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ETHNIC FEDERALISM AND DEMOCRATIZATION IN ETHIOPIA

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Following the political phase of a social revolution in 1991, the victorious Ethiopian Peoples' Revolutionary Democratic Front (EPRDF), an umbrella political organization, formed a transitional government, dominated at its core by the Tigrean Peoples' Liberation Front (TPLF). Among other things, the Transitional Government of Ethiopia (TGE) claimed that it was committed to forthrightly addressing the claims to self-determination being expressed by a number of ethnic groups styling themselves as "nations" or "nationalities". The entire history of modern Ethiopia until then had been characterized by the ethnic chauvinism of the politically ascendant Amhara ethnic group. In the highly charged political climate following the overthrow of the Ethiopian monarchy in 1974, ethnicity came to be extremely politicized, ultimately leading to the ouster of the Marxist regime of the Worker's Party of Ethiopia (WPE) via a second revolution in April 1991. On coming to power, the EPRDF decided not to suppress the national aspirations of Ethiopia's grieving ethnic groups, but instead to allow them the full expression of their languages and cultures. Moreover, within less than two years, it decided that the country would be administratively and politically reorganized, creating ethnically based national/regional governments or states.¹ The TGE also publicly committed itself to the introduction of pluralist, multi-party democracy. This was significant in that until then Ethiopia had never had political parties or pluralist democracy.

The essence of the strategy adopted by the EPRDF-led government was a variation on the themes of "power-sharing" and federalism. This approach was seen as the best way to demonstrate that the regime was committed to social equity and democracy. Democratic principles were eventually enshrined in a well-crafted national constitution (Negarit Gazeta 1995). In addition to the promulgation of a constitution that was at least nominally democratic, the TGE introduced public policies designed to devolve administrative authority from the center to the states. Cohen and Peterson note that, "while administrative decentralization is not the same as political decentralization, it can, under enlightened central leadership, lead to democratization and greater political participation (Cohen and Peterson 1999, 23-4)."

Power-sharing formulae, including regional autonomy or federalism, are thought by many theorists and practitioners alike to be the ideal solution to avoid ethnic conflict, and to achieve a measure of democracy. Yet, there is no guarantee that such approaches will work in all cases. Our primary research question here is: What conditions must be met before federalism can serve as an agent of development and democratic consolidation in a divided society such as Ethiopia? The key to answering this question would seem to lie in a careful understanding of how the institutions governing center-state relations are designed and implemented. Administrative and political institutions can, once they are in place, be manipulated by governing elite in an effort to achieve the desired end of civic peace and cooperation, albeit in the context of extreme social diversity. In relations between the center and the states, under ideal circumstances there is a balance of power. However, there could conceivably be some cases where this relationship is asymmetrical, with the power equation favoring one or the other level of government. In such cases, the structures in place may appear to be federal in nature, but in practice this may not necessarily be the case. Relatively strong states in terms of their revenue generating capabilities or in terms of their military capabilities may in fact have the upper hand in dealing with the center. On the other hand, where the power balance favors the center, incumbent elites are often in a position to use their control over revenues and the instruments of coercion to enhance central control in politics as well as policy-making. Under such circumstances, governing elite might be more interested in creating an appearance of federal power-sharing in pursuit of democracy and development, while masking their primary aim of central management and control.

The purpose of this essay is to critically assess the efforts of the EPRDF government over the past decade to address the problem of developing a commitment in the general population to ethnic harmony rather than conflict. We do this by looking at the institutional mechanisms chosen. The essay asks the questions: What are the key features of Ethiopia's ethnically based federalism? Why was this strategy chosen, rather than some other approach from a wide range of alternatives? How are the policy aspects of this strategy

implemented and with what effect? To what extent do the political and administrative strategies chosen represent the enhancement of popular participation in governance and the empowerment of average citizens, or yet another device to ensure central control over all-important economic and political matters?

Democratic consolidation is a complex and varied process. Many aspects of this phenomenon are difficult to measure. For example the process might be measured by documenting attitude and opinion changes over time that show the acquisition of an increasingly democratic culture in the general population. Such an approach, however, is beyond the scope of this study. Another approach would be to examine the process of constructing and implementing democratic institutions. This is the approach that is taken here. The aim is to be able to at least partially determine the contribution being made to democratic consolidation by institutional elements, represented in proclamations and the constitution, and the administrative instruments utilized to devolve power to regional states. If such policies are successful, regional and/or ethnic inequalities should be reduced over time, and there should be more direct involvement by the population that resides in those regional states.

The remainder of the essay is divided into three main sections. The first section sketches out the principles of federalism, particularly as this relates to deeply divided societies. It examines theoretically the merits and limitations of such approaches. The second section traces the intellectual history of the political transitions in Ethiopia, leading up to the adoption and initial implementation of the strategy of ethnic federalism. The third section provides an in depth analysis of the actual experience of Ethiopia in the implementation of this strategy. An effort is made to contrast the actual situation with theories of federalism.

Federalism as an Instrument of Democratic Consolidation: Some Theoretical Considerations

In an ideal sense, federalism is a system of governance that is the result of bargaining between the central state and constituent, territorially based groups. Theoretically it involves a bargain that is willingly entered into by the relevant parties. Each party must weigh the advantages and disadvantages of such an arrangement, and base their decisions upon what appears to maximize their particular benefit. Leaders at both the national and territorial levels might want to enhance their control over the nation or the sub-national entity (Riker 1964, 12). One of the most common justifications given for entering into a federal arrangement is the desire to reduce group conflict, while at the same time demonstrating not only a respect for the diversity of the cultures of the given polity, but also a commitment to protecting the integrity of the constituent cultures (Elaijwu 1983, 282). Ideally, then, the decision to enter into a federal bargain evolves organically among the relevant parties. However, in some cases it could be a decision taken centrally by a government that is seeking a way out of what seems to be an intractable situation of ethnic conflict. In this type of circumstance, the central government must be confident that it has both the coercive capacity and political acumen to make such an arrangement work.

Alfred Stepan, in an effort to refine some of the classical conceptualization of federalism, identifies three main variations on the federation theme. Particularly, he seeks to dispel the notion that federations are always democracies (Stepan 2001, 5-6). The ideal type of federation identified above is described as a "coming together federation." According to this model, as had occurred in the United States, individual polities, already characterized by a sense of sovereignty and individual identity, decided to join with similar polities mainly for security and development purposes. They agree to pool their resources together and form a federation. In the process, they surrender some of their individual sovereignty to the federal government (Stepan 2001, 320).

The second model of federation identified by Stepan is referred to as a "holding together federation." This occurs when a deal is struck among cultural brokers in a unitary state made up of multiple ethnicities or other forms of cultural pluralism, agree, that in the interest of preserving the national state, they should reach a consensus on forming a federation (*Ibid*, 320-1). This was what happened in the lead up to independence in the 1950's in Nigeria, when the leaders of the three main ethnic communities (Hausa-Fulani, Yoruba and Ibo) in that country agreed that independent Nigeria would be a federation. The "coming together" and "holding together" approaches both have elements of democracy associated with them. However, Stepan argues that non-democratic systems can also have federal features. To take

this into account, he describes how some federal systems were "put together", such as was the case with the former Soviet Union and the former Yugoslavia (Ibid, 322-3). Whereas the Nigeria federal system was able to hold together despite a devastating civil war, the current regime in Ethiopia began as a holding together federation and soon became a "putting together federation." Initially the EPRDF seemed committed to some form of pacted democracy involving elite bargains being struck among the leaders of major ethnic groups, but, within a year after taking power, the ruling coalition had narrowed dramatically. By early 1993 it consisted only of the EPRDF core and various ethnically based organizations that it had created and controlled.

At a very fundamental level, federal principles involve a combination of *self-rule* and *shared-rule*. Sub-national units are accorded rights to govern their own affairs; at least in particularly prescribed policy areas, and they acknowledge the authority of the central government to rule on their collective behalf in other clearly defined areas such as taxation and foreign policy. It is possible, then, to have a unitary state that grants wide latitude for self-governance to lower levels in the governmental hierarchy. Power is constitutionally diffused to the sub-national governments, while at the same time being constitutionally concentrated at the center (Olowu 1990, 197; Elazar 1987, 5-6).

The federal principle is not synonymous with regional autonomy. Where autonomous regions exist, they are more often subject to central veto than is the case with states in federal systems (Horowitz 1985, 602). Federal systems enshrine in their constitutions the particular rights of the center vis a vis the states and visa versa. Although the sovereignty of the central government is most often supreme, states tend to have very clearly defined juridical rights and guaranteed protection from the capriciousness of the center.

No one set, or no particular types, of institutions, characterize a federal system. In fact, the character of federal institutions varies widely. Elazar correctly notes that, "The essence of federalism is not to be found in a particular set of institutions but in the institutionalization of particular relationships among the participants in political life (1987, 12). The only requirement is that the various institutions adopted be consistent with federal principles. That is, they must create conditions that allow for the self-rule of sub-national units, while at the same time necessitating that politico-administrative authority to be shared between the center and the states.

In the modern era, it is most common for a federal system of national government to be rationalized in a constitution. Rather than this constitution being based on a particular formula that can be easily transported from one society and one historical moment to another, it is always the product of a unique historical circumstance (Riker 1964, 11). In situations where attempts have been made to apply a federalist paradigm wholesale onto a society, this has generally failed. To the extent that federalism succeeds, it is fashioned so as to accommodate the circumstances existing in a particular society at a particular historical moment.

Elazar has identified seven main reasons why federalist strategies might fail. First, the existence of dominant political forces, including governing elite, who might oppose such a strategy. Second, there might be a lack of agreement among competing elite that a federal system is desirable. Three, there might exist intense ethnic conflict in a situation where the competing sides feel that they have a real chance of dominating their opponents. Four, there might exist limited but necessary capacities at the state and sub-national levels for the implementation of a federal system. Five, there could be the absence of a federalist political culture. Six, even where federalism is attempted, the resulting system may be unbalanced, and cause more conflict than it resolves; and finally, federal arrangements often fail when they are imposed from outside, without significant internal support. This pattern was often common in the former British colonies in Africa such as Ghana, Uganda, Kenya and Cameroon. Shortly after independence in these countries, federal systems gave way to a unitary form of government (Elazar 1987, 240-44). The most intense resistance to federal solutions to ethnic tensions in a deeply divided society have come from those who intensely favor a unitary state, rather than an accommodation of diversity, or those who, claiming an inalienable right to self-determination, object to being included in the particular federal system. Such currents can be found in contemporary Ethiopia, and this goes a long way toward explaining why federalism has thus far failed to consolidate itself there.

Federal arrangements succeed when the institutions introduced do in fact help manage or mitigate ethnic conflict in society. For this to happen, competing elite have to agree that it is in their, as well as their

constituents', best interest to enter into a federalist compact. At the same time, there must be adequate resources at the disposal of the central and state governments to afford the expanded welfare function of the state and federal governments, and the resource redundancies that are needed to hedge against uncertainties. While the prior existence of a federal political culture might serve as an asset to the architects of a new federal system, this is not necessary, as long as elite commitments are there and as long as resources available to those who govern are adequate.

Some observers claim that federalism works best when there are a multiplicity of sub-national states rather than only a handful. This has indeed been the case in places like Nigeria and India, but there is no guarantee that such arrangements will always work. However, in principle, this would seem a plausible assumption. Horowitz has noted that one of the primary objectives of a federalist approach in deeply divided societies should be to "proliferate the points of power" (Horowitz 1985, 598-99). The idea is to scatter power among institutions not only at the center but also at the sub-national level. In this way, sub-national units come to govern their own affairs, and sub-national elite comes to feel that they have power and authority over the affairs of their people. In this way intra-group conflict will come to predominate, rather than conflict between the center and the periphery or among various units in the periphery. Through the existence of federal councils which make it possible for equal representation of the constituent units in executive and/or legislative bodies will likely contribute to cooperation across sub-national units. When these sub-national units are largely based on ethnic identity, this arrangement will contribute to the development of intra-ethnic cooperation.

In Africa, the classic example of the merits of a federalist approach that is characterized by a large number of sub-national units is the case of Nigeria (Suberu 2001). At independence, Nigeria was organized as a federal system with three large states. However, within less than a decade, this arrangement proved unworkable, and society was thrown into intense and protracted ethnic conflict. This resulted in a military coup. The new military regime chose to address the problem of ethnic conflict by increasing the number of states in the federal system. As a result, twelve new states were created in 1967. This decision broke up the concentration of power in the three main ethnic groups, the Hausa-Fulani, Yoruba, and Ibo, and in the process created new governmental units at the sub-national level that enable minorities to govern their own affairs. In addition, minority rights were now protected in the national constitution, and the sense of security among minority groups and regions was enhanced (Horowitz 1985, 603-4).

While getting federal institutions "right" may be important, one cannot under-state the importance of elite agency in the effective implementation of federal systems. The need for a federal system is often claimed to be the existence of real or potential ethnic or regional conflict, and the sense insecurity among minorities within a polity. Minorities might tend to feel threatened by ethnic or regional majorities, by external actors, or by the state itself. They need assurances that their human and political rights will be protected, and that they will be able to function as equal citizens within the context of a multi-ethnic federal state. In order for this to happen incumbent elite and the elite representatives of constituent groups must agree to a pact, or they must have the power and authority to impose their own will. In the process the constitutional rules of the political game are established, and this pact must hold, and eventually give rise to a full-blown constitution, if the federal system is to function properly (Przeworski 1991, 36). Incumbent elite must demonstrate that they are determined to use their authority not only to effectively govern, but also that they are committed to democracy and social justice that go beyond the procedural minimums. In the process they build legitimacy in the general population and not just in certain segments of society. Each individual and each group must be convinced that they have rights as citizens within a particular polity and that those rights are protected by constitutional writ.

A basic feature of federalism is the devolution of governmental power and authority. In this sense, federalism is a form of power sharing. Practically this involves the ceding of control of agencies and resources from the center to institutions and actors at lower levels. The sub-national entities are in the process granted legal personalities, and their rights and realms of authority and responsibility are spelled out in a federal constitution.

Ethnic Federalism as a Strategy for Democracy and Social Justice

The primary architect of the modern state of Ethiopia was Emperor Haile Selassie I, who reigned for forty-four years until his overthrow in 1974. Historians largely view Haile Selassie as a modernizer who fiercely guarded the sovereignty and independence of this northeast African polity. Despite this reputation, Haile Selassie regime was ultimately toppled by the weight of official corruption, bad governance and his failure to resolve the "national question." The emperor had cultivated both at home and abroad a myth that Ethiopia was a multi-ethnic but unitary nation-state. However, by the early 1970s, Ethiopia's poverty, gross inequalities, political and economic underdevelopment laid bare the lack of a foundation for such a myth. Even before Haile Selassie was overthrown, evidence of ethnic and regional discontent had begun to surface; and, in the aftermath of the demise of his regime, ethnic tensions came to present the main challenge for the new revolutionary regime (Keller 1988).

Within less than two years after overthrowing Haile Selassie, the leaders of Ethiopia committed themselves to "scientific socialism", and proceeded to reorganize society to achieve this end. One of the defining features of such an approach is that it holds that ethnicity is not a legitimate organizing principle for groups in society. Instead, people are thought to be best grouped into mass organizations based upon their economic or social roles. However, like Haile Selassie, the Marxist regime, headed by Col. Mengistu Haile Mariam failed to effectively address the national question. In a final effort to legitimize itself and its programs, the regime created the Worker's Party of Ethiopia (WPE), and constitutionally established the People's Democratic Republic of Ethiopia (PDRE). In addition, in an effort to defuse discontent among regionally based nationality groups, the new national assembly created twenty-four administrative regions and five autonomous regions (Keller 1995).

Rather than having enhanced its legitimacy by the creation of the WPE, the PDRE, and administrative and political reorganization, had exposed its vulnerability. In late 1988, with Ethiopia in the throes of yet another major drought and the regime under pressure from a number of nationalist movements, the Soviet Union informed Mengistu that it would soon cease to provide military assistance. Mengistu declared a state of emergency and ordered "everything to the warfront" (Perlez 1989). The ranks of the Ethiopian military swelled to more than five hundred thousand by 1990. However, the morale of the military was low, and in May 1989 there was an attempted coup. Although this coup was brutally put down by forces loyal to Mengistu, Ethiopia's army was in disarray and came to be characterized by massive defections.

Opposition groups, mainly the TPLF, the dominant partner in the EPRDF, came to control ever increasing amounts of territory in the north-central part of the country, and the Mengistu regime was finally forced to realize that it would have to at least create the appearance of seeking a political solution to its problems. As a result of external pressures from the US, Russia and other donor countries, it agreed to several rounds of peace talks. Even as negotiations were taking place in London, opposition groups were winning on the battlefield. On May 28, 1991, Mengistu's government collapsed, as the victorious forces of the EPRDF moved in to take control of the capital city, Addis Ababa. Mengistu was forced into exile.

The EPRDF at first tried to present the public image that it had the political will to effectively address many of Ethiopia's past problems, including the national question. Its leaders moved quickly to fill the power vacuum caused by the collapse of the Mengistu regime, and within a few weeks it had established a transitional government. A national conference for this purpose was convened in July 1991---an attempt on the part of the EPRDF to secure widespread acceptance. It resulted in the signing of a transitional charter by representatives of some thirty-one political movements, the creation of Council of Representatives with eighty-seven members, and the establishment of the Transitional Government of Ethiopia (TGE). The EPRDF had the largest single bloc in the Council, with 32 seats, and the Oromo Liberation Front (OLF), until its withdrawal from the government in late June 1992, was the second largest, with twelve seats.

The Charter declared that the transitional period was to last no more than two and a half years. The Council was charged with constituting a commission to draw up a draft constitution. The draft constitution in 1994 was first submitted for public discussion and then voted into effect by a constituent assembly.

Perhaps the two most important provisions of the transitional charter were articles II and XIII. Article II asserted the right of all Ethiopian nationalities to self-determination, the preservation of the national identities of each group, and the right of each nationality to govern its own affairs within the context of a

federated Ethiopia. Article XIII stated that "there shall be a law establishing local and regional councils defined on the basis of nationality." These provisions represented a dramatic departure from the policies of previous regimes on the "national question". The new policy quickly prompted protests among Ethiopian nationalists both at home and abroad who violently opposed the fragmentation of the unitary state of Ethiopia.

Despite this, the EPRDF regime showed its determination to follow through on the administrative reorganization of the country along ethno-regional lines. It did this at first through a series of proclamations over a period of years, and eventually the right of states to self-determination was enshrined in the Constitution of 1994.

Even as the constitution was in the final stages of being drafted, the EPRDF issued a major policy statement outlining its political views and policy objectives in regional reforms. It declared its intentions to implement a plan to devolve power from the center to states and local governments. This was billed as a form of *devolved federalism* without extensive sub-national control over technical policies, laws, regulations and taxes (Cohen 1995, 10). This contrasts with federalism resulting from bargaining and negotiations among states that seek to voluntarily join in some type of federal arrangement.

Ethiopian federalism is presently a putting together type of system. It has been imposed from the top. The Constitution asserts that states may prepare their own constitutions, decide their own official language, develop their own administrative systems, establish separate police forces, and collect certain taxes (Cohen 1995, 12-13). However, the initiative for such an arrangement came more from the center than from the constituent states.

Article #39 of the constitution, *The Rights of Nations, Nationalities and Peoples*, declares that, "Every nation, nationality and people shall have the unrestricted right to self-determination up to secession." This action can be taken when at least two thirds (2/3rds) of the legislature of the nation, nationality or people concerned vote to do so, and the action is ratified in a statewide referendum three years later. Before this happens, however, there are constitutional provisions for review by the Constitutional Court and the Council of the Federation, a national political and deliberative body with 108 elected representatives from all states (Haile 1996, 25-31). Article #39 also gives nations, nationalities or peoples the right to speak, write, promote and develop their own languages.

In some ways Ethiopia's universal ethnic federalism is nothing more than a fiction. Three of the nine regional states (Gambella, Benishangul/Gumuz, the Southern Nations, Nationalities and Peoples' Region) are comprised of several different ethnic groups. Young (1997) has shown that rather than this leading to political stability within multi-ethnic states, federalism has only served to fuel inter-ethnic tensions in those states. The constitution grants all nations, peoples and nationalities the right to self-determination up to and including separation. This has prompted some ethnic entrepreneurs to take license to advance hard demands on behalf of their ethnic clients rather than compromise. This has been less the case in ethnically homogeneous states or in large urban areas.

Ethnic Federalism in Practice

The objectives of the EPRDF seemed noble enough. They claimed to want to reduce the ethnic tensions and conflicts that had dominated the modern history of Ethiopia; to forthrightly tackle social and economic problems in such a way that all ethnic groups were treated as equals; to build a democratic society; and to construct effective, efficient and uncorrupt systems of governance (Cohen and Peterson, 1999, 131; and Tronvoll and Aadland 1995, 47-53). Following a landmark conference on federalism in May 2003, Prime Minister Meles Zenawi proclaimed that federalism had prevented the disintegration of Ethiopia, and announced steady progress in devolving power and authority from the center to lower levels of administration (IRIN May 20, 2003).

In a 1999 report, the World Bank optimistically commented:

Ethiopia has embarked on a bold and thoughtful process of decentralization, which has been supported by a widely shared consensus over both the development strategy and objectives, and very large transfers of untied resources from the federal government to

the regions. At this point the system is unquestionably working well (World Bank, 1999, 1).

By the standards of public administration, this would seem to be the case. However, there is a political dimension that organizations like the World Bank and other international development agencies seem to ignore or simply downplay. Ethnic federalism has *not* resulted in a widespread consensus in the general population of Ethiopia. There are many in the public at large who contend that by definition a development strategy involving ethnic federalism is fatally flawed. This is the predominant view of citizens who feel that such a strategy will ultimately result in the demise of a unitary Ethiopian state (Aberra 1993, Gudina, 1994, Bereitske 1995).² Some scholars question this approach because they claim it is likely to lead to more rather than less ethnically based conflict (Engedayehu 1993, 29-30)

Despite such concerns, the EPRDF government has forged ahead with its plans, justifying this approach based on the fact that its first priority is the removal of social inequalities based upon ethnicity. One of the government's chief ideologues in 1995, citing the historic failure of previous Ethiopian governments to effectively address the problem of ethnic disharmony stated, "We must find a solution which is beneficial to the Ethiopian people today, therefore, history will not provide the answer" (quoted in Tronvoll and Aadland 1995, 47). Prime Minister Meles Zinawe recently reinforced this point when he asserted that the EPRDF government was, "resolved to empower and promote democratic principles by giving affirmative actions (sic) to historically disadvantaged groups and relatively backward states (*Ethiopian Herald* August 6, 2002).

In structural terms, the Federal Democratic Republic of Ethiopia resembles federal states in most parts of the world. Regional state powers include the implementation of state constitutions as well as social (e.g. language policy, education policy) and economic development policies and plans; the policing function; the administration of land and natural resources according to Federal law; taxation in such areas as personal income (except for federal state and international employees); certain producer and manufacture taxes; and certain joint taxes with the federal government.

Although most taxing powers rest with the federal government, most of the expenditure obligations of government in this federal system are the responsibility of regional states. The central government has rather narrow responsibilities. It is responsible for collecting most taxes, including import and export taxes, setting national economic and social policies, establishing national standards in areas such as commerce and trade, finance, and transportation. Also, like central governments in all federal states, it is responsible for the conduct of foreign policy, insuring national defense, monetary policy, and setting policy relating to inter-regional state transportation and commerce.

The central government has set up a devolved system of administration, ostensibly in an effort to bring government closer to the people and to create an environment conducive to peoples' empowerment. However, as Grindle found in Kenya and Mexico, devolution can often enhance the control of the center rather than reducing it, especially when regional states do not have sufficient taxing powers or other means of generating their own revenue (Grindle 1999, 101).

In poor and deeply divided countries such as Ethiopia, administrative devolution would under the best of circumstances be risky business. Poverty and weak, uncoordinated administrative institutions have generally proven to be anathema to the successful implementation of devolved federalism. Such an approach has the tendency to limit population movement between and among regional states; could lead to demands for secession from the federal state; limit the ability of the central government to take an effective lead in the development of the country; and is likely to inhibit the development of an open and free market that integrates all parts of the country (Cohen and Peterson 1999, 135). Some critics in Ethiopia note an additional problem. The respected business newspaper, *Capital* (August 4, 2002, p 13), recently asserted, "Often central governments have abdicated their responsibility for development through allocating it to local governments but without the commensurate resources." In present day Ethiopia, needed technical, administrative and material resources are in short supply and must necessarily be spread thin at the lower levels of administration.

According to John Cohen, in order for devolved ethnic federalism to work, there should at the very least be a widespread sense in the general population of national unity, and a sense that ethnically based federalism, rooted in the principles of administrative devolution, is appropriate to the development of the country. Moreover, there should be the administrative and financial capacity to effectively implement such a strategy (Cohen 1995, 33). However, at the time the strategy of devolved ethnic federalism was embarked upon, there was a consensus only among a narrow circle of elite within or close to the EPRDF that this strategy was desirable.

The dominance of the Federal Government in revenue generation has resulted in state governments extensively relying on transfers from the central government in order to meet their obligations. Ideally a federal arrangement would be characterized by a fiscal balance whereby regional governments would have taxing powers sufficient for them to meet their service delivery and governance obligations. However, in Ethiopia, this has not been the case. In fact, present-day Ethiopia has been characterized by vertical imbalances, with mismatches between their expenditure responsibilities and their revenue generating capacities. For example, in the 1993-94 fiscal year, out of a total expenditure of Birr 3,145 million by the regions, only Birr 807 million (26%) was generated by the states, the rest was in the form of grants and subsidies from the central government. These numbers highlight the fact that between 80% and 90% of all revenue the Federal government controls sources. Moreover, the expenditure patterns of the states are centrally monitored, and thereby controlled (Chipande 1997, 23).

The World Bank has estimated that in 1994 the regional states collected only 15% of the total national revenues. By 1996-97 that figure had risen by two percent (World Bank 1998a, 42). Significantly, this change does not represent an erosion of the dominance of the Federal Government in revenue generation, and only serves to highlight the relative weaknesses of regional states in such matters.

In developed countries revenue sharing generally involves tax sharing. But, in developing countries it often takes the form of block grants to regions, based on needs, and intended to compensate for the differences in regional resource endowments and levels of economic development. Regions under such circumstances theoretically have the power and authority to identify the policy preferences of their constituents; to formulate their own development plans; and to make decisions about the allocation of their own budgets between sectors as well as between capital and recurrent expenditures (World Bank 1999, 8). However, as mentioned above, state spending decisions most often are heavily influenced by Federal guidelines. Only funds designated for the Road Fund are earmarked, and the center makes an active effort to encourage the coordination of individual states' road projects with neighboring states.

In addition to the fiscal imbalance that exists between the center and the regional states, there are also imbalances between and among regions themselves. For instance, the city of Addis Ababa finances almost all its public spending from revenues that it independently generates. In fact, Addis accounts for an average of 34% of the revenues raised by all states. The state that collects the next largest percentage of revenues is Oromia (28%), followed by the Amhara Regional State (12%), and the SSNNP (11%). The lowest collections tend to be in Gambella, Beneshangul/Gumuz, Harari, and Afar (World Bank 1998a, 44). [see Appendix: Table One]

The regions of Beneshangul/Gumuz and Gambella are barely able to finance ten percent of their public expenditures on their own (World Bank 1999, 23).

Why Has Ethnic Federalism Not Thus Far Succeeded in Ethiopia?

There are several factors to consider. First, the heavy reliance of regional states on the Federal Government for fiscal resources inhibits autonomous decision making at the sub-national levels. In spite of an admirable development strategy centered on the principle of revenue sharing, regional states tend not as a rule to be able to make any significant headway.

A second factor to consider is an underdeveloped private sector, and a lack of access to credit for this sector. In most regions except for Amhara, Addis Ababa, Tigray and Oromia, this sector is either at a very

low level of development or non-existent (World Bank 1999, 8-9; Young 1997, 83). Moreover, given the heavy reliance of regional states on revenues emanating from the center, there is a disincentive to private capital to invest and grow.

A third factor inhibiting economic and social development in regional states is the shortage of administrative capacity, particularly in the poorest regions (Egziabher 1998, 41; Cohen and Peterson 1999, 136-7). There is a significant regional difference in the availability of skilled administrative and technical staff, and this is a major constraint on their autonomous development. This is a natural consequence of attempting to implement a federal system under conditions of abject poverty and underdevelopment. Decentralization comes at a high price. It involves the duplication of institutions and functions in a hierarchical pattern from top to bottom. In order to meet staff needs, regional bureaucracies must either employ individuals who may not be qualified for the positions they hold, or force skilled bureaucrats to underutilize their talents. This problem is particularly acute in the poorest regions.

In an effort to address shortcomings in qualified administrative manpower at the regional state and particularly the woreda level is the practice of "pooling". That is, the sharing of individuals with needed administrative skills among various offices in different branches of government or in different policy sectors. This works in some cases, but particularly in the areas of the judiciary and legislative branches of government it is problematic (Polhemus and Yohannes October 2002).

Fourth, the record shows that while popular participation at the regional level might have improved, allowing citizens to have more to say about how public funds are spent and what services are given priority, there has not been a consequent improvement in the efficiency of administration. This is not to say, that administrators, particularly at the woreda level, do not wish to improve the conditions within their areas of responsibility. They simply do not have the administrative or material resources to do much more. In most regions such basic public services such as drinking water, sanitation, education, public health, and public works are generally unavailable or only limitedly available.

In an effort to address the problem of low levels of administrative capacity at the regional level, the Federal Government has recently taken efforts to provide state governments with training and technical assistance for capacity building. But, this support has been quite modest in relation to the amount of public fiscal resources the states are asked to distribute and redistribute. The absorptive capacity of shared revenues by such regions as Afar, Somali, Gambella and Beneshangul/Gumuz is quite low, and this serves as a drag on regional development. States are required to give their recurrent needs the highest priority, followed by ongoing non-capital projects, and new investment projects are given the lowest priority. The poorest regions most often are only able to accomplish their recurrent needs.

Fifth, apart from the limited availability of sufficient numbers of trained and skilled civil servants at the regional state and woreda levels, a problem also exists with the fact that devolved federalism is new, and regional and local administrators and politicians have a great deal of discretion to set their own rules in dealing with their constituents. In some cases this has led to serious excesses in administration. For example, although the Constitution guarantees citizen freedom of assembly, this is right is not always adhered to by local administration. The US State Department's 1999 Human Rights Report reported a case where in January of that year the Coalition of Ethiopian Opposition Political Organization held a rally in Addis to announce its political agenda, but its organizers claimed that they could not properly do this because local authorities did not provide a permit for the rally until a day before (US State Department 2000, 18). Another case involved the decision of the required that all primary schools adopt Oromiffa as the language of instruction. Citizens who do not speak Oromiffa as their first language protested, claiming that their children would be at a disadvantage. Moreover, even though the constitution enshrines the national citizenship rights of citizens from all constituent groups, there have been reports of teachers and government workers having their employment terminated if they are not from the dominant ethnic group in the region (Ibid, 32). It is common for local officials to assume that ethnic federalism meant that they were no longer accountable to any higher authority, even within their own regions.

Sixth, regional states, in addition to being heavily reliant on grants from the Federal Government, tend also to be dependent on donor assistance. Neither situation has anywhere proved to be conducive to the

achievement of autonomous development on the part of states. In the case of Ethiopia, the practice has been for states to attempt to cut their dependence on donor assistance even before they can reduce their reliance on block grants from the center. In part this is due to a sense of nationalism that is encouraged by the EPRDF, and in part it is due to the fact that state administrators know that there is no value added with donor assistance. Assistance provided by donors is distributed and tightly controlled by the Federal government, and merely subtracted from the amount that according to the formulaic calculations is to be allocated through the revenue sharing scheme. Moreover, the strings attached, and stringent reporting requirements of many donor-driven projects, make them less desirable on the part of state administrators (World Bank 1999, 31).

A final negative aspect of devolved federalism in Ethiopia, particularly given the nascent stage of its regional and sub-regional bureaucracy, is official corruption. Compared to other African countries, official corruption is not as significant a problem in Ethiopia. However, it does exist, and it varies from state to state. For instance, it is considered to be less significant in Tigray Regional State than it is in the SNNPRS Regional State (Polhemus and Yohannes October 2002). In May 2001 the EPRDF government established the Federal Anti-Corruption Commission, and within six weeks 24 businessmen, bankers and government officials had been arrested on charges of corruption. They included two former TPLF ministers who had been accused of anti-democratic sentiments. Most of the corruption charges had to do with the sale of government owned businesses and the provision of loans without adequate security by the national bank.

Significantly, this anti-corruption campaign was launched at the same time that the TPLF and other EPRDF affiliated parties engaged in purges of their leadership as well as all levels of government. Differences had begun to emerge in the TPLF leadership as early as 1996 over governance and ideological issues, but these differences did not become publicly evident until the period of the border war between Ethiopia and Eritrea (1998-2000). In March 2001 twelve members of the TPLF Central Committee walked out of one of its meetings. Hardline Tigray nationalists had felt that the war with Eritrea should have been prosecuted further and that the TPLF should not abandon its Marxist commitments in favor of liberal democracy. The so-called "splinter group" was arrested, and a six-month debate within the TPLF and EPRDF leadership ensued; finally resulting in the neutralization of the splinter group and the affirmation of the EPRDF's leadership under Meles Zinawe. At its Fourth Party Congress, the EPRDF called for "renewal", and reaffirmed the democratic values in the Constitution. Subsequently, there were significant personnel changes at all levels of government. Many who lost their positions after the onset of the renewal were alleged supporters of the splinter group or implicated in electoral irregularities in 2000 and 2001 (Polhemus and Yohannes 2002).

Conclusion

For just over a decade, the EPRDF government in Ethiopia has been attempting to implement a novel form of governance, ethnic federalism. In many ways this experiment is only nominally ethnically based. Moreover, it is only in a structural sense federal. Not all states are ethnically homogeneous and to the extent that federalism exists, it is a highly centralized system of governance that was imposed from the top as opposed to being the result of a deal being struck by ethno-regional elites to form a federal system. All of this notwithstanding, the government has been involved in a process of administrative devolution. This process has now entered a second phase. In the first phase, power and authority in regional administrative matters had been devolved to the regional state level. In the latest phase, over the past two years, more decision-making authority has been devolved to some woredas. However, the limitations on the process are profound, not the least of which is the lack of sufficient material and administrative capacity to effectively implement well crafted policies and programs. Furthermore, as a result of the emphasis on the ethnic basis of the government's federal agenda, in many parts of the country, ethnic tensions have been exacerbated rather than diffused.

At the political level, Ethiopia does possess democratic forms and institutions. Multi-party elections are periodically held, except in regions of severe political instability. Also, there is evidence that gradually people at the woreda level and below are becoming more involved in making political and administrative decisions that affect their daily lives. However, poverty and inequality continue, particularly in those areas

that have always been depressed. In short, democracy has yet to be consolidated in Ethiopia, and a democratic culture is not in sight.

By objective standards, then, it would be reasonable to say that ethnic federalism has, at least a decade into the process, seems far from bearing the fruit that it was intended to bear. The federal government has so far not been able to instill a widespread sense of trust in the general population, and its economic and political problems make this even more problematic. Prime Minister Meles Zenawi and his regime continue to exhort the country to respect the history and culture of all groups equally, and to make the notion of Ethiopian ethnic federalism a model for other countries to emulate (*Ethiopian Herald* August 6, 2002). Indeed, it could be that in order for this process to work, it will need time. What it will also need is for political leaders to reduce central control over politics and to accord the general population a fuller measure of human rights than has heretofore been the case.

Appendix: Table I: Regional Revenue Indicators, 1994/95-97/98

	Total	Tigray	Afar	Amhara	Oromiya	Somali	Ben-Shangui	SNNP	Gambella	Harari	Addis Ababa	Dire Dawa
Share of Total State Revenues	100.00	6.98	0.91	12.12	27.51	4.07	0.48	11.02	0.48	0.60	34.16	1.67
Per Capita Revenue/GDP	0.05	0.05	0.02	0.02	0.04	0.06	0.03	0.03	0.08	0.12	0.36	0.21
1994 Population (millions)	52.64	3.14	1.11	13.83	18.73	2.32	0.46	10.38	0.18	0.13	2.11	0.25
Share of 1996/97 State Totals		100	100	100	100	100	100	100	100	100	100	100
Personal Income Tax		15	26	19	12	11	31	17	47	19	13	12
Business Profit Tax		13	14	8	28	78	2	19	2	44	16	41
Agricultural Income & Land Fees		10	0	33	25	0	12	25	2	1	0	0
Ag. Income Tax		4	0	16	13	0	6	14	1	0	0	0
Rural Land Use Fee		6	0	16	12	0	6	11	1	0	0	0
Sales Tax on Goods		32	39	4	14	2	2	15	6	0	5	15
Service Sales Tax		2	0	1	0	1	0	1	0	1	2	3
Urban Land Lease Fee		0	0	0	0	0	0	0	0	0	14	0
Government Sale of goods & Services		5	8	13	7	1	15	7	21	0	5	9
Stamp Sales & Duty		6	0	1	1	1	0	1	0	2	11	5
Charges & Fees		10	3	7	4	0	3	3	1	4	3	9
All Others		9	8	14	9	6	34	13	20	10	33	6

Note: The share of state revenues is the average for the period 1993/94 through 1996/97

Source: World Bank. *Ethiopia: Review of Public Finances, Volume Two*. Report No. 18369-ET. (December 30, 1999), 45.

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¹ For our purposes, when discussing center-state relations, we use the term "state" to mean regional states. In a federal or quasi-federal system this would be the next level of government below the federal or central government.

² This sentiment was clearly evidenced among some participants in a national conference called by the government and involving academics from institutions of higher learning from throughout the country. The *Ethiopian Herald* (August 4, 2002, 3) reported that, "Some conference participants...said that as ... article (39) doesn't encourage unity or tolerance among the people, it should be rubbed out. They vehemently condemned the existence of the Article in the constitutions saying that it can be the major cause for some opposition parties to raise the issue of secession."

* 1\$US is equivalent to Birr 8.2.