SUSTAINABLE PEACE:

DEMOCRACY AND POWER-DIVIDING INSTITUTIONS

AFTER CIVIL WARS

Philip G. Roeder and Donald Rothchild
CHAPTER 7

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 actually 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 Two that no post-civil-war arrangements have actually led to decentralized political systems and that in ethnically divided societies decentralized and semi-decentralized political systems have not been stable, tending either toward greater centralization or a break-up 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 policy making.

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 Four 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 eighty distinct ethno-linguistic groups and at the same time to assimilate them into the dominant Amhara culture.¹ Following a relatively brief civil war, in April 1991, the Marxist regime that ruled for more than 17 years was displaced by the Ethiopian People’s Revolutionary Democratic Front (EPRDF), an umbrella organization of opposition organizations comprised of a number of 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 national/regional governments or states.² The then-ruling Transitional Government of Ethiopia (TGE) also publicly committed itself to the introduction of pluralist, multi-party democracy. This was significant because until then Ethiopia had never had political parties or pluralist democracy.

Upon coming to power, the EPRDF was immediately faced with the problem of managing an ethnically diverse polity. Many in the general population were uncertain about their future as members of 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 ethno-regional inequalities and to
provide an enabling environment for democracy (*Negarit Gazeta* July 22, 1991).

The purpose of this chapter is to identify reasons why the EPRDF government over the
past decade has not been able to implement plans for ethnic federalism successfully. Although it
is too early to call these reforms a failure, Ethiopia after one decade operates very much like a
centralized, unitary state, with most power residing at the 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 is 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 as to the sincerity of the commitment of their rulers to systematically reducing social
inequalities throughout the country.

The remainder of this essay is divided into four sections. The first section deals with the
evolution, institutional structure, and functioning of ethnic federalism in Ethiopia. The second
section examines empirical evidence on the implementation of ethnic federalism through fiscal
policies, and the third section addresses some empirical evidence on Ethiopia’s efforts to utilize
education policy for the purpose of consolidating ethnic federalism. The conclusion considers the
implications of Ethiopia’s strategy for reducing regional inequalities and enhancing political
stability, thus creating an enabling environment for democracy.

**From Empire to Federation**

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’s regime was ultimately toppled by the weight of
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 Ethiopia’s brand of “scientific socialism” was that ethnicity was not a legitimate political organizing principle for groups in society. 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 twenty-four administrative regions and five 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 Ethiopian People’s Revolutionary Democratic Front (EPRDF), came to control ever increasing amounts of territory in the north-central part of the country. 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.
Federation from above

The EPRDF at first tried to present a public image of itself as possessing 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. 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 thirty-one political movements, the creation of a 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 12 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 was first submitted for public discussion in 1994 and then voted into effect by a constituent assembly.

It appeared to outside observers at the time that Ethiopia had the real possibility of forming what Alfred Stepan (2001) had labeled a holding together federation 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, identifies three main patterns: 1) coming together federations, 2) holding together federations and, 3) putting together federations (Stepan 2001, pp 320-3). Coming together federations emerge when sovereign states for security purposes and/or purposes of governmental efficiency decide voluntarily to form a federal system. Holding together federations are the outgrowth of a consensual parliamentary decision to preserve a unitary state by creating a multi-ethnic federal system. As Ahuja and Varshney find in Chapter Nine of this volume 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. A *putting together* federation is imposed from the center without a broad elite consensus.³

A comparison with the origins of the Nigerian federation is instructive. The genesis of Ethiopia’s decision to pursue a federal system of governance contrasts sharply with the decision taken by Nigeria’s leaders in the days leading up to independence in the 1950s. Nigeria had been a large culturally diverse British colony. At the time of drafting an independence constitution, it was decided by all interested parties, the colonial authorities, and major ethnically based parties that Nigeria should remain one, but on the basis of a federal constitution. Ethnic elites engaged in a contingent compromise, deciding to come together by creating a federation comprised of three large, ethnically based states. It is important to note that the states were initially based on the major large, ethnic-based collectivities—the Yoruba, Hausa-Fulani, and Igbo groups (Suberu 2001; Olugbade 1992; Osaghae 1991; and Adamolekun and Kincade 1991). The decision to implement federalism in Ethiopia was also the product of elite compromise, but the relative strength of regional elites was less pronounced than in Nigeria. Although Nigeria took on the form of what appeared to be a *coming together* federation at independence in 1960, by 1967 it had clearly embarked upon the path of becoming a *holding together* federation.

By contrast, Ethiopia began as what appeared to be a *holding together* federation in 1991. The Marxist regime had been eliminated, and ethnic communities were promised that they could exercise their rights to self-determination in the *New Ethiopia*—a federation comprised of ethnically based states. All that changed within a year when Ethiopia was transformed into what Stepan refers to as a *putting together* federation. The center forced federation rather than creating it by means of bargaining. The ruling coalition narrowed, and the EPRDF created so-called People’s Democratic Organizations—that is, ethnically based surrogate parties through which it could project the illusion of a multi-ethnic federal state. The EPRDF regime forced out ethnic parties that wanted to assert the right of their regional states to “self-determination up to and
including secession,” and it manipulated political and administrative institutions to preserve its dominance in the political arena.

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. Article II of the Transitional Charter asserts the rights 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 XII states that “there shall be a law establishing local and regional councils defined on the basis of nationality.” These two provisions represent a dramatic departure from the policies of previous regimes on the “national question,” for Ethiopia has never before been administratively organized along ethnic lines. The new policy quickly prompted protests among Ethiopian nationalists both at home and abroad who violently opposed policies they feared would lead to the balkanization or bantustanization of Ethiopia.

The unsettled nature of the transitional period allowed the EPRDF to forge ahead with its plans to administratively reorganize the country along ethno-regional lines. It did this at first through a series of proclamations and eventually the right of states to self-determination was enshrined in the 1994 Constitution. (See Table 7.1.)

Even 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 declared its intentions to devolve power from the center to the regional 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. This approach contrasts with a system of consensual federalism resulting from bargaining and negotiations among states that seek to join in some type of federal arrangement.

Ethiopia’s political center has been in control of the decentralization process from the very beginning. Although the Ethiopian Constitution declares that the states may prepare their
Table 7.1. Ethiopia: key proclamations in the implementation of ethnic federalism

<table>
<thead>
<tr>
<th>Proclamation</th>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proclamation #7&lt;sup&gt;a&lt;/sup&gt;</td>
<td>1992</td>
<td>Provided details for the ethno-regional states</td>
</tr>
<tr>
<td>Proclamation #26&lt;sup&gt;b&lt;/sup&gt;</td>
<td>1992</td>
<td>Budget for Ethiopian Year Calendar 1984 (1991-92)</td>
</tr>
<tr>
<td>Proclamation #33&lt;sup&gt;c&lt;/sup&gt;</td>
<td>1992</td>
<td>Defined revenue sharing between central and regional governments</td>
</tr>
<tr>
<td>Proclamation #41&lt;sup&gt;d&lt;/sup&gt;</td>
<td>1993</td>
<td>Defined powers and duties of central and regional executive organs</td>
</tr>
</tbody>
</table>

own constitutions, decide their own official languages, develop their own administrative systems, establish separate police forces, and collect certain taxes, the initiative for such arrangements in fact has come more from the center than from the regional states. 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. Early on in the transitional period, the EPRDF created a broad political pact for the purpose of governing. But the governing coalition had narrowed considerably, as the EPRDF-dominated government in April 1993 ousted five political groups for endorsing a resolution adopted at a conference of opposition groups meeting in Paris that called for dissolution of the Council. The membership of the Council was reduced to the representatives of the EPRDF and the ethnically based parties it had created. Major ethnically based parties were completely shut out of the pact that formed the TGE, or were forced out over the first two years of the transition (Keller 1998, 114). National, state and local elections have occurred since the early 1990s, but with opposition parties either opting voluntarily not to participate or being kept out by officially sanctioned intimidation and the manipulation of electoral rules organized opposition was quite limited. Publicly, the EPRDF has consistently claimed that it is committed to the following objectives: reducing the ethnic conflicts and tensions that had dominated modern Ethiopia; forthrightly tackling social and economic problems to ensure that all ethnic groups are treated equally; building a democratic society; and constructing effective, efficient, and uncorrupt systems of governance (EPRDF 2000). In order to do this, there would have to be a new social compact. However, rather than negotiating such a compact among elites representing the major groups in society or allowing it to emerge in an organic manner, it was imposed from the top.

Contributors of international foreign assistance to Ethiopia have generally been very supportive of its experiment with ethnic federalism (World Bank 1999a, 1). This support has hinged on what are perceived to be institutional reforms that are genuinely designed to achieve political stability, expanded social equity, and democratization. As mentioned above, there is no
denying that Ethiopia’s form of governance is indeed federal. What is glaringly missing, however, is a widespread consensus among ethnic elites, and the population at large, that this is the best way of governing Ethiopia at this time.

**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, multi-ethnic cities, Addis Ababa and Dire Dawa. Six of the nine regional states (Afar, Amhara, Harar, Oromiya, Somalia and Tigray) are dominated by a single ethnic group, and three (Benishangul/Gumuz, Gambella, and the Southern Nations, Nationalities and Peoples Region or SNNPR) are multi-ethnic states, with no one dominant ethnic group. The Constitution states that regional states may prepare their own constitutions, decide their own official languages, develop their own administrative systems, establish separate police force, and collect certain taxes. In the multi-ethnic 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 later discuss.

Ethiopia’s brand of federalism has five levels of government: the federal, regional state, zone, *woreda*, and local levels (See Figures 7.1 and 7.2.). 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 upon the citizens of the various regions in that they are the primary implementers of development policies.

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
Figure 7.1. Ethiopia: Region-states of the federation
Figure 7.2. Ethiopia: Organization of the federal hierarchy
any of this can happen, there are constitutional provisions for a review of the claim to secession by the Constitutional Court and the Council of the Federation, a national political and deliberative body of 108, with elected representatives from all regional states (Haile 1996, 25-31). Article #39 also gives nations, nationalities, or peoples the right to speak, write, promote, and develop their own languages.

**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 the sharing takes the form of block grants. The authority for this policy is Proclamation #33, which is based on the following objectives:

1. To enable the Central Government and National/Regional Governments to efficiently carry out their respective duties and responsibilities;
2. To assist National/Regional Governments to develop their regions on their own initiative;
3. To narrow the existing gap in development and economic growth between regions and to encourage activities that have common interest to regions (*Negarit Gazeta* 1992c).

Article #96 of the Constitution gives the federal government the power to collect all revenues from trade and most other revenues generated by federal state enterprises. Article #97 establishes the rights of state governments to collect taxes from revenues generated by public enterprises they own, to tax personal income of non-federal or international employees, and to tax unincorporated activities in their domain. Article #98 deals with concurrent taxation by federal and state governments. Such taxes could be both on enterprises jointly owned by the state and federal governments and on the income of large-scale mining corporations operating in given regions. An important point to note is that even though states have some taxing powers, the practice is for them to follow guidelines established by the federal government and the ruling party in setting tax policy.
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. 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 regional expenditure of Birr 3,145 ($39.2) million, only Birr 807 ($9.8) million (26 per cent) was generated by the states, with grants and subsidies from the central government accounting for the remainder. Moreover, the expenditure patterns of the states are centrally monitored, and thereby controlled (Chipande and Enquobahrie 1997, 23).

As Table 7.2 indicates, the taxing powers of the federal government far exceed that of the regional governments. Ethiopia’s regional states between 1994 and 1998 collected only between 15 per cent and 18 per cent 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 in Ethiopia, the widespread poverty and inequality throughout the country, and 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 devolved to the regions according to a formula that has a significant equity component.

Ethiopia’s approach to revenue sharing involves the provision of “budgetary subsidies” or block grants from the center to the states. Grants are determined according to a formula. The share of the budget subsidy that is accorded each region is based on such objective factors as the
### Table 7.2. Ethiopia: federal and regional state revenue shares, 1993-98.

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<tbody>
<tr>
<td>Afar</td>
<td>$867,073</td>
<td>$1,187,805</td>
<td>$1,353,659</td>
<td>$1,793,902</td>
<td>$1,342,683</td>
</tr>
<tr>
<td>Somali</td>
<td>$5,289,024</td>
<td>$5,745,122</td>
<td>$4,902,439</td>
<td>$4,602,439</td>
<td>$5,856,098</td>
</tr>
<tr>
<td>Amhara</td>
<td>$11,589,024</td>
<td>$14,686,585</td>
<td>$16,489,024</td>
<td>$19,526,829</td>
<td>$21,648,780</td>
</tr>
<tr>
<td>Oromiya</td>
<td>$26,258,537</td>
<td>$30,354,878</td>
<td>$40,445,122</td>
<td>$42,347,561</td>
<td>$41,996,341</td>
</tr>
<tr>
<td>SNNPR</td>
<td>$8,941,463</td>
<td>$12,787,805</td>
<td>$17,489,024</td>
<td>$19,215,854</td>
<td>$17,756,098</td>
</tr>
<tr>
<td>Tigray</td>
<td>$5,392,683</td>
<td>$7,130,488</td>
<td>$10,514,634</td>
<td>$12,802,439</td>
<td>$10,560,976</td>
</tr>
<tr>
<td>Dire Dawa</td>
<td>$2,462,195</td>
<td>$2,231,707</td>
<td>$1,798,780</td>
<td>$2,186,585</td>
<td>$2,198,780</td>
</tr>
<tr>
<td>Benishangul</td>
<td>$439,024</td>
<td>$615,854</td>
<td>$664,634</td>
<td>$839,024</td>
<td>$981,707</td>
</tr>
<tr>
<td>Gambella</td>
<td>$481,707</td>
<td>$662,195</td>
<td>$597,561</td>
<td>$880,488</td>
<td>$814,634</td>
</tr>
<tr>
<td>Harari</td>
<td>$697,561</td>
<td>$723,171</td>
<td>$942,683</td>
<td>$941,463</td>
<td>$970,732</td>
</tr>
<tr>
<td>Regions Total</td>
<td>$84,940,244</td>
<td>$108,110,976</td>
<td>$137,730,488</td>
<td>$161,634,146</td>
<td>$169,614,634</td>
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<tbody>
<tr>
<td>Federal Total</td>
<td>$395,524,390</td>
<td>$612,963,415</td>
<td>$711,801,220</td>
<td>$783,725,610</td>
<td>$866,646,341</td>
</tr>
<tr>
<td>National Total</td>
<td>$480,464,634</td>
<td>$721,074,390</td>
<td>$849,531,707</td>
<td>$945,359,756</td>
<td>$1,036,260,976</td>
</tr>
</tbody>
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</thead>
<tbody>
<tr>
<td>Regional States</td>
<td>18%</td>
<td>15%</td>
<td>16%</td>
<td>17%</td>
<td>16%</td>
</tr>
<tr>
<td>as per cent of national total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Government</td>
<td>82%</td>
<td>85%</td>
<td>84%</td>
<td>83%</td>
<td>84%</td>
</tr>
</tbody>
</table>

Totals include tax and non-tax revenue. 1996-1998 is based on revenue estimates. Figures were converted from Ethiopian Birr to US dollars based on rate of US$1=Birr 8.2. Source: World Bank (1998).
In addition to the formula, an effort is made to capture important elements that are unable to be captured in a formulaic way. The amount of funds transferred to each region is determined according to the following five steps:

1. The determination of the total amount of combined revenue available to the federal and regional-state governments (made up of government revenues, external assistance, and loans);

2. The division of the overall amount of revenue available between the federal and regional-state levels on the basis of the expenditure assignments of each level of government;

3. The division of the overall amount of resources available to the regional level among the individual state governments on the basis of the formula that determines the overall budget ceiling for each state;

4. The reduction of the budget ceiling for each individual state by its own projected revenues, which in turn determines the overall amount of the budget subsidy; and,

5. A determination of the amount of the subsidy to each state to come from the federal treasury and the amount to come from foreign assistance and loans.

What is in fact transferred to each state is only that emanating from the federal treasury. In other words, a state’s shares of revenues received through grants from the central government are theoretically supposed to be reduced to take into account the amount of direct donor assistance that flows to each region. However, this does not always happen.

In principle, block grants to states come with no strings attached. 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
<table>
<thead>
<tr>
<th></th>
<th>Tigray</th>
<th>Afar</th>
<th>Amhara</th>
<th>Oromiya</th>
<th>Somali</th>
<th>Ben-Shangui</th>
<th>SNNP</th>
<th>Gambella</th>
<th>Harari</th>
<th>Addis Ababa</th>
<th>Dire Dawa</th>
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<tbody>
<tr>
<td>Share of Total State Revenues</td>
<td>6.98</td>
<td>0.91</td>
<td>12.12</td>
<td>27.51</td>
<td>4.07</td>
<td>0.48</td>
<td>11.02</td>
<td>0.48</td>
<td>0.60</td>
<td>34.16</td>
<td>1.67</td>
</tr>
<tr>
<td>Per Capita Revenue/GDP</td>
<td>0.05</td>
<td>0.02</td>
<td>0.02</td>
<td>0.04</td>
<td>0.06</td>
<td>0.03</td>
<td>0.03</td>
<td>0.08</td>
<td>0.12</td>
<td>0.36</td>
<td>0.21</td>
</tr>
<tr>
<td>1994 Population (millions)</td>
<td>3.14</td>
<td>1.11</td>
<td>13.83</td>
<td>18.73</td>
<td>2.32</td>
<td>0.46</td>
<td>10.38</td>
<td>0.18</td>
<td>0.13</td>
<td>2.11</td>
<td>0.25</td>
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<td>Personal Income Tax</td>
<td>15</td>
<td>26</td>
<td>19</td>
<td>12</td>
<td>11</td>
<td>31</td>
<td>17</td>
<td>47</td>
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<td>78</td>
<td>2</td>
<td>19</td>
<td>2</td>
<td>44</td>
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<td>41</td>
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<tr>
<td>Agricultural Income and Land Fees</td>
<td>10</td>
<td>0</td>
<td>33</td>
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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, as mentioned above, 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. 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.

While there has generally been a policy consensus between states and the federal governments, there have been occasions when intra-regional conflicts have emerged over how to allocate the revenues received from the center. For instance, in the Amhara region there was recently an incident where zonal preferences did not match regional 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 decision-making 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 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 Ababa accounts for an average of 34 per cent of the revenues raised by all states (See Table 7.3.). The state that collects the next largest percentage of revenues is Oromiya (28 per cent), followed by the Amhara Regional State (12 per cent), and the SNNP Regional State (11 per cent). The lowest collections tend to be in Gambella, Benishangul/Gumuz, Harari, and Afar (World Bank 1998, I, 44).

It is interesting to note that of all the tax revenues individual states are able to generate on their own, in Gambella, one of the poorest states, most of the state’s revenue comes from personal income tax paid primarily by government employees. Another interesting statistic is in the category of sales tax on goods, where Tigray and Afar (another extremely poor state) far out-pace other states in terms of the percentage of their revenue collected in this category. This is in large measure due to taxes levied by state governments against public and private enterprises doing business in those regions. The regions of Benishangul/Gumuz and Gambella are barely able to finance ten per cent of their public expenditures on their own.

**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. 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. 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 is significant regional variation in the availability of skilled administrative and technical staff, and this is a major constraint on their autonomous development (Egziabher 1998, 41; Cohen and Peterson 1999, 136-7). This is a natural consequence of attempting to implement a federalist 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. 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. The World Bank recently reported that in most regions basic public services such as drinking water, sanitation, education, public health, and public works are generally unavailable or have only limited availability (World Bank 1999a, 6-7).

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 relative to the amount of public fiscal resources the states are asked to distribute and redistribute. 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 non-capital projects, and new investment projects are given the lowest priority. The poorest regions most often are only able to meet their recurrent needs (World Bank 1999a, 5-6).

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 in 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 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 approve a permit for the rally until a day before it was to happen (US State Department 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 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, particularly given the nascent stage of its regional and sub-regional bureaucracy, is official corruption (Young 1999, 330, 336). In the past, the EPRDF has used *gim gima*, or self-evaluation sessions, to address charges of corruption. As infighting within the ruling group and its constituent parties 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 in part aimed at rooting out corruption and what was termed “narrow nationalism.”

An additional anti-corruption 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 being investigated and tried for corruption. 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 corruption. 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 ethno-regional inequalities, reduce the prospects for political instability, and promote in the long run the consolidation of democracy. At the same time educational reform is arguably one of (if not) the most controversial policies of the regime. In part this is because education policy is so closely allied with language policy, and because Ethiopia’s form of ethnic federalism is not a pure type. No state is comprised exclusively of one ethnic group, and in some cases minority rights are not adequately provided for.
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, which 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 ethno-linguistic 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. Ethiopia’s educational strategy is said by its architects to be aimed in this direction. This includes basic literacy, expanding access, and curricular reform. This is much like the use of the federal structures in Nigeria to correct historical regional educational imbalances in the country (Suberu 2001, 129).

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 was accomplished in part 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 administration across Ethiopia.

The move towards 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 per cent of the Education Sector Development Program (ESDP) was to be implemented by the regions and only 13 per cent by the Ministry of Education (Ethiopia, Ministry of Education 1999a, 12). Interestingly, Nigeria's structure for narrowing significant gaps between the states has included extensive involvement of the federal government in the design and funding of primary education, which stands in contrast to Ethiopia's plan for increasing administrative devolution to the states. Much like in Ethiopia, however, educational reforms in Nigeria have "provoked some of the most emotive debates and struggles" in the federal experiment (Suberu 2001, 129-130).

The Ethiopian Ministry of Education 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 and no fiscal transfers occur lower than the woreda. Since woredas usually have a low taxable 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 has 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 domination 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 upon 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… and [by] opening experience-sharing forums among states and 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 to various levels, including 60 per cent of the overall budget of the Education Sector Development Program (ESDP) to primary education, 11 per cent to secondary education, 11 per cent to tertiary education, 8 per cent other education, 7 per cent administration, and 3 per cent for capacity building and the Ministry of Education (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 and programs were proposed and to some extent implemented for teacher certification, distance learning, and the use of other teaching aides 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 Southern Nations, Nationalities and Peoples’ Region—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 have rarely met expected levels. By 1999 primary school enrollment was still at 30 per cent of all school-age children, less than half the average for the rest of sub-Saharan Africa. Rates in rural areas were as low as 19 per cent and in nomadic and semi-nomadic areas such as Afar as low as 8 per cent (see Figure 7.3). Book shortages, high dropout and repetition rates (only about 50 per cent of those who enroll actually complete primary school), inadequate teacher training (only about 40 per cent of teachers in the secondary schools are qualified), high pupil-to-teacher ratios, and poor curricula continued to create significant barriers to educational reform (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 2000a, 1). The special budgetary formula mentioned in the previous section is one example of how the government has attempted to implement reform in this regard. In its 1999 Annual Report, the MOE reported spending 13.7 per cent of the government budget on education (up from 2.6 per cent in 1992/3). It committed itself to increasing spending on education to 19 per cent of the
national budget. Of the total education budget, the federal government will finance 73 per cent of the programs, with the remaining amounts ostensibly to come from donors and, to a lesser extent, from regional governments (Ethiopia, Ministry of Education 1999a).

However, as Figure 7.4 shows, recurrent expenditures on education, particularly in poorer regions, in the years from 1993 to 1998 remained roughly unchanged. This indicates that the states are either not getting the budget subsidy or are not able to use it effectively to fund various development sectors such as education. The trend in more well-off regions seems to indicate a steady rise in recurrent expenditures for education, with dramatic increases in Oromiya and Southern Region. In general, however, there is no evidence of a narrowing of development gaps among regions, and in some cases, recurrent expenditures on education for the states have actually 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 administration. A March 2001 report notes that the most progress has been made in terms of expanding of enrollments, without requisite improvements in curricula, construction of schools, textbooks, and teacher training (Ethiopia, Ministry of Education 2001b, 4). At the school level, there are insufficient numbers of teachers, and high percentages of these lack necessary qualifications.

[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 the school construction activities... At the region [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 programme expands and the needs for such personnel grows [Ethiopia, Ministry of Education 2001b, 8].
Figure 7.3. Ethiopia: gross educational enrollment rate (GER), grades 1-8 (1996-2000)
Figure 7.4. Ethiopia: recurrent expenditures in education, 1993-1998
There is considerable variation among regional states in terms of the extent to which they are impacted by the lack of financial and human resource capacity. Some regional states have a greater human and financial resource 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 as 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 Regional Bureaus are staffed with members of other ethnic groups, such as Amharas and Oromos working in Gambella (Young 1999, 337).

Young also found that “approximately half of Benishangul/Gumuz’s bureau heads are outsiders” (Young 1999, 338). 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. Just as an example, 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 model program being used for teacher training and their absence was noted to be a consistent feature of many national-level planning meetings.

John 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” (Young 1999, 342). Our research into the two policy sectors of revenue-sharing and education supports this finding, and argues for further study on how variations in human and financial capacity have an impact on power sharing arrangements such as ethnic federalism. Significantly, the discrepancies in power sharing arrangements in terms of fiscal allocations and human capacity are leading to different outcomes in terms of political conflict as well.

There are at least two main types of regional states in Ethiopia in terms of education capacity: (1) those with relatively autonomous REBs, somewhat effective education policies, and
increasing enrollments and other success indicators (such as Tigray, Oromiya, Southern Region, Harar, Addis Ababa, and Dire Dawa); and (2) those with less autonomy in policy-making, less effective policy implementation, and decreasing or unchanged education outcomes (such as Afar, Somali, and to a somewhat lesser extent Amhara). Regions which have unexplained outcomes are those such as Benishangul/Gumuz and Gambella, where enrollment rates are relatively high, perhaps owing to cultural or historical factors, but where there is reason to believe that human and financial capacity are limiting autonomy (Young 1999).

A recent UN Development Program (UNDP) report found that the critical issue is not a lack of authority by relevant actors at the regional and sub-regional level, but a lack of capacity. Government has continued to build decentralized structures and to attempt 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 (RPSABs), to do the job… The distribution of these staff shortages was not uniform, ranging from a shortfall of over 90 per cent in the regions of Benishangul/Gumuz and Harar and under 50 per cent in the Southern Peoples, Afar and Oromiya regions” (Chipande and Enquobahrie 1997, 49). The authors concluded that 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 capacity-building is attributable to the border conflict with Eritrea, which diverted massive amounts of government resources to the military sector between 1998 and 2000.
and caused donors to withhold proposed funding for various reform packages. Rather than achieving the planned levels of government spending on education, spending actually decreased during the 1997-2000 period, from 14.6 per cent to 10.5 per cent in 1999-2000 (Ethiopia, Ministry of Education 2001a, 7). Government reports note that in many cases the government of Ethiopia fulfilled its developmental commitments, but donor funding was much lower than planned. In fact, in the three-year period, “federally managed programmes have spent 21.5 per cent more than planned… whilst the Regional States have spent 28.5 per cent less,” but government analysts attributed this to reductions in federal subsidies to the regions (Ethiopia, Ministry of Education 2001a, 7). Such federal transfers of funds are critical to the success of the regionally-managed (rather than federally-managed) educational programs. It is the regionally-managed programs that represent actual transfers of control to the various regional groups, and the decrease in federal subsidies to allow the implementation of these programs makes their success highly problematic.

**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 multi-ethnic 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, as well as in some cases between the regional government 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 was to support the development and use of nationality languages for all ethnic groups. This was in part due to the fact that language represents a proxy for ethnic identity under ethnic federalism and therefore, linguistic identity has assumed an elevated level of importance.
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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 Imperial 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 1991, 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, 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” (McNab 1990, 70). Despite this effort at multilingual education, however, Amharic remained the dominant language of administration and instruction, and language rights were a central issue for the EPRDF regime to address in 1991.

Use of local languages is a powerful cultural symbol for many citizens of Ethiopia and is believed by some education experts to be both politically expedient and pedagogically preferred. It is understandable that regional state leaders also made language choice a central element of their political and social agenda. Over the last ten years, there has been an increase in the number of regions using nationality languages and language identity itself has been the primary impetus for new regional state creation. This phenomenon is as yet undocumented, but is observable on a near daily basis in Ethiopia. For instance, as recently as April 2001, the Silte people in the multi-ethnic Southern Region held a referendum to separate themselves from the Gurage nationality, primarily on the basis of language. This 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, *Wagagoda*, derived from the four languages of the Wolaitta, Gamo, Gofa, and Dawro
ethnic groups led to their separation into three separate—Wolaitta, Dawro, and Gamo-Gofa—zones. The State Department reports that up to 10 persons were killed, hundreds injured and as many as 1,000 arrested in the protests which surrounded this incident (United States, Department of State 2000, 9, 31). While 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 ethno-linguistic group. Their demands 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).10

The economic costs of the multilingual policy are massive and have contributed to the overall growth rather than the planned reduction in regional disparities, without necessarily lessening political conflict over ethnicity. For instance, the political violence over Wagagoda is still cited today by Ethiopians as illustrative of the level of emotion evoked by language policy. Some smaller ethnic groups in the South in particular 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 ethno-linguistic groups, especially in light of the fact that Amharic is the official language of the state and widely used in multi-ethnic cities like Addis Ababa.

In the case of those that have chosen to use nationality languages, especially in multi-ethnic states, tremendous burden is put on their Zonal Education Office to translate educational materials provided by the Regional Education Bureau 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. Then teachers who have always taught in Amharic must be instructed in these languages in order to teach them to children. Authorities report that site visits often find teachers using Amharic, or
Amharic interspersed with the nationality language, throughout their teaching, despite the written policy. 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. All of these factors affect educational quality, as well as the perceived success of the decentralization and power-sharing arrangement.

Even in the case of considerably larger ethnic groups located in nearly homogenous regional states, such as Tigray and Oromiya, the costs of standardizing use of the nationality language, training teachers, and producing supplementary reading materials in that language have contributed to an overall decrease in educational efficiency. These problems are compounded in such heterogeneous states as Southern Region, Gambella, and Benishangul/Gumuz. The question of linguistic minorities within states is also a source of conflict. The US State Department Human Rights Report of 1999 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 Afar and Somali where almost nothing is known about the effectiveness of the language policy. For 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 around 9 per cent 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 war 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 and at times paralyzing conflicts between dominant ethnic groups and minorities, as well as among ethnic groups, within the new states over language policy has hindered development of state programs.

While 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 language materials development in the more linguistically 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 its preferred pedagogical effectiveness and important 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 at this time.

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 consumes 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 homogenous and since the rights of ethno-linguistic 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, intra-regional communal conflicts could greatly heighten political instability.

Much like the earlier assertion that there would be significant political costs for the Mengistu regime to not pursue multilingual education, 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 overall in Ethiopia, is elevated at lower levels and among groups, 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 sub-national conflict.
and also to be producing significant residual costs. In particular, the last ten years does 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 multi-ethnic polity. A central element in the 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 socio-economic development and the
building of democratic institutions. This chapter has found, however, that decisionmaking at sub-
national levels of governance is constrained by the EPRDF, which does not permit much
delevation from the dictates of the center. 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. While official rhetoric proclaims that ethnic communities are now
empowered and free to exercise their right to self determination, Ethiopia is characterized by
limited autonomous decision making below the regional state level, and a great deal of central
control and orchestration. 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* (Diamond 1997) than anything else.

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 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. In Ethiopia, 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 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 due to 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 sub-regional governments, and growing incidents of official corruption.

In Ethiopia, there have been some improvements in the educational sector, particularly evidenced in a relative expansion of school enrollment rates. However, decentralization of authority in the education sector has been, as is the case with fiscal policy, hampered by regional capacity variations, both in terms of human and financial capital, which has proven to be a significant barrier to broad-based improvement in educational outcomes in Ethiopia. A decade of ethnic federalism has had limited impact in key areas of educational quality or access. While providing a significant source of cultural empowerment for ethno-linguistic 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. This has particularly been the case in multi-ethnic states.
In general, ethnic federalism in Ethiopia has proven to be more of an aspiration than a reality. In large measure this is due to the fact that the policy was poorly planned, and administrative, technical, and financial capacities needed for effective implementation are severely lacking. Although this policy in the short run has allowed the federal government to divert local pressures from itself to regional and sub-regional governments, in the long term the benefits of this strategy would seem to be limited. For instance, in the past year the Ethiopian federal government has witnessed growing sub-national discontents over its alleged policy bias toward Tigray Regional State. So long as the federal state is not able to present 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 create an enabling environment for democracy.
Notes to Chapter Seven

1. In terms of population, Ethiopia is the second largest country in Africa, with a population of almost 60 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 per cent), followed by the Amhara (30 per cent). See Government of 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. Three of the nine regional states (Gambella, Benishangul/Gumuz, and the Southern Nations, Nationalities and Peoples’ Region) are comprised of several different ethnic groups. Young 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 to compromise. This has been less the case in ethnically homogeneous states and in large urban areas (see Young 1999).

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 historic 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.”
4One US dollar is equivalent to 8.2 Birr.

5Nigeria 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 towards 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.

8It 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).

9A 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).

10The official definition of some of these terms such as “special woreda” is unclear. These appear to be administrative units for ethnic groups which 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 5 special woredas in Southern Region and 1 in Amhara Region.