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Coalition of Ethiopian Civil Society Organizations for Elections

Assessment of the Legal Framework Governing Political Party Financing in Ethiopia

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Abstract

Ethiopia's political finance landscape poses significant challenges, disproportionately favoring the incumbent Prosperity Party (PP) while disadvantaging opposition factions. Despite electoral reforms initiated since 2019, including Proclamation No. 1162/2019 and amendment No. 1394/2025, critical disparities persist, resulting in symbolic rather than competitive elections, exacerbated party fragmentation, and hindered democratic progress. Key findings from the assessment indicate that the Prosperity Party capitalizes on its incumbency, receiving approximately 24-25% of public funding, while opposition parties face structural underfunding limited to inadequate public resources and restricted contributions from the diaspora. Regulatory gaps, such as the absence of caps on campaign spending and private donations, further entrench these inequalities. Although the public funding formula aims for inclusivity, it continues to favor the mass-based ruling party, solidifying its dominance in the political arena. The assessment highlights that transparency and enforcement mechanisms are insufficient, with many parties failing to comply with audit requirements, compounded by the National Electoral Board of Ethiopia's (NEBE) resource limitations for effective oversight. Furthermore, initiatives to enhance gender and disability representation in candidacies have stalled, underscoring the urgent need for reform. To promote equitable political competition, the assessment advocates for a comprehensive reform package, which includes constitutional recognition of political party rights, the establishment of donation and expenditure ceilings, rebalancing of public funding, and strengthened transparency and enforcement. While Ethiopia's recent reforms reflect progress towards inclusiveness, they fall short of ensuring true financial equality among political parties. The proposed measures present a feasible pathway for transforming political finance from a tool of incumbent dominance into a robust mechanism supporting multiparty democracy.

1. Introduction

Political parties require access to funds to effectively engage in the democratic process, covering daily operations and campaigns during elections.[1] These operational and campaign costs are primarily borne by citizens, corporations, party members, and voluntary donors.[2] Consequently, finance is essential for meaningful participation and competition among political parties, making it indispensable for building a democratic political environment.[3] Jesse Unruh, a prominent Californian politician of the 1960s, famously stated that money is "the mother's milk of politics," highlighting its significance as the most critical political resource.[4] Kevin Casas-Zamora and Daniel Zovatto contest the "mother's milk" naration, claiming it presents a one-sided view.[5] They argue that Unruh's metaphor neglects important issues, stating that "the milk he refers to also contains poisonous elements that must be purged or regulated; otherwise, they threaten the very foundation of democracy."[6]

Thus, money is a "double-edged sword" in politics.[7] On one hand, it is crucial for a functional democracy; on the other, unregulated money can pose significant

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[1] Elin Falguera, 'Conclusions' in Elin Falguera, Samuel Jones, Magnus Ohman (eds), *Funding of Political Parties and Election Campaigns; A Handbook on Political Finance(* International IDEA, Stockholm, 2014) 345.

[2] Karl Heinz Nassmacher, 'Introduction: Political Parties, Funding and Democracy' in Reginal Austin and Maja Tjernstrom(eds), *Funding of Political parties and Election Campaigns*, ,(International IDEA Handbook Series, Stockholm, 2003) 4 ; Nubia Evertsson, 'Political Corruption and Electoral Funding: A Cross-National Analysis'(2013) 23(1) Int'l Crim. Just. Rev. 75, 76 < http:// heinonline.org> accessed April 17 2018.

[3] Kevin Casas-Zamora and Daniel Zovatto , ' The Cost of Democracy: Campaign Finance Regulation In Latin America' (2015) , Latin America Initiative Policy Brief 1< https://www.brookings.edu/wp.../The-Cost-of-Democracy-CasasZamora-Zovatto.pdf > accessed 22 April 2018

[4] Nassmacher, 'Introduction'(n 2)

[5] Casas-Zamora and Zovatto (n 3)

[6] Ibid

[7] OECD, 'Financing Democracy: Funding of Political Parties and Election Campaigns and the Risk of Policy Capture' (2016) OECD Public Governance Reviews, 1, 15-16 < http://dx.doi.org/10.1787/9789264249455-en > accessed 22 April 2018.

threats for democracy.[8] As such, the undue influence of donors, corruption, and illegal funding can undermine the very purpose of democracy.[9] Financial contributions from wealthy corporations and individuals can shape policymaking, undermining the sovereignty of the people.[10] Incumbent parties often exploit state resources to maintain power, while unequal access to funding creates an uneven playing field, favoring the wealthy and distorting the democratic process.[11] This leads to scenarios where well-funded parties easily win elections, whereas those lacking financial resources are at a disadvantage. Therefore, the methods of raising and spending funds by political parties can either facilitate or hinder democratic transition and consolidation.

These render party financing a contentious issue in both emerging and established democracies.[12] Since the late 20th century, this topic has garnered significant academic attention, leading to a general consensus on the importance of regulating party financing.[13] However, there is no universal model for such regulation. Magnus Öhman observes that there is no definitive approach to political finance regulation; thus, countries must tailor their frameworks to their unique histories, political values, cultures, electoral systems, and levels of democracy.[14] Elin Falguera highlights that any regulatory efforts should consider

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[8] Anthony Butler, 'Introduction: Money and politics' in Anthony Butler (eds), *Paying for Politics: Party Funding and Political Change in South Africa and the Global South* (Utra Litho(PTY) LTD Johannesburg, 2010)1-4.

[9] Ibid

[10] Ibid

[11] Yaw Saffu, 'The Funding of Political Parties and Election Campaigns in Africa; in Reginal Austin and Maja Tjernstrom (eds), *Funding of Political parties and election Campaigns*(International IDEA Handbook Series, Stockholm, 2003) 21-27

[12] Marcin Walecki, 'Money and Politics in Central and Eastern Europe' in Reginal Austin and Maja Tjernstrom (eds)., *Funding of Political Parties and Election Campaigns* (International IDEA Handbook Series, Stockholm, 2003) 71; Kristina Weissenbach and Karl-Rudolf Korte, 'Analyzing Party Finance Regimes: Best Practice for Dominant Multi-Party Systems in 'New Democracies'?' in Anthony Butler(eds), *Paying for Politics: Party Funding and Political Change in South Africa and the Global South*(Ultra Litho(PTY) LTD Johannesburg, 2010) 138

[13] Ibid. In the past three decades important political finance reforms have been carried out in most parts of the world including in the U.S., Canada, Colombia, Costa Rica, Guatemala, Mexico, Panama, France, Germany, Japan the United Kingdom, Ethiopia and South Africa, to name but a few cases.

[14] Magnus Ohman, 'Getting the Political Finance System Right' in Elin Falguera, Samuel Jones and Magnus Ohman (eds), *Funding of Political Parties and Election Campaigns*; *A Handbook on Political Finance*(International IDEA, Stockholm, 2014) 16; Magnus Öhman and Hani Zainulbhai(eds), *Political Finance Regulation: The Global Experience*(IFES-International Foundation for Electoral System , USA)18.

the specific context and challenges faced by each country, ensuring that regulations support rather than hinder healthy democratization.[15]

This paper investigates Ethiopia's political party financing regime and its relationship with the state of democracy.[16] It consists of an introduction and conclusion, followed by three sections: the first section discusses the theoretical framework of party financing and democracy; the second examines Ethiopia's legal regime for party financing; and the third explores the impact of party financing on the democratic landscape in Ethiopia. The paper concludes with reflections on these findings.

2. Conceptual frameworks for political party financing in democracies

Political party financing plays a crucial role in shaping the political system.[17] It impacts the strength of political parties, the fairness of the political playing field, the level of public participation, and the competitiveness of electoral processes. Thus, political party financing is vital for democracy.[18]

However, there are no universally agreed standards for regulation.[19] There are arguments in favour of developing global standards for the financing of political parties. Keith Ewing, for instance, suggests that political funding is a global issue, advocating for universal standards that establish a principled framework for all to

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[15] Elin Falguera, 'Conclusions' in Elin Falguera, Samuel Jones, Magnus Ohman (eds), *Funding of Political Parties and Election Campaigns; A Handbook on Political Finance(* International IDEA, Stockholm, 2014) 345.

[16] This assessment expands upon the author's earlier works that explore party-political financing, democracy, and constitutionalism in Ethiopia from 1991 to 2018, as well as the developments in Ethiopia following 2018. These works were published in 2021 and 2025. See Zelalem Degifie, "Party-Political Financing, Democracy, and Constitutionalism in Ethiopia" in in C. M. Fombad and N. Steytler, eds., Stellenbosch Handbooks in African Constitutional Law: Democracy, Elections, and Constitutionalism in Africa, 1st ed. (United Kingdom: Oxford University Press, 2021)293- 327 ; Zelalem Eshetu, "The Funding of Political Parties in Post-2018 Ethiopia: Implications for the Future of Democracy and Constitutionalism" in C. Fombad and J. Socher(eds), Constitutionalisation of Political Parties and the State of Democracy in Sub-Saharan Africa(Baden-Baden: Nomos, 2025) 519-552

[17] Ingrid Van Biezen, Financing Political Parties and Election Campaigns Guidelines (Council of Europe Publishing, Germany, 2003); Arthur Guerra Filho, 'Party Funding, Competition Law and the Protection of Political Democracy'(2016) 7 QMLJ 79, 79-94 < http:// heinonline.org> accessed 17 April 2018.

[18] Ibid

[19] European Commission for Democracy through Law (Venice Commission), "International Standards of Financing of Political Parties and Election Campaigns"(Conference Reports, Astana, Kazakhstan 1 December 2008)8-14.

adopt and adhere to, allowing for consistent evaluation. [20] His view is shared by a number of international organizations that have launched initiatives in the field of political financing. For instance, the African Union's 2003 Convention on Preventing and Combating Corruption and the 2005 UN Convention against Corruption promotes transparency in political finance.[21] In addition, several international organizations such as Transparency International (TI), the International Foundation for Electoral Systems (IFES), and the International Institute for Democracy and Electoral Assistance (IDEA) are advocating for standards of transparency, regulation of private funds, expenditure limits, and public funding.[22] These standards form the normative framework for political finance in the democratic process.[23]

2.1. Private Funding Standards

Private funding is a key source of financing for political parties, typically sourced from individual or corporate donations, membership fees, party taxes, grassroots fundraising efforts, and income-generating activities.[24] While private donations can significantly contribute to a party's income, they may not always align with democratic principles.[25] Large donations, in particular, can be used to sway politics and policy in favor of the donors' interests, leading to decisions that cater more to wealthy donors than to the electorate's will.[26] As a result, funding through private donations can subject political parties to the influences of internal

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[20] Keith Ewing, 'Corruption in Party Financing: The Case for Global Standards' in Robin Hodess (eds.), *Global Corruption Report* (Transparency International 2001) 191.

[21] Africa Union, "African Union Convention on Preventing and Combating Corruption", Adopted by the 2nd Ordinary Session of the Assembly of the Union, Maputo, 11 July 2003 ; United Nations, "United Nations Convention against Corruption: General Assembly Resolution 58/4", Adopted 31 October 2003, Entered into Force 14 December 2005, 2349 UNTS 41, Article 7(3); see Magnus Őhman, "Africa' in Falguera, et al (eds), *Funding of Political Parties and Election Campaigns: A Handbook on Political Finance*, Stockholm, Sweden International Institute for Democracy and Electoral Assistance, (2014) 40-42

[22] Transparency International (TI), the International Foundation for Electoral Systems (IFES), the International Institute for Democracy and Electoral Assistance (IDEA), the Organisation for Economic Co-Operation and Development (OECD), and the European Council (the Venice Commission) can be mentioned in this regard.

[23] Degifie, "Party-Political Financing, Democracy, and Constitutionalism in Ethiopia"(n 16)

[24] Ibid

[25] Arthur Guerra Filho, 'Party Funding, Competition Law and the Protection of Political Democracy' (2016) 7 QMLJ 79, 84-87

[26] Nassmacher, ' Introduction' (n 2) 2; Ohman , 'Africa'(n21)

and external groups with their own agendas.[27] Consequently, best practices in political finance advocate for restricting political parties' rights to receive private donations by implementing rules to ban or cap such contributions.

The standard of banning certain donations aims to eliminate undesirable funding sources, addressing issues of political influence and corruption.[28] This principle sets criteria for acceptable donations, prohibiting contributions deemed harmful to democracy, particularly from corporations and public entities to prevent undue influence in policymaking.[29] Donations from interest groups like trade unions, labor organizations, and religious institutions are also restricted.[30] Foreign donations are banned to protect national sovereignty and ensure political autonomy, although funding from nationals abroad (diaspora) may be considered beneficial, as seen in some African countries like Ghana to connect Diasporic Africans to the political process in their home countries.[31]

Anonymous sources are prohibited from financing politics to ensure transparency and simplify regulatory processes.[32] As a result, political parties are often required to disclose their revenue sources. While this promotes transparency, it can also be misused to harass supporters of opposition parties, particularly in weakly institutionalized democracies where incumbents may exploit such disclosure to prosecute the supporters of opposition parties.[33] Santucci and Őhman argue that in these scenarios, prioritizing competitiveness over transparency may be necessary, as identifying donors could hinder democratization.[34] Therefore, a country's level of democratization and institutionalization is a key factor to consider when designing political finance disclosure systems.

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[27] Ibid

[28] Nassmacher, ' Introduction' (n 2) 42–43;Biezen (n 17) 22–27; Öhman, 'Getting the Political Finance System Right'(n14)) 21-22

[29] Ibid

[30] Ibid

[31] Saffu (n11)

[32] Augustine Magolowondo, Elin Falguera and ZefaniasMatsimbe, 'Regulating Political Party Financing: Some Insights from the Praxis' (The Netherland Institute for Multiparty Democracy-NIMD 2013).

[33] Jack Santucci and Magnus Öhman, 'Practical Solutions for the Disclosure of Campaign and Political Party Finance' in Magnus Öhman and Hani Zainulbhai (eds.), *Political Finance Regulation: The Global Experience* (IFES-International Foundation for Electoral System) 35–40.

[34] Ibid

Donation capping rules establish maximum contribution limits for eligible donors to reduce undue influence in politics. This principle seeks to level the playing field by limiting the influence any donor may have on political parties and the political process.[35] By establishing a ceiling on donations, it curbs excessive financing and reduces the impact of big money in politics, promoting fair competition. [36]Additionally, it demarcates the distinction between political participation and influence, encouraging parties to seek funds in ways that support democratic practices.[37] There are two approaches to putting a ceiling on private donations: setting a maximum threshold per donor or a total annual cap on private donations.[38] A combined approach is suggested to better protect the political process from excessive influence.[39] The effectiveness of these ceilings on democratization depends on their levels; excessively high ceilings may allow persistent large donations, while too-low limits may weaken political parties financially.[40]

Therefore, it is essential to carefully assess the political goals of the regulation and the capacity of political parties to secure funds from other sources to determine optimal donation limits.[41] Furthermore, enforcing these donation ceilings is crucial for harvesting positive outcomes in the entrenchment of democratization and constitutionalism.[42]

2.2. The Standard of Public Funding

Public funding involves financing political parties from the state budget, focusing on fairness and equitable access to resources among them.[43] This approach

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[35] Öhman, 'Getting the Political System Right' (n 14) 22.

[36] Thomas F. Gede, 'Comparative Study of US and West German Political Finance Regulation: The Question of Contribution Controls' (1981) 4 Hastings Int'l & Comp. L. Rev.543, 543–547; Nassmacher, ' introduction' (n2) 42–43

[37] Ibid

[38] Biezen (n 17) 20–22;Saffu (n 11) 22.

[39] Ibid

[40] Magnus Öhman, 'Introductions to Political Finance' in Elin Falguera, et al. (eds.), *Funding of Political Parties and Election Campaigns: A Handbook on Political Finance (*International IDEA 2014) 22–23.

[41] Ibid

[42] Ibid

[43] Saffu (n 11) 26; Biezen (n 17) 33–36; Daniel Zovatto, 'The Legal and Practical Characteristics of the Funding of Political Parties and Election Campaigns' in Latin America' in Austin R and Tjernstrom M (eds), Funding of Political Parties and Election Campaigns: Handbook Series (International IDEA 2003) 100–104

diminishes the advantages of incumbency and the financial dominance of ruling parties, thereby addressing financial disparities.[44] As a result, it allows new, smaller, and resource-limited parties to compete more fairly with wealthier parties.[45] Additionally, public funding encourages responsible behavior among political parties by conditioning access on compliance with reporting and auditing rules.[46] It also mitigates the influence of special interest groups on the political process and reduces opportunities for corruption by limiting external funding sources.[47]

However, public funding may negatively affect the independence of political parties from the state. It may also disconnect the party from its supporters.[48] As parties get money from the state easily, they may not be interested to recruit more members and have a discussion with their supporters. It may also create frivolous political parties having only symbolic political participation.[49] In spite of these arguments, public funding is actually useful to build democracy by strengthening political parties and leveling the playing field of competition. In this context, public funding is viewed as a standard for promoting democracy.[50] In this regard, Yaw Saffu strongly advocates for public funding for African political parties. [51] Yet, the allocation methods, the amounts to be allotted for each party, the conditions of eligibility for parties to be entitled to it and the timing for distribution determine its effectiveness.[52]

2.3. The Standard of Spending Limits

This principle establishes limits on the spending of political parties within the electoral process.[53] To achieve this, an upper threshold is set to restrict the

[44] Ibid
[45] Biezen (n 17) 33-36.

[46] Ibid
[47] Ibid
[48] Ibid.
[49] Ibid.
[50] Zdravko Petak and Hrvoje Matakovic, 'Party Finance Regulation: Causes, Instruments and Impact' (2015) 11(1) Acta U. DanubiusJur. 98, 107.
[51] Saffu(n 11)
[52] Zovatto (n 43) 101-104; Zamora and Zavatto (n 3) 12-14.
[53] Biezen (n 17) 17–30; Saffu (n 11); Zamora and Zavatto (n 3) 6–7.

amounts parties can spend, which reduces the advantages of wealthier parties and alleviates the disadvantages faced by less affluent ones.[54] By controlling financial inequalities, this principle promotes a more even competitive landscape and mitigates risks of corruption and vote-buying associated with large election budgets.[55] Consequently, it helps create a fair playing field for all political actors.

Spending limits can be imposed in two ways: either by setting a ceiling on total campaign expenditures or by capping spending on specific activities.[56] This means that political expenditure can be regulated through general spending caps or purpose-specific limits.[57] However, the effectiveness of these spending limits is influenced by several factors. Firstly, the spending limits must be appropriately set, taking into account factors such as the geographical and population sizes of electoral districts, the duration of campaign periods, and the country's current inflation rate.[58] Secondly, it is essential for regulatory bodies to regulate campaign spending done by third parties that are not directly affiliated with the political parties or candidates.[59] Most importantly, proper enforcement of these spending limits is crucial for their effectiveness.[60]

2.4. The Principle of Transparency

The principle of transparency mandates that information regarding the financial aspects of political parties be accessible and subject to scrutiny. It comprises two key rules: disclosure and reporting.[61] Disclosure rules require political parties to open their financial accounts, revealing details about their income and expenditures.[62] Reporting rules mandate that parties submit financial reports to

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[54] Ibid

[55] Viorel Pasca, 'Political Corruption and the Funding ofPolitical Parties' (2014) J. E.-Eur. Crim. L.18;Gede (n. 50) 546.

[56] Weissenbach and Korte (n12)144; Anthony Butler, 'Conclusion: The Opportunity and Challenge of Party Finance Reform in South Africa' in Anthony Butler (ed.), *Paying for Politics: Party Funding and Political Change in South Africa and the Global South* (Ultra Litho 2010) 246–247.

[57] Ibid

[58] Öhman, 'Getting the Political System Right' (n 14) 27.

[59] Ibid

[60] Saffu (n 11) 27.

[61] Zovatto(n 43)108-110

[62] Biezen (n 17) 51; Karl Heinz Nassmacher, 'Monitoring, Control and Enforcement of Political Finance Regulation' in Reginal Austin and Maja Tjernstrom (eds), *Funding of Political Parties and Election Campaigns* (International IDEA Handbook Series, Stockholm, 2003) 142-143.

the relevant supervisory body and publicly disclose these reports through official bulletins, gazettes, or newsletters.[63] This principle ensures systematic reporting and auditing of political party finances while promoting greater honesty and accountability.[64] For effective implementation, these rules must be enforced by an independent and professional authority capable of inspecting and overseeing party accounts, as well as imposing penalties for any legal violations.[65] This body should possess sufficient legal authority to supervise, verify, investigate, and, if necessary, initiate legal action against political parties.[66] Additionally, it must be equipped with adequate technical and human resources, particularly for reviewing reports submitted by political parties.[67]

2.5. Constitutionalization of political finance

The principle of constitutionalism requires the constitutional recognition, protection, and guarantee of political party rights within a framework of minimum principles for a fair, participatory, and competitive political process.[68] The framework ensures, inter alia, fair treatment of all political parties in terms of resources, and public funding support for political parties. [69] As Sujit Choudhry et al. note, several countries embed political financing norms in their constitutions, effectively constitutionalizing the financing of political parties.[70] Accordingly, these countries have established constitutional provisions that emphasize general principles and norms recognizing the fundamental rights of political parties—such as the right to engage in political activities, the right to fair competition, the right

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[63] Zovatto (n 43)
[64]Ibid
[65] Weissenbach and Korte(n 12)145
[66] Hani Zainulbahai, 'Practical Solutions for Political Finance Enforcement' in Magnus Öhman and Hani Zainulbhai (eds), *Political Finance Regulation: The Global Experience* (IFES-International Foundation for Electoral System , USA)84-97.
[67] Ibid
[68] Charles M. Fombad, 'Challenges to Constitutionalism and Constitutional Rights in Africa and the Enabling Role of Political Parties: Lessons and Perspectives from Southern Africa' (2007)55 Am. J. Comp. L. 1
[69] Ibid
[70] Sujit Choudhry et al, Political Party Finance Regulation: Constitutional reform after the Arab Spring(Center for Constitutional Transitions and International IDEA 2014) 8-20 . for instances, Basic Law for the Federal Republic of Germany, art 21; Constitution of Tunisia 2014, art 20; Constitution of the Republic of South Africa, 1996, section 236; Constitution of Kenya 2010, art. 88 and Constitution of Morocco, 2011, art 7

to receive financial assistance, and the right to equal treatment.[71] They also mandate adherence to values of transparency and disclosure, require public funding for political parties, and impose limits on specific funding sources, with detailed regulations delegated to legislation and enforcement agencies.[72]

Thus, the constitutionalization of political parties in general and party finance in particular restricts incumbents' influence on electoral playing fields.[73] For instance, Section 236 of the South African Constitution provides that to "enhance multi-party democracy, national legislation must provide for the funding of political parties participating in national and provincial legislatures on an equitable and proportional basis."[74] As Fombad argues, party finance legislation is only valid if it allocates state funding on an "equitable and proportional basis." [75] This prevents dominant parties from manipulating the rules to disadvantage competing parties, enabling those parties to challenge the constitutionality of measures that violate their rights.[76] Fombad suggests that constitutionalizing political parties—either in a financial sense or otherwise—help to level the political playing field and limit the arbitrary self-serving legislation by dominant parties.[77]

3. Ethiopia's political party financing Frameworks (1991-Present)

3.1. Background and political context

Ethiopia's history is characterized by a succession of emperors, culminating with Haile Selassie (1930–1974), who based their political authority on divine sources rather than popular will. During this time, political parties were banned from existing and operating in the country.[78] The military regime that overthrew the

[71] Fombad, 'Challenges to Constitutionalism' (n 68) ; Choudhry et al (n 70)
[72] Ibid
[73] Ibid
[74] Constitution of the Republic of South Africa, 1996, Section 236
[75] Fombad, 'Challenges to Constitutionalism' (n 68)
[76] Ibid
[77] Ibid
[78] Merera Gudina, 'Party Politics, Political Polarization and the Future of Ethiopian Democracy' (2007)Paper 108 International Conference on African Development Archives1

monarchy in 1974 ruled Ethiopia for 14 years without a constitution, implementing a one-party system with the Ethiopian Workers Party (EWP) as the only recognized party, banning all other political parties.[79]

In 1991, the military regime was replaced by the Ethiopian People's Revolutionary Democratic Front (EPRDF), which introduced the 1995 Constitution, promising the establishment of a multiparty democracy.[80] This shift allowed for the emergence of various political parties categorized into three groups: ethnic-based parties aligned with the EPRDF, regional ethnic-based parties cooperating with the EPRDF, and multinational or ethnic-based opposition parties.[81] Teshome further differentiates opposition parties into 'loyal oppositions,' which are legally registered and engage in elections, and 'phony oppositions,' which are purportedly created or supported by the governing party.[82] These phony parties have been accused of colluding with the EPRDF, receiving financial benefits, and serving to undermine credible opposition.[83]

While Ethiopia has seen a proliferation of political parties and a nascent multiparty system in recent years, this landscape is marred by fragmentation, ethnic mobilization, polarization, and instability.[84] National elections occurred in 1995, 2000, 2005, 2010, 2015 and 2021, with the ruling party consistently claiming overwhelming victories.[85] From 1995 to 2004, the opposition faced significant restrictions, rendering competition nearly impossible. However, the 2005 parliamentary elections represented a notable shift, as the ruling party

[79] Ibid
[80] Zemelak Ayele, "Constitutionalism and Electoral Authoritarianism in Ethiopia: From EPRDF to EPP," in C. M. Fombad and N. Steytler, eds., Stellenbosch Handbooks in African Constitutional Law: Democracy, Elections, and Constitutionalism in Africa, 1st ed. (United Kingdom: Oxford University Press, 2021)188-194
[81] Kassahun Berhanu. 'Ethiopia: Beleaguered Opposition under a Dominant Party System' (2009) 23:1 Politics 1, 1 21. 1-21.
[82] Wondwosen Teshome B., 'Ethiopian Opposition Political Parties and Rebel Fronts: Past and Present' (2009) 4:1 International Journal of Human and Social Sciences 60, 60-68.
[83] Ibid
[84] Gudina, 'Party politics' (n 78); Semir Yusuf, Drivers of ethnic conflict in Contemporary Ethiopia (Monograph 202, December 2019) 5-10.
[85] Ayele (n 80)

expanded political space, allowing for more competitive campaigning.[86] This election was the most competitive and contentious, with the Coalition for Unity and Democracy (CUD) and the United Ethiopian Democratic Forces (UEDF) together securing over 32% of parliamentary seats, aided by financial support from the Ethiopian diaspora, local supporters and international donors.[87]

Following the 2005 elections, the EPRDF enacted laws that curtailed party freedoms and funding, resulting in landslide victories of 100% and 99.6% in the 2010 and 2015 elections, respectively.[88] Despite constitutional promises of multiparty democracy, Ethiopia exemplified electoral authoritarianism marked by non-competitive elections and the EPRDF's pervasive dominance.[89] Over two decades, power had not alternated, resulting in a de facto one-party state with the EPRDF as the central political force until 2019. Zemelak posits that this authoritarianism is rooted in the EPRDF's militaristic origins, its self-designated vanguard status, institutional manipulation, and restrictions placed on opposition parties.[90] In contrast, opposition parties have struggled with fragmentation, financial limitations, and insufficient resources, inhibiting their ability to challenge the ruling party effectively.[91]

A turning point occurred in 2018 when the EPRDF underwent a leadership change following years of public protests and internal party struggles. Consequently, Prime Minister Abiy Ahmed, a key figure in the Oromo faction of EPRDF, was appointed as the new party leader and prime minister of Ethiopia. Prime Minister Abiy implemented a range of reforms aimed at expanding political space, promoting economic liberalization and pursuing economic growth.[92] In November

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[86] Jon Abbink, 'Discomfiture of Democracy? The 2005 Election Crisis in Ethiopia and its Aftermath (2006) 105:419 African Affairs: The Journal Of The Royal African Society173, 173-199; Merera Gudina, 'The May 2005 Elections and the Future of Democracy in Ethiopia' (2008) 26 The Horn of Africa 49, 49-83

[87] Wondosen Teshome, 'Political Finance in Africa: Ethiopia as a Case Study' (2009) 4:6 International Journal of Human and Social Science 406.

[88] Kjetil Tronvoll 'The Ethiopian 2010 Federal and National Elections: Re-Establishing the One-Party State' (2011) 110: 438 African Affairs1; Leonardo R Arriola and Terrence Lyons, 'Ethiopia's 100% Elections' (2016) 27:1 Journal of Democracy 76.

[89] Ayele(n 80)

[90] Ibid

[91] Ibid

[92] Sisay A. Yeshanew and Abadir M. Ibrahim, 'Righting Human Rights through Legal Reform – the Ethiopian Experience from Past to Present' in Sisay A. Yeshanew and Abadir M. Ibrahim (eds), Righting Human Rights through

2019, he dissolved the EPRDF, establishing the Ethiopian Prosperity Party (PP), while the separate Oromo, Amhara, and Southern members of EPRDF disbanded, joining the new ruling Prosperity party.[93] The Tigray People's Liberation Front (TPLF), historically the most influential member of the EPRDF, resisted the merger, deeming it "illegal and detrimental to federalism".[94] Despite ideological and strategic differences, the new ruling PP retained several characteristics of the EPRDF, including mass membership. As noted by Lyons and Verjee, the transition from EPRDF to PP reflects a mixture of continuity and change, with some of the electoral authoritarian nature of the governing party remaining intact.[95] Consequently, the 2021 elections saw little change regarding the ruling PP's dominance, with the party won 97% of contested seats, thereby reinforcing a dominant party system, while opposition groups has continued to face marginalization, polarization, and fragmentation.

3.2. Pre-2018 Framework for party financing (1991–2018)

The FDRE Constitution acknowledges freedom of association and public office election, but does not explicitly acknowledge political parties as distinct associations with unique rights and responsibilities in the democratic process. It lacks specific provisions providing privileges and protections to political parties, particularly in terms of resources and finance, despite Ethiopia's party oriented political finance system. Therefore, political parties, either in a financial sense or otherwise, have not been constitutionalized in Ethiopia.

Moreover, there is no specific law dealing with political party financing. Instead, political parties' funding matters are regulated through political parties' registration proclamations, which have been revised several times since 1991.The

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Legal Reform Ethiopia's Contemporary Experience (School of Law, Addis Ababa University 2020) 1-15; ; Abdisa Olkeba Jima, 'Vicious circle of Ethiopian politics: Prospects and challenges of current political reform'(2021) 7;1 Cogent Social Sciences 1, 1-18.

[93] Solomon Dessalegn Dibaba, 'The Merger of Ethiopia People's Revolutionary Democratic Front (EPRDF) in to Ethiopia Prosperity Party (EPP) and its impact on the Constitution' (2021) International Journal of Scientific & Engineering Research 12:3, 961

[94] Tigray People Liberation Front (TPLF), 'Why the Question of Merger in Ethiopia Now?' (Weyen the Official Magazine of TPLF, 21 March 2019)

[95] Terrence Lyons and Aly Verjee, 'Asymmetric Electoral Authoritarianism? The Case of the 2021 Elections in Ethiopia' (2022) 49: 172 Review of African Political Economy 339, 339–354.

first legislation dealing with political parties in general and party financing in particular was introduced earlier in 1993.[96] And, Ethiopia also revised the party financing rules in 2008 in the aftermath of the 2005 national elections. The 2005 national election was a turning point in Ethiopian electoral politics , as the EPRDF was confronted for the first time in history with a real opposition.[97] Following the 2005 post-election crisis, the EPRDF enacted the Charities and Societies Proclamation, the Anti-Terrorism Law and the Electoral Code of Conduct for Political Parties and revised the Electoral Law and the Political Parties Registration Proclamation.[98] The 2008 Revised Political Parties' Registration Proclamation together with the apportionment regulation made by the NEBE has governed the financial matters of political parties until 2019. [99]

The pre-2018 framework allowed for private funding sources, including membership dues, donations, and temporary fundraising activities for political parties.[100] However, this system disproportionately favored the ruling EPRDF, leaving opposition parties largely unable to generate significant income.[101] The low standard of living in Ethiopia diminishes the viability of membership dues as a funding source, and the culture of political financial contributions is underdeveloped.[102] Consequently, even prominent members within opposition parties often neglect to pay their dues.[103] Following the 2005 elections, the political landscape became increasingly restricted, stifling opposition parties'

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[96] Proclamation No. 46/93, A Proclamation Providing for the Registration of Political Parties, The Transitional Government of Ethiopia (1993) , Addis Ababa(Political Parties Registration Proclamation)

[97] Gudina, 'The May 2005 Elections and the Future of Democracy'(n86) 380-389; Yemane Nagish, *Ethiopia between "Election Events": The Impact of the 2005 and 2010 Pre-Election Politics on Competitive Elections* (LLM Thesis, AAU 2007 Unpublished) 37-46;

[98] The Anti-Terrorism Proclamation No. 652/2008, Federal NegaritGazeta, 15th Year No. 57, Addis Ababa, August 2008; Proclamation No. 573/2008, The Revised Political Parties Registration, Federal Negarit Gazetta, 14th Year No 62, Addis Ababa, 24 September 2008(the Revised political Parties Registration Proclamation 573/2008) ; Regulation Concerning the Procedure for Determining the Apportionment of Government Financial Support to Political Parties Regulation Number 5/2009(Regulation for Financial Support to Political Parties)

[99] Ibid

[100] The Revised Political Parties Registration Proclamation No 573/3008 , art 51

[101] Degifie, "Party-Political Financing, Democracy, and Constitutionalism in Ethiopia' (n 16)

[102] Ibid

[103] Ibid

capacity to recruit members and engage in local fundraising, which further led to minimal income from these sources.[104]

While private sector donations were legally permissible, the risks associated with contributing to opposition parties deterred business owners.[105] For example, after the 2005 elections, many businesspersons who supported opposition parties faced severe repercussions, including imprisonment and intimidation, which cultivated a pervasive reluctance to financially back opposition parties.[106] Additionally, the revised political party registration law mandated that parties disclose donor identities, further discouraging potential supporters.[107] In stark contrast, the EPRDF benefited significantly from the private funding scheme.[108] Membership dues became a crucial revenue source, especially after the party's aggressive recruitment campaigns post-2005, which expanded its membership to six million, including a substantial number of public servants.[109] For these individuals, EPRDF membership was often linked to job security and career advancement, thereby ensuring a steady flow of income through dues collected directly from salaries.[110] Additionally, leading businesspersons often contributed cash and in-kind donations to support the ruling EPRDF, with campaigns raising millions for election expenses.[111]

The pre-2018 financing framework imposed strict restrictions on certain funding sources for political parties.[112] Specifically, parties were prohibited from receiving financial support from foreign countries, organizations, or anonymous donors, and donations intended to influence policy or provide unlawful benefits were also

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[104] Ibid

[105] Teshome, 'Political Finance in Africa: (n 87) 410; KjetilTronvoll (2011), 'The Ethiopian 2010 Federal and National Elections: Re-Establishing the One-Party State' (2011) 110(438) African Affairs, 1, 12–13

[106] Ibid

[107] Proclamation No. 573/2008, art. 54(2).

[108] Degifie, "Party-Political Financing, Democracy, and Constitutionalism in Ethiopia' (n 16) ; see also Leonardo R. Arriola and Terrence Lyons, 'Ethiopia's 100% Elections' (2016) 27(1) Journal of Democracy 76, 81

[109] Ibid

[110] Ibid

[111] Degifie, "Party-Political Financing, Democracy, and Constitutionalism in Ethiopia' (n 16) ; see Ethiopian Business Donating Millions to EPRDF'(*Ezega News*, 9 May 2010)< https://www.google.com/url?sa=t&source=web&rct=j&url=https://www.ezega.com/news/NewsDetails%3FPage%3Dheads%26NewsID%3D2294&ved=2ahUKEwjgluGf3e_nAhXBuHEKHSW2CrYQFjAAegQIAxAB&usg=AOvVaw0nUsYxcYyxUUow3OIuV0Ka> (last accessed 17 May 2018).

[112] Proclamation No. 573/2008, arts. 42–56.

banned.[113] This financing regime established criteria for donors, limiting contributions to identifiable Ethiopian nationals and companies.[114] Notably, the exclusion of foreign nationals of Ethiopian descent significantly curtailed potential funding sources for opposition parties.[115] The diaspora's support has played crucial role in the political viability of opposition parties in Ethiopia.

Under this regime, there were no caps on donations or political spending, enabling parties with substantial financial backers, predominantly the EPRDF, to gain an unfair advantage over the others.[116] The absence of spending limits exacerbated the resource gap between the ruling party and the opposition, allowing the EPRDF to allocate exorbitant sums to campaign-related expenses. For instance, the EPRDF budgeted 10 million Birr for campaign T-shirts during the 2010 elections, a figure equivalent to the total state support received by all parties during that period.[117]

The public funding scheme, established in 1993 but only operationalized after the 2008 amendments, allowed parties with representation in federal or regional councils to receive financial support from the state.[118] This funding was allocated based on the number of seats held in these councils, inherently favoring the EPRDF, which had dominated legislative seats since the first national election.[119] Consequently, it received a disproportionate share of public funding, often accounting for around 70%, far exceeding that allocated to opposition parties.[120] Public funding for electoral purposes was officially introduced in 2010, with financial support designated for parties based on their electoral participation (number of candidates).[121] However, the allocation formula continued to benefit

[113] Ibid
[114] Ibid
[115] Teshome, 'Political Finance in Africa: (n 87) ; SelahadinEshetu, *The Politics of Diaspora: Case Study of Ethiopians in USA* (Lap Lambert Academic Publishing 2012) 40–41.
[116] Proclamation No. 573/2008, art. 51(1)(b).
[117] Degifie, "Party-Political Financing, Democracy, and Constitutionalism in Ethiopia" (n 16)
[118] Proclamation No. 573/2008, arts. 45, 46; see also Regulation No. 5/2009, arts. 18, 19, 20.
[119] Proclamation No. 573/2008, art. 47; see also Regulation No. 5/2009, art. 22.
[120] Degifie, "Party-Political Financing, Democracy, and Constitutionalism in Ethiopia" (n 16)
[121] Ibid

the EPRDF, solidifying its dominance in political competition and marginalizing opposition parties.[122]

Table1: Public funding distribution formula for the 2010 and 2015 National Elections

Formula	**Financial Support for the Purpose of Elections**		**In kind Support for the Purpose of Election(Tv, Radio and Newspaper Columns)**	
	2010	**2015**	**2010**	**2015**
Equality	10%	10%	25%	10%
Number of Seats	55%	35%	55%	40%
Number of Candidates	25%	40%	20%	40%
Number of Women Candidates	10%	15%	-	10%

Source: National Electoral Board of Ethiopia (NEBE)

Despite regulations prohibiting profit-making activities by political parties, the EPRDF allegedly operated party-affiliated businesses as endowments, generating substantial profits. [123] Many of these enterprises were managed by senior EPRDF officials, raising concerns about the blending of party and state resources. Additionally, the EPRDF effectively capitalized on its incumbency by utilizing state resources for electoral campaigns, blurring the lines between party and state functions.[124] This included leveraging government vehicles, facilities, and media to

[122] Ibid
[123] BerhanuAbegaz, 'Political Parties in Business: Rent Seekers, Development Lists, or Both?' (The Fourth European Conference on African Studies, Uppsala, Sweden, June 15–18, 2011)
[124] Ibid; Degifie, "Party-Political Financing, Democracy, and Constitutionalism in Ethiopia" (n 16)

ensure extensive coverage of party activities while denying opposition parties equal access to public resources.[125]

The pre-2018 financing framework empowered the National Election Board of Ethiopia (NEBE) to oversee and enforce regulations related to party financing.[126] Political parties were required to maintain financial records, undergo annual audits, and report income sources and expenditures to NEBE.[127] However, compliance with these regulations varied significantly. Many political parties, especially those outside the ruling coalition, lacked the necessary resources and staff to meet transparency requirements.[128] The NEBE seldom enforced these laws effectively, allowing numerous parties to neglect their reporting obligations without fear of repercussions.[129] This lack of effective enforcement promoted an environment of opacity and gave rise to allegations of corruption within opposition parties. [130]

Therefore, the pre-2018 party financing framework in Ethiopia has created financial inequalities between the ruling EPRDF and opposition parties, and undermined the integrity of the political process. The absence of transparency and accountability eroded public trust in political parties, further destabilizing the levelness of the political landscape.

3.3. Post-2018 Reforms : Continuities and Changes

In October 2019, the House of Peoples' Representatives (HOPR) enacted a new law — the Ethiopian Electoral, Political Parties Registration, and Election's Code of Conduct Proclamation No. 1162/2019.[131] This law merges three previously separate legislative instruments that regulated various aspects of political party financing.[132] The post-2018 Proclamation No. 1162/2019, supplemented by the

[125] Degifie, "Party-Political Financing, Democracy, and Constitutionalism in Ethiopia" (n 16)
[126] Proclamation No 573/2008, arts. 23–26, 54–55, 56(3)
[127] Ibid
[128] Degifie, "Party-Political Financing, Democracy, and Constitutionalism in Ethiopia" (n 16)
[129] Ibid
[130] Ibid
[131] Proclamation No. 1162/2019, The Ethiopian Electoral, Political Parties Registration and Election's Code of Conduct Proclamation, Federal Negarit Gazetta, 25th Year, No. 97, Addis Ababa, 16 October 2019.
[132] It combines the Political Party Registration Proclamation No. 573/2008, Electoral Law Proclamation No. 532/2008, and Electoral Code of Conduct Proclamation No. 662/2009.

recent amendment Proclamation No. 1394/2025, serves as the principal legislation governing political party finance in Ethiopia.[133] This legal framework is complemented by various directives issued by NEBE and other laws, such as the National Electoral Board of Ethiopia Establishment Proclamation No. 1133/2019 and the Mass Media Proclamation No. 1238/2021.[134]

The reform aims to address shortcomings in prior legislation regarding elections and political party regulation. According to Assefa and Yeshanew, Proclamation No. 1162/2019 seeks to institutionalize political parties and enhance political participation, focusing on gender equality and the inclusion of persons with disabilities (PWDs), regulating party finance, and addressing state funding for parties.[135] The proclamation introduces new criteria for public funding for political parties and delineates income sources, auditing, and reporting obligations. It outlines impermissible sources of income, thereby addressing issues related to transparency and accountability in party financing.

However, Zelalem Degifie argues that the 2018 reforms do not represent a "paradigmatic shift" in political party finance regulation.[136] Party finance still remains a subordinate aspect of electoral reform, and Proclamation No. 1162/2019 retains some previous provisions that have been criticized for failing to ensure an even political playing field and democratic competition.[137] While it prioritizes transparency and monetary control, it does not fundamentally alter the party finance system.

The post-2018 legal framework continues to recognize private funding through membership fees, fundraising activities, and donations, thereby permitting

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[133] Ibid; The Ethiopian Electoral, Political Parties Registration and Election's Code of Conduct (Amendment) Proclamation No. 1394/2025, Federal Negarit Garzetta, No. 66, 5th September, 2025

[134] Proclamation No 1133/2019, National Electoral Board of Ethiopia Establishment Proclamation, Federal Negarit Gazetta, 25tth Year, No. 71, 6 June 2019; Directive No. 16/2021, A Directive for Providing Government Funding to Political Parties (NEBE, 25 March 2021). The directive is officially available in Amharic language at < https://nebe.org.et/sites/default/files/Directive on-Political-parties-funding-signed.pdf> accessed on 3 August 2024.

[135]Getachew Assefa & Sisay A. Yeshanew, 'Revamping the Electoral Laws of Ethiopia: Major areas of Reform and Lessons Learned' in Sisay A. Yeshanew and Abadir M. Ibrahim (eds), Righting Human Rights through Legal Reform Ethiopia's Contemporary Experience (School of Law, Addis Ababa University 2020) 277-308

[136] Degifie , "The Funding of Political Parties in Post-2018 Ethiopia'(n 16)

[137] Ibid

political parties to collect membership dues and engage in public fundraising without requiring government permission.[138] Additionally, it recognizes private donations as a legitimate funding source for political parties but imposes qualifications on donors.[139] It permits only Ethiopian nationals to contribute, restricting many in the Ethiopian diaspora who, despite their origins, lack Ethiopian nationality.[140] This nationality requirement limits the financial support from a significant segment of the diaspora community. Furthermore, the post-2018 framework stipulates that only "companies controlled by Ethiopians" can make financial contributions. Unlike the previous law, which focused on a company's nationality, Proclamation No. 1162/2019 assesses eligibility based on the nationality of the shareholders. Thus, political parties can accept donations from non-Ethiopian companies if they are controlled by Ethiopian nationals, while foreign-controlled companies registered in Ethiopia are excluded. This focus on shareholders' nationality aims to prevent foreign influence in national politics and aligns with the restrictions on foreign income for political parties.

The post-2018 framework imposes several restrictions on funding sources for political parties.[141] First, it prohibits foreign donations, barring contributions from foreign institutions, corporations, governments, and political parties.[142] Second, the law bans financial support from organized interest associations, which includes welfare, non-governmental, and religious organizations, as well as donations from incarcerated individuals.[143] Moreover, the framework prohibits illicit funding. Political parties cannot receive support from individuals or groups attempting to gain state power outside constitutional provisions, nor from designated terrorist organizations.[144] Additionally, the legislation restricts

[138] Proclamation No. 1162/2019, art 108.
[139] Ibid
[140] The FDRE Diaspora policy defines Ethiopian Diaspora as Ethiopians and Ethiopian origins that live outside Ethiopia. They have been privileged over other foreign nationals in regard to investment and socio economic activities. They are also contributing for the Great Renaissance Dam (GRD) project. Ethiopia's diaspora engagement has grown since 2018, leading to the establishment of the Ethiopian Diasporas Trust Fund to fund essential economic and social development projects. Henock B. Taddese, 'OP:ED: Ethiopia Diaspora Trust Fund: A Great Idea in Need of A Reset' (Addis Standard, 4 January 2019)
[141] Proclamation No. 1162/2019, art 109(1)a-h
[142] Ibid
[143] Ibid
[144] Ibid

financial support associated with corruption, which includes donations linked to kickbacks or quid pro quo arrangements.[145] Furthermore, fully or semi-governmental developmental organizations are barred from funding political parties to prevent the misuse of state resources for partisan purposes.[146]

Lastly, the framework prohibits contributions from anonymous sources, ensuring transparency in political financing. [147]As a result, it is only named and identifiable persons that can make donations for supporting political parties in Ethiopia. This ban, reinforced by disclosure rules, could enhance transparency and monitoring of political finance regulations but also pose risks to donors supporting opposition political parties.[148] In view of that, the post 2018 framework sets ETB 5000 as a disclosure threshold, allowing political parties to avoid disclosing the identity of donors granting below this threshold.[149] Therefore, the post-2018 Ethiopian party finance framework aims to prevent the flow of unhealthy donations that are deemed harmful to the democratic process.

However, some of the bans specifically target the potential sources of opposition political parties. For instance, financial support from Ethiopians living abroad and anonymous individuals working in the local private sector are the main sources of income for opposition political parties.[150] Like its predecessor, the post-2018 ban on diaspora funding significantly affects the financial status of opposition political parties.[151] Additionally, the identity disclosure requirement serves both symbolic and practical purposes in deterring the potential local supporters of opposition parties from making financial contributions.[152] These bans were first introduced in response to the 2005 national election, where opposition parties successfully challenged the ruling party in Ethiopian electoral history. [153] Teshome highlights that the post-2005 prohibition against diaspora money and the retaliatory

[145] Ibid
[146] Ibid
[147] Ibid
[148] Santucci and Őhman (n 33) 35–40.
[149] Proclamation No. 1162/2019, Article 111(2)b
[150] Teshome, 'Political Finance in Africa' (n 82);
[151] Degifie , "The Funding of Political Parties in Post-2018 Ethiopia'(n 16)
[152] Ibid ; See also ; Minutes for a Dialogue between Political Parties on Multiparty Democracy (Addis Ababa, Ethiopia, Inter-luxury Hotel, 5 June 2023).
[153] Teshome, 'Political Finance in Africa' (n 82)

measures against opposition supporters were significant blows to opposition political parties.[154] The post 2018 reform has incorporated these bans into Proclamation No. 1162/2019, with slight modifications to the disclosure threshold for anonymous funding. Nevertheless, the ETB 5000 disclosure threshold is too low to protect potential donors, who can significantly contribute to opposition parties.

Proclamation No. 1162/2019 envisages a limit on the amount of private donations that political parties can receive from donors.[155] The NEBE has been tasked with determining the donation limit but has not yet set the required celling for private donations.[156] As a result, political parties can receive substantial sums from individuals and companies without any limit. In the Ethiopian context, the incumbent ruling party benefits from this absence of donation ceilings, as it controls the state's political economy and public bureaucracy, offering significant incentives for private donors to support it over the opposition parties.[157] Therefore, the absence of a donation ceiling heightens the financial disparity between the ruling PP and opposition parties, thereby causing an uneven playing field for political competition.[158]

The post-2018 legal framework formally recognizes public funding as a legitimate income source for political parties, intended to support their operations and election campaigns.[159] The NEBE is mandated for the fair distribution of public funding, determined based on the principle of proportionality.[160] This public funding comprises both direct cash support and indirect support, such as free access to public facilities and media. [161] The allocation formula considers previous

[154] Ibid
[155] Proclamation 1162/2019, art 111(2)b
[156] Ibid
[157] For example, the ruling Prosperity Party generated more than ETB 1.5 billion (approximately USD 15 million) for the 2021 election through a fundraising event attended by the Prime Minister, cabinet members, regional leaders, and business representatives, which was broadcast live by public media. (See International Republican Institute (IRI) and National Democratic Institute (NDI), "Ethiopia June 21, 2021 National Elections Report," Ethiopia, August 5, 2021.)
[158] Degifie , "The Funding of Political Parties in Post-2018 Ethiopia' (n 16)
[159] Proclamation 1162/2019, art 100
[160] Ibid, 103
[161] Proclamation No 1162/2019 art 100(4), 44-45,77 ; Directive No 16/2021, art 9, 20-22

election votes, matching funds from private sources, and the inclusion of women and PWDs within party structures.

Table 2: The Annual Public Funding Distribution Formula for Political Parties

Allocation Criteria
Number of votes a party receives in the past HOPR and State Councils elections
Matching fund generated from members and supporters
Number of women candidates nominated
Number of women members and leaders
Number of PWDs candidates nominated
Number of PWDs members and leaders

Source: Proclamation No. 1162/2019 and Directive No. 16/2021

Directive No. 16/2021 operationalizes the public funding scheme, specifying the weight assigned to each criterion and establishing thresholds for eligibility.[162] Accordingly, a party that received 5 million votes in the previous election earns ETB 0.5 per vote, totaling ETB 2.5 million.[163] Alternatively, parties that secured over 5 million votes can claim ETB 0.75 for the first 5 million votes and ETB 0.5 for each additional vote beyond that threshold.[164] To qualify for funding based on election performance, parties should obtain a minimum of 0.25 percent of the total valid votes cast for the federal legislature or 0.5 percent of the votes casted for state councils they contested.[165] However, this threshold does not apply to parties representing minority groups. The framework also introduces a matching

[162] Directive No. 16/2021, art 12-15
[163] Directive No. 16/2021, art 12
[164] Ibid
[165] Proclamation No. 1162/2019, art 100(3); Directive No. 16/2021, art 12(2)

fund scheme, providing ETB 0.3 for every ETB raised through private donations, up to a maximum of ETB 50,000. [166]

Moreover, Directive 16/2021 requires 25 percent and 7 percent of the overall amount available for public funding to be set aside for gender equality and political inclusion of PWDs, respectively.[167] Additionally, it provides the eligibility criteria for a political party to receive the gender-targeted public funding. Accordingly, a party that does not recruit at least 5 percent of women in its membership is ineligible to receive the gender-targeted public funding.[168] However, there is no eligibility criteria set for political parties to receive the inclusion-targeted public funding except registration. As a result, all parties are entitled to receive the inclusion-targeted-public funding depending on their degree of inclusion of PWDs in their membership and leadership.

Furthermore, the 2022 annual public funding distribution document indicates that a party recruiting one woman member can claim ETB 1.14, and one member with PWDs can claim ETB 12.16.[169] A party is entitled to receive ETB 138,889 for one female leader and ETB 67,568 for each leader with PWDs.[170] The public funding scheme does not offer a general eligibility criterion for political parties to receive the annual public funds. As a result, all registered parties can obtain it as long as they meet the specific requirements attached to each criterion that constitutes the distribution formula.

As Öhman notes, the reasonableness of the threshold is determined by the objectives the system aims to achieve.[171] As such, a high threshold for public funding can stimulate smaller party mergers, enhancing party institutionalization

[166] Directive No. 16/2021, art 13
[167] Ibid, art 14-15
[168] Ibid, art 14(1)
[169] The Annual Government Support Granted to Political Parties for the 2022 Budget Year (Archived at the Official Facebook page of NEBE) < https://www.facebook.com/photo/?fbid=275164771387786&set=a.260907382813525 > accessed on 3 August 2024.
[170] Ibid
[171] Magnus Öhman, 'Practical Solutions for the Public Funding of Political Parties and Election Campaigns' in Magnus Őhman and Hani Zainulbhai (eds), Political Finance Regulation: The Global Experience (International Foundation for Electoral System) 62-64

and election competitiveness.[172] A low threshold promotes political pluralism, allowing smaller political parties to be represented in political dialogue and enhancing political participation.[173] A very low threshold may hinder party institutionalization by promoting party fragmentation and potentially leading to frivolous party formations.[174] In the light of this, the low threshold (0.25 percent or 0.5% of the total valid votes) adopted by Ethiopia's legal framework enables a significant number of political parties, including small and minority parties, to access public funds.[175] The formula allocates public funds to parties proportional to their electorate support, measured by the number of votes received at the previous elections rather than seats.[176] This can be considered preferable in a "First Past the Post" (FPTP) electoral system where a party with a significant number of votes may not secure any legislative seats. Thus, the formula adopted by Proclamation No. 1162/2019 and Directive 16/2021 enables non-parliamentary opposition parties and small parties to access public funding.

Moreover, as the threshold is specifically a requirement to determine the financial support granted on the basis of one of the criteria making up the formula, that is, the number of votes received in the previous election, newly established political parties may not be left out entirely from the scheme of public funding even if they fail to secure the minimum threshold. They can get some portion of the public fund by the function of other criteria like the matching fund, gender equality, and political inclusion that make up the distribution formula, and so they can remain in the political competition.

The post-2018 public funding scheme can also influence the behavior of political parties regarding transparency, gender equality, and political inclusion of persons with disabilities.[177] The formula gives a financial reward to political parties that recruit and promote more women and persons with disabilities.[178] The NEBE conducts a review of political partoes' financial statements from the previous

[172] Ibid
[173] Ibid
[174] Ibid
[175] Proclamation No. 1162.2019, art 100(3
[176] 7 Proclamation No.1162/2019, art 100(2)a ; Directive No.16/2021, art 12(1)
[177] Proclamation No 1162/2019, art 100(2)c-f ; Directive No 16/2021, art 14-15 .D
[178] Ibid

year, requiring auditing and reporting on fund utilization, before granting financial support to the parties for the upcoming financial year.[179] The condition of public funds granted to parties on the submission of auditing and reporting on their proper utilization promotes accountability.[180] Similarily, the matching fund criteria may push parties to report contributions they received from private sources, thereby improving transparency.[181] Additionally, the matching fund encourages political parties to maintain connections with their constituency and minimizes their reliance on state funding. The ETB 50,000 matching-funds ceiling minimizes the risk of excessive matching of large financial contributions generated by larger parties from other sources, particularly the ruling party, thereby reducing the advantages of larger parties over smaller ones.[182]

All in all, the annual public funding scheme granted without eligibility and with a low threshold promotes political pluralism over party institutionalization and competitiveness in Ethiopia. This could lead to the emergence of frivolous parties and party fragmentation, potentially hinder long-term democratic development. Additionally, the formula makes the playing field less even by making the PP the largest recipient of the annual public funding. As an incumbent mass-based party, PP can easily recruit, nominate, and appoint more women and persons with disabilities than other parties. The public funding calculated on the basis of the number of valid votes in the past elections also favors the ruling party. Therefore, the public fund allocation formula set by the post-2018 framework simply perpetuates the uneven playing field for political competition.

The recent amendment, Proclamation No. 1394/2025, establishes a new eligibility criterion for public funding of political parties.[183] According to this amendment, a political party will not be able to receive financial support from the government unless it can demonstrate that it has collected membership

[179] Proclamation No, 1162/2019, art 103(4)
[180] Degifie. "The Funding of Political Parties in Post-2018 Ethiopia'(n16):

[181] Ibid
[182] Ibid; see Directive No. 16/2021, art 13(2).
[183] Proclamation No. 1394/2025, art 21(6)

contributions, as specified in its bylaws, from at least 20% of its members.[184] This change aims to enhance accountability and ensure that parties have a solid base of financial support from their members before accessing public funds. However, the practicality of this amendment is questionable. Many opposition political parties have expressed concerns about its implementation, as potential members may fear being identified as supporters due to threats of repression and retaliation from the ruling party.[185] Additionally, since most political parties do not maintain a clear and complete membership list, this amendment may result in the exclusion of a significant number of parties from access to public funding.[186] Consequently, this could further entrench the dominance of the ruling party in the political landscape.

Directive No. 16/2021 used a hybrid formula for distributing the support for the 2021 national elections.[187] This formula (Table 3) integrates the principles of equality and proportionality. Accordingly, eligible parties receive an equal share of funds, with the remaining shares distributed proportionally based on the degree of the party's involvement in elections and inclusiveness, and measured by the number of candidates fielded and the number of women and PWD candidates and leaders presented by the party.

Table 3: Public funding distribution formula for the 2012 national elections

Criteria	**Weight (%)**
Equality	25
Number of candidates	25
Number of women candidates	20
Number of women leaders	15
Number of PWDs candidates	15

Source: Extracted from Directive No 16/2021

[184] The Ethiopian Electoral, Political Parties Registration and Election's Code of Conduct (Amendment) Proclamation No. 1394/2025, art 21(6)
[185] Interview with political party leaders, November 3-7, 2025, Addis Ababa, Ethiopia
[186] Ibid
[187] Directive No. 16/2021, art 17-19

The distribution formula for election funding aims to create equal opportunities for all parties, including small and new opposition parties. Based on the equality principle, a 25% amount is distributed among registered political parties; this is a larger amount than the 10% distribution that has been in place since 2010.[188] Additionally, the post-2018 framework allocates public funding for elections based on the number of candidates each party presents, which may encourage and enable parties to nominate more candidates and increase political competitiveness. The Directive mandates the public funds to be disbursed to political parties within 15 days of the completion of candidate registration.[189] During the 2021 general election, however, some political parties particularly with limited financial resources strongly opposed the scheduling for the disbursement of financial support to political parties after candidate registration, claiming that the funds needed to be handed over before candidate registration.[190]

Additionally, Directive No. 6/2021 outlines rules for the allocation of gender and inclusion targeted public funding for election purposes, focusing on the 2021 national election.[191] Accordingly, 20% of public funds are allocated to political parties that nominate female candidates, while 15% are used to promote women to executive leadership positions.[192] Similarly, 15% of the funds are allocated to parties that include PWDs in the candidate list.[193] As such, during the 2021 general election, the NEBE has set a fixed rate of additional public funding for each woman (ETB 9,982.21), PWD(ETB 155,722.42), and female leader(ETB 255, 062.59) promoted to the party's executive level.[194] Accordingly, political parties lacking women and PWD candidates and leaders receive no gender and inclusion-

[188] Directive No. 16/2021, art 18(1)a. On the past public funding allocation formulas and practice, See 'Degifie, "Party-Political Financing, Democracy, and Constitutionalism in Ethiopia" (n 16)
[189] Directive No. 16/2021, art 27(1)
[190] 'Degifie, "Party-Political Financing, Democracy, and Constitutionalism in Ethiopia" (n 16)
[191] Directive 16/2021, art 18(1)c-e
[192] Ibid
[193] Ibid
[194] The State Support Allocated for Political Parties for the 2021 National Elections (available at https://drive.google.com/file/d/1LAlyNMWCEaZgiFp9KNQWndZfVLCzp9wp/view?fbclid=IwAR3KQl1XkInJ_jmgsb8DnTyQQun20g3S_vbTuB_Jln9zfr6r-Aulh4uJJMA> accessed on 20 July 2024. For example, in the 2021 national elections, 51 parties each received ETB 483,452 in accordance with the principle of equality.

targeted public funding, while those with more nominations and leaders receive more funding.[195]

Therefore, the scheme of public funding for elections used the 'targeted funding based on allocation' model for distributing the gender and inclusion targeted funding during the 2021 national election.[196] As such, the degree of gender equality and inclusion of persons with disabilities in a political party's candidates and leadership determines the amount of public funding the party received for election campaigns. Incumbent parties, like the PP, can easily nominate candidates, especially women and persons with disabilities, and promote them to leadership positions.[197]

Therefore, the state support distribution formula for election campaigns ultimately favors the ruling Prosperity Party, promoting uneven political competition and the proliferation of frivolous parties.

The post-2018 legal framework lacks a spending limit for political parties, exacerbating the effect of financial inequality between rich and poor parties and resulting in an uneven playing field. This was evident during the 2021 national election. For instance, some opposition party leaders allege that the ruling Prosperity Party spent around ETB 2 billion (USD 20 million) on campaigning throughout Ethiopia in the 2021 national election, while opposition parties could not do the same due to financial constraints.[198] The Ethiopian Citizens for Social Justice(ECSJ) party, the second largest party after PP, has allocated ETB 143

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[195] Ibid

[196] Gender-targeted public funding can be categorized in to three; eligibility-based, allocation-based, and earmarking-based. Ohman argues that the suitability of regulation depends on various factors including the intended outcome, electoral system, and state political culture. See Magnus Ohman , Gender-targeted Public Funding for Political Parties A Comparative Analysis(2018 International Institute for Democracy and Electoral Assistance) 18-25; Julie Ballington and Muriel Kahane,' Women in Politics: Financing for Gender Equality' in Falguera, et al (eds), Funding of Political Parties and Election Campaigns: A Handbook on Political Finance (International IDEA 2014) 300-340

[197] For instance, PP nominated 59% and 16% of the registered women and PWDs candidates in the 2021 national elections. See The State Support Allocated for Political Parties for the 2021 National Elections(n 194)

[198] Minutes for a Dialogue between Political Parties on Multiparty Democracy (n 152). The political parties' joint council, with the support of the Netherland Institute for Multiparty Democracy (NIND), hosted the dialogue with the participation of 58 opposition political parties.

million for campaigning during the 2021 national election.[199] The absence of a spending ceiling in political systems like Ethiopia, where the ruling party has substantial income resources, undermines the very purpose of public funding, which is leveling the playing field for political competition. As Ohman opines, the financial gap between political parties will not be changed by providing public funds to both rich and poor political parties.[200] It makes little sense to provide public funding without setting reasonable private donation and expenditure ceilings since the scheme of state funding could not bridge the existing financial inequality between the opposition and the ruling Prosperity Party.[201] Thus, the lack of a spending limit in Ethiopian politics exacerbates the unevenness of political competition.

The post-2018 party finance framework includes provisions for disclosure, reporting, monitoring, and enforcement.[202] Political parties must be accountable for the proper management of public and private funding, as well as assets and property they acquire.[203] The disclosure rules require parties to reveal detailed financial information, including sources of income, expenditures, contributions, financial statements, debt, donors' names, lists of fixed assets, and general financial activities of the parties.[204] Additionally, they have to submit an annual audit report certified by an external auditor or professional accountant to the NEBE and maintain records for at least 10 years.[205] More importantly, parties should deposit the public funding they received in a separate bank account and submit an annual audit report to the NEBE.[206] Moreover, the members of a political party also have the right to access information about their party's income and expenditure accounts at any time.[207]

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[199] Brook Abdu, 'Elections 2021: Already Favoring the Ruling Party?' (The Reporter, 31 March 2021) accessed on 3 August 3 2024
[200] Őhman, 'Getting the Political Finance System Right' (n 14) 22-23
[201] Ibid
[202] Proclamation No 1162/2019, art 82-85, 104-107, 111-113.
[203] Ibid
[204] Ibid
[205] Ibid
[206] ibid
[207] Ibid, art 112(3)

The NEBE is mainly responsible for monitoring political party finance, requiring regular audit reports certified by an external auditor.[208] The Auditor General (AG) and the House of Peoples Representatives (HOPR) have also some oversight roles regarding public funding. [209] The AG has the authority to scrutinize political parties regarding the utilization of public funds, based on the requests of the NEBE.[210] The NEBE also submits an annual report to the House of Representatives (HOPR) detailing the allocation of public funding to political parties.[211] The NEBE is also required to publicize the audit reports it receives from political parties.[212]

However, the audit reports and financial information have not yet been publicized. Additionally, the Ethiopian legal framework hardly requires political parties to disclose their incomes and expenditures to the public at large and make their financial statements accessible through publication or online platforms. Therefore, the lack of easily accessible data on political parties' overall income and expenses hinders public scrutiny over political party finance in Ethiopia. The NEBE has the authority to enforce the party finance rules through various sanctions, including public funding cuts or reductions, improperly utilized funds returns, official warnings, suspension from running elections, forfeiture of unlawful assets, and criminal penalties.[213] However, the NEBE's capacity to effectively enforce the transparency rules is questionable.[214]

4. Practice of party financing in the post 2018 Ethiopia

4.1. Opposition Parties' Limited Sources of Funding

Opposition parties in Ethiopia struggle to secure funding for daily operations and election campaigns, relying primarily on public funding or diaspora community

[208] Proclamation 1133/2019, art 7(4); Proclamation No. 1162/2019, art 103, 113
[209] Proclamation 1162/2019, art 82(6), 105(3), 107. The Auditor General is responsible for auditing and inspecting the accounts of Federal Government ministries and agencies to ensure proper expenditures and report them to the House of Peoples' Representatives. See the FDRE Constitution, art 101.
[210] Ibid
[211] Ibid, 107 ; Directive No 16/2021, art 27
[212] Proclamation No 1162/2019, art 68(9
[213] Proclamation No 1162/2019, art 98, 106, 110, 142 cum 148 Directive 16/2021, art 25, 30. 31
[214] Degifie, "Party-Political Financing, Democracy, and Constitutionalism in Ethiopia"(n16)

support.[215] Most of the opposition political parties rely on public funding for income, but this is often insufficient for carrying out political activities, especially during elections.[216] Some parties rely on the financial support of the diaspora community to cover most of their expenditures.[217] Opposition political parties face challenges in generating adequate revenue from membership fees and private donations due to political and economic reasons. And, business owners are hesitant to donate to opposition parties due to concerns about potential government retaliatory measures.[218] Some of the fears stem from the post 2005 retaliatory measures and the decade's authoritarian experiences under EPRDF's rule. The local population's poor economic condition worsens their lack of culture and awareness about the significance of financial support for the opposition.[219] Therefore, the opposition parties in Ethiopia lack diverse sources of funding, creating a dependency syndrome on state funding and diaspora support. The limited diversity of funding sources hampers political parties' independence and their capacity to effectively challenge the ruling party's policies. Dependence on diaspora support often compromises autonomy and create control risks, as it sometime dictate the direction of various opposition parties, leading to internal factions.[220] Furthermore, reliance on public funding often results in some opposition parties aligning too closely with the ruling party, becoming loyal oppositions.[221]

4.2. **Political Party Funding Disparities**

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[215] Ibid; see Minutes for a Dialogue between Political Parties on Multiparty Democracy(n 152).

[216] Ibid

[217] Birhane Habtie, Meressa Tsehaye, et al, 'The Ethiopian Diaspora: Their Role in Nation Building and Political Reformation' (2019) 1:2 Mekelle University Journal of Political Science and Strategic Studies 1; Neamin Ashenafi, ' ECSJ(E-ZEMA) to Reach out to Ethiopian Diaspora in 70 Countries' (The Reporter, 1 September 2019); Interview with Zebiba Ibrahim, Former Executive Member and Candidate of the Balderas for Genuine Democracy Party(Addis Ababa, Ethiopia, The Hub Hotel, 20 August 2024)

[218] Minutes for a Dialogue between Political Parties on Multiparty Democracy(n 152) . For instance, The Agew National Congress Party's participants claim that collecting membership contributions is challenging and supporting the party is considered a crime. The Ethiopian Social Democratic Party participant claims that opposition party members are unable to pay membership fees or contributions due to fear of retaliatory measures from ruling party authorities.

[219] Degifie, "Party-Political Financing, Democracy, and Constitutionalism in Ethiopia"(n16)

[220] Selahadin Eshetu, *The Politics of Diaspora: Case Study of Ethiopians in USA* (Lap Lambert Academic Publishing 2012) 40–41.

[221] Degifie, "Party-Political Financing, Democracy, and Constitutionalism in Ethiopia"(n16)

The ruling Prosperity Party secures substantial funding from diverse sources, including private donors.[222] This incumbency advantage allows the party to attract financial support from business owners who are inclined to contribute for personal gain or to evade potential repercussions from supporting the opposition.[223] Consequently, the PP generates substantial resources from the private sector. The Prosperity Party also collects significant funds from public servants, inheriting both membership and the collection methods from its predecessor, the EPRDF. It utilizes state administrative tools to deduct membership fees directly from public servants' salaries.[224] Furthermore, the PP leverages its governmental control to gain financial advantages by using public resources—including office supplies, phones, cars, and buses—for election campaigns.[225] Many opposition parties argue that the incumbency advantage is so pronounced that distinguishing between the government and the party is nearly impossible.[226] As a result, the combination of these advantages and substantial private funding creates a financial disparity between the ruling party and opposition parties that undermines the overall fairness of the political landscape.

The recent amendment, Proclamation No. 1394/2025, prohibits political parties from deducting or collecting membership contributions or any other financial

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[222] For instance, the ruling Prosperity Party raised over ETB 1.5 billion (USD 15 million) for the 2021 election through a fundraising event, while the Ethiopian Citizens for Social Justice Party (ECSJ), Ethiopia's second-largest party, planned to hold fundraising events to secure ETB 140 million (USD 1.4 million). See International Republican Institute (IRI) and National Democratic Institute(n 157); 'Ezema Set to Compete in 500 Districts of Ethiopia' (New Business, 6 February 2021) < https://www.bing.com/ck/a?!&&p=970a18db3a66b68fb664173b41451cbcb7430a972ed9afb5de06873d313cbf15JmltdHM9MTcyNDg4OTYwMCZpZ3VpZD0yNjFjYzRlMC0yNDgxLTY3OTYtMDQ0Mi1kMDBhMjVmNjY2ZTkmaW5zaWQ9NTE4MQ&ptn=3&ver=2&hsh=4&fclid=261cc4e0-2481-6796-0442d00a25f666e9&psq=ezema+plan+to+run+in+more+constituenciese&u=a1aHR0cHM6Ly9uZXdidXNpbmVzc2V0aGlvcGlhLmNvbS9wb2xpdGljcy9lemVtYS1zZXQtdG8tY29tcGV0ZS1pbi01MDAtZGlzdHJpY3RzLW9mLWV0aGlvcGlhLw&ntb=1> accessed on 20 July 2024.

[223] Degifie, "The Funding of Political Parties in Post-2018 Ethiopia'(n16)

[224] Minutes for a Dialogue between Political Parties on Multiparty Democracy(n 152) .

[225] International Republican Institute (IRI) and National Democratic Institute(n 157); Minutes for a Dialogue between Political Parties on Multiparty Democracy (n 152) ; Henrik Bratt, 'Uneven Playing Field: Understanding Abiy Ahmed Manipulation of Democracy in Ethiopia' (Uppsala University 2019/2020)

[226] For instance, Ethiopian Citizens for Social Justice Party, ECSJ Strongly Condemn Misuse and Embezzlement of State Resources Prosperity Party Who Fails to Make a Demarcation between Party and Government (Press Release, 18 October 2023, Addis Ababa, Ethiopia); Freedom and Equality Party, 'Identify party and government' (Press Release, 16 January 2020, Addis Ababa, Ethiopia). In the press releases, FEP demands that the incumbent party ceases using government channels for resource mobilization and collection, as this broadens the political playing field for the ruling party.

support from the salaries, allowances, or payments of civil servants and employees of public enterprises by using the financial and payment systems of government offices and public enterprises.[227] This provision could play a constructive role in leveling the political playing field if implemented effectively.

4.3. Inadequate public funding

The post-2018 public funding framework has not significantly improved the financial positions of opposition parties, primarily due to the Prosperity Party's dominance and the fragmentation of the opposition groups. Consequently, the ruling party has received most of the state support earmarked for daily operations and election campaigns. For instance, NEBE distributed ETB 98 million to 51 political parties in two portions during the 2021 national elections.[228] The 25% of the public fund was distributed among the parties based on the principle of equality (Table 3 above), and the first payout of ETB 483,452 was transferred to each political party contesting the elections.[229] The second tranche of the remaining three-quarters of the funds was paid out starting at the end of May according to a formula that awards for each registered candidate (ETB 2,643), each woman candidate (ETB 9,982), each PWD candidate (ETB 155,722), and each woman in a senior executive party position (ETB 255,062). [230]

Table 4: Parties that received significant shares of the public funding during the 2021 elections

Name of Party	**No of candidates**	**No of women candidates**	**No of PWDs candidates**	**No women in leadership**	**Share of public funds**
Prosperity party	2799	1171	15	5	24%

[227] Proclamation No. 1394/2025, art 22(5)
[228] International Republican Institute (IRI) and National Democratic Institute (NDI)(n 157)
[229] Ibid; The State Support Allocated for Political Parties for the 2021 National Elections(n 194)
[230] Ibid

Ethiopian Citizens for social Justice (ECSJ)	1540	183	22	6	12%
Freedom and equality party (FEP)	578	80	8	2	4.7%
Enat Party	605	58	4	1	3.6%
United Ethiopia Democratic Party(UEDP)	258	37	6	3	3.3.%
All Ethiopian Unity Organization(AEUO)	466	38	3	1	2.9%
National Movement of the Amhara (NAMA)	510	16	2	0	2.3%

Source: NEBE's Excel Sheet: State Support Allocated for 2021 National Elections

As shown in Table 4, the Prosperity Party benefits significantly from public funding, receiving approximately one-quarter of the state support allocated to political parties.[231] This is a decrease from the 2015 election, when the then-ruling EPRDF secured 70% of the public funds.[232] In the 2021 election, the seven largest parties collectively received over half of the public funding—around 52%—while the remaining 48% was distributed among 44 other parties.[233] The fragmentation of opposition parties reduces their share of public funding allocations. Notably, five of these parties received the minimum allocation of ETB 483,452 based on the equality principle, despite not nominating any candidates.[234] Additionally, the Prosperity Party obtained the largest share of annual public funding designated for the daily operations of political parties.[235]

[231] Accordingly, the ruling Prosperity Party received the largest share (ETB 23.2 million) along with Ethiopian Citizens for Social Justice (ECSJ) (ETB 11.3 million(, followed by Freedom and Equality Party (ETB 4.6 million), Mothers' (Enat) Party (ETB 3.5 million), United Ethiopia Democratic Party (EETB 3.2 million), All Ethiopian Unity Organization (EETB 2.8 million), and National Movement of Amhara (EETB 2.3 million).

[232] See Degifie, "Party-Political Financing, Democracy, and Constitutionalism in Ethiopia"(n16)

[233] The State Support Allocated for Political Parties for the 2021 National Elections(n 194)

[234] Ibid

[235] The Annual Government Support Granted to Political Parties for the 2022 Budget Year(n 169)

Thus, the post-2018 public funding scheme has strengthened the financial power of the Prosperity Party. In contrast, opposition parties have raised serious concerns about insufficient funding, with most of them asserting that the public funding is inadequate to cover even half of their election expenses.[236] The 2021 election highlighted the system's shortcomings, as it failed to provide most political parties with the resources needed to effectively compete in the elections to challenge the ruling party. Instead, the state support disproportionately benefits the Prosperity Party, undermining the creation of an equitable political landscape. Consequently, the post-2018 public funding distribution formula has further entrenched the ruling party's dominance in Ethiopia.

4.4. Gender and Inclusion in Political Financing

The post-2018 party financing framework aims to influence candidate selection and leadership diversity in political parties by linking public funding to gender equality and the inclusion of persons with disabilities (PWDs). According to Directive No. 16/2021, public funding supports activities related to these goals. However, the directive does not require parties to allocate specific percentages of these funds for gender and inclusion outreach, instead offering financial incentives for nominating more female and PWD candidates.[237]

Despite these incentives, the percentage of women candidates decreased from 29% in the 2015 elections to 21% in 2021 elections.[238] Women constituted 11% and 10% of the candidates nominated by the Ethiopian Citizens for Social Justice (ECSJ), and the Mothers' Party (Enat Party) that fielded the largest number of candidates in the 2021 national election next to the ruling PP, which nominated 42% of women candidates.[239] The ECSJ and Mother's Party shared 9% and 3% of

[236] Minutes for a Dialogue between Political Parties on Multiparty Democracy (n152) Abdu (n198)
[237] Directive No. 16/2021, art 10-18
[238] International Republican Institute (IRI) and National Democratic Institute(n 157) 20-24; The State Support Allocated for Political Parties for the 2021 National Elections(n 194)
[239] International Republican Institute (IRI) and National Democratic Institute(n 157) 20-24; The State Support Allocated for Political Parties for the 2021 National Elections(n 194)

the overall women candidates nominated in the 2021 elections, respectively.[240] The largest numbers of women candidates were nominated by the Prosperity Party, which was 59% of the overall women candidates.[241] As a result, PP also received the largest share of public funding dedicated to gender equality, which is 59%, followed by ECSJ (9%), FEP (4%), Renaissance Party (3.5%), and Mother Party (3%).[242] This data indicates that gender-targeted funding may not effectively encourage larger parties with alternative income sources to nominate more women candidates. Additionally, smaller ethnic based parties have shown limited motivation to nominate women, with many nominating between 0-10 female candidates.

Women's representation in leadership positions remains a challenge as well. During the 2021 elections, only one of the 51 registered parties was led by a woman, with just 58 women present in other leadership positions like central committee. [243] The PP and ECSJ have the highest representation of women in leadership, with six and five women leaders, respectively, holding executive-level positions.[244] Among the 44 publicly funded parties, 10 have no women leaders, 19 have one woman, 11 have two women, and 2 have three women in their leadership roles.[245]

In the case of PWD candidates, just 1% of 9,327 registered candidates were PWDs.[246] The ECSJ, PP, and FEP had the most PWD candidates, comprising 1.4%, 0.5%, and 1.3% of their respective nominations. Consequently, these parties received substantial public funding for including PWD candidates, but many smaller, ethnic-based parties nominated none and thus received no funding.[247]

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[240] Ibid
[241] Ibid
[242] Ibid
[243] Ibid
[244] Ibid
[245] Ibid
[246] Ibid. Of the 9,327 candidates, 95 are registered as Persons with Disabilities (PWDs).
[247] Ibid. ECSJ, PP, and FEP received ETB 3.4 million, ETB 2.3 million, and ETB 1.2 million, respectively, for nominating PWD candidates.273 19 political parties, most of which are small, ethic-based ones, hardly nominated a single PWD candidate during the 2021 national election. As a result, they received none from the inclusion-targeted public funding.

Overall, the current public funding scheme is insufficient to motivate parties to promote women and PWD candidates or elevate them to leadership roles. The political participation and representation of these groups are hindered by deep-rooted cultural and socio-economic barriers. Therefore, earmarked funds are essential to effectively promote gender equality and inclusion in political parties, addressing these obstacles that limit the political participation of women and PWDs.

4.5. Transparency and Compliance Issues

Ethiopian political parties have struggled to comply with transparency rules, particularly regarding financial reporting. The National Election Board of Ethiopia (NEBE) reported that many parties failed to submit the required financial reports for the 2020/21 fiscal year.[248] For instance, NEBE identifies that 16 parties did not submit either their audit reports or cash receipt invoices[249]; some submitted invoices without audit reports[250], while the Gambela Peoples Liberation Democratic Movement provided its audit report but lacked the corresponding invoices.[251] As a result, nearly half of the political parties did not properly report on how they utilized public funds they received.

Additionally, many parties have provided inaccurate membership data, especially concerning women and persons with disabilities.[252] Some face accusations of financial fraud, including unauthorized disbursements and unlawful

[248] NEBE, 'Announcement From the National Election Board of Ethiopia (NEBE) on the Financial Support From the Government For the 2020/21 Fiscal Year(17 May 2022) < https://nebe.org.et/en> accessed on 4August, 2024

[249] Ibid. National Movement of Amhara (NAMA); Oromo Liberation Movement (OLM); Hibir Ethiopia Democratic Party (Hibir Ethiopia);Western Somali Democratic Party (WSDP); Gedio People's Democratic Organization (GPDO); Afar Revolutionary Democratic Unity Front (ARDUF); Union of Tigrians for Democracy and Sovereignty (ARENA); Harari Democratic Organization (HDO); Mocha Democratic Party (MDP); Kafa Green Party (KGP); Gamo Democratic Party (GDP); National Movement of Wolaita (WNM); Boro Democratic Party (BDP); Agew National Congress (Congress); Tigray Democratic Party (TDP); Balderas for True Democracy (Balderas)

[250] Ibid. Oromo Federalist Congress (OFC);Ethiopian People's Revolutionary Party (EPRP); Raya Rayuma Democratic Party (RRDP); Gambela Peoples' Liberation Movement (GPLM); Afar People's Party (APP);Afar Liberation Front Party (ALF) and Renaissance Party

[251] Ibid

[252] Selamawit Mengesha, 'Election Board Threatens Administrative Action over Exaggerated Party Membership Figures' (The Reporter, June 29, 2024). The parties include The Prosperity Party, Ethiopian Democratic Union, Ethiopian Social Democratic Party, Amhara National Movement, Ogaden National Liberation Front, Raya Rayuma Democratic Party, Wolayita National Movement, Gambella National Democratic Movement, Arena Tigray for Democracy and Sovereignty, Mocha Democratic Party, and the Ethiopian National Unity Party.

withdrawals.[253] This lack of adherence to transparency can be attributed to insufficient internal capacity, political unwillingness, and unrealistic financial regulations.[254] Most parties lack the necessary staff and resources to maintain compliant finance departments or utilize professional accounting services, hindering their ability to meet transparency obligations.[255]

There is also reluctance among parties to disclose financial information due to concerns over illicit funding sources and corruption. As a result, no party—including the ruling Prosperity Party—has made its financial statements publicly available.[256] Consequently, the revenues and expenditures of political parties remain largely beyond public scrutiny.

The NEBE has occasionally relaxed certain transparency rules that are considered unrealistic for the country's political context. For example, it requires parties to disclose member demographics, such as age and gender, which has proven challenging to enforce, as most political parties lack a complete membership list. [257] The ruling Prosperity Party claims to have approximately 7 million members nationwide, a figure that is difficult to verify. Additionally, NEBE has accused certain parties of exaggerating their numbers regarding women and persons with disabilities, with some claiming up to 900,000 such members.[258] This raises questions about NEBE's ability to verify the accuracy of party membership lists, rendering the disclosure requirement unrealistic.

Some parties utilize online fundraising mechanisms to collect funds from the diaspora, but NEBE seldom checks the legality of these contributions. Additionally, NEBE has dropped the 5% threshold for female members required to access

[253] For instance, NEBE suspended the One Ethiopia Democratic Party. Sisay Sahlu, 'Election Board Suspends 'One Ethiopia' party over Financial Fraud Allegations' (The Reporter, 13 March 132024))
[254] Degifie , "The Funding of Political Parties in Post-2018 Ethiopia'(n16)
[255] Ibid
[256] Almost all political party official pages contain programs, manifestos, and by laws, but not financial statements.
[257] Proclamation 1162/2019, art 78
[258] Mengesha(n 252); NEBE, 'Announcement for Political Parties' (28 June 2024) accessed on 3 August 2024.

gender-targeted public funding, arguing that many opposition parties could not meet this criterion.[259]

NEBE also faces limitations in its ability to enforce compliance due to inadequate resources and political reluctance. The NEBE faces human resources limitations in overseeing the financial aspects of political parties efficiently and timely.[260]While it has the authority to penalize non-compliance, it has largely focused on educating parties about transparency rules.[261] However, there have been instances when NEBE acted decisively against misuse of public funds, such as suspending the One Ethiopia Democratic Party over alleged fraud involving ETB 2.7 million.[262]

Despite its mandate to make audit reports public, NEBE has not effectively provided access to this information. Consequently, there is a significant lack of readily available financial data about parties. Furthermore, media and civil society organizations have not prioritized issues of transparency and accountability in political party financing, limiting necessary oversight. Additionally, the media and civil society organizations (CSOs) have not prioritized transparency and accountability in political party financing, highlighting a need for their intervention. CSOs involved in election observation often neglect issues related to political party financing and the associated transparency and accountability mechanisms. As a result, NEBE's efforts to promote accountability and transparency are not sufficiently supported by the media and civil society.

5. Implications of party financing on electoral competitiveness

Democracy necessitates free, fair, and competitive elections, but it requires more than just periodic balloting.[263] The essence of democracy lies in the competitive

[259] Directive No 16/2021, art 14(1). See The State Support Allocated for Political Parties for the 2021 National Elections (n200)
[260] Degifie,
[261] Ibid
[262] The Ethiopian Freedom Party has been cancelled due to misinformation about membership and misuse of public funds, as confirmed by the NEBE. (The NEBE issued an official letter to the party, dated 12 January 2023, with protocol No. ኦ1162/11/841, which can be found in the NEBE Archive in Addis Ababa, Ethiopia)
[263] Larry Diamond, *The End of the Third Wave and the Global Future of Democracy(*Political Science Series No. 45, July 1997)2-20

nature of elections, with a reasonably level playing field between incumbents and opposition.[264] The post-2019 private funding regulation targets the income sources of opposition parties while avoiding meaningful contribution and expenditure caps, distorting the political landscape in favor of the ruling Prosperity Party (PP). The public funding distribution formula allocates one-fourth of state funding to the PP, exacerbating financial inequality between the ruling party and opposition parties. The incumbent Prosperity Party's excessive manipulation of state resources for political purposes undermines the fairness of political competition, significantly constraining opposition parties' opportunities to compete meaningfully in elections.

The 2021 national election has underscored these challenges, as opposition parties struggled with resource limitations. Most were underfunded, hindering their ability to mobilize, organize, and educate the electorate. Opposition parties' campaigns were largely confined to the capital and major urban centers, with few candidates nominated nationwide. No opposition party, except ECSJ, nominated the minimum number of candidates required to form a government at the federal level. The existing legal framework for party financing fails to create equitable opportunities for all political competitors, rendering the electoral marketplace fundamentally unfair. The financial advantages enjoyed by the ruling party significantly enhance its electoral prospects, while the opposition faces nearly insurmountable challenges. As a result, Ethiopian elections have become symbolic, lacking genuine competition and producing predictable outcomes.

The post-2018 party finance system not only impacts the electoral landscape but also undermines the strength and viability of political parties. A genuine democracy requires strong, independent, and active political entities[265]; however, the current party financing system in Ethiopia undermines these principles, resulting in the weakening and fragmentation of parties.[266] The Underfunding of opposition parties limits their ability to conduct effective campaigns, mobilize

[264] Ibid; Charles Manga Fombad, 'Constitutional Reforms and Constitutionalism in Africa: Reflections on Some Current Challenges and Future Prospects' (2011) 59 Buffalo Law Review 1007, 1020-27
[265] Lisa M Gonzalez, 'The Importance of Political Parties in South Africa' (1996) 20 Fletcher F. World Aff. 147
[266] Degifie, '' The Funding of Political Parties in Post-2018 Ethiopia' (n16)

voters, and nominate candidates across all constituencies.[267] The lack of constitutional recognition of political parties' rights further exposes them to arbitrary legislation and unfair resource distribution.

Party financing practices often lack transparency, leaving even party members unaware of funding and spending, which ignites corruption and factionalism within opposition parties. A prominent political leader opines that there are numerous "briefcase parties" in Ethiopia, run by political entrepreneurs for personal gains.[268] As a result, political parties sometimes become battlegrounds where factions and party leaders fight each other for power and resources. Opposition parties are also dependent on the state or the Diaspora for financial support, limiting their autonomy and independence. The reliance on the Diaspora's financial contributions constrains their autonomy and strength, which are crucial for building democracy. Additionally, the public funding framework encourages the proliferation of small parties that participate symbolically in elections but remain inactive between them. Consequently, the post-2018 financing system contributes to the emergence of weak and frivolous opposition parties, undermining the processes of democratic transition and consolidation.

6. Conclusions and recommendations

The assessment of Ethiopia's legal framework for political party financing reveals that while finance is indispensable for democratic participation and competition, unregulated or poorly regulated funding poses significant risks, including corruption, undue influence, and an uneven playing field. Ethiopia's political system system, shaped by its historical context of authoritarian rule and one-party dominance, has evolved from the pre-2018 era under the EPRDF to post-2018 reforms under Proclamation No. 1162/2019 and subsequent amendments. However, these reforms represent continuity more than transformation, perpetuating financial disparities that favor the incumbent Prosperity Party (PP) over opposition groups.

[267] Ibid
[268] Ibid

The assessment reveals several key findings. First, the absence of constitutional recognition for political parties' financial rights, which exposes them to arbitrary legislation, undermines fair competition. Second, the ruling party continues to enjoy overwhelming financial advantages derived from incumbency privileges such as abuse of state resources, mass membership dues from civil servants, and preferential private donations, while opposition parties remain structurally underfunded and dependent on limited public funding and diaspora support.

Thirdly, the post-2018 framework represents progress in certain areas—notably the introduction of a more inclusive and vote-based public funding formula, matching funds, and incentives for gender and PWD inclusion—but these gains are undermined by the absence of critical regulatory tools, particularly donation caps and campaign expenditure ceilings. Without these, public funding merely supplements rather than offsets the ruling party's resource dominance. In the absence of enforceable campaign expenditure ceilings, the ruling party can outspend opponents by orders of magnitude. This negates the equalizing potential of public funding.

Fourthly, bans on foreign funding from Ethiopian nationals abroad and the low disclosure threshold (ETB 5,000) for donor identities, originally introduced after the 2005 elections to weaken opposition, have been retained in the post 2018 framework with only cosmetic changes. These measures continue to deter local private donors from supporting opposition parties out of fear of retaliation.

Fifthly, although the post 2018 allocation formulas are more pluralistic and reduce the ruling party's previous 70% share to around 24–25%, the ruling PP still emerges as the largest beneficiary because of its mass membership, superior organizational capacity, and ability to maximize criteria such as women/PWD representation and candidate numbers. Smaller and new parties receive small amounts that are insufficient for meaningful competition.

Sixthly, opposition parties face chronic underfunding, relying heavily on insufficient public funds or diaspora support, which compromises their autonomy and leads to fragmentation, factionalism, and "briefcase parties" driven by personal gain. Seventhly, transparency and compliance are weak, with many

parties failing to submit reports, inflated membership claims, and limited enforcement by the NEBE due to capacity constraints and political reluctance. Lastly, gender and inclusion incentives have not substantially increased representation, with women and PWD candidates declining or remaining low, as cultural and socio-economic barriers persist without targeted spending requirements.

Overall, the assessment reveals that the Ethiopia's party financing regime undermines electoral competitiveness, resulting in symbolic elections, a de facto dominant-party system, and stalled democratic consolidation. It fails to align with international standards that highlight balanced regulation to promote pluralism, accountability, and equity, instead reinforcing incumbency advantages and marginalizing opposition, which threatens the foundational principles of multiparty democracy.

Recommendations

To address the shortcomings and promote a more equitable, transparent, and competitive political environment, the following recommendations are proposed:

First, **constitutionalize Political Party Financing Rights**: Amend the FDRE Constitution to explicitly recognize political parties as essential democratic institutions with rights to fair funding, equal treatment, and protection from arbitrary regulations. Include provisions mandating equitable public funding on a proportional and needs-based basis, similar to South Africa's Section 236, to prevent incumbents from manipulating legislation and facilitate judicial challenges to unfair practices.

Second, **introduce Donation and Spending Ceilings**: The NEBE should establish reasonable caps on individual and corporate donations (e.g., per donor and annual totals) to curb undue influence and level the playing field. Additionally, impose expenditure limits for campaigns, calibrated to factors such as district size, population, inflation, and campaign duration, while regulating third-party spending to prevent circumvention. A combined approach of general and

purpose-specific caps would reduce financial disparities and discourage vote-buying.

Thirdly, **reform Public Funding Allocation for Greater Equity**: Revise Directive No. 16/2021 to raise eligibility thresholds (e.g., from 0.25% to 1-2% of valid votes) to discourage frivolous parties and promote mergers for stronger institutionalization. Adjust the distribution formula to cap the ruling party's share and allocate a larger portion based on equality principles for smaller and new parties. Introduce earmarked funds requiring parties to spend a minimum percentage (e.g., 20-30%) on gender equality and PWD inclusion initiatives, such as recruitment drives and training, to overcome socio-cultural barriers and boost representation.

Fourth, **enhance Private Funding Flexibility with Safeguards**: Relax bans on diaspora contributions by allowing donations from Ethiopian-origin foreign nationals, subject to transparency rules and anti-influence checks, to bolster opposition viability without compromising sovereignty. Increase the anonymous donation disclosure threshold (from ETB 5,000 to ETB 50,000-100,000) to protect donors from retaliation, especially in opposition contexts, while maintaining overall bans on foreign governments, terrorist groups, and corrupt sources.

Fifth, **strengthen Transparency, Reporting, and Enforcement Mechanisms**: Mandate public disclosure of party financial statements through online platforms, official gazettes, and annual reports, including detailed breakdowns of income, expenditures, and donor lists above thresholds. Empower the NEBE with independent resources, staff, and legal authority for proactive audits, investigations, and graduated sanctions such as fines, funding suspensions, or deregistration. It is also imperative to collaborate with civil society and media to ensure public scrutiny over the financial status of political parties. For weakly resourced parties, provide training and subsidies for accounting compliance to build capacity without excusing non-adherence.

Sixth, **independent Oversight and Periodic Review**: Establish an independent political finance platform comprising diverse stakeholders such as academics, CSOs, party representatives, and NEBE to review and update party financing

regulations based on electoral outcomes and stakeholder input. This would ensure adaptability to Ethiopia's evolving democratic context, addressing issues like incumbency abuse and emerging threats such as online fundraising.

Only a comprehensive package that combines limits on private money, meaningful expenditure ceilings, protected opposition funding sources, and robust independent enforcement can transform Ethiopia's political finance regime from an instrument of dominance into a genuine pillar of multiparty democracy.

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