

British system to penetrate these states. The problem thus may be doubly serious, going a long way toward explaining the drive for secession in them. Identities tend to cumulate in Kashmir and the northeastern tribal states, and the nation-making enterprise did not reach them.

Conclusion

If we are right, the framework provided by Lake, Rothchild, and Roeder is applicable to a particular kind of analytic space. It appears to work best when nationhood is either weak or nonexistent, and the ethnic structure of a country is bi- or tripolar and identities cumulate. The strategic problems in such a situation can make federalism an unstable equilibrium, pushing it toward either centralization or secession.

We have argued that India does not belong to this analytic space. First, an embrace of cultural diversities in the very idea of nationhood and a political implementation of that idea through organizations, especially the Congress Party, during the long freedom movement changed the framework within which India's center and states bargained after independence. The same political party ruled both the center and states after independence, and internal federalism was one of its key organizational principles. Rather than a shaky equilibrium, India's federalism developed a cooperative character. Many political battles were fought by the states against the center, but few were taken to the brink of breaking nationhood. Embracing diversities, the center did not generally seek to obliterate the many identities of Indian citizens, regions, or states.

Moreover, the dispersed and crosscutting nature of India's ethnic configuration also contributes to the survival of federalism. Had the identity structure been bipolar—reducible to “the majority” and “the minority”—and had the identities been cumulative in nature, battles over federalism could have acquired deadly political proportions. There are so many ways to construct a majority in India, both in states and the nation as a whole, that remarkable fluidity is lent to the majority-minority framework of politics. In Indian politics, permanent majorities are virtually inconceivable.

This is not to say that problems have not occurred. Where identities cumulate and/or the freedom movement was not allowed to penetrate, demands for succession have arisen. These, however, have remained limited in number and restricted to pockets, and through a combination of elections and coercion, the Indian state has been able to contain them.

11

Obstacles to Implementing Territorial Decentralization: The First Decade of Ethiopian Federalism

Edmond J. Keller and Lahra Smith

Why do plans for federalism after civil wars so often fail to bring about territorial decentralization in ethnically divided societies? Among power-sharing options available to the leaders of deeply divided societies, some form of federalism should ameliorate conflict between and among culturally defined groups (see Horowitz 1985, 601–622). Yet, David A. Lake and Donald Rothchild find in Chapter 5 that no post–civil war arrangements have actually led to decentralized political systems and that in ethnically divided societies decentralized and semidecentralized political systems have not been stable, tending either toward greater centralization or a breakup over time. They focus in particular on the centralizing role of constitutional courts interpreting the incomplete constitutions of these states.

In this chapter we examine the implementation of a federal plan in Ethiopia after 1991—an ethnically divided society that had just emerged from authoritarianism and civil war. We find that the problems of implementing territorial decentralization in ethnically divided societies after a civil war are more complex than Lake and Rothchild describe. Even prior to the emergence of conflicts between center and periphery that might result in constitutional court cases, other immediate constraints—constraints that we would venture to say are typical of ethnically divided societies after civil wars—emerged to limit the implementation of federalism and the decentralization of policymaking.

In sub-Saharan Africa, organizing regional states on the basis of their ethnic composition has rarely been attempted. In this respect, the current Ethiopian experiment with *ethnic federalism* represents a novel approach to power sharing. It provides interesting comparisons with other experiments with federalism, particularly with that in Nigeria, the only other sub-Saharan state to have attempted to implement a federal system. (See Eduardo Alemán

and Daniel Treisman's discussion of Nigeria as an "ethnically mined" state in Chapter 8 of this volume).

Throughout its modern history, Ethiopia has been characterized by ethnic tensions. Until 1991, however, successive regimes tried to suppress the unique cultural identities of that country's more than 80 distinct ethnolinguistic groups and to assimilate them into the dominant Amhara culture.¹ In May 1991, following a relatively brief civil war, the Marxist regime that ruled for more than 17 years was displaced by the Ethiopian People's Revolutionary Democratic Front (EPRDF), an umbrella organization comprising six ethnically based opposition groups. On coming to power, the EPRDF decided not to suppress the national aspirations of Ethiopia's ethnic groups but instead to allow them the full expression of their languages and cultures. It decided, in less than two years, that the country would be administratively and politically reorganized, creating what are largely (but not exclusively) ethnically based states.² The then-ruling Transitional Government of Ethiopia (TGE) also publicly committed itself to the introduction of pluralist, multiparty democracy. This was significant because until then Ethiopia had never had political parties or pluralist democracy.

The EPRDF government was immediately faced with the problem of managing an ethnically diverse polity. Many in the general population were concerned about the future of their nationality groups. They viewed the decentralization implicit in ethnic federalism as the best way to demonstrate the regime's commitment to social equity and democracy. Democratic principles were eventually enshrined in a well-crafted national constitution in 1994. In addition to the formulation of a constitution that included the principles and institutions of democracy, the new regime introduced public policies designed to devolve administrative authority from the center to regional states. The intention of the new regime was to use a form of ethnic federalism to attempt both to reduce ethnoregional inequalities and to provide an enabling environment for democracy (Keller 1995).

The purpose of this chapter is to identify reasons why the EPRDF government in the first 14 years was unable to implement plans for ethnic fed-

1. In terms of population, Ethiopia is the second largest country in Africa, with a population of almost 73 million. It is populated by between 80 and 100 distinct ethnic groups, who speak more than 70 languages. The single largest ethnic group is the Oromo (32 percent), followed by the Amhara (30 percent). See Ethiopia, Central Statistical Authority 1996.

2. 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. It should be noted that, in some ways, Ethiopia's public commitment to the principles of ethnic federalism could be considered nothing more than a fiction, since in practice not all states are ethnically based. Four of the nine regional states (Gambella, Harari, Benishangul/Gumuz, and the Southern Nations, Nationalities, and Peoples' Region [SNNPR]) are comprised of several different ethnic groups. Young has shown that rather than this leading to political stability within multiethnic states, federalism has served only to fuel interethnic tensions in those states.

eralism successfully. Although it is too early to call these reforms a failure, Ethiopia after 14 years operated very much like a centralized, unitary state, with most power residing at the political center. Rather than focusing on all aspects of public policy, this chapter is concerned with two purposively chosen policy sectors: fiscal reform and education. Fiscal policy is important because of its role in the distribution and redistribution of resources needed for development. Central to the Ethiopian approach has been a revenue-sharing system that involves the central and regional governments. Education policy is important in the context of ethnic federalism, for educational reforms could send signals to ethnic groups of their rulers' sincerity in pledging to systematically reduce social inequalities throughout the country.

From Empire to Federation

The primary architect of the modern state of Ethiopia was Emperor Haile Selassie I, who reigned for 44 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's regime was ultimately toppled by the weight of official corruption, bad governance, and his failure to address the needs of nationality groups (the so-called nationalities question). The emperor had cultivated both at home and abroad a myth that Ethiopia was a multiethnic but unitary nation-state. However, by the early 1970s, Ethiopia's poverty, gross inequalities, and 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 emerged as the main challenge to the political stability of the new revolutionary regime (Keller 1988a, 1988b).

Less than two years after the overthrow of Haile Selassie, Ethiopia's leaders committed themselves to "scientific socialism" (socialism based on Marxist-Leninist principles) and proceeded to reorganize society to achieve this end. One of the defining features of Ethiopia's brand of scientific socialism was the illegitimacy of ethnicity as a political organizing principle. Instead, the ruling regime of Colonel Mengistu Haile Mariam thought it best to group the public into mass organizations on the basis of their economic or social roles. In doing this, the Mengistu regime failed to address the national question effectively. In a final effort to legitimize itself and its programs, the regime created the Worker's Party of Ethiopia (WPE) in 1984, and in 1987 constitutionally established the People's Democratic Republic of Ethiopia (PDRE). The new national assembly, attempting to diffuse discontent among regionally based nationality groups, created 24 administrative regions and 5 autonomous regions (Keller 1995).

Rather than enhancing the PDRE's legitimacy, these reforms exposed its vulnerability. Opposition groups, mainly the Tigray People's Liberation Front (TPLF), the dominant partner in the EPRDF, came to control ever-increasing amounts of territory in the north-central part of the country. On May 28, 1991, the Mengistu government collapsed, as the victorious forces of the EPRDF moved in to take control of Addis Ababa, the capital city. Mengistu was forced into exile, ushering in a significant change of regimes.

Federation from Above

The EPRDF initially presented a public image of itself as possessing the political will to 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 began establishing a transitional government. A national conference for this purpose was convened in July 1991. This was 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 31 political movements, the creation of a Council of Representatives with 87 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 12 seats. The EPRDF's commitment to institutionalizing a system of ethnic federalism was indicated in key planks of the transitional charter, in implementational proclamations, and in the new constitution. The new policy quickly prompted protests among Ethiopian nationalists both at home and abroad who vigorously opposed policies they feared would lead to the balkanization of Ethiopia. The unsettled nature of the transitional period allowed the EPRDF to forge ahead with its plans to administratively reorganize the country along ethnoregional lines. Table 11.1 outlines the key proclamations the EPRDF issued during its first two years.

It appeared to outside observers at the time that Ethiopia might be able to form what Alfred Stepan (1999) has labeled a "holding together" federa-

Table 11.1. Ethiopia: Key proclamations in the implementation of ethnic federalism

| Proclamation Number | Year | Provisions |
|---------------------|------|--|
| 7 ^a | 1992 | Provided details for the ethnoregional states |
| 26 ^b | 1992 | Budget for Ethiopian year calendar 1984 (1991–92) |
| 33 ^c | 1992 | Defined revenue sharing between central and regional governments |
| 41 ^d | 1993 | Defined powers and duties of central and regional executive organs |

Sources: ^aEthiopia, Negarit Gazeta 1992a. ^bEthiopia, Negarit Gazeta 1992b. ^cEthiopia, Negarit Gazeta 1992c. ^dEthiopia, Negarit Gazeta 1993.

tion based on a broad consensus among elites. There are various ways in which federal systems come into being. Stepan, building on the seminal work of William Riker (1964), identifies three main patterns:

1. *Coming-together federations* emerge when sovereign states for security purposes and/or purposes of governmental efficiency decide voluntarily to form a federal system.
2. *Holding-together federations* are the outgrowth of a consensual parliamentary decision to preserve a united country by creating a multiethnic federal system. As discussed by Ahuja and Varshney in Chapter 10 in reference to the Indian federation, this is most often done to avoid or manage divisive ethnic, religious, regional, or other types of group conflict within the polity.
3. *Putting-together federations* are imposed from the center without a broad elite consensus.³

Ethiopia began as what appeared to be a holding-together federation in 1991, but quickly became a putting-together federation. The Marxist regime had been eliminated, and ethnic communities were promised that they could exercise their right to self-determination in the *New Ethiopia*—a federation comprised of ethnically based states. All that changed within a year. The center forced federation from above rather than creating it through bargaining. The ruling coalition narrowed as the EPRDF forced out ethnic parties that wanted to assert the right of their regional states to "self-determination up to and including secession" (Ethiopia 1994, Article 39). In their place the EPRDF created so-called People's Democratic Organizations—that is, ethnically based surrogate parties through which it could project the illusion of a multiethnic federal state. As the constitution was in the final stages of being drafted, the EPRDF announced a major policy document outlining its political views and policy objectives on regional reforms (Ethiopia, Office of the Prime Minister 1994). It outlined its intentions to devolve power from the center to the regional states and local governments, but this *devolved federalism* would lack extensive subnational control over technical policies, laws, regulations, and taxes. This putting-together approach contrasted with a system of consensual federalism resulting from bargaining and negotiations among states. Publicly, the EPRDF has consistently claimed

3. The official line of the EPRDF went something like this: "The nations, nationalities, and peoples of Ethiopia have historically been denied their rights to self-determination. This was as true under the imperial regime as it was under the Marxist regime. The New Ethiopia is committed to redressing these historical wrongs and to giving all its peoples the right to self-determination up to and including independence. To insure that the multi-ethnic state remains intact, there will be guarantees of individual and collective rights enshrined in a federal constitution." See *Constitution of the Democratic Republic of Ethiopia*, December 8, 1994, Article 39.

that it is committed to the following objectives: (1) reducing the ethnic conflicts and tensions that have dominated modern Ethiopia; (2) forthrightly tackling social and economic problems to ensure that all ethnic groups are treated equally; (3) building a democratic society; and (4) constructing effective, efficient, and uncorrupt systems of governance (EPRDF 2000). To do this, there would have to be a new social compact. However, rather than negotiating such a compact among elites representing the major ethnic and political groups in society or allowing it to emerge in an organic manner, the EPRDF imposed federalism from the top.

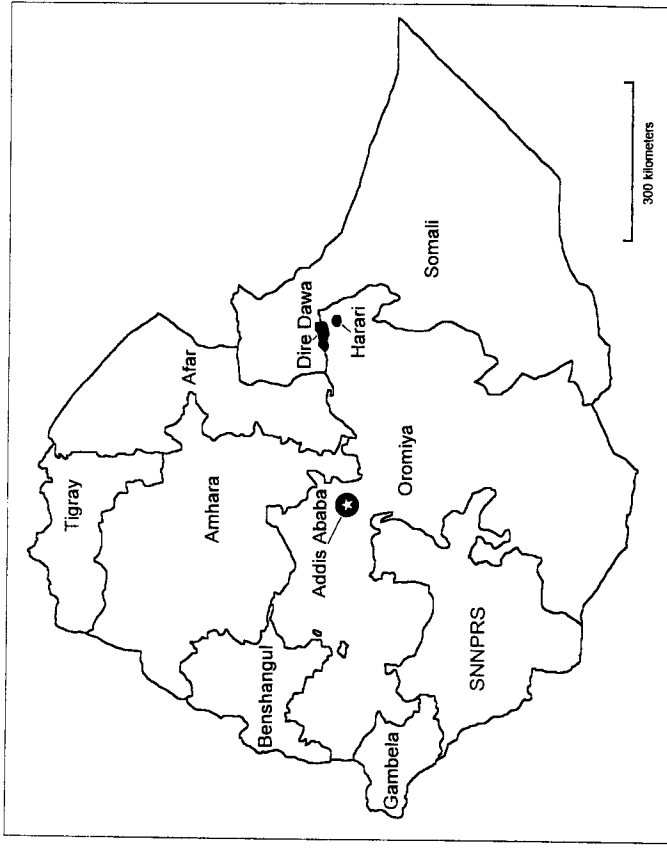
At a very fundamental level, the implementation of decentralization has been a political process intended to keep the EPRDF in the position of being the dominant player in Ethiopia's reconstruction. Initially in the transitional period, as already mentioned, the EPRDF created a broad political pact for the purpose of governing. But the governing coalition narrowed considerably in April 1993, as the EPRDF-dominated government ousted five political groups for endorsing a resolution that called for dissolution of the Council of Representatives. The membership of the Council was reduced to the representatives of the EPRDF and the ethnically based parties it had created (Keller 1998, 114). National, state, and local elections were held after adoption of the constitution, but most opposition parties either chose not to participate or were kept out by official intimidation, and manipulation of electoral rules limited the opportunities for any organized opposition, resulting in a landslide victory for EPRDF candidates.

Institutional Design of Ethiopian Federalism

The Ethiopian Constitution of 1994 proclaims the establishment of the Federal Democratic Republic of Ethiopia (FDRE), consisting of nine regional states and two self-governing, multiethnic cities, Addis Ababa and Dire Dawa. Five of the nine regional states (Afar, Amhara, Oromiya, Somalia, and Tigray) are dominated by a single ethnic group, and four (Benishangul/Gumuz, Harari, Gambella, and the Southern Nations, Nationalities, and Peoples' Region [SNNPR]) are multiethnic states, with no one dominant ethnic group. The Constitution declares that regional states may prepare their own constitutions, decide their own official languages, develop their own administrative systems, establish separate police forces, and collect certain taxes. In the multiethnic regional states, although each group may choose to use its own language on a day-to-day basis, Amharic is the working language. In the others, the working language is usually the language of the predominant group in the state, though this is also subject to variation, as we shall discuss later.

Ethiopia's brand of federalism has five levels of government: the federal, regional state, zone, *woreda* (district) and *kebele* (local) levels (Figures 11.1

Figure 11.1 Ethiopia: Region-states of the federation (based on information provided by the Ethiopian Government Information Service)



SNNPR = Southern Nations, Nationalities, and Peoples' Region

and 11.2). Each of the levels of government has more or less the same structure, with executive, legislative, and judicial branches. The policies of the regional state governments have the most impact on the citizens of the various regions in that they are the primary implementers of development policies. In fact, very little decentralization has occurred below the regional state level.

The Constitution states in Article 39 that all ethnic groups and nationalities have the right to secede. In order for this action to be taken, however, it must have the approval of at least two-thirds of the members of the legislative council of any nation, nationality, or people, and the action must be ratified in a regional state-wide referendum three years later. Furthermore, before any of this can happen, there are constitutional provisions for a review of the claim to secession by the Constitutional Court and the House of the Federation, a national political and deliberative body of 108, with elected representatives from all regional states (Haile 1996, 25–31).

Figure 11.2 Ethiopia: Organization of the federal hierarchy

Revenue Sharing and the Implementation of Fiscal Federalism

A central feature of Ethiopia's devolved federalism is a hybrid system of revenue sharing. Under this system the central government shares tax and other revenues with regional states, and much of the sharing takes the form of block grants from the federal to the regional state governments. The authority for this policy is Proclamation 33, which is aimed at (1) enabling the federal and state governments to efficiently carry out their respective duties and responsibilities; (2) assisting state governments in the development of their regions on their own initiative; and (3) reducing uneven development across regions (Ethiopia, Negarit Gazeta 1992c).

The Constitution gives the federal government the power to collect all revenues from trade and most revenues generated by federally owned state enterprises. It establishes the right of state governments to collect taxes from revenues generated by public enterprises they own, to tax personal income of nonfederal or international employees, and to tax unincorporated activities in their domain.

The dominance of the Ethiopian federal government in revenue generation has resulted in state governments relying extensively on transfers from the central government 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. There have been significant mismatches between the regional states' expenditure responsibilities and their revenue-generating capacities. For example, in the 1993–1994 fiscal year, out of a total regional expenditure of Birr 3,145 (\$39.2) million,⁴ only Birr 807 (\$9.8) million (26 percent) was generated by the states, with grants and subsidies from the central government accounting for the remainder. Moreover, the expenditure patterns

4. One U.S. dollar is equivalent to 8.2 Birr.

of the states are centrally monitored and thereby controlled (Chipande and Enquobahrie 1997, 23).

As Table 11.2 indicates, the taxing powers of the federal government have far exceeded those of the regional governments. Between 1994 and 1998 Ethiopia's regional states collected only 15 to 18 percent of total national revenues. The poorest regions, Afar, Benishangul, Gambella, and Harari, have improved their revenue-generating capacity, but richer regions such as Amhara, Oromiya, and Addis Ababa have made much more impressive gains than their "poor cousins."

Acknowledging the significant disparity in terms of levels of economic development among the regions of Ethiopia, their widespread poverty and inequality, and the differences in the revenue-generating capacities of the states, the federal government has turned to a form of revenue sharing as a way of implementing an equity-based developmental strategy. Taxes are collected at the center and then sent to the regions according to a formula that seeks to compensate for these disparities and differences among regions.

Only funds designated for the Road Fund are officially earmarked, and the center coordinates the road projects of neighboring states. In principle, block grants to states come with no strings attached. Grants are determined

Table 11.2. Ethiopia: Federal and regional state revenue shares, 1993–98

| Regional State | 1993–94 | 1994–95 | 1995–96 | 1996–97 | 1997–98 |
|---|---------------|---------------|---------------|---------------|-----------------|
| Afar | \$667,073 | \$1,187,805 | \$1,353,659 | \$1,793,902 | \$1,342,683 |
| Somali | \$5,289,024 | \$5,745,122 | \$4,902,439 | \$4,602,439 | \$5,856,098 |
| Amhara | \$11,589,024 | \$14,686,585 | \$16,489,024 | \$19,526,829 | \$21,648,780 |
| Oromiya | \$26,258,537 | \$30,354,878 | \$40,445,122 | \$42,347,561 | \$41,996,341 |
| SNMPR | \$8,941,463 | \$12,787,805 | \$17,489,024 | \$19,215,854 | \$17,756,098 |
| Tigray | \$5,392,663 | \$7,130,488 | \$10,514,634 | \$12,802,439 | \$10,560,976 |
| Dire Dawa | \$2,462,195 | \$2,231,707 | \$1,798,780 | \$2,186,585 | \$2,198,780 |
| Benishangul | \$439,024 | \$615,854 | \$664,634 | \$839,024 | \$981,707 |
| Addis Ababa | \$22,521,951 | \$31,985,366 | \$42,532,927 | \$56,497,561 | \$65,487,805 |
| Gambella | \$481,707 | \$662,195 | \$597,561 | \$880,488 | \$814,634 |
| Harari | \$697,561 | \$723,171 | \$942,683 | \$941,463 | \$970,732 |
| Regions Total | \$84,940,244 | \$108,110,976 | \$137,730,488 | \$161,634,146 | \$169,614,634 |
| Federal Total | \$395,524,390 | \$612,963,415 | \$711,801,220 | \$783,725,610 | \$866,646,341 |
| National Total | \$480,464,634 | \$721,074,390 | \$849,531,707 | \$945,359,756 | \$1,036,260,976 |
| Regional states | 18% | 15% | 16% | 17% | 16% |
| as percent of national total | | | | | |
| Federal | 82% | 85% | 84% | 83% | 84% |
| government as percent of national total | | | | | |

Source: World Bank 1998.

Note: Totals include tax and nontax revenue. 1996–1998 is based on revenue estimates. Figures were converted from Ethiopian Birr to U.S. dollars based on rate of US\$1 = Birr 8.2.

according to a formula that has been in place since 1995–1996 and has been revised twice.⁵ The share of the budget subsidy that is accorded each region is based on such objective factors as the region's population share, its relative level of development, and its relative projected revenue generation capacity (World Bank 1999a, 28). 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 1999a, 8). However, state spending decisions most often are heavily influenced by priorities set nationally in the EPRDF Five Year Program. In other words, officials at the state and zone levels, who are generally party loyalists, structure the choices at the *woreda* and sub-*woreda* levels so that they conform to centrally determined priorities.

While there has generally been a policy consensus between states and the federal governments, there have been occasions when intraregional conflicts have emerged over how to allocate the revenues received from the center. For instance, in the Amhara region in 1998 there was an incident where zonal preferences did not match state preferences. One zone wanted to allocate its entire budget to roads, at the expense of such important activities as improving educational infrastructure and instruction, health care, and agricultural programs. Another wanted to use its entire budget to construct a sports stadium. However, each zone was eventually persuaded to change its plans and to follow guidelines set at the federal and regional levels "for a more balanced approach to development" (World Bank 1999a, 70). Such incidents show that there are limits to autonomous decisionmaking on the part of lower levels of administration, especially when they stray too far outside nationally and regionally determined priorities. This is especially true at the *woreda* level. Rather than popular participation being enhanced at that level, it is constrained by the heavy hand of the center and its representatives at the state and zonal levels, as well as capacity limits at the *woreda* level.

In addition to the fiscal imbalance that exists between the center and the regional states, there are also significant differences among the regions themselves. For instance, the city of Addis Ababa finances almost all its public spending from revenues that it generates independently. Addis Ababa, in fact, accounts for an average of 34 percent of the revenues raised by all states

5. Nigeria also has historically used a revenue-sharing formula. Initially, the principle of derivation—that is, the policy of returning a fair share of the revenues generated in a regional state back to the state—dominated the formula. However, since 1981 the trend has been toward fiscal reforms that emphasize population and equality. Critics claim that this practice is without an objective basis and prevents Nigeria's Revenue Allocation System (RAS) from becoming a dynamic and effective instrument of development.

(Table 11.3). The state that collects the next largest percentage of revenues is Oromiya (28 percent), followed by Amhara (12 percent), and the SNNPR (11 percent). The lowest collections tend to be in Gambella, Benishangul/Gumuz, Harari, and Afar (World Bank 1998, I, 44). The regions of Benishangul/Gumuz and Gambella are barely able to finance 10 percent of their public expenditures on their own. A second difference among regions is the sources of the revenues they generate. In Gambella, one of the poorest states, most of the state's revenue comes from personal income tax paid primarily by government employees. Tigray and Afar (another extremely poor state) derive a far larger percentage of their revenue from sales taxes. Richer states such as Addis Ababa derive a larger share of their revenues from taxes on private business activity.

Why Are Ethiopian Finances Still So Centralized?

The guiding role played by the EPRDF in the creation of Ethiopia's putting-together federation is an important part of the explanation for why fiscal federalism is by design highly centralized. Yet even in areas where the regional-state governments have been given fiscal discretion, they have not been able to exercise this fully. The reasons that Ethiopia operates like a unitary state are not limited to the motives of the center but also include problems in the states themselves. Despite an admirable development strategy centered on the principle of revenue sharing, regional states tend not to be able to make any significant headway. The reasons for this include:

1. *The reality of an underdeveloped private sector and a lack of access to credit for this sector.* In most regions except for Amhara, Addis Ababa, Tigray, and Oromiya, the private sector is either at a very low level of development or non-existent (World Bank 1999a, 8–9; Young 1998, 83). This leaves most regions with limited tax bases and few independent revenue sources.

2. *A shortage of administrative capacity, particularly in the poorest regions.* There are significant nationwide shortages and significant regional variation in the availability of skilled administrative and technical staff, and these are major constraints on autonomous development (Egziabher 1998, 41; Cohen and Peterson 1999, 136–137). The shortage 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. 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 existing talents. This problem is particularly acute in the poorest regions. The

capacity to absorb shared revenues is quite low in such regions as Afar, Somali, Gambella, and Benishangul/Gumuz, and this serves as a drag on regional development. States are required to give their recurrent needs the highest priority, followed by ongoing noncapital projects, and new investment projects are given the lowest priority. The poorest regions often have administrative capacity to meet only their recurrent needs and nothing for expansion or innovation (World Bank 1999a, 5-6). In an effort to address the problem of low levels of administrative capacity at the regional level, the federal government began to provide state governments with training and technical assistance for capacity building. But this support has been modest relative to the amount of public fiscal resources the states are asked to distribute and redistribute. The record shows that there has not been significant improvement in the efficiency of administration. In most regions basic public services such as drinking water, sanitation, education, public health, and public works are generally unavailable or are available only to limited parts of the population.

3. *Problems with making state governments accountable.* Ethiopia's federalism is new, and regional and local administrators and politicians have a great deal of discretion to set their own rules on dealing with their constituents. In some cases this has led to serious excesses in administration. For example, although the Constitution guarantees citizens freedom of assembly, this right is not always respected by local administrations. In January 1999, the Coalition of Ethiopian Opposition Political Organizations held a rally in Addis Ababa to announce its political agenda, but its organizers claimed that they could not properly do this because local authorities did not approve a permit for the rally until a day before it was to happen (U.S. Department of State 2000, 18). It has been common for local officials to assume that ethnic federalism means that they are no longer accountable to any higher authority, even to the voters within their own regions.

4. *Pitfalls of donor assistance.* Donor assistance has reinforced the strong hand of the center. Assistance provided by donors is distributed and tightly controlled by the federal government, and, in theory if not always in practice, subtracted from the amount that according to the formulaic calculations is to be allocated through the revenue-sharing scheme. Moreover, the strings attached and the stringent reporting requirements of many donor-driven projects reduce the autonomy of state administrators.

5. *Official corruption.* A final obstacle in the development of federalism in Ethiopia is official corruption (Young 1999, 336). In the past, the EPRDF has used *gin gina*, or self-evaluation sessions, to address charges of corruption. As infighting within the ruling coalition and its constituent parties

Table 11.3. Ethiopia: Regional revenue indicators, 1994-95 to 1997-98

| | Tigray | Afar | Amhara | Oromiya | Somali | Ben-Shangul | SNMP | Gambella | Harari | Addis Ababa | Dire Dawa |
|---------------------------------------|--------|------|--------|---------|--------|-------------|-------|----------|--------|-------------|-----------|
| Share of total state revenues | 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 | 0.02 | 0.02 | 0.04 | 0.06 | 0.03 | 0.03 | 0.08 | 0.12 | 0.36 | 0.21 |
| 1994 Population (millions) | 3.14 | 1.11 | 13.83 | 18.73 | 2.32 | 0.46 | 10.38 | 0.18 | 0.13 | 2.11 | 0.25 |
| Personal income tax | 15 | 26 | 19 | 12 | 11 | 31 | 17 | 47 | 19 | 13 | 12 |
| Business profit tax | 13 | 14 | 8 | 28 | 78 | 2 | 19 | 44 | 16 | 41 | 41 |
| Agricultural income and land fees | 10 | 0 | 33 | 25 | 0 | 12 | 25 | 1 | 0 | 0 | 0 |
| Agricultural 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 | 0 | 15 |
| Service sales tax | 2 | 0 | 1 | 0 | 1 | 0 | 0 | 1 | 0 | 2 | 0 |
| Urban land lease fee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14 | 0 |
| Government sale of goods and services | 5 | 8 | 13 | 7 | 1 | 15 | 7 | 0 | 0 | 5 | 9 |
| Stamp sales and duty | 6 | 0 | 1 | 1 | 1 | 0 | 1 | 0 | 2 | 11 | 5 |
| Charges and fees | 10 | 3 | 7 | 4 | 0 | 3 | 3 | 4 | 3 | 3 | 9 |
| All others | 9 | 8 | 14 | 9 | 6 | 34 | 13 | 10 | 33 | 6 | 6 |

Source: World Bank 1999a.

increased in 2001, charges of corruption at all levels of government began to surface. Throughout the summer months, all EPRDF parties were called to their regional headquarters to conduct party congresses whose purpose was aimed in part at rooting out corruption and what was termed "narrow nationalism." An additional anticorruption measure was the introduction in spring 2001 of the Federal Ethics and Anti-Corruption Commission (FEACC). As 2001 drew to a close, several high-profile politicians and businessmen were investigated and tried on corruption charges. However, this process coincided with major purges in the TPLF and other EPRDF-affiliated parties, and some observers have argued that the primary aim of the commission was not to root out official corruption but to settle old scores. Evidence supports such an assertion. For example, the commission appears to have spared individuals close to the dominant faction in the ruling EPRDF. One positive feature of present administrative practices is that responsible bureaucrats are regularly subjected to public reviews of their performance in office. This process in a small way serves to deter some corrupt activities. However, for the time being the costs of corruption to the federal system are significant: An ethic of good governance at all levels of administration has yet to develop.

Education Policy and Power Sharing

Like fiscal reform, educational policy reform is seen as a central feature of the EPRDF's plan to minimize ethnoregional inequalities, reduce the prospects for political instability, and promote consolidation of democracy over the long run. Education serves as the cornerstone of the EPRDF's plan because long-ignored issues of regional educational inequalities were a primary source of the armed conflicts that toppled Ethiopia's two previous regimes (Abbink 1997, 164). Similarly, by increasing access and improving the quality of education, the regime can demonstrate its commitment to redistributing political power and resources to various ethnolinguistic groups. Finally, it is widely understood that improving educational systems is essential to the goal of poverty reduction and achieving higher levels of economic development, as well as the development of a culture of participatory democracy.

The Structure of Educational Reform

The main thrust of Ethiopia's educational reforms begun in 1991 was in line with the overall shift to decentralization. It sought to "improve educational quality and expand access to education, with special emphasis on primary education in rural and under served areas" (Ethiopia, Ministry

of Education 1999a). This decentralization was accomplished by shifting authority for many educational decisions, including curriculum content, infrastructural development, choice of the language of instruction, and hiring and training of teachers, down to the lowest feasible levels (EPRDF 2000, 37; Altbach and Teferra 1999, 84). For the first time in Ethiopia's modern history, state governments had direct authority for determining curriculum as well as the use of nationality languages. This has resulted in the use of over 20 nationality languages in schools and regional educational administrations across Ethiopia.

The move toward decentralization also involved the creation of new educational hierarchies, with the Ministry of Education (MOE) in the top position of "supervising and guiding higher education, while the Regional States [were] to supervise and guide education" at lower levels (EPRDF 2000). In this decentralized context, 87 percent of the Education Sector Development Program (ESDP) was to be implemented by the regions and only 13 percent by the Ministry of Education (Ethiopia, Ministry of Education 1999a, 12). As in the case of other countries attempting this type of change, such as Nigeria, educational reforms have "provoked some of the most emotive debates and struggles" in the federal experiment (Suberu 2001, 129–130).

The Ethiopian MOE is responsible for developing the core objectives of educational policy, thereby dictating the focus on primary education, educational quality improvement, and relevance of the curriculum to the needs of the populace (EPRDF 2000, 21; Altbach and Teferra 1999, 85). From its general plan, the Regional Education Bureaus (REBs) are responsible for "the implementation of the curriculum—developing, transcribing, translating, producing and distributing educational materials" and other educational reforms (Altbach and Teferra 1999, 85). The implementing unit is the Woreda Education Office; no fiscal transfers occur lower than the woreda. Since woredas usually have a low tax base, they rely on subsidy transfers from the zone level.

How education reforms are financed is of pivotal importance to the success of the program. Since a number of elements of educational policy, including curriculum development, textbook production, and teacher training, had previously occurred at the federal government level, and since there have historically been regional disparities in the total number of schools and total enrollment rates, the states' ability to achieve desired results is highly variable. In all cases, the creation of additional administrative structures with new and expanded responsibilities necessitated additional funding to support office development, personnel recruitment and training, the writing of textbooks, the building of schools, and the hiring of teachers.

Federal government dominance in revenue generation has resulted in the heavy reliance of states on transfers to fund their various obligations. Presumably, the special budgetary formula, through its inclusion of a variable

for educational development, provides regional states with the budgetary supplements needed to support development (EPRDF 2000, 30). Some states are more dependent on such supplements than others. Even with these budgetary supplements, overall funding to education remains well below the needs of the states.

Education-sector development has also been linked with more general capacity-building needs to narrow existing regional disparities. The EPRDF regime has publicly committed itself to "providing assistance to the relatively most backward states . . . [giving] practical support and assistance by assigning to the least developed states its professionals . . . [by] opening experience-sharing forums among states and [by] expanding bilateral relations of cooperation among states" (EPRDF 2000, 29). Focus was put on capacity building in educational administration, procurement, finance management, and monitoring and evaluation (Ethiopia, Ministry of Education 1999a, 10). Budget shares were allocated among the various education levels and support services, including 60 percent of the overall budget of the ESDP to primary education, 11 percent to secondary education, 11 percent to tertiary education, 8 percent to other education, 7 percent to administration, and 3 percent for capacity building and the MOE (Ethiopia, Ministry of Education 1999a, 11). The ESDP Action Plan also outlines the intended administrative framework: Though overall coordination should come from the MOE and the Ministry of Finance (MOF), federal and regional joint donor-government steering committees were to be established to oversee the implementation process (Ethiopia, Ministry of Education 1999a, 11).

In addition to the use of nationality languages as a tool for improving educational effectiveness, regions were supposed to have authority to devise methods and materials suited to the unique needs and goals of their student population. Access issues were to be addressed through widespread construction of new schools, as well as repairs and additions to existing schools. The massive need for teacher training was identified as a high priority. Programs were proposed (and to some extent implemented) for teacher certification, distance learning, and the use of other teaching aids and materials to foster improved teaching. Boarding schools, hostels, and pilot nomadic (mobile) schools were to be constructed and/or organized in regions—including Afar, Somali, Benishangul/Gumuz, and SNNPR—where nomadic children's education has been hindered by lack of access (Ethiopia, Ministry of Education 1999a, 7).

Educational Outcomes

Despite the well-articulated and thoughtful education plan outlined above, educational outcomes rarely met expectations in the first 12 years. By 1999 primary school enrollment was still at 30 percent of all school-age chil-

dren, less than half the average for the rest of sub-Saharan Africa. Rates in rural areas were as low as 19 percent, and in nomadic and seminomadic areas such as Afar were as low as 8 percent (Figure 11.3). Book shortages, high dropout and repetition rates (only about 50 percent of those who enroll completed primary school), inadequate teacher training (only about 40 percent of teachers in the secondary schools were qualified), high pupil-to-teacher ratios, and poor curricula continued to create significant barriers to educational progress (Ethiopia, Ministry of Education 1999a).

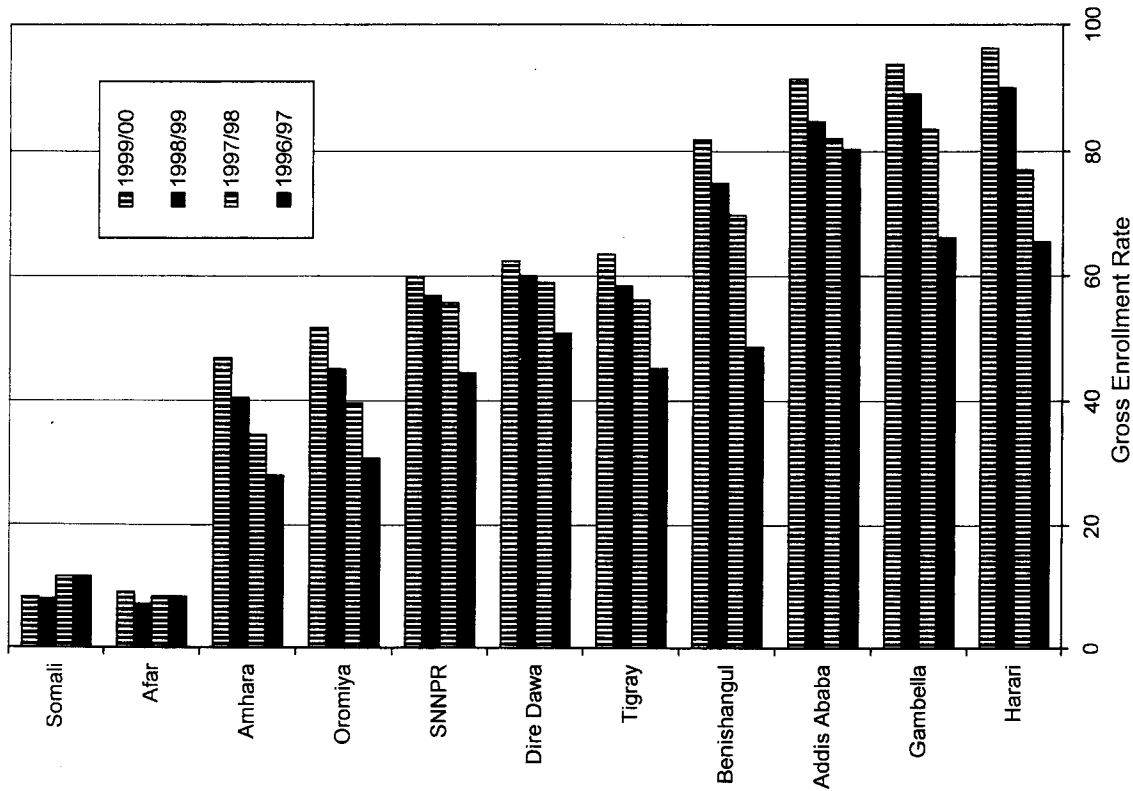
The EPRDF, at least in its policy rhetoric, recognized the need to address historical disparities among regions by providing manpower, training, material, and human resources (EPRDF 2000). A report on education in 2000 noted that "gross regional and gender disparities" were hampering the quality of education throughout Ethiopia (Ethiopia, Ministry of Education 2000, 1). The special budgetary formula mentioned in the previous section is one example of how the government attempted to implement reform in this regard. In its 1999 annual report, the MOE reported spending 13.7 percent of the government budget on education (up from 2.6 percent in 1992–1993). It committed itself to increasing spending on education to 19 percent of the national budget. Of the total education budget, the federal government would finance 73 percent of the programs, with the remaining amounts to come from donors and, to a lesser extent, from regional governments (Ethiopia, Ministry of Education 1999a).

However, as Figure 11.4 shows, recurrent expenditures on education, particularly in poorer regions from 1993 to 1998, remained roughly unchanged. This indicates that the states were either not getting the budget subsidy or were not able to use it effectively to fund various development sectors such as education.⁶ The trend in relatively well-off regions seems to indicate a steady rise in recurrent expenditures for education, with dramatic increases in Oromiya and SNNPR. In general, however, there is no evidence of a narrowing of development gaps among regions, and in some of the poorer regions, recurrent expenditures on education declined, particularly in Benishangul, Somali, and Gambella.

Beyond revenue generation itself, human capacity remains a critical element of educational need. This is true in all sectors of teaching and administration. A March 2001 report notes that the most progress has been made in terms of expanding enrollments, without requisite improvements in curricula, construction of schools, textbooks, and teacher training (Ethiopia, Ministry of Education 2001b, 4).

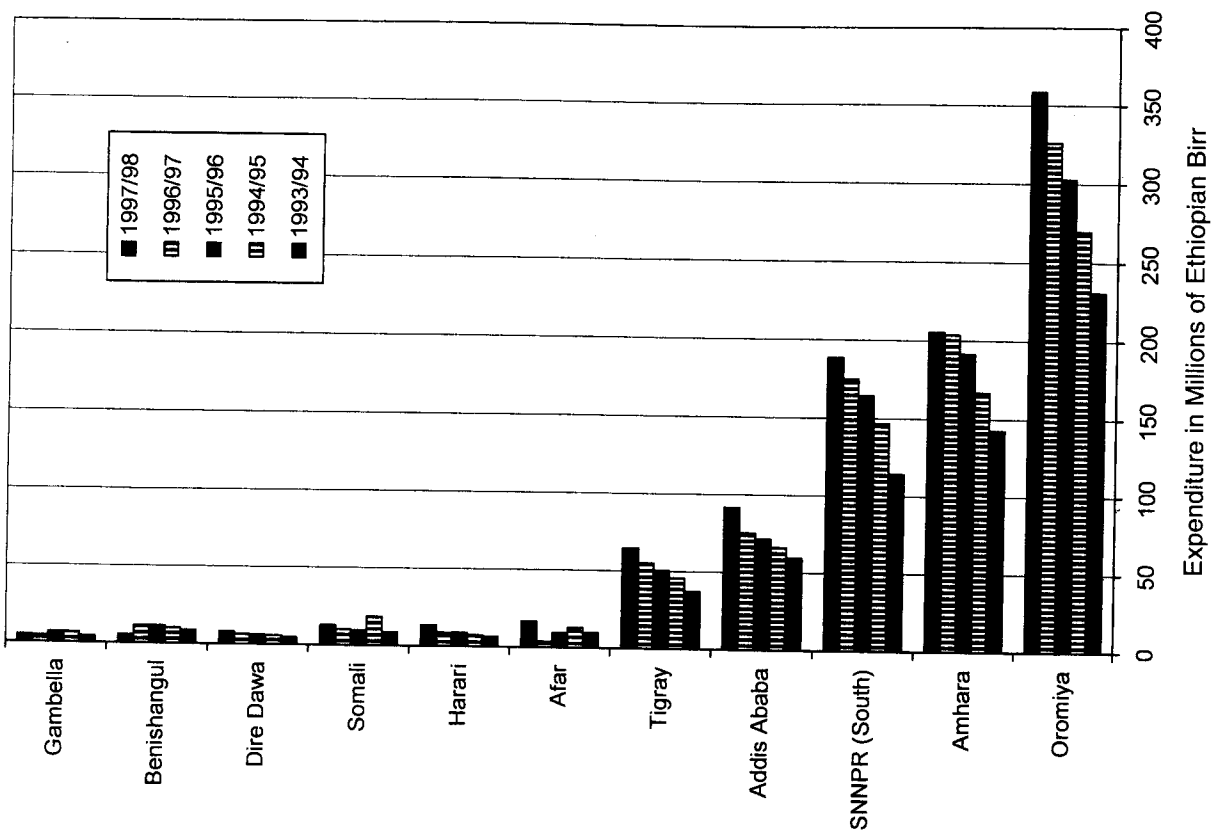
6. It is unclear what happens when a state cannot use their budget subsidy, perhaps owing to inadequate capacity at the regional state level. Does it go back to the central government for redistribution? Is it kept in a fund for the regional state in the future? Additionally, since population numbers and other development indicators are key to determining the budget subsidy, these are a matter of considerable dispute (see Young 1999).

Figure 11.3 Ethiopia: Gross educational enrollment rate, grades 1-8, 1996-2000, by regional state



Source: Ethiopia, Ministry of Education 2001a. Gross Enrollment Rate is the ratio of (1) the total number of pupils (irrespective of age) enrolled in grades 1 through 8 to (2) the school-age population corresponding to grades 1 through 8.

Figure 11.4 Ethiopia: Recurrent expenditures in education, 1993-1998, by regional state



Source: World Bank 1998.

At the school level, there are insufficient numbers of teachers, and high percentages of these lack necessary qualifications. A 2001 Ministry of Education report states:

At the *woreda* level, there are insufficient supervision visits to schools to support the teaching there. At the zone level, there are too few civil works technicians and qualified accountants to manage school activities. At the regional level, curriculum development, educational planning, budgeting and accounting manpower are in short supply. At the federal level, the professional personnel needed to provide technical support to the decentralized units have been decreasing as the program expands and the need for such personnel grows. (Ethiopia, Ministry of Education 2001b, 8)

There is considerable variation among regional states in terms of the extent to which they are affected by the lack of human resource capacity. Some regional states have a greater human and financial resources base than others. In these regions, one finds competent technical staff in the REB, even if they are in short supply and even if decentralization has not yet extended fully down to the *woreda* level. In other regions, it is known that there is such a shortage of trained and qualified staff that even the REBs are staffed with members of other ethnic groups, such as Amharas and Oromos working in Gambella. Young also found that “approximately half of Benishangul/Gumuz’s bureau heads are outsiders” (Young 1999, 38). It is widely understood that a similar situation exists in other disadvantaged regions such as Afar, and that in regions such as Afar, Somali, Benishangul/Gumuz, and Gambella, decentralization has not occurred below the regional level. As recently as August 2001, Afar and Somali regions did not send representatives from the REB to a national-level conference on a new school-clustering program for teacher training. Their absence was noted to be a consistent feature of many national-level planning meetings. Young has called this a system of “two-tiered federalism” because “the low level of political development in Gambella and Benishangul/Gumuz means that the EPRDF plays a greater role in local administration in these regions (together with the Afar and Somali regions) than in other parts of the country” (1999, 342).

Implementation of Language Policy in Education

In addition to the presence of significant disparities in human and financial capacity among regions, conflicts over language use and curriculum content, particularly in multiethnic states, represent an example of how the power-sharing arrangement in Ethiopia remains contentious. Conflicts over language policy in schools and regional administrations are occurring primarily *within* the regions and between the regional governments and the federal government. Language moved to the center of the political agenda in Ethiopia as a crucial element of the EPRDF’s education plan, which gave support to the development and use of nationality languages for all ethnic

groups. This support was in part attributable to the fact that language represents a proxy for ethnic identity under ethnic federalism and thus linguistic identity has assumed an elevated level of importance.

Undoubtedly, use of local languages in regional administration and instruction in schools was a critical political issue for a large proportion of Ethiopia’s ethnic groups, particularly minority groups and those whose language had previously been banned or suffered from neglect. Under the regime of Haile Selassie, the use of indigenous languages for purposes of instruction and regional administration was illegal, and even the production of private print materials was banned (see Bulcha 1997; McNab 1990, 81). There was a slight change under the Mengistu regime, when the problems of literacy were addressed through the *zemacha*, or national youth work campaigns and were conducted in approximately 15 nationality languages (McNab 1990, 70). Writing in 1990 about the economic costs of the literacy campaign, Christine McNab noted that “the political costs of retreat from this policy (of teaching in 15 nationality languages) may be reckoned to be higher than the costs of pursuing it” (1990, 70). Despite this effort at multilingual education, however, Amharic remained the dominant language of administration and instruction, and in 1991 language rights were a central issue for the EPRDF regime to address.

Use of local languages is a powerful cultural symbol for many citizens of Ethiopia. Regional state leaders have made language choice a central element of their political and social agendas. Over the last 10 years, there has been an increase in the number of regions using nationality languages, and language identity has been the primary basis for creation of new regional states. For instance, as recently as April 2001, the Silte people in the multiethnic Southern Region held a referendum to separate themselves from the Gurage nationality, primarily on the basis of language. This separation has clear political implications for the Silte people and their political leadership, elevating them from a *woreda* of the Gurage Zone to their own zone and providing direct access to the central government and central resources. Similarly, the political conflict surrounding the introduction of an Esperanto-style language, *Waggodä*, derived from the four languages of the Wolaitta, Gamo, Gofa, and Dawro ethnic groups, led to their separation into three separate zones—Wolaitta, Dawro, and Gamo-Gofa. Up to 10 persons were killed, hundreds injured, and as many as one thousand arrested in the protests surrounding this incident (U.S. Department of State 2000, 9). Although regional officials had initially objected to the separation of these groups, ethnic leaders persisted with their claims, pointing out that four regional states in Ethiopia had populations smaller than the Wolaitta ethnolinguistic group. Their demands for separation eventually met with success. A similar process is occurring elsewhere in the Southern Region through the creation of “special *woredas*,” administrative units with the same

status as zones, but intended for smaller ethnic groups (Ethiopia, Central Statistical Authority 1996).⁷

The economic costs of the multilingual policy in education are massive and have contributed to the overall growth in regional disparities, without necessarily lessening the political conflict over ethnicity. Some smaller ethnic groups in the South have opted to continue the policy of Amharic instruction. They contend that the use of nationality languages is a policy of the ethnic group in power to marginalize minority ethnolinguistic groups, especially in light of the fact that Amharic is the official language of the state and widely used in multiethnic cities such as Addis Ababa.

In the case of those that have chosen to use nationality languages, especially in multiethnic states, a tremendous burden is put on their Zonal Education Office to translate educational materials provided by the REB from Amharic to these languages. For instance, there are presently 12 languages of instruction in Southern Region and more are in the process of being added. Many of these languages have never been written before, requiring local "experts" to select orthographies, develop standardized grammars, and oversee translation. It is unclear who these "experts" are and whether those zones using nationality languages receive additional budgetary supplements to support the translation of Amharic materials into nationality languages. Teachers who have always taught in Amharic must now be instructed in these languages. Authorities report that site visits often find teachers using Amharic, or Amharic interspersed with the nationality language, throughout their teaching despite the written policy. All of these factors affect educational quality, as well as the perceived success of the decentralization arrangement.

Even in the case of considerably larger ethnic groups located in nearly homogeneous regional states, such as Tigray and Oromiya, the costs of standardizing the use of the nationality language, training teachers, and producing supplementary reading materials in that language have contributed to an overall decrease in educational efficiency. Yet the question of linguistic minorities is a source of conflict even within the more homogeneous states. The 1999 U.S. State Department Human Rights Report noted that the decision of the regional government of Oromiya to adopt Oromiffa as the language of instruction "has drawn protests from groups that reside in Oromiya whose mother tongue is not Oromiffa and who believe that their children are now at a disadvantage" (United States, Department of State 2000, 31).

Finally, there are those states such as Afar and Somali where almost nothing is known about the effectiveness of the language policy. For

7. The official definition of some of these terms such as "special woredas" is unclear. These appear to be administrative units for ethnic groups that are numerically smaller than zones, but separate from other woredas in that zone; that is, they have status of a zone without meeting the requisite size requirements. As of September 2001, there were five special woredas in Southern Region and one in Amhara.

instance, Afar Regional State has an official policy on the use of Afarigna as the language of instruction in primary schools, but it is widely understood that Amharic is the language being taught, owing to an absence of qualified teachers and available written materials in Afarigna. With a gross enrollment rate of 9 percent of the age-appropriate children in primary school, such an inconsistent language policy can only be seen as contributing to further negative education outcomes.

Summing Up: Problems of Implementation versus Minority Empowerment

The implementation of Ethiopian federalism in education has encountered obstacles that are probably typical of ethnically divided societies after civil wars—a combination of expensive tasks and limited (and even depleted) resources. A decentralized system of education that accommodates the demands of a culturally divided population places additional costs on government in terms of expanded administration, curricular development, and teacher training. Yet the capacity of Ethiopia to assume these additional costs is limited and has been further depleted by civil strife and the recent war with Eritrea. Four obstacles have prevented state governments from fully exercising the new powers given them in the federal educational program:

1. *Funds.* The dependence of states on funds from the center limits their autonomy.
2. *Personnel.* The shortage of teachers and administrators—particularly of those with the requisite language skills—has limited the development and implementation of separate curricula that respond to the cultural and linguistic diversity of society.
3. *Material.* The scarcity of facilities—particularly in the regions inhabited by nomadic peoples—and of teaching materials in the different languages parallels and exacerbates the shortage of personnel.
4. *New conflicts.* What are often low-scale, but sometimes paralyzing, conflicts between dominant ethnic groups and minorities *within* the new states over language policy have hindered development of state programs.

Although these problems have resulted in less decentralization than originally planned, there is still evidence of limited empowerment fostered by the use of nationality languages. The proliferation of zonal and special woreda units in the Southern Region, the policy of nationality languages in disadvantaged states such as Afar and Somali, and the priority attention given to development of language materials in the more homogeneous regions such as Tigray and Oromiya are all indications of the value attached to the use of nationality languages. Educators and administrators at the regional level, even as they bemoan the economic and efficiency costs of such a policy,

indicate they prefer the policy because of its pedagogical effectiveness and political and cultural symbolism. For instance, it is believed that increases in gross enrollment rates in the last decade are in part attributable to this policy, as parents see a greater relevance to their children's education. It is unclear whether this policy is contributing to political empowerment, however, and certainly it consumes significant proportions of regional budgets.

The language policy in Ethiopia is illustrative of the trials of implementing public policy to accommodate political conflict, particularly in the presence of a highly diverse population. Over and over, language choice—both the EPRDF policy and the policies of the various states—are cited by Ethiopian citizens as emblematic of ethnic federalism, both good and bad. It has resulted in the proliferation of administrative units and has consumed a large proportion of regional education budgets, particularly in historically disadvantaged regions already suffering from a wide variety of obstacles to efficient regional budget management. In practice, no states are ethnically homogeneous and since the rights of ethnolinguistic minorities within regional states remain unclear, it is highly unlikely that future conflict will be reduced. In fact, when certain burning issues come to the fore, intraregional communal conflicts could greatly heighten political instability.

There is little doubt that the EPRDF could not have ignored language policy as part of its power-sharing arrangement. This is even truer today, when minority ethnic groups see their political rights best preserved through their membership in ethnic groups, most commonly understood in linguistic terms. What the problems associated with language policy demonstrate most poignantly is that regional capacity variation in Ethiopia is a serious obstacle to successful implementation of a power-sharing arrangement. Conflict, while diminishing somewhat at the federal level in Ethiopia, is elevated at the state and lower levels, particularly as ethnic entrepreneurs pursue an agenda of ethnic identity for their own purposes. Even where autonomy is being exercised under the power-sharing arrangement, particularly in the case of language policy, this appears to be contributing to subnational conflict and also to be producing significant residual costs. In particular, the last dozen years do not seem to have led to anything approaching a narrowing of the disparities among the regions or ethnic groups in Ethiopia, which is one of the key objectives of the policies of ethnic federalism.

Conclusion

Ethiopia is presently involved in attempting to implement what is officially billed as a form of *ethnic federalism*. The government claims that this approach is best for achieving democracy in this multiethnic polity. A central element in this process of creating an enabling environment for democracy is a

system of devolved administration giving state and zonal authorities major roles in making decisions relating to socioeconomic development and the building of democratic institutions. In reality what is billed as a unique form of ethnic federalism in Ethiopia operates very much like a centralized, unitary state, with most power residing at the center. As a consequence, while some institutional forms associated with democracy such as political parties and periodic elections with universal suffrage may exist, this is more of a "pseudo-democracy" than anything else (Diamond 1997).

Programs for territorial decentralization are typically expensive—at least when compared to centralized, uniform programs—and these additional costs must be borne by a society with limited resources, particularly after a civil war. The attempt by the central government to keep many powers in its own hands provides part of the explanation for the limited implementation of territorial decentralization. Yet the separate states have been unable to utilize fully the powers they have been given. Revenues collected at the center are shared with regional states, but most of these resources are used to cover the salaries of state, zonal, *woreda*, and local bureaucrats and other recurrent expenses. Most states, because of the lack of resources, are therefore not able to engage in new capital projects. Moreover, there is in most cases a severe lack of skilled administrative capacity below the national and state levels, and this too serves as a drag on democracy and development. Because of the predominance of the central government in revenue generation, regional states tend to be highly dependent on the center and often forced to follow the lead of the federal government in setting and implementing policies. This dependence serves as a drag on the overall effective and efficient implementation of policies at the regional level. In addition to the fiscal imbalances between the center and the regions, imbalances across regions continue to be a problem. In large measure this is because of the historically acute differences in levels of development from region to region. The problem is further exacerbated by the limited administrative capacities of regional states and subregional governments, and growing incidence of official corruption.

In Ethiopia, there have been some improvements in the educational sector, particularly evidenced in the relative expansion of school enrollment rates. However, decentralization of authority in the education sector has been hampered by regional capacity variations, both in terms of human and financial capital, which has proved to be a significant barrier to broad-based improvement in educational outcomes. A decade of ethnic federalism has had limited impact in key areas of educational quality or access. Although providing a significant source of cultural empowerment for ethnolinguistic groups, elements of the policies of ethnic federalism, particularly language policy, have at times hardened group claims, thereby increasing rather than reducing the possibility of ethnic conflict. The long-term implications of this

phenomenon are unclear, but in the short term there has been a tendency for increased demands for further autonomy among distinct groups within regions, particularly in multiethnic states.

Our research into the two policy sectors of revenue sharing and education underscores the need for further study of how variations in financial and human capacity have an impact on power-sharing arrangements such as ethnic federalism. For example, between 1997 and 2000 "federally managed programmes [in education] have spent 21.5 percent more than planned . . . whilst Regional States have spent 28.5 percent less." Government analysts attributed this to reductions in federal subsidies to the regions (Ethiopia, Ministry of Education 2001a, 7). Federal transfers are critical to the success of the regionally managed (rather than federally managed) programs. It is the regionally managed programs that represent actual transfers of control to the various regional groups, and any decrease in federal subsidies to allow the implementation of these programs makes their success highly problematic. But the human capacity is necessary to use these funds. In a 1997 report, Graham Chipande and Asmamaw Enquobahrie found that the critical issue is not a lack of authority by relevant actors at the regional and subregional level, but a lack of capacity. Government has continued to build decentralized structures and to move authority down to lower levels of administration. Local capacity to implement policies in terms of human and administrative resources remains critical. "The problem appears to be that of acute shortage of personnel, especially professionals within the Regional Public Service Administration Bureaus (RFSABs), to do the job . . . The distribution of these staff shortages was not uniform, ranging from a shortfall of over 90 percent in the regions of Benishangul/Gumuz and Harari and under 50 percent in the Southern Peoples, Afar and Oromiya regions" (Chipande and Enquobahrie 1997, 49). The authors concluded:

there seems to be a gap between what regions can do and what they are expected to do during this period of socio-economic and political transformation . . . The disparity in resource availability and the unbalanced distribution of trained manpower as well as the difference in exposure and access to modern development infrastructures and facilities still remains to be considered in attempts to decentralize the management of the economy at the regional, zonal, woreda and community levels. (Chipande and Enquobahrie 1997, 5)

Part of the problem of limited financial and human resources is attributable to the border conflict with Eritrea, which diverted massive amounts of government resources between 1998 and 2000 to the military sector and caused donors to withhold proposed funding for various reform packages.⁸

8. A recent report of the Ethiopian Economic Policy Research Institute estimates that the two and a half year war cost Ethiopia more than \$2.9 billion (Bhalla 2001).

For example, rather than achieving the planned levels of government spending on education, spending actually decreased during the 1997–2000 period, from 14.6 percent to 10.5 percent in 1999–2000 (Ethiopia, Ministry of Education 2001a, 7). Government reports note that in many cases the government fulfilled its developmental commitments, but donor funding was much lower than planned. Yet the border conflict was only a small part of the problem.

In sum, ethnic federalism in Ethiopia has proved to be more of an aspiration than a reality. In large measure this is attributable to poorly planned policy and the lack of the administrative, technical, and financial capacities needed for effective implementation. Although this policy has allowed the federal government to divert local pressures from itself to regional and subregional governments in the short run, the benefits of this strategy in the long term would seem to be limited. So long as the federal state is not able to make a credible commitment to social equity across regions as well as across ethnic groups, it is unlikely to reduce the potential for political instability and to create an enabling environment for democracy.