders came increasingly to feel threatened, and they became progressively more authoritarian and repressive. The latest step in this process is the passing of a 2009 anti-NGO law that threatens to stifle local organizations receiving any international support.

We proceed by first describing the social and cultural infrastructure in Ethiopia that supports creation of effective local CSOs that make economic contributions, providing case studies of two organizations. We then provide an outline political history of Ethiopia, particularly the last twenty years. The third section reviews the 2009 anti-NGO law and we conclude by arguing that free development and flow of ideas and actions are essential for local economic development. They are necessary for the kind of entrepreneurial thinking that leads to dynamic new projects. More importantly the trust these relationships foster is essential if very low-income citizens are to be willing to take the risks they perceive to be part of investing time and resources in new economic development projects.

### **Political discourse, cultural infrastructure, and the dynamism of CSOs**

As we will show, the Ethiopian government has become increasingly authoritarian since 2004, the most severe consequences of which are felt at the local level where there is an intimate and mutually supportive relationship between free thought and expression, entrepreneurship, and social capital. In a country where average income is between \$100 and \$200 per year individuals tend to be extremely conservative about taking the kinds of risk that might, on one hand, allow them to build capital but

that on the other hand might lead to losses that would wipe all surplus resources. Extreme poverty often pushes people to be utilitarian, individualistic, and reliant on families as the social unit that is most reliable, as some minimal level of resources is necessary for community cooperation and political participation (Banfield, 1958).

Grass roots experience shows that a variety of strategies are available to help at least some Ethiopian communities move to a higher level of income, wealth, and security. For this to happen, residents must recognize the natural advantages of their situation and also see that with a careful strategy of cooperation they can build successful enterprises. Ethiopia is fortunate in having a cultural infrastructure that supports this kind of cooperative community work, which coupled with the effective local work of NGOs begun to create momentum for the creation of local community projects that increased resources and food security. This now threatens now to stall.

### **The social infrastructure for civil society in Ethiopia**

It is useful to distinguish cultural infrastructure from social infrastructure, as it is the latter that is strikingly supportive of civil engagement in Ethiopia. Cultural elements are historic aspects of ethnic group life that orient people towards a particular division of labour and mode of building community structure, and that shape family and clan structure and obligations. There are significant neighbourhood-level sharing practices throughout Ethiopia, spanning the boundaries of ethnic groups and urban–rural divides, the most important being the *iddir* and the *equb* (Zamperetti and Costa, 2008).

*Iddir* tend to be male dominated and focus on providing help with funeral and wedding expenses. Members make regular contributions to the association and the associations in turn may be a source of loans for purposes other than their main function. Outside of informal family and friendship networks, *iddir* were the most important source of loans for the population this project studied. *Equb* are similar to *iddir* in being village or locality-level systems where members make small contributions into a group fund and then may periodically borrow from these shared resources. *Equb* tend to be organizations created and run by women and they are more specifically conceived as rotating savings and credit associations. Aside from having different gender links, the two kinds of associations differ in that *iddir* have more cultural meanings and serve as an important source of community integration because they self-consciously draw in members from the locality with different ethnic ties. *Equb* are more narrowly utilitarian and economic in focus.

There are a variety of other informal gifting and resource mobilizing processes that also foster civil society in Ethiopia. One is the community-building role of the Christian Orthodox church. There also is a role for 'Diaspora philanthropy' (a term coined by Brinkerhoff, 2008) among members of ethnic groups who migrate from their home district, gain some financial success, and then fund facilities and activities in their hometowns, which of course is not restricted to Ethiopians. These initiatives were among the first civil society activities attacked by the Ethiopian government.

*Iddir, equb* and Diaspora philanthropy are viewed by Ethiopians as an indigenous, distinctively non-Western form of civil society occurring throughout the country. In poor rural areas they are an important form of extra-familial solidarity, functioning as micro-credit systems involving the whole community, fostering mutual self-sufficiency, and strengthening social solidarity. In cities where populations are more heterogeneous these informal organizations knit otherwise fragmented communities together.

Aside from these positive network effects, the informal associations give citizens experience with creating, leading, and making accountable their informal groupings. Furthermore, Ethiopians expect to participate in community organizations for mutual betterment. The experience they gain as a natural part of community life and their acceptance of community cooperation means that even in remote communities where citizens are desperately poor and little educated, informal operations like seed-saver exchanges work with remarkable effectiveness.

### **Effective NGO-initiated projects**

If NGOs provide initiatives that work for citizens, this has happened through a protracted process of trial and error and internal critical self-examination in Ethiopia and elsewhere. Such progress can be traced in Ethiopia to the early 1990s and the degree of effective programming one sees today has been built on the scaffolding provided by prior efforts. Even if specific projects end their lessons can be transferred to other projects and enhance the experiences of citizens. This is one why political efforts to truncate projects may have wider consequences. It is not just a specific project that is ended but also the accumulation of cooperation, development, learning, and resource accumulation that is put at risk.

We are interested in the downstream political effects that follow from closing CSOs and also what happens to particular projects, the citizens who participated in them, and the wider community who may have benefited from them. We therefore analysed two case studies drawn from the Oromia region in south central Ethiopia.

*Ilu Aga community organization*

This example is taken from a case-book prepared by the Asset Based Community Development (ABCD) network that reports case examples from nine countries (Cunningham, 2008). ABCD workers undertook five projects in Ethiopia, one of them in the Oromia community of Ilu Aga. Rather than importing any particular project or intervention ABCD works with residents to teach a methodology for analysing and understanding their local situation. ABCD particularly emphasizes a community's experience of having acted successfully on its own without outside help or intervention. This is not to discount the importance of NGO programmes or other outside initiated efforts, but the ABCD approach seeks to enable residents to identify problems related to their lives and that undertake projects that are of a scale and level of difficulty that they can successfully carry out.

Through an 'appreciative inquiry' process a number of stories were gathered, going back up to twenty years that related significant community accomplishments although and in some sense they were not an active part of the community's culture or oral history. However, this allowed group members to identify a variety of skills and community assets that could be put to work on new projects. A core group of fifty people decided to form a community development organization to undertake new projects that would follow the successes that had gone in previously in the community.

As the group grew and identified local resources it began linking to other local organizations and associations. After producing a skill inventory the group set about listing all the formal and informal associations in the community. This allowed community members to make a community map that showed different activities but also traced resources coming into the community that were channelled into projects and what outcomes they had. ABCD uses the imagery of a leaky bucket where resources go into the top of the bucket and then flow out from holes on the sides and bottom. The idea is that resources that come into the community do not move in linear fashion to outputs but rather they become part of collective resources and then the collective creates outputs. Although the projects were modest in scale they brought a new dynamism to poor local communities. Residents recognized that they had internalized a self-image that they were poor, isolated, and helpless to improve conditions in the village. The ABCD process helped them undertake effective projects. It helped them to build a sense of community and to make use of their local community institutions. By sharing family resources more effectively men and women developed more positive feelings towards each other and were able to work together in a more cooperative way.

The case report tells us that the ABCD process also helped community members to work more effectively with *kebele* (local-level) officials, who in the past presented themselves as people providing resident with resources and programmes. This had established a dynamic where residents became passive and expected officials to start programmes and provide resources. Once the ABCD process was underway residents began asking officials for specific information and advice about how to move their own projects ahead more effectively, transforming relationships and helping to integrate the political and community spheres.

*Adaba–Dodola community-based Eco-tourism development*

The Adaba–Dodola Community-based Eco-tourism Development is a company that organizes treks into the Bale Mountains for Western tourists (Asfaw, no date; GTZ, 2009; personal visit by Milofsky, 2009). Although formally a company, its members are part of an Oromia clan group of forest dwellers living and farming in a forested mountain area on private land outside of the northern boundary of Bale National Park. The project was begun as a cooperative initiative between the German NGO GTZ and the Ethiopian government, whose goal was to identify ecologically threatened areas of Ethiopia and set up economically productive projects to provide local residents with cash support to discourage deforestation and other environmentally destructive activities. The NGO helps to plan and set up an economic project that can be turned over to local residents but where there is a contract with residents that they will vigilantly pursue practices of ecological preservation and work to ensure that others also follow those practices.

Ethiopia has a high poverty rate and population pressures which foster practices that severely degrade the environment. The area of the Bale Mountains north of the National Park was an area at risk because it was not state controlled land and it had no specific private ownership. As a heavily forested area it was becoming a target for wood harvesters and there was danger that the mountain slopes would become deforested. GTZ worked with the Ethiopian government to create a licensing arrangement whereby residents of specific local villages would be granted access to the forest area and would be allowed to live and farm there. In exchange, the villagers would run the eco-tourism project and agree not to cut the local forests. In addition, they would monitor the forests and work to prevent other local residents from harvesting wood.

Although the NGO GTZ conceived the project and worked with villagers beginning in 2005 to build and stock five lodge camps that would be used by tourists the NGO phased out its resources and supervision so that by 2007 villagers were running the project on their own. When we visited in

2009 the project was well run, was attracting a significant tourist flow, and was providing villages with sufficient income that it continued to be worthwhile for them to continue maintaining the ecological contract upon which NGO support was based. This ecotourism project appears to prosper because the local cultural and social traditions have been maintained. Despite the rural location of this project state schools manage to teach local residents the language and mathematical skills they require to run this project. The German NGO 'GTZ' recognized the business possibilities in this area, working with the government to set up a new licensing arrangement that would give villagers control of the geographic area, and helped villagers to plan the project and learn skills they needed to run it. Although the NGO has stepped back from supervision and funding of the project their support network remains important since the project depends on word getting out to potential visitors that the project exists and that visitors will have an exciting, well-supported trek.

### **Social entrepreneurship**

Projects like the Ilu Aga Community Organization and the Adaba–Dodola Community-based Eco-tourism Development project are appealing because with resources citizens have naturally at hand they can produce economic value for residents who otherwise have very low income. Projects also can reduce dependence on advanced technology and can help to improve the physical environment. With the help of NGO organizers community members have developed dialogue and trust among each other, which as we have seen is embedded in Ethiopian society, fostering informal micro-credit arrangements that help very low-income people. NGO organizers play an important role in helping citizens reconstruct their community history so they recognize their capacity to act together in effective ways. They also introduce innovative ideas and practices which people are able to adapt to their own local cultural traditions and social structures.

In each of our sample projects government played an important role. In Ilu Aga the project helped shift the relationship between citizens and government officials so that they became active partners rather than having a client/dispenser of resources relationship that had been corrosive for both sides. In Adaba–Dodola the project was made possible by a partnership between the national Ethiopian government and the German NGO, GTZ. The Ethiopian government was a key actor in creating a licensing arrangement that allowed villagers to claim control over the Bale Mountains forest area. Although the NGOs in both projects stepped back from active participation, there is continuing supportive background presence. In Ilu Aga the community economic development project is but one

element in a network of associations, government offices, and economic projects like the seed exchange. The interplay and synergy of these projects is necessary for any one of them to prosper. The international NGO plays an important role in providing staff and modest resources to support specific projects that foster food independence. In Adaba–Dodola although GTZ has pulled back from the project and does not provide direct resource support it continues to make technical assistance and managerial support available. As would be the case for any business organization, the ecotourist business will need regular opportunities to step back, evaluate the project and internal operating procedures, and to consider ways of changing and improving the operation. Outside managerial support will be important for this strategic planning.

These successful ventures between 2005 and 2010 occurred because fifteen years of NGO/government partnerships preceded them, which enabled citizens to develop community embedded and sustainable economic projects. They fostered trust, and cooperative risk-taking in the context of constructive outside help was available. The case examples suggest that the civil society sector in Ethiopia has the potential to be a powerful engine for economic development, whose success depends on a matrix of intermediate associations, networks, and relationships facilitating project development. This matrix has been developing and growing since the current government took power in the early 1990s. Unfortunately, the same dynamic that makes powerful civil society and the economic development organizations it spawns can also create political instability, the origins of which we now analyse, before discussing the risks to this success associated with the anti-NGO law.

### **Ethiopian government structures**

Ethiopia's governmental structure operates at four levels: national, regional government (equivalent to states in America), *woreda* (county or local metropolitan district), and *kebele* (village-level). The current government is organized as a loose confederation of ethnic groups and government officials which foster patronage appointments reflecting power balances between ethnic groups. Government at each level is responsible for planning and implementing programmes and to some extent channelling resources down the hierarchy. There also is some obligation for local-level NGOs to share their plans with governmental officials and gain their approval for activities. Not infrequently the government has different goals and priorities to CSOs and seeks either to block their programmes or channel their resources in a desired direction. In some cases the government seeks to become the prime contractor for NGO programmes

although such efforts to appropriate civil society activities tend to be resisted.

The new NGO law heightens tension between separated governmental and NGO sectors. Government employees have built careers in the public service and have identities as government officials. Meanwhile the NGO sector in Ethiopia is very large and different organizations build their own networks of local organizers and independent procedures for distributing resources and ensuring accountability. Indigenous CSOs, which operate separately from NGOs, also operate as a sphere separate from government.

### **Relationships between politics and community organizations in Ethiopia**

Modern Ethiopian political history is divided into three stages: the long rule of Emperor Haile Selassie 1916–1974; the 1974 revolution that led to a coup that installed the communist government called the Derg that endured extreme famine in 1983–1985; a 1991 coup by rebels from the Tigrayan ethnic group that maintains control today. One of the important features of Ethiopian society is that it is the only sub-Saharan country that never was colonized by a foreign power, despite Italy's temporary occupation during World War II. Haile Selassie presented himself as the latest in an unbroken string of Ethiopian emperors going back more than 1000 years. During the early stages of Selassie's rule Ethiopia was governed by a loose confederation of ethnic groups and there was no effective governmental administrative structure, although this did gradually develop.

### **The Derg and administrative reform**

The Derg was violent and repressive regime but also created the current governmental structure, launching a national land reform programme that broke the power of the former aristocratic clan heads and led to a relatively democratic distribution of land that remains. They also created the *woreda* and the *kabele* structures that were used mostly for administrative purposes but also to mobilize and control the local population. Although supposedly democratic most people view them as the local arm of a repressive central state, a situation that did not basically change when the Derg was overthrown.

Although local government units, and especially the *kabele*, were imposed on communities there was little tension between civil society and governmental groups during the Derg. This is because the large social project of

the 1980s was implementation of land reform, which was centrally initiated and most significantly targeted aristocratic elites.

### **The 1991 rebel victory, ethnic dominance, and the rhetoric of democracy**

Victory of a rebellion inevitably changes a society and brings new power groups to the fore. Our interest, however, is on alterations that changed structural relations in Ethiopian society. Just as Derg administrative reforms have endured, the change in 1991 brought an ethnic emphasis to Ethiopian government and it led to a great expansion of international influence on Ethiopian society in the form of emphasis on institutions of democracy and expansion of NGO programmes throughout the country. Today Ethiopia is one of the largest recipients of foreign aid funding from governments and NGOs in Africa.

The ethnic emphasis in the new government led to creation of nine geographic ethnic areas that are one of the important ways power is divided up among the most powerful ethnic groups. This also makes it easier for the relatively small Tigray ethnic group (5–6 per cent of the population) to dominate. Institutions of democracy are particularly important for our story because of the NGO law and its negative effect on democracy. Because of the way it came to power in 1991 and the values that prevailed in the international community the government emphasized the rhetoric of democracy as it created the formal legal structure. This international influence was also associated with a rapid expansion of the NGO presence. Ethiopia had gained a high profile in the 1980s because of the famine that led to huge flow of food aid from a coalition of governments and NGOs, which continues at high levels because Ethiopian citizens are still vulnerable to food insecurity.

However, as NGO resources became more prominent in Ethiopia a variety of new programmes were brought in and this led to formation of a large number of local institutions committed to delivering programmes in a range of areas. Advocacy rights organizations operated at both the national and the local level. Human development organizations focussed on education-related programmes, HIV/AIDS, youth activities, and professional associations such as those for women lawyers. Finally, economic development-related associations concentrated on community development initiatives aimed at a particular geographic location (Zamperetti and Costa, 2008). These associations also opened a 'space' for civic action, and provided an alternative career path for educated citizens who did not want to work for the state but who did want to be involved in public service and action.

The associations also began to create forums for discussion of various issues related to society. This partly happened because indigenous NGO organizers and administrators constitute an important part of the educated elite in many smaller towns and they naturally drew together for social reasons, exchanged ideas, and developed a style of discourse that moved beyond particular issues to deal with social and political issues that affected the whole society. Activists working in particular issue areas also joined with other local NGO workers to form community associations that mobilized people to work on issues of concern to the whole community.

### **Government response to local organization**

At first government responded to the growth of these local organizations with benign neglect, but quite early on concerns rose and they responded by attempting to create its own issue-specific CSO of youth women, etc., seeking to replace small NGO programmes targeted on specific geographic areas with society-wide, mass organizations. These are also the organizations referenced in the 2009 anti-NGO law, the government hoping that their mass scale would drown out NGO efforts.

Things changed drastically with the election in 2005 when the government lost elections throughout the country and was able to stay in power only by using military force and arresting opposition leaders. After the election the government became overtly hostile to the NGO organizations and started to seek actions that would legally prevent them from functioning, with the 2009 law taking this to a more concerted stage. The 2009 CSOs law is designed to regulate NGO activity.

The law has been roundly criticized for being not only restrictive, but as a fundamental violation of the basic freedoms of association that are enshrined in the country's constitution and other international human rights obligations that the country is a signatory to. Following these criticisms and realizing the financial implications of the law (particularly in relation to the country's dire foreign exchange constraint) the government has temporarily halted its implementation.

Ethiopians working in the field are unanimous in their view that the main target of the law is local-level civil society and advocacy organizations. Others contend that the law has a much broader objective to create an environment of fear in the CSO community and ensure some sort of self-censorship in their activities by using the law as a scarecrow that can be selectively applied to ensure compliance. What is clear is that this law is part of a larger campaign by the government to ensure that there will be no independent organizations of any type that can potentially challenge the firm totalitarian grip it has established on the Ethiopian society since

the 2005 electoral debacle, which the opposition claimed had been stolen from them by government electoral fraud. The law criminalizes most human rights work in the country, according to the organization [Human Rights Watch \(2009\)](#), although the government claims that it will lead to greater openness and financial probity on the part of NGOs. Any civil society group that receives more than 10 per cent of funding from abroad, even from Ethiopian citizens, is outlawed as a foreign organization, and are forbidden from working on human rights and a range of other issues. The law will be implemented by a new government entity, the Charities and Societies Agency, with draconian powers, also extending to domestic CSOs. The aim of the law is to ensure that international NGOs simply restrict their activities to service delivery, and do not stray into areas such as human and democratic rights, gender equality, and conflict resolution. In the wake of the passing of the Act it also imprisoned one of the main opposition politicians for life on terrorist charges, Bekele Jirata, leader of the Oromo Federalist Democratic Movement ([McLure, 2009](#)).

Like all totalitarian governments of the Soviet era, the current Ethiopian government does not trust any civic association that it does not directly control. The government's attempt to control civic organizations predates the 2005 elections, not only as we have seen by the creation of parallel mass organizations, but also by taking over the leadership of independent organizations while imprisoning or exiling their independent leadership, as in the case of the country's largest trade union. In addition to its totalitarian nature, we suspect that the government's mistrust of NGOs in general emanates from the experience of the current rulers while they were in the bush fighting the Derg regime. It is well known that Western NGOs contributed significantly to their struggle by supplying all kinds of humanitarian aid during the periods following the 1985 famine, which the rebels used to supply their own fighters. From this earlier experience they seem to have concluded that foreign NGOs could possibly do similar activities against the regime.

## **Discussion and conclusions**

We have closely analysed the history of the Ethiopian regime since it came to power in the early 1990s and passage of the 2009 anti-NGO law to document a process we identified at the beginning of this paper. Although local-level CSOs are a crucial part of social entrepreneurship and economic development in very low-income countries they also tend to be perceived as threatening to governments. As they bring communities together, foster dialogue about goals and policy priorities, and as they develop community leadership, they are perceived to foster independent sources

of political power that can challenge government. In Ethiopia this challenge was made real in the 2005 election when the democratic opposition movement made significant electoral gains. The government responded by arresting leaders and many participants and forcing some leaders into political exile. The case studies we outlined are not necessarily of course representative of NGOs in Ethiopia as a whole, but do illustrate three critical points.

First, there is congruence between underlying cultural traditions in Ethiopia and the energy villagers bring to productive and properly organized initiatives, which can create important economic opportunities for communities. These require good ideas and the willingness of citizens to participate and take risks. This was facilitated in our examples when citizens were willing to take these risks because a climate of civic dialogue and collective trust existed with NGOs. Second, local offices of NGOs played an important role in building programmes, following principles of maximum devolution to the lowest level. The NGOs emphasized that successful interventions vary by the context, by the experiences of the community, and by the natural assets and opportunities community members have available. As well as providing resources, their central focus is to support community members to develop dialogue, and independent leadership, organizational skills, and capacities. Third, government has played a critical role in supporting local partnerships between NGOs and community civil society projects. This was especially clear in the Ababa–Dodola project where new licensing arrangements had to be created by government so that local community members could have legal control over the forest and its use. This partnership building across sectors – between the political and the social sphere – is critically important for creating the cross-cutting matrix of relationships and mutual responsibilities that allow civil society to knit a society together.

The starting point of our argument was to challenge the evolutionary model of modernization theory that suggests democracy can only occur once a sufficient level of economic development has been achieved. Our cases show that local dialogue, trust, and shared decision-making are intrinsic to effective projects at the local level. Furthermore, these projects depend on a matrix of cooperation between local projects, that include NGOs, and that brings constructive government participation into the process. In Ethiopia – and we do not believe this conclusion only applies to this setting – economic development follows democracy rather than the other way around. That said the insecurity of government leaders when CSOs prosper is the major threat to local social entrepreneurship. Not only does it make participation and organization dangerous for democratic activists at all levels. Government repression cuts the thread of

historical development that creates rich networks, social capital, and momentum borne of the success of previous projects. This is the real danger of repressive governmental intervention in Ethiopia and elsewhere.

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*Berhanu Nega is at the Department of Economics, Bucknell University, Lewisburg, PA, USA. Carl Milofsky is at the Department of Sociology and Anthropology, Bucknell University, Lewisburg, PA, USA.*

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