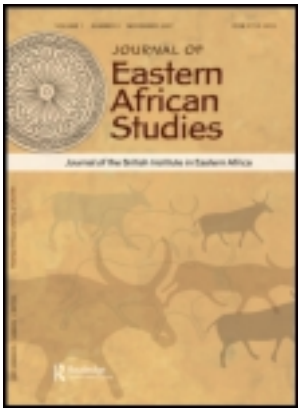
This article was downloaded by: [University of California, Berkeley]
On: 24 February 2012, At: 10:05
Publisher: Routledge
Informa Ltd Registered in England and Wales Registered Number: 1072954 Registered office: Mortimer House, 37-41 Mortimer Street, London W1T 3JH, UK



Journal of Eastern African Studies
Publication details, including instructions for authors and subscription information:
http://www.tandfonline.com/loi/rjea20

Aid negotiation: the uneasy "partnership" between EPRDF and the donors

Dereje Feyissa [a]

[a] Alexander von Humboldt Research Fellow, Universität Bayreuth, Fakultät für Kultur Wissenschaften, D-95440, Bayreuth, Germany

Available online: 22 Feb 2012

To cite this article: Dereje Feyissa (2011): Aid negotiation: the uneasy "partnership" between EPRDF and the donors, Journal of Eastern African Studies, 5:4, 788-817

To link to this article: http://dx.doi.org/10.1080/17531055.2011.642541

PLEASE SCROLL DOWN FOR ARTICLE

Full terms and conditions of use: http://www.tandfonline.com/page/terms-and-conditions

This article may be used for research, teaching, and private study purposes. Any substantial or systematic reproduction, redistribution, reselling, loan, sub-licensing, systematic supply, or distribution in any form to anyone is expressly forbidden.

The publisher does not give any warranty express or implied or make any representation that the contents will be complete or accurate or up to date. The accuracy of any instructions, formulae, and drug doses should be independently verified with primary sources. The publisher shall not be liable for any loss, actions, claims, proceedings, demand, or costs or damages whatsoever or howsoever caused arising directly or indirectly in connection with or arising out of the use of this material.

Journal of Eastern African Studies
Vol. 5, No. 4, November 2011, 788–817

Routledge
Taylor & Francis Group

Aid negotiation: the uneasy "partnership" between EPRDF and the donors

Dereje Feyissa*

Alexander von Humboldt Research Fellow, Universität Bayreuth, Fakultät für Kultur Wissenschaften, D-95440, Bayreuth, Germany

(*Received 15 June 2010; final version received 23 August 2011*)

Ethiopia has become a major recipient of international development aid since the coming to power of the Ethiopian People's Revolutionary Democratic Front (EPRDF). This is despite ideological differences between EPRDF and its donors. EPRDF champions the developmental state model that assigns to the state a key role in the development process within a dominant party political framework. Donors broadly fall within the liberalism continuum with the private sector as the driving force and the assumption of a democratic-pluralist politics. The paper examines the making of a robust aid relationship across this ideological boundary and the underlying tensions. It also analyses the "significant others" that have influenced the tone of the conversation between EPRDF and donors. The paper refers to the literature that considers aid relationship as a negotiation rather than the normative and politically loaded term "partnership".

Keywords: EPRDF; development; aid; the Ethiopian state; neoliberalism

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

Post-1991 Ethiopia has been one of the largest recipients of international development aid from Western countries and a wide array of other donors. In the last two decades the EPRDF government has received some USD 26 billion in development aid from donors, notably the US Agency for International Development (USAID), the World Bank, the International Monetary Fund (IMF), the European Union, Britain's Department for International Development (DFID), GTZ (Germany), CIDA (Canada), Japan, the Netherlands and Italy.[1] In recent years Ethiopia received approximately USD 3 billion in funds annually – more than a third of its annual budget. This makes Ethiopia "the world's second largest recipients of total external assistance after Indonesia and excluding wartime Iraq and Afghanistan".[2] Although international development aid has precursors during the imperial and the *Derg* period it has exponentially risen since 1991. Donors' increasing involvement in Ethiopia also has an organizational expression – the Development Assistance Group (DAG). Established in 2001 as a forum for donors to share information, the main objective of the DAG has become ensuring more effective aid delivery and utilization of development assistance to Ethiopia.[3] Since 2005 the DAG has served as a platform for donors to coordinate positions in the "policy dialogue" with the EPRDF. Today, the DAG comprises 26 bilateral and multilateral development agencies.

*Email: derejefdori2011@googlemail.com

ISSN 1753-1055 print/ISSN 1753-1063 online
© 2011 Taylor & Francis
http://dx.doi.org/10.1080/17531055.2011.642541
http://www.tandfonline.com

Despite steadily growing international development aid to Ethiopia the aid relationship between the donors and the EPRDF-led government has been fraught with tension that occasionally erupted into open confrontation. Although it has officially "disowned" socialism, EPRDF still vigorously champions the Marxist-Leninist inspired ideology of "revolutionary democracy",[4] with a Leviathan state presiding over the development process. The donors, albeit with some differences in nuances and strategies, fall within a liberal continuum with the private sector seen as the driving force of economic development and the assumption of a democratic-pluralist politics. Notwithstanding this contradiction Ethiopia under the EPRDF has received steadily growing amounts of international development aid. Unlike many African countries in which donor conditionality has significantly shaped development policies, "none of them have had much impact in terms of influencing Ethiopian policies".[5]

This paper analyses this apparent puzzle from a political economy perspective that goes beyond the rhetoric of development "partnership".[6] In their comparative study on aid politics in eight African countries including Ethiopia Whitfield and Fraser critique the notion of "partnership" in describing donor–recipient relations and instead propose to understand development aid as negotiation:

> We prefer to conceptualise relations between "donors" and "recipients" of foreign aid as a negotiation for two reasons. First, aid-giving countries have more than simply altruistic motivations [. . .] donors give aid for many purposes: diplomatic; commercial; humanitarian relief, and cultural (promoting language and values). Second, aid receiving countries are not passive recipients. Despite dependence, African governments almost always have a degree of choice over whether or not to accept aid from a particular source at a particular time.[7]

Whitfield and Fraser call the leverage recipient countries have in the aid relationship negotiating capital. How much a recipient country manages to build a negotiating capital in turn depends on the capacity of the political leadership to make use of enabling socio-economic and political structures. Drawing on Whitfield and Fraser's concept of negotiating capital this paper examines EPRDF's negotiating strategies with donors under changing political, economic and ideological contexts that have affected Ethiopia since 1991. Whitfield and Fraser have, however, a one-sided accent on sovereignty, expressed in the form of African governments' policy space vis-à-vis donors, excluding other dimensions, particularly how governments seek to shield themselves in the language of sovereignty from the observational gaze of global civil society. More critically, governments of recipient countries define the terms of the debate as an "existential threat" that deflects domestic accountability.

The paper is organized in four sections. Section one analyses the underlying factors that have informed negotiating strategies between the EPRDF and the donors and how their overlapping interests have led to an exponential rise of development aid to Ethiopia. The favourable conditions that have contributed to the enhancement of international development aid to post-1991 Ethiopia are the initial strategic ideological softening of the EPRDF; the emergence of a new shared ideology ("poverty reduction"), and geo-political interests (anti-terrorism in the Horn of Africa). Section two examines the major contentious issues that constitute the fragility of the aid relationship, i.e. EPRDF's ideological assertiveness; differences in setting development priorities; differences in assessing governance issues, and the restriction of civil society. Section three probes into the collision course the EPRDF

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

has recently taken towards its donors in reference to three sets of important actors in the aid relationship and their respective political projects, i.e., the ideological resonance between opposition parties and the donors; the steadily growing criticism of the EPRDF by international human rights groups, and the ambivalent position the donors have taken with regard to the nexus between economic development and political freedom; and the emergence of new global players on the Ethiopian economic scene, particularly China, in influencing EPRDF's conversation with Western donors. The final part concludes with a reflection on recurrent patterns of the EPRDF–donors relationship and, polemics aside, poses the question whether what we observe in Ethiopia is also partly an enactment of a global debate on sequencing development – economic development before political freedom, or vice versa.

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

The making of the "partnership" between EPRDF and the donors

Development aid to Ethiopia started immediately after the seizure of state power by the EPRDF in 1991 when the World Bank first approved a large "Emergency Recovery and Reconstruction Programme" (ERRP). The ERRP lasted until 1993 when it gradually lent itself into a Structural Adjustment Programme (SAP). In 1992 Ethiopia received a total of 1.2 billion USD in development assistance.[8] EPRDF had further concluded policy framework papers with the IMF and the World Bank known as the Structural Adjustment Facility (SAF) in September 1992. These agreements enabled Ethiopia to participate in the joint support programme of the World Bank and the IMF known as the Special Programme of Assistance to Africa. The programme's long-term objective was to facilitate the transition of the country from central planning to a market economy. Its immediate goals were to restore economic growth to an economy battered by a combination of civil war, draughts and mismanagement by the previous regime, and to contain imbalances in the public and external sectors.[9] The reform programme comprised a broad spectrum of macroeconomic and stabilization measures. Structural reforms all aimed at reducing internal and external imbalances, reducing economic rigidities and distortions, and improving the efficiency of resource use while creating an enabling environment for the development of the private sector. These included devaluation and freeing the exchange rate, tariff and tax cuts, removal of marketing restrictions and price controls, and privatization of state enterprises.[10] In mid-1996, the Ethiopian government adopted a medium-term adjustment programme for the period 1996/97–1998/99, which was supported by a three-year arrangement under the IMF's Enhanced Structural Adjustment Facility (ESAF), by the World Bank in the form of new sector investment loans, and by other multilateral and bilateral donors.[11]

Ethiopia implemented a third generation donor development programme – the Poverty Reduction Strategy Programme – known in Ethiopia as the Sustainable Development and Poverty Reduction Programme (SDPRP) (2001–2005) and the Plan for Accelerated Development to End Poverty (PASDEP) (2006–2010). As part of PASDEP donors launched joint mega development projects such as the Public Sector Capacity Building (PSCAP), the Productive Safety Net Programme (PSNP) and the Protection of Basic Services (PBS). Launched in 2004 and worth 483 million USD, PSCAP was intended "to improve the scale, efficiency and responsiveness of public service delivery at the federal, regional and local level, to empower citizens to participate more effectively in shaping their own development, and to promote good governance and accountability in its public sector".[12] The PSNP, launched in

2005, aimed "to provide, with an annual spending of about 350 million USD, predictable transfers of food or cash to food insecure households through a public works program, or direct transfers to those who cannot work".[13] Conceived in 2006, the PBS is "one of the largest and most complex development programmes in the world".[14] It transfers about one billion USD in a block grant to the federal government, which then disperses it to regional and district governments. The Ethiopian government covers 64% of the PBS, i.e., every *wereda* in Ethiopia gets 36% of its budget from the donors in the area of education, health, water, agricultural extension and roads. Development aid is likely to increase in the immediate future despite the marginal role donors have played in the design of the Growth and Transformation Plan (GTP) (2011–2015). Donors regard the GTP as ambitious and have raised questions related to market signals, risk of overheating, financing gap, social welfare, private sector involvement, aid effectiveness and transaction. Yet they have pledged to scale up financial assistance during the period under question. In the following sections the factors, which have contributed to the evolution of EPRDF as a "donor's darling" are presented and discussed.

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

(i) EPRDF's initial strategic ideological softening (1991 to c. 2000)

Long committed to a rigid variety of socialism in its armed insurgency (1975–1991), the TPLF/EPRDF recognized the days of socialism were numbered by the end of the 1980s and sought to reinvent its political outfit in a rapidly changing world.[15] Subsequently, EPRDF actively sought legitimacy in the eyes of the Western world, seemingly the winner of the Cold War, by generously adopting a rather classic liberal democratic constitution; first in the 1991 Transitional Charter and then in the 1995 Constitution. Regime insecurity in the early years of the 1990s in the context of national credibility gaps because of the way EPRDF handled the Eritrean question and formidable challenges from the ethno-national liberation movements might have made EPRDF more amenable to donors' conditionality throughout the 1990s. The lack of a coherent alternative ideology was also a factor for EPRDF to embrace reforms proposed by donors. On its own admission, it was only after the 2001 TPLF split that EPRDF articulated the developmental state as an alternative model of economic development as part of the wider framework of revolutionary democracy.[16]

EPRDF's liberal gestures were at the time welcomed by the West. Unlike other rebel groups the TPLF/EPRDF was essentially a self-made organization that built its military capabilities through an effective grassroots base and capture of massive quantities of arms from the heavily militarized *Derg* army.[17] It was only when EPRDF was ever close to toppling the *Derg* that Western countries forged links so that it could shape the political process in post-*Derg* Ethiopia. The US was keen to regain political leverage in Ethiopia, which it had lost since the 1974 revolution and the *Derg*'s hostility towards the West. Consequently, the US played a key role in the negotiations on regime change at the London conference in May 1991, after a political pact was made by the three major armed groups, the EPRDF, the Eritrean People's Liberation Front (EPLF) and the Oromo Liberation Front (OLF).

EPRDF's instrumental relationship with the West translated into an influx of development aid at a scale hitherto unknown. The donor supported economic resources and army demobilization projects were very important in creating a semblance of political stability for EPRDF's new administration. In return, EPRDF grudgingly carried out the SAP prescribed by international financial institutions and

bilateral donors.[18] Economic reforms such as the devaluation of the Ethiopian birr, privatization of public enterprises, liberalization of trade and the emergence of the private sector made Western donors confident that after all EPRDF's changes would be for real, despite some differences on major policy issues such as the retention of state ownership of land. Later on, donors declared the SAP as a success story.[19] The modest trend towards multi-party democracy, manifest in the mushrooming of opposition parties and more press freedom, further cemented EPRDF's relationship with the West. In this regard the EPRDF benefited from the Western referential system that made everything appear rosy in comparison with the politically repressive and economically stagnant *Derg* regime. EPRDF also benefited from governing a country surrounded by what Western countries perceived as "bad" neighbours, e.g. Sudan, Somalia and, increasingly, Eritrea. So much so that EPRDF chairman and the country's Prime Minister Meles Zenawi was hailed by the West as an illustrative example of the "new breed of African leaders",[20] capable of presiding over Ethiopia's transition to democracy.[21] The aid relationship between EPRDF and the donors throughout the 1990s appears to have been largely negotiated on the donors' term. Yet EPRDF had managed to contain donors' pressure on the privatization of land and liberalization of the financial sector.

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

(ii) The emergence of shared ideologies (ca. 2000 to 2010)

The nature of the aid relationship between EPRDF and donors changed after 2000, when a new shared set of beliefs concerning development in Ethiopia emerged. This was preceded by the painful realization by the Bretton Woods institutions that in many instances the SAPs had not achieved their goals, but instead contributed to developing countries' marginal position in the global economy.[22] In its place a second generation of development plans known as the Poverty Reduction Strategy Programmes (PRSP) was promoted by donors. As Zack-Williams and Mohan noted "the essence of PRSP is to give African governments a say in the choice of policies and a move away from what has been described as the one-size-fits-all approach of SAPs".[23] The PRSP primarily aimed at meeting the Millennium Development Goals (MDGs) set by the UN Millennium Summit in 2000 to eradicate poverty worldwide by 2015. Striving to achieve the MDGs has entailed a number of changes in the aid relationship between recipient governments and donors. Above all it has meant "country ownership" of development programmes and a new obligation for donors to work within "government systems".[24] In that sense PRSP and the MDGs are qualitatively different from the top-down, donor-led SAPs. In reality, however, donors still wield substantial power in influencing development programmes in recipient countries while the language of partnership is used both by the donors and the recipients as a legitimizing discourse to maintain the flow of aid.[25] In this sense country ownership of programmes is not something that emanates from the PRSP but rather depends on the bargaining power recipient countries having vis-à-vis the donors. Another important dimension of the PRSP discourse was the performance indicator for developing countries. In the PRSP development paradigm governments are classified as either "good" or "bad" in reference to whether they are doing well or not in poverty reduction. A government that spends a significant amount of its budget and of development aid in the poverty sector thus has higher chances of receiving more aid. According to the IMF and World Bank Highly Indebted Poor Countries (HIPC) Ethiopia has one of the most pro-poor budgets in Africa.

This earned the EPRDF high points on the donors' new development scorecard. As CIDA noted, "with its improving financial management, relatively low level corruption and impressive progress towards the MDGs there is a general consensus that Ethiopia is a country of considerable potential and contributes to stability in the region plagued by conflict and deepening poverty".[26] The donors' perspective is vividly explained by the head of DFID-Ethiopia:

> The whole process of allotting development assistance is focused on two parameters. The first one is the output of assistance and the second in the value of every pound spent in these countries. It is all about the efficiency and effectiveness of the assistance. We have looked across the world with regard to a range of issues like health, education, water, sanitation and so on to figure out how UK's taxpayers' money should be spent in the most effective and efficient manner. When we looked at Ethiopia, a country with a large yet poor population, we noted that there is a good experience in the expansion of basic services in the past five to ten years. Though the quality of some of these services is still in question, which we will be helping to improve, our quantitative analysis has shown that for every pound that we spent we can buy better results. Hence it is good value for our money.[27]

The EPRDF regime has received similar generous compliments from other donors for achieving steady economic growth and for its good prospect in meeting the MDGs. According to a recent report released by the DAG, "Ethiopia has made impressive development progress in recent years. Since 2000, Ethiopia has recorded fastest improvement in human development in the world. Economic growth has accelerated on a sustained basis from around 2003, despite the global economic crises."[28] Such signs of recognition have been effectively used by the EPRDF in its search for a new basis of political legitimacy, i.e., what one could call developmentalism. According to EPRDF annual growth rate has been in double digits and a GDP per capita of 404 USD as of 2009. GDP figures are seriously disputed by opposition parties and many scholars consider the government figures are inflated.[29] Although donors also show some reservation they accept, by and large, government figures, or argue that a "true" figure is difficult to collect in all countries anyway. Their emphasis is on Ethiopia's "impressive growth" as Howard Taylor noted: "Many people dispute the official figures about the economic growth but it is similar in other countries as well. Official figures could be disputed. However, it is indisputable that tremendous growth has taken place in the Ethiopian economy".[30]

(iii) Shared geopolitical interests (2001 to today)

A third factor in consolidating and scaling up international development assistance to Ethiopia relates to western geopolitical interests in the Horn of Africa in general and in Ethiopia in particular. The end of the Cold War appeared to have minimized the strategic significance the Horn of Africa once had. The region has regained this strategic significance with the replacement of communists by Islamic fundamentalists as the new ideological enemies and existential threats to western countries. In fact the Global War on Terror (GWOT) started in the Horn of Africa earlier than in the rest of the world. It began with the rise of political Islam in the Sudan, a country which hosted al-Qaeda and Bin Laden from 1991–1996.[31] From its base in the Sudan al-Qaeda struck against US establishments in the region, such as the bombings of the US embassies in Nairobi and Dar es Salam in 1998, and poised to export political

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

Islam in the neighbouring countries. The US took two measures to contain political Islam in the Horn in the 1990s. First, it launched a cruise missile attack on a factory inside Sudan that was suspected of producing chemicals that could be used in terror attacks. Politically, the US established what it called the Frontline States in its policy of encircling the Sudan. Ethiopia was one of these frontline states in the US' security architecture in the Horn in the 1990s.[32]

The attacks of 11 September 2001 and the GWOT that followed further enhanced the strategic significance of the Horn. Closely situated near the volatile Middle East, and neighbouring Somalia where political Islam's centre of gravity has shifted to in the 2000s, Ethiopia is now defined as an "anchor state" and a strategic ally to the west.[33] Although the discourse about Islamic terrorism in Ethiopia already began in the mid-1990s in reference to the *Al-Ittihad* Islamic insurgency in Ethiopia's Somali regional state, it is largely a post 9/11 phenomenon. Enthusiastically joining President Bush's "coalition of the willing", EPRDF positioned itself to gain a new strategic importance in the global order as conceived by the US. Responding to the new security challenges the US established counter-terrorism programmes in East Africa. The Djibouti-based Combined Joint Task Force – Horn of Africa (CJTF-HoA) is part of US Africa Command in the GWOT.[34] Adapting to and making itself relevant to such a global discourse, the EPRDF has managed to extract tremendous economic resources as well as much needed political recognition from the West at a time when human rights organizations criticized Ethiopia's poor human rights record and the repression of the opposition since the contested May 2005 elections.[35]

The aid relationship between the EPRDF and the donors was greatly shaped by the GWOT, in as much as it has resulted in the securitization of development aid by western governments.[36] In the field of development the discourse of "global war on terror" has highlighted the strategic relevance of aid for the pursuit of global and national security interests. Securitization of development is "the conscious injection of security concepts as part of the broader policy package dealing with the perceived security risks inherent in underdevelopment".[37] Ethiopia has played a key role in the US government's GWOT after 2001. Militarily, the West counts on the Ethiopian army, which is among the largest and most effective in Africa to defend western interests when the need arises. EPRDF also closely cooperates with the US in intelligence gathering on Al-Qaeda cells and other radical organizations in the region. Ethiopia is also one of the US' "black sites", using the country as a base to secretly interrogate undeclared prisoners of GWOT.[38] Ethiopia's large Muslim population – 34% according to the 2007 census – and the western fear of its potential radicalization appears to be another factor that has augmented EPRDF's bargaining power.[39] For the US "Ethiopia's approximately 30 million Muslims tie it with Morocco for the eleventh most populous Muslim nation in the world and that means Ethiopia has more Muslims than Saudi Arabia, Sudan, Iraq, or Afghanistan".[40] The US's perception of the link between poverty, "failed states" and religious radicalization in the discourse of terrorism has also contributed to the scaling up of development aid by the donors to poor, thus "vulnerable countries"[41] such as Ethiopia. This is expressed, for instance, in the addition of "state building" components in most donors' programmes in Ethiopia.

Ethiopia's role as an anchor state in a "turbulent" region and the enhancement of development aid are thus clearly interlocked. The United States is the largest donor to Ethiopia. In 2009, for instance, US aid accounted for 30% of Ethiopia's total aid.[42] Caught in what is perceived to be an existential conflict the West appears to be

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

once again in search of a reliable and effective ally in the Horn of Africa, a historical parallel that echoes the search for the Prester John of the medieval period.[43]

The contentious issues

Despite growing international development aid to Ethiopia and the donors' lavish statements of recognition of the country's "remarkable" economic growth and state effectiveness, the aid relationship between EPRDF and donors is fragile. Underneath the burgeoning aid relationship ideological skirmishes and occasional open confrontations have taken place. The 1997 conflict between EPRDF and IMF on issues related to the balance of payment, the peace conditionality the donors have put on Ethiopia during the 1998–2000 war with Eritrea, the political conditionality of the donors in the aftermath of the 2005 post-election violence, the diplomatic conflict with Norway in 2007, and the refusal of the World Bank and other western donors to fund the Gilgel Ghibe III hydroelectric dam project indicate that all is not well in EPRDF–donors relations. The latest row between the World Bank/IMF and the EPRDF government on the sustainability of the GTP reveals this latent tension.[44] As the World Bank's Ethiopia country director noted, he does not see "how EPRDF can sustain such an aggressive investment plan without getting into serious problem".[45] In a parliamentary discussion on current economic affairs in July 2011, Prime Minister Meles Zenawi severely criticized the Bretton Woods institutions stating that "the country's economic performance is being called into question by the two groups because Ethiopia refuses to let outsiders dictate to them what economic policies should be put in place".[46] Underneath the rhetoric we find many contentious issues that reflect as much ideological differences as the EPRDF's implementation modalities of own development programmes. In the following these major contentious issues are outlined and discussed.

(i) Competing models of economic development?

Differences appear between EPRDF and donors on the concept of development and the mechanism through which economic development occurs. EPRDF calls its approach to development "the developmental state" based on revolutionary democracy, and it has identified donors' development model as "neoliberalism" based on the conviction that individuals, and the free market they create, are the agents of economic transformation. EPRDF's ideology sees a fundamental difference and opposition between the developmental state and neoliberalism. Neoliberalism is rather part of the wider liberal tradition which includes liberal democracy and greater freedom to society to which EPRDF is constitutionally committed. It specifically "describes a market-driven approach to economic and social policy based on neoclassical theories of economics that stresses the efficiency of private enterprise, liberalized trade and relatively open markets, and therefore seeks to maximize the role of the private sector in determining the political and economic priorities of the state".[47] The failure of SAP and the top-down prescription of development plans in the 1980s have induced an internal debate within the donors' community. The reflexive moment that followed the internal debate has contributed to the emergence of a more participatory development approach, at least among the bilateral donors and non-governmental organisations (NGOs). EPRDF on the other hand categorically puts all donors into one box and still refers to the stronger version of

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

neoliberalism that was adopted by the multilateral agencies such as the World Bank and IMF in the 1980s and 1990s. Short-handedly called the "Washington Consensus", this form of neoliberalism include a list of policy proposals by the international financial institutions such as fiscal policy, reduction of public spending, tax reform, interest rates, floating foreign exchanges, trade liberalization, privatization of state enterprises, deregulation, and legal security of the property rights.[48]

EPRDF's understanding of neoliberalism is shaped by Joseph Stieglitz, a former chief economist at the World Bank and mentor of Prime Minister Meles Zenawi who turned into a major critic of the World Bank's neoliberal policies after his tenure. Stieglitz defines neoliberalism as "grab-bag of ideas based on the fundamentalist notion that markets are self-correcting, allocate resources efficiently, and serve the public interest well. It was this market fundamentalism that underlay Thatcherism, Reaganomics, and the so-called 'Washington Consensus' in favour of privatization, liberalization, and independent central banks focusing single-mindedly on inflation."[49] On its own admission EPRDF lacked ideological coherence and clarity throughout the 1990s:

> While I cannot say that we had an alternative to the neo-liberal reforms that the IMF and World Bank wanted us to introduce, we have never been comfortable with it from the very beginning. Our initial reaction was in effect to conduct a rear-guard battle of delaying and preventing the introduction of reforms that would reduce the state to the proverbial night watchman without presenting an adequately articulated alternative. [. . .] By the late 90s, our thinking as a ruling party was evolving in the direction of elaborating an alternative development paradigm that we have called democratic developmentalism. This was a rather slow and painful process. Painful because the full articulation of the paradigm with all its policy implications was one of the key causes of the most serious split in the history of the ruling party that took place in 2000–2001.[50]

Although cues to EPRDF's conception of development can be found in various policy documents two texts are key in understanding its cognitive framework. The first is a booklet entitled *Revolutionary Democracy: Development Routes and Strategies*. This 239 pages long booklet was published by EPRDF's party organ Abiyotawi Democracy. It has been widely circulated and discussed among EPRDF cadres, the political leadership of the regional states and the civil servants in order to enhance ideological clarity. The second text is an extract from a forthcoming book by Meles Zenawi entitled *African Development: Dead Ends and New Beginnings*. Presented during a development forum organized by Initiative for Policy Dialogue (IPD) at Columbia University in 2006, *Dead Ends and New Beginnings* was first posted on a website, which is maintained by the IPD, the Graduate School of Business, Columbia University. The Prime Minister also presented the gist of *Dead Ends and New Beginnings* to a panel convened by the Ethiopian Economic Association and the Ethiopian Development Research Institute in 2008 where donors were also invited.

As evident from these papers, the main thrust of EPRDF's development policy is a non-liberal, state-driven path to capitalist development. According to the revolutionary democratic conception of development this is the strategy pursued by countries where the market is not well developed and/or where there are chronic market failures, and where liberalism and self-interest can't bring about a "broad-based" and sustainable development. According to this viewpoint under such circumstances the state should take the leading and supervisory role in the economy.

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

This dominant economic role of the state continues until the private sector becomes "ready" and "responsible enough" to assume a leading role. Otherwise, the application of neoliberal economic policies in the developing countries could serve only the interests of rent-seeking individuals who are devoid of any sense of social justice. Whereas individuals presided over the liberal path to development in the Western countries (the trickle-down effect), so goes EPRDF's argument, it is only a strong state imbued with a sense of mission that can midwife the transformation to capitalist development in developing countries by mobilizing the relatively more available resources, such as land and labour in the case of Ethiopia. This conceptual opposition between "neoliberalism" and "revolutionary democracy" is thoroughly summarized in *Revolutionary Democracy: Development Routes and Strategies* as follows:

> The starting point for a liberal economic vision is that the state should not interfere in all sectors which are profitable. It espouses the idea of limiting the role of the state in the economy and assuming a neutral position in the economy. On the contrary revolutionary democracy advocates for a stronger role of the state in all sectors of the economy where it could ensure a better and accelerated development. The limit should only be the state's financial and managing capacity. Contesting the liberal notion of state neutrality, revolutionary democracy promotes the idea of an activist state that is openly allied with developmental forces. The liberal notion of a limited government and a neutral state works well in the developed countries with lower incidence of market failures. But in countries where the market is not efficient liberalism can only serve the interests of self-aggrandizing individuals with a rent-seeking behaviour.[51]

In *Dead Ends and New Beginnings* Meles Zenawi has further articulated EPRDF's development policy as focused on a developmental state and formulated in conceptual opposition to neoliberalism. Accordingly, market failures are deep and pervasive in developing countries and market mechanisms alone cannot bring about accelerated development. He further notes that market failures are particularly chronic in the technological and agricultural sector, where a strong and activist state is needed. Neoliberalism certainly espouses a limited role of the state in organizing the economy and favours a private sector-led economic development. But at times EPRDF's position reflects not only an economic conviction but also a rhetorical position in the spirit of a straw-man's argument, as if neoliberalism only assigns a watch-man role to the state. Neoliberalism does not prescribe a mere "watch-man" role for the state in the economy, as revolutionary democracy emphatically puts it, but instead credits it with an essential supportive role, not least in minimizing transaction costs through the legal enforcement of contracts.[52]

Aware of the political anachronism of socialism, EPRDF legitimates its search for alternative and popular development with reference to the growing scepticism within donors who have pursued market-based policies in the last two decades. It is not a mere coincidence that the Prime Minister's intellectual mentor is none other than Joseph Stieglitz. Stieglitz has made several visits to Ethiopia and has applauded Ethiopia's economic growth, which in effect endorses EPRDF's *modus operandi* when it comes to economic development:

> It has been impressive to see Ethiopia's growth being sustained for the last four years by some ten per cent. Most of the rest of the East African Countries and other developing nations have also been doing well. What is striking about Ethiopia's growth seemed the source of it. Some of the growth these developing countries registered over the last

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

> several years is a result of increase in commodity prices [. . .]. The success in Ethiopia is clearly far more than that. It has got to do with an increase in production output, diversification, and going into new areas. More notably, Ethiopia has one of the most egalitarian distributions of income in the world. There are a number of ways and means that Ethiopia and other African countries could do in order to help keep up their growth. One important aspect is an effective role of the state in the developmental processes of African countries.[53]

EPRDF officials have introduced Stieglitz, the founder of the Initiative for Policy Dialogue (IPD), to the Ethiopian public in the run up to the 2010 election as a "friend of the organization". They draw on his anti-neoliberal corpus in defending the alternative developmental state that they pursue:

> What we have faced, on economic and political scores, has been lack of tolerance to diversity, to policy-space experimentation and to independent thinking. Unjustified conditionality abounded, both for economic and political reasons, either because of objectives growing out of *market fundamentalism* or because we dared to defend ourselves against unjustified aggression. Ethiopia's first real attempt at economic development coincided with the period when market orthodoxy made the role of the state anathema. (emphasis mine)[54]

EPRDF also takes comfort from and feels vindicated by the current financial crisis in developed countries seen as evidence of the ultimate "vice" of the neoliberal vision of the world. In the words of the Prime Minister: "We know that the neo-liberal paradigm imposed on the continent had not delivered the goods. It could not bring about economic transformation even when the going was good. It would be madness to expect it to deliver the goods when the going is likely to be very bad indeed."[55]

Donors do not have a uniform position on EPRDF's development policy. Differences range from a neoliberal critique of the developmental state, to criticism of the way EPRDF is implementing the developmental state model. Some donors reject the viability of state-led development and put their faith in private sector-led development. As a result they have put demands on the EPRDF to liberalize sectors of the economy where the state still exercises monopoly, i.e., land, the financial sector (banking), telecommunication and the energy sectors. EPRDF has spoken in no uncertain terms against liberalization of these sectors of the economy even in the 1990s when it had a weaker political agency vis-à-vis the donors. According to EPRDF these sectors are not negotiable for reform, considering them as *yefenji wereda* ("mined zones"). State ownership of land, for instance, is justified by the EPRDF as a mechanism of social protection of the farming majority and held to ensure a "broad-based" development through a fair redistribution of national wealth.[56] EPRDF also refers to "empirical evidence" to justify its position, e.g. that there is no country other than the UK, which has developed through neoliberalism and claims that those who gave in to the "neoliberal pressure" have only brought misery to their people, especially to the poor.

Emboldened by the current global economic crisis and confident of the viability of the developmental state, EPRDF has triumphantly pronounced that the "Washington consensus" is over in the sense of the "end of neoliberalism". Donors of a strong neoliberal persuasion, such as the IMF and the World Bank, contest EPRDF's definition of the neoliberal situation; that what is dead is not the consensus per se but "Washington", the metaphor for the top-down, donors-led development programmes. Santa Devarajan, the chief economist of the World Bank's Africa

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

Region, still defends structural adjustment arguing that "policies followed by the better-performing African countries over the last fifteen years were quite similar to those of the Washington consensus, but the difference was that these policies emerged from a domestic political consensus rather than being imposed from abroad".[57]

Most of the donors, however, have come to terms with EPRDF's model of development and appreciate the steady economic growth it has generated. Towards that end they make only confidential criticism of EPRDF's developmental state in a technocratic, non-political manner. In a developmental state model, whether in the case of the "Asian Tigers" or currently applied in China, the state plays the key role in guiding and supervising the economic process. But in reality it also allows and enables the emergence of a vibrant private sector.[58] Competitiveness within government institutions that are involved in the economy and within the private sector was a key factor in the economic transformation of all successful developmental states.[59] From the donors' perspective, there appears to be a "translation error" in the definition of the role of the private sector within the developmental state model as applied by the EPRDF in the Ethiopian context. Or else there is a deliberate twist or slippage, despite EPRDF's official narrative of the constructive role the private sector could play that is inscribed in its policy texts. In the successful developmental state countries the role of the state in the economy was limited to sectors where it has a comparative advantage in mobilizing resources. As experience shows the influence of the EPRDF government is felt everywhere even where it is least needed, such as the provision of agricultural input to the farmers. EPRDF argues that private sector development should be phased, and given the infancy of the private sector the government is bound to play a major role. It also argues that the state does not crowd out the private sector but rather helps it grow in line with comparative advantages. Multilateral agencies such as the World Bank have stated that EPRDF's private sector development strategy has to be supported by concrete actions, which are lacking at the moment. Such actions would include the establishment of market-oriented institutions, financial sector reform, and a sectoral growth strategy building on the experience of self-discovery, such as that of the flower exporting sector and the strengthening of economic governance.[60]

More contentious is the dubious role the party-affiliated business organizations play in Ethiopia's economic transformation.[61] EPRDF calls them foundations or endowments. According to EPRDF, the seed capital of these endowments originates from capital the party had accumulated during the armed struggle. The continued existence of these parastatals is justified by pointing out that they fill economic gaps, which neither the state nor the private sector covers.[62] By EPRDF's own acknowledgement, these parastatals have not yet become profitable, despite or because of the unavoidable preferential treatment they have received from the government. This preferential treatment of the parastatals undermines EPRDF's own major contention with neoliberalism and its critique of "rent seeking individuals".[63] On this issue the donors' position seems to be limited to discrete criticism of the EPRDF by the standard of the model it claims to follow. In a major study on constraints on private sector development in Ethiopia the World Bank criticized the parastatals indirectly:

> Ethiopia has allowed foundations which are controlled by political parties to own enterprises that compete with the private sector. The endowments helped to establish industries in neglected regions when Ethiopia was not at all attractive to investors.

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

> Some projects may not have received funding without the role of the endowments, given the absence of formal sources of funding. However, as the private sector grows and is in a position to contest all business areas operated by endowments, the early rationale for endowment-owned businesses has eroded.[64]

(ii) Donors' conditionality and EPRDF's quest for policy space

EPRDF bitterly resents what it calls donors' neoliberal conditionality. This has to be qualified in two ways. For one, post-1991 Ethiopia has never faced stringent donors' conditionality as other African countries have. According to Furtado and Smith "there is a core domestic agenda, which in Ethiopia is quite comprehensive and strongly owned [This] includes the government's approaches to agriculture, economic management, the pace of liberalization and its commitment to improving basic social services, especially in rural areas".[65] Even the SAP, the quintessential of donor ideology, was qualified in Ethiopia to the extent that it did not go as far as international financial institutions would have liked it to go, particularly the liberalization of the financial market, privatization of land and telecommunications which are still state-owned. EPRDF's resistance to pressures to liberalize the economy in the early 1990s was partly aided by the lower level of Ethiopia's debt in the 1980s. In that sense the EPRDF owes the *Derg* regime a lot in leaving behind a strong negotiating capital. As Whitfield noted, "the Derg kept the balance of payments in check (for it was excluded from the western lending) and the currency remained close to its international exchange value. Thus, massive debt relief was not part of the equation in the negotiation between the donors and the EPRDF."[66] Donors have also been mindful of Ethiopia's historical sensibility as the only African country which was not colonized, a history which is enshrined in the collective memory of the nation and strongly informs the country's international relations. The EPRDF leadership, like its predecessors, is adept in picking up the "sovereignty card" as a negotiating strategy and buffering external influences. The stature of Meles Zenawi in the international arena – such as his leadership in the UK's Commission for Africa, in Africa's voice in the global climate summits, his championing of the developmental state, in the Global War on Terror, and his membership in the Network of Social Democratic Parties – have all contributed to shielding Ethiopia from the "neoliberal pressure" which EPRDF is keen to highlight. Facing a country with a growing international recognition, the donors, particularly multilateral institutions, do not want to run reputation risks by pressing too much.[67] Interestingly, the donors also secretly admire the EPRDF for its insistence on a policy space and its ideological rigour. As an aid worker noted during a PBS working visit to Gambella in December 2009, "better EPRDF with its red lines than other African governments, which readily accept reform packages but pay lip service".

Whitfield and Fraser identified ideological factors as one of the main contributing factors in building the negotiating capital of a recipient country. Ideological factors include not only resonance between the political orientation of donors and recipients but also "the ability of the recipient governments to express a clear vision about where the country is going and the contribution of public policy to achieving that outcome. Resisting donor preferences and defending individual policy preferences is likely to be easier in situation where recipients can situate choices in a wider frame of reference, particularly a national or party political 'projects' understood as key source of legitimacy for the regime."[68] EPRDF's articulation of the developmental state since

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

2000, or at least a persistent claim to have done so, has thus augmented its negotiating capital vis-à-vis the donors.

This does not mean, however, that donor conditionality is non-existent in Ethiopia. In 1997 EPRDF was engaged in a bitter controversy with the IMF, which had suspended its loans because of high government spending that affected the country's balance of payment. At stake was the 127 million USD that came within the framework of SAP as well as World Bank financing. The IMF demanded spending cuts as a condition for the loan.[69] During the Ethio-Eritrean war (1998–2000) donors practised "negative peace conditionality" by reducing aid to influence the warring parties.[70] The war had raised concern among international donors, and several had reacted by reducing aid levels by not entering into any new contracts or by shifting aid from long term development cooperation towards emergency assistance. Norway went the furthest, the first and the only country to make an explicit decision to halt all bilateral cooperation with Ethiopia.[71] EPRDF deeply resented aid as a "sanction" to enforce a peace agreement against a country which was in a "legitimate war" to defend its sovereignty. Immediately after the peace agreement, however, aid was not only restored but also scaled up, from the 634 million USD of the pre-war period to 981 million USD in 2001.[72]

However mild it might be, there seems to be also some aspects of new economic conditionality that resulted in at least lowering Ethiopia's aid per capita. The Country Policy and Institutional Assessment (CPIA) is a case in point. The CPIA is "a system designed by the donors to assess the quality of a country's present policy and institutional framework, in terms of how conducive such a framework is to ensuring the efficient utilization of scarce development resources in the pursuit of sustainable and poverty reducing development".[73] These include economic management, structural policies, policies for social inclusion/equity, and governance rating including public sector management and institutions. In effect the CPIA is a kind of ex-ante conditionality as it helps ensure that aid is provided on the basis of performance. Unlike the PRSP scorecard Ethiopia was rated low in 2009 by the CPIA (3.5 in a 6 grade scale) and this is the reason why it gets low aid per capita despite donors' acclaimed sustained economic growth and in comparison with other African countries. EPRDF argues that it has performed well in poverty reduction and deserves more aid than the new caveat the CPIA has put on the country's eligibility for higher grants. In an aid discussion forum moderated by the German Chancellor Angela Merkel on 21 September 2010, Meles Zenawi debated with Robert Zoellick, World Bank president, characterizing the CPIA as a new form of conditionality and the need for more "policy space" for developing countries. In this forum Meles remarked that Ethiopia is rated low by the Bretton Woods institutions and thus has to pay higher interest for foreign loans:

> This lower rating is because of some of the policy choices we have made, although they are not less effective. Sometimes such differences of opinion can be negotiated such as the talks with Germany. Although the MDGs look at primary education, Ethiopia asked to spend part of its aid from Germany in technical education, because without that, no country can industrialize. Germany apparently agreed with this Ethiopian preference, but the World Bank is *less reasonable*. The CPIA wants us to liberalize the financial sector. We don't do that and are penalized for that. (emphasis is mine)[74]

By comparing Germany and the World Bank as, respectively, more or less "reasonable" Meles invoked what donors dread most in an aid relationship – reputation

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

risk. In donors language a reputation risk is "that may constrain donors' capacity to provide future aid, due to events that have an impact on current interventions".[75] The World Bank president acknowledged the CPIA as a type of conditionality but shifted the blame to the donor countries, because they together designed the rating system. He also pointed out that "governance issues" were factored in Ethiopia's low CPIA rating.

Agreeing on development priorities is another major contentious issue between EPRDF and donors, particularly in the energy sector. EPRDF has embarked on an ambitious mega hydroelectric power projects in recent years. Donors have put conditions on financing these projects. Firstly, they demand financial transparency particularly regarding the construction bidding. Most of the bidding does not follow international standards and they are allocated either to an Italian private company (Salini) or state-owned Chinese companies without competition. Donors have also expressed concerns for the poor and inadequate environmental and social safeguard measures taken by the Ethiopian government. The fact that most of the hydroelectric projects are located in the country's peripheral regions has brought the issue of Ethiopia's de facto hierarchical citizenship into the realm of notice. In most developmental state countries peripheral peoples are often considered as, what Mamdani calls "disposable citizens"[76] in the drive towards a fast track development at any cost. As most of Ethiopia's rivers are trans-border, international law is also invoked by donors to determine whether the projects do not do harm to neighbouring countries. EPRDF is furious towards donors' scepticism and reduces the discourse of environmental and social concerns into a mere interest in a "photo-op" for Western tourists who prefer to watch "a human zoo" in Ethiopia's tribal zone than funding the government's projects that enable energize the country's steady economic growth.[77] The discourse of international law is also interpreted by EPRDF as a manifestation of the age-old hydro-politics – the contested use of the Nile River and the international lobby Ethiopia's neighbours, particularly Egypt, has against the use of its waters for developmental purposes.

(iii) The narrowing of political space or absolute power transforming a country absolutely?

EPRDF's turn to authoritarianism has been noted by several scholars especially since the contested 2005 national election.[78] Donors have described this political process somewhat euphemistically as a "narrowing of the political space" that culminated in EPRDF's "land slide" victory in the 2010 election.[79] Initially, donors took some measures that appeared to be in line with a new political conditionality to development aid. The genesis of the PBS in 2006, one of the major multi-donors development programmes in Ethiopia, is a case in point. The donors' shift from direct budget support to a block grant is an illustration of how donors manage ambivalences in their aid relationship with the EPRDF and Ethiopia at large. Donors continued development aid and humanitarian assistance after 2005 while minimizing the capture of aid by the EPRDF through tightly tagged development projects. In fact, the very name "protection" in the PBS signals donors' decline of confidence in EPRDF's democratic credibility. In the course of time, however, donors watered down their conditionality, save some of the Scandinavian countries such as Norway and Sweden who have strongly criticized what they consider EPRDF's deteriorating human rights.

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

EPRDF retaliated by expelling six Norwegian diplomats in 2007, and closing the Ethiopian embassy in Sweden in 2010.[80]

Donors' political concerns resurfaced in the run-up to the 2010 election and their assessment of the election outcome. EU noted that "the electoral process fell short of international commitments for elections, notably regarding the transparency of the process and the lack of a level playing field for all contesting parties. Insufficient efforts were taken to ensure a more equitable and representative electoral process."[81] On its part, the World Bank has noted that "the national elections in 2005 and the largely uncontested local elections in April 2008, illustrated the fragility of the democratic transition, the dominance of the EPRDF, and the weakened state of the opposition".[82]

EPRDF contests the donors' definition of the political situation as a "narrowing of the political space" through a reference to the tenability of the dominant party phenomena within a democratic political order:

> The fact that EPRDF has won by sweeping victory must not be confused with the dominance of a single party. EPRDF is not exception to winning successive elections and stays in power for a long time. The Social Democratic Labour Party of Sweden, the Liberal Democratic Party of Japan, Botswana Democratic Party (BDP) and some others are the longest serving political parties. So, the sweeping victory of the EPRDF, being the dominant party in Ethiopia should not be a surprise. And it must be clear that what is evolving in Ethiopia is a dominant party, not a single party.[83]

In response to criticism of its monopolization of representation EPRDF has coined a new term, *awra* party, to describe its new political posture as the dominant party. From the donors' perspective these are instances of democratic backsliding. The standard against which democratic performance is judged is of course EPRDF's constitutional commitment to political pluralism. Here there seems to be a fundamental misreading of EPRDF's behaviour by the donors. Unlike the explicit ideological defence of its development model EPRDF is not transparent about the political closure, which the model it vigorously follows entails. EPRDF's own understanding of political stability presupposes a longer tenure, so that it could carry out "the transformational agenda". It at least aspires to stay in power until 2025 when Ethiopia is projected to join Middle Income Countries.[84] EPRDF's transformational agenda is not properly wedded to political pluralism. This is evident in its conflation of the term opposition with enmity, understanding of the opposition parties as "enemies of the constitutional order". This coupled with Ethiopia's vanguardist political culture that ranges from imperial "bigmanship" to the "democratic centralism" of the leftist political parties, which includes the TPLF/EPRDF, has inherently militated against multi-party democracy.[85] Despite its confrontational stance in claiming a policy space for its development policy vis-à-vis the donors, EPRDF has indeed lacked the political courage of the likes of the National Resistance Movement (NRM) of Uganda that openly contested multi-party democracy as irrelevant and even dangerous for Africa.[86] EPRDF's official narrative is rather premised on the democratic developmental state: "While there has been development without democracy, democratization has been an essential element of the vision of the African renaissance. A developmental state can be a democratic state, and indeed that a democratic developmental state is likely to be more successful in its development efforts than other."[87]

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

However, neither of EPRDF's role models Taiwan and Korea or China have achieved economic development through political pluralism. In practice, the EPRDF regime is no different than these countries in its political modus operandi. What the donors dub "the narrowing of political space" and scholars' characterization of EPRDF's "turn towards authoritarianism" is a constitutive part of EPRDF's development strategy, which produced political closure. The gap between constitutional theory and political practice can also be seen through the prism of an entanglement situation. Unlike its role models, the political context within which EPRDF is applying the developmental state is different. Neither Korean nor Chinese leaderships had to worry about the consequences of a situation-dictated political pluralism. In fact, economic transformation in these counties has been presided over by a dominant single party. This sense of political security, unfettered by electoral instability, enabled the leadership of these countries to inject competitiveness into the economic system,[88] for there was no fear of an economic power that could potentially be translated into political power. Even in a superficially multi-party democracy, there is always a risk that the rise of a middle class and the creation of an autonomous economic space could be translated into political power that can contend with the ruling party. After all many in the leadership of the opposition parties, particularly the former Coalition for Unity and Democracy (CUD), were hailed from the upper middle class who presented a formidable political challenge to the EPRDF in the contested 2005 election. EPRDF's projects of control need to be situated within this emerging political economy and the transformational agenda within which absolute power is not perceived as "corrupting absolutely" as in the perspective of the donors but an absolute power which is desired to transform the country absolutely.

(iv) The CSP – a restrictive legislation to Civil Society Organizations (CSOs)

In January 2009 the Ethiopian Parliament passed the "Charities and Societies Proclamation" and after a one-year grace period this legislation began to be fully enforced by a new organization known as the Charities and Societies Agency. The Law distinguishes between organizations based on their sources of funding. Those that receive 90% or more of their funds from Ethiopian citizens are called "local" organizations. Non-governmental organizations (NGOs) based in Ethiopia but receiving more than 10% of their funding from international sources (including citizens living overseas who donate funds back to organizations in their homeland) are termed "resident" organizations. Organizations based outside of the country and funded outside are called "international" organizations. Among these, only local Ethiopian charities and societies can work on activities that fall in the following categories: the advancement of human and democratic rights, the promotion of equality of nations and nationalities and that of gender and religion, the promotion of the rights of the disabled and children's rights, the promotion of conflict resolution or reconciliation, and promotion of the efficiency of the justice and law enforcement services.[89]

The rationale of this legislation is allegedly to ensure that non-governmental organizations are "Ethiopian in character", not to cut their funding. According to the Agency, "if you provide a huge amount of money in this area and that money comes from outside, their work will not be for the government and the people, it will be for foreigners".[90] One of the official narratives is the need to introduce financial

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

accountability to the works of the CSOs. EPRDF considers the free flow of foreign funding to CSOs as a means for perpetuating "parasitism" and "rent-seeking", terms which EPRDF is using to critic neoliberalism to which the NGOs are linked. These terms are ultimately derived from EPRDF's developmental state paradigm. EPRDF further expounds on the fact that a CSO is wholly established and managed by Ethiopians is not enough to make it an Ethiopian CSO unless it also generates its funding from local sources. Accordingly, a CSO receiving a substantial portion of funding from foreign sources could be an instrument for the illicit advancement of the interests of foreign powers. This means that the sources of funding of a CSO should determine its identity and legal standing in the Ethiopian legal system. Therefore, EPRDF considers it appropriate to impose restrictions on the level of foreign funding on those CSOs that engage in such "sensitive areas" as human rights, good governance, gender equality, conflict resolution, and the efficiency of the justice sector.

The most revealing indicator underlying the enactment of the CSP is the generally sceptical attitude adopted by the government regarding the role and participation of CSOs in the national political space. EPRDF displays a hostile attitude towards human rights organizations, which it brands as funnels for civil and political discontent and mouthpieces of the opposition.[91] The Ethiopian government appears to equate NGO activity with intelligence work, viewing NGOs as subversives rather than allies in the struggle to improve the lives of all Ethiopians.[92] The NGOs are regarded as a bastion of opposition sympathizers – first ex-*Derg* officials and bureaucrats, and now members of opposition parties who operate under the cover of "civil society". Since the contested May 2005 election EPRDF has framed the tension between government and NGOs in reference to the "colour revolution" (explain, not everyone will understand what you refer to here). The Government began denying not only the role and contribution of CSOs in the economic and democratic process but also the foundational principles of the sector.

EPRDF officials repeatedly asserted that only mass-based organizations such as women, youth and trade unions can play roles both in the democratization and economic development of the country. In its policy document, the EPRDF questions the role of NGOs in the development process, and describes NGOs as patronage networks distributing policy rents, receiving big salaries and benefits without bringing concrete results, spending 60% of their budgets on administrative matters, strengthening a rent-seeking political economy, and thereby negatively affecting the development of the country.[93] In the run-up to the May 2010 election *Addis Raey*, EPRDF's organ, featured an article under the title "Colour Revolution and the Fourth National Election" in which CSOs were branded as agents of importing the East European variant of regime change through the political advocacy of CSOs popularly known as the colour-coded revolutions:

> International NGOs well known for decorating themselves with attractive human rights adjectives have been conducting extensive campaign since February. That is why we said we are under the volley of fire of the colour revolutionaries, for they have been issuing a new statement before we even finish reading the first. Fortunately their barrages have thus far been in vain as the objective and subjective conditions in Ethiopia do not support colour revolution.[94]

The Charities and Societies Proclamation is one of the sticking points between EPRDF and donors. Apart from being a linchpin in the western notion of

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

democracy, civil society organizations are sought by the donors as alternative conduits to social service delivery and accountability of local governments. In the PBS, for instance, CSOs are conceived to play an important role in social accountability. EPRDF is very suspicious of the donors' faith in NGOs as an effective channel of aid delivery while they are sceptical of EPRDF's commitment and capacity to deliver. Donors were in fact alleged to have sought to mobilize CSOs to put pressure on the EPRDF to concede to the opposition parties' call for national reconciliation and a transitional government in the run-up to the 2005 election.[95]

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

EPRDF, donors and the "relevant others"

The relational dynamics between EPRDF and donors is not merely dyadic. There are other major players in Ethiopia's political economy. The first set of actors is a wide variety of opposition parties. There is a high degree of differentiation among opposition parties in their development policies such as whether land should be privatized or state-owned, or which should be the engine of economic transformation, agriculture or industry. Nonetheless there is strong liberal-democratic thinking among the major opposition parties. Despite all the dullness of the 2010 electoral debates as compared with the highly contested 2005 election, at least some major ideological fault lines between EPRDF and opposition parties were communicated to the public. In fact, EPRDF was on the ideological offensive while defending revolutionary democracy and relentlessly sought to deconstruct what it saw as a neoliberal paradigm. It described the opposition as "those who uncritically and lavishly endorse the neoliberal position" (*neoliberalisimin sayalamitu yemiwitu*).[96] Although some opposition parties contested EPRDF's understanding of neoliberalism as outdated and rhetorical, they nevertheless often uncritically defended the "Washington consensus" at a time when even donors would not be enthusiastic in doing so. This not only made EPRDF's straw-man argument against neoliberalism attainable, but also enabled it to produce an "evidence" for what it considered to be an overarching conspiracy against EPRDF's developmental state that put opposition parties, donors and Western governments in one league. In so doing, EPRDF generated an important discursive resource in renegotiating its image among many Ethiopians who espouse the idea that EPRDF does not represent national interest. Virulently presenting itself in the language of sovereignty, and accusing the opposition parties of being "traitors" under the service of foreign interests, EPRDF has sought to create a new national constituency in the run-up to the 2010 election. This is an important discursive shift for a party which had been mainly engaged in deconstructing Ethiopian nationalism and its "imperial past".

The steadily growing discontent among donors towards the emerging de facto one-party system (or dominant-party democracy in EPRDF's parlance) has reinforced EPRDF's perception that there is a red thread that connects these seemingly disparate actors. Donors also agree with opposition parties on the dire state of the private sector. Like donors, opposition parties also criticized EPRDF's economic governance, particularly the preferential treatment of the "endowments" and the suppression of an autonomous political space as part of a project of total control over society. Perhaps with the single exception of the Ethiopian Democratic Party (EDP) none of the opposition parties recognizes EPRDF's claim of continued annual "double-digit" economic growth. Yet, in the fight over the GDP figures

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

opposition parties reject donors' de facto endorsement of EPRDF's claims, although the two still differ on the verification of the indicators and the actual figure.[97] Either way, the passionate contestation of GDP figures between EPRDF and opposition parties on the one hand, or EPRDF and donors on the other hand, indicates how important the language of development has become as a new source of political legitimacy. Since 2005 EPRDF's core ideology is no longer about "liberation" and "ethnicity" but focuses on the claim that the ruling party brought about double-digit economic growth.

A second set of actors is the international Human Right Groups (HRGs), which operate with an implicit mandate to monitor governments' human rights record in what appears as an emerging global "moral order". For HRGs Ethiopia has become a prominent case for human right violations, a setting of crimes against humanity, the politicization of aid, and an instance of a failed transition to democracy. Human Rights Watch (HRW), Amnesty International, the US State Department, and Genocide Watch have produced a number of reports evidencing "the bad human right track record" of EPRDF. In 2007 and 2008 HRW produced reports on how EPRDF committed crimes against humanity, respectively, in Gambella and the Ogaden regions in its counter insurgency campaigns against rebel groups.[98] Genocide Watch has accused EPRDF for acts of genocide against the Anywaa in the Gambella region.[99] HRW's two reports on Ethiopian politics and the abuse of development aid[100] have enraged EPRDF, which called the organization a threat to national security and an agent of destabilization of the country.[101]

Donors appear to have a double bind vis-à-vis the EPRDF and the human right groups. If they acknowledge and hail EPRDF's pro-poor policies "remarkable" economic growth and greater service delivery to the public, they also sympathize with HRGs' concern for the deteriorating human right situation in the country and related political closure. Donors and HRGs, however, differ in the strategies they adopt to push for political reform. Operating in the country and directly engaging with the government donors prefer a "constructive dialogue" or "quite diplomacy", combined with occasional "sending of tough messages". By and large they give EPRDF the benefit of the doubt even if the alternative development policy it claims to be following will work in transforming the country at the expense of democratic rights. In the debate over democracy and development, donors put the accent more on the latter than the former. Far removed from the consequences of their own actions, and with a self-made mandate to "watch" the donors, HRGs on the other hand privilege democracy as a condition for aid and development. The difference in perspective between donors and HRGs on the issue of economic development has received a global attention since the publication of an article by Helen Epstein in *The New York Review of Books*, entitled "Cruel Ethiopia", where it says:

> Meles's Ethiopia is now the subject of an informal experiment to see whether "the big push" approach to African development will work. Its foreign aid receipts, which have tripled since 2000, amounted to some $3 billion in 2008, more than any other nation in sub-Saharan Africa. Unfortunately, this aid is also subsidizing a regime that is rapidly becoming one of the most repressive and dictatorial on the continent. Foreign aid is important. It helps needy people; it creates allies for our causes and markets for our products, and redeems some of the damage inflicted on the third world during the cold war. But aid agencies need to ensure that their programs don't exacerbate the political problems that are keeping people poor in the first place.[102]

The World Bank-Ethiopia has responded to HRG's criticisms against donors "complacency" towards EPRDF's human right violations and they being accused of "funding" authoritarianism in the following manner:

> We start, however, with a belief that in every country people want to be self-reliant and prosperous, and to develop a transparent, accountable, effective, and efficient governance system. Ethiopia is no exception. Our task, as an external development partner, is to support that innate tendency. However, building institutions, public and private, that assure every citizen's right to and effective delivery of public services takes a long time; indeed, it never ends, as we can see even in the most industrialized countries. Changes are incremental, and at times they may suffer serious setbacks. It is, therefore, crucial that development partners work with the long-term process of change, always in support of it, not in control of it, which is impossible in any case.[103]

The World Bank's Chief Economist for the African region remarks on the debate aptly and captures donors' ambivalence on the link between democracy and economic development: "The exchanges about the role of donors in "subsidizing" [. . .] a politically repressive regime highlights the difficulty in linking politics at the top with poverty alleviation on the ground [. . .] Even politically open regimes, such as India, have difficulty delivering basic services to poor people . . . Conversely, poverty and disease have fallen sharply in some repressive societies, from Cuba to China."[104] EPRDF supporters on their part have dismissed the term of the debate as polemics coming from a "ruthless NGO tribe",[105] while others expressed astonishment about Epstein's "harsh" treatment of the EPRDF "after impressive accomplishments in the socio-economic field, and just before national elections".[106]

The third set of actors that affected EPRDF's negotiation with donors and the West at large are the new global players in the Ethiopian economy, particularly China. Reminiscent of the political latitude developing countries had during the Cold War, African leaders have sought to enhance their elbow room by securing an autonomous policy space and extract politically motivated economic resources by playing off the newly emerging global economic powers (China being the front runner) and the US-led Western economic block.[107] Cognizant of China's keen interest to tap into Africa's natural resources and markets, as well as inspired by the success of its alternative development model, EPRDF has intensified its economic and political links with China. Consequently, Ethiopia had attracted about 500 million dollars in concessional loans from China, along with 1.5 billion dollars in investment for telecoms infrastructure, and an extra 1.5 billion dollars in short-term trade credits in 2007.[108] In 2009 China signed a 349 million US dollar loan agreement with Ethiopia to help build the country's first expressway that connects Addis Ababa with Nazareth. China lent Ethiopia an additional 500 million US dollars during Prime Minister Meles Zenawi's state visit to China in August 2011.[109] Over a thousand Chinese companies now operate in Ethiopia with more than 20,000 Chinese workers. Chinese growing economic presence in Ethiopia has also a cultural expression, as "the sprawling Chinese restaurants are putting a mark in Addis Ababa's cultural landscape".[110] China has also become Ethiopia's biggest trading partner. More importantly, China is readily financing Ethiopia's mega hydraulic projects at a time when they are shunned by Western donors. The completion of the Chinese financed Gilgel Ghibe III is likely to be a defining moment in EPRDF's relationship with its Western donors who have expressed reservations about the country's strategy of energy sector development while at the same time being keen to be part of the ongoing economic transformation of the

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

country. Ethiopia has also secured funding from Export Import bank of China for the ambitious 5000 km railway network, which is one of the key components of the GTP.[111] India and Turkey are also emerging as new players in the Ethiopian economy, respectively, investing 5 billion and 1.5 billion US dollars.[112]

By downsizing its embassy in Sweden, cutting of links with SIDA, while at the same time keen in opening an embassy in Brazil and appointing one of its senior officials – Seyoum Mesfin – as Ethiopia's ambassador to China, EPRDF clearly sent a signal in August 2010 regarding who EPRDF's own "darling donors" are: the "unconditional" Asian partners rather than the "strings attached" Western donors. As Tekeda Alemu, State Minister in the Ministry of Foreign Affairs noted, one of EPRDF's main preferences for China is its aid policy: "what China has made available to Africa, and to the developing world in general, are possibilities for consolidating sovereign choices and their independently chosen path of development".[113] Chinese aid was praised as "generous" and "dependable" at EPRDF's eighth party Congress in September 2010 where the Communist Party of China was also the main guest of honour. An anchor state in the GWOT, the West would not once again let Ethiopia go, though, and EPRDF knows that well. It is for this reason that Prime Minister Meles Zenawi described EPRDF's relation with the west as '*deldala*' or firm despite the ideological skirmishes between the two.[114] As is the case elsewhere in Africa and given Ethiopia's demographic size and geopolitical significance the West is likely to be in a "patron contest" with China in the years ahead.

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

Conclusion

A recurrent pattern in the aid relationship between EPRDF and donor countries has existed in the past two decades; growing western criticism of the Ethiopian government has been paralleled with a steadily growing development aid. Aid has increased despite the contentious issues between donors and EPRDF and the simmering tension between EPRDF and international human right organizations. This article has argued that this is the case because EPRDF has effectively used its negotiating capital to ensure the sustainability and enhancement of development aid. These are comprised of the humanitarian card (the eligibility of Ethiopia to aid with a 40% population below the poverty line); the historical card (Ethiopia's non-colonial past); the relatively lower debt from the major international financial institutions in the 1990s; state effectiveness; the geopolitical card (Ethiopia as a key ally in the war on terror); donors' reputation risk by pressing a leadership which has gained a high stature in the international arena; and the "Chinese card" (the leverage EPRDF has got from the new players in the Ethiopian economy).

EPRDF's rhetoric against neoliberalism might give the false impression that donors are putting strong conditionality on aid to Ethiopia. After all, EPRDF has already carried out most of the neoliberal package in the 1990s and donors have softened their pressure on the remaining sectors such as privatization of land and liberalization of the banking sector. EPRDF's recent move towards land certification and farmers' tenure security through users' right has gone a long way in satisfying donors. As donors are even showing interest to fund EPRDF's GTP, the anti-neoliberal rhetoric is fast losing its empirical moments. What EPRDF is really against is liberal democracy, of which neoliberalism is only one manifestation, which crowns individuals as right-bearing subjects whereas in EPRDF's revolutionary democracy political sovereignty resides in collectivities, in the famous "nations,

nationalities and peoples''. The debate on the political economy of Ethiopia's development process should therefore be reframed along the sequencing of two interrelated but contested issues: individual and groups rights, and economic development and political freedom. These are also the real contentious issues which underlie the tension and fragility of EPRDF–donors relations, though superseded by ideological and security concerns of the latter.

Donors' sense of bewilderment regarding what they consider EPRDF's democratic ''backsliding'' is less of a surprise if it is linked with the model of development the latter follows. If donors doubt the sustainability of current economic growth in Ethiopia it is not necessarily because of EPRDF's model of the developmental state, but because of the unique political context within which it is embedded. Unlike other countries which combined economic growth and political authoritarianism, EPRDF has faced an in-built structural insecurity exactly because it has committed itself to political pluralism. This deep sense of insecurity has been translated into a drive towards total control over society lest an alternative economic space could be translated into a political power. EPRDF's developmental state, therefore, is devoid of the competitive spirit of the national economies of other successful developmental states such as South Korea and China. This, coupled with the lack of contestation of ideas, thus creativity, is likely to stifle whatever is driving the current economic growth in Ethiopia.

Contrary to public perception, opposition parties and even donors who assign an unrestrained political agency to the EPRDF, the predicament is better explained as a situation of entanglement. Like any other actor EPRDF made a political choice – political pluralism – but this was a constrained choice under the circumstances in which it came to power and the strong need to gain recognition/support from Western countries. If one picks up a certain political discourse to make ends meet under certain circumstances the same discourse could have a life of its own well beyond the interests of the actor which appropriated it in the first place. Although EPRDF is seeking an ideological exit strategy as an *awra* party, banning the trappings of democracy, such as electoral politics, is well beyond its reach. After all assumption and maintenance of power have been justified by the EPRDF for two decades to build and nurture democracy in a country long steeped into an authoritarian political culture.

EPRDF–donor relationship is also compounded by EPRDF's essentialist understanding of neoliberalism and exaggerated sensitivity to donors' conditionality: the pragmatism of the 1990s has given way to a more ideological stance in the 2000s. Ironically, EPRDF's rhetoric against donors' conditionality has hardened at a time when donors have softened their demands and are giving EPRDF the benefit of the doubt whether its state-driven model of economic development delivers more than their private-sector driven economic development.

In the simmering tension between EPRDF and the HRGs on the issue of economic development and political freedom, EPRDF represents the actions of the latter as if it were driven by the desire to ''arrest'' the country's march towards progress. Explanations for greater involvement of the HRGs in Ethiopian politics can be found elsewhere. It is rather a manifestation of a global debate (public safety versus civil liberty in the context of the war on terror) in a certain locale, further exhibiting how national politics is inextricably produced and reproduced through global processes and vice versa. The reason why Ethiopia has received greater attention from global human rights organizations is not only what they call the deterioration of

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

the human rights situation but also because it is a convenient site where contemporary Western political issues are fought out. The war on terror has resulted in Western governments' substantial encroachment on civil liberties, including supporting authoritarian governments in developing countries to buy their political support and military alliance against a not yet fully and properly defined enemy (so-called Islamic fundamentalism). The irony is that EPRDF has become a victim of its success. More than any other Ethiopian government it is EPRDF which has managed to extract tremendous economic resources from the international community. As a result it has been subjected to stronger scrutiny. EPRDF has perceived the international observational gaze and the reports produced on the human rights situation of Ethiopia in conspiratorial terms: that the neoliberal establishment represented by donors and HRGs would not tolerate an independent government, and thus seek to replace it with a more "user friendly" regime. This adversarial stance has greatly shaped EPRDF's self-understanding as a champion of an alternative model of economic development, a political identity which is legitimated by some powerful players such as Joseph Stieglitz in international politics. EPRDF's collusion and collision with donors and escalating confrontation with the international human rights groups testify how Ethiopian politics is being produced and reproduced through new global referents.

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

Acknowledgements

This article is part of the research project funded by the Alexander von Humboldt Foundation. The author would like to thank the Humboldt Foundation for the generous support that he has received.

Notes

1. Epstein, "Cruel Ethiopia."
2. Human Rights Watch, "Development without Freedom," 4.
3. See: http://www.dagethiopia.org
4. See Bach, "*Abyotawi* Democracy," in this issue.
5. Borchgrevink, "Limits to Donor Influence," 195.
6. Gibson et al., *The Samaritan's Dilemma*; Whitfield, *The Politics of Aid*.
7. Whitfield and Fraser, "Negotiating Aid," 27–8.
8. Borchgrevink and Hansen, "Cutting Aid to Promote Peace."
9. African Development Bank, "Ethiopia: Structural Adjustment Programme Project Performance Evaluation Report."
10. Borchgrevink and Hansen, "Cutting Aid to Promote Peace."
11. International Monetary Fund, "Ethiopia: Enhanced Structural Adjustment Facility."
12. World Bank, "PSCAP: Project Appraisal Document."
13. ODI, "PSNP: Policy, Programme and Institutional Linkages."
14. Borchgrevink and Hansen, "Cutting Aid to Promote Peace."
15. Aregawi Berhe, *A Political History of TPLF*.
16. Medhane and Young, "TPLF: Reform or Decline?," 392.
17. Young, *Peasant Revolt in Ethiopia*; Aregawi, *A Political History of TPLF*.
18. Meles Zenawi, "Speech at the Africa Task Force," Manchester University.
19. African Development Bank Group, "Ethiopia: Structural Adjustment Programme Project Performance Evaluation Report"
20. Ottaway, "The Ethiopian Transition."
21. Huntington, *The Third Wave*.
22. Stewart, *Adjustment and Poverty*.
23. Zack-Williams and Mohan, "Africa: From SAP to PRSP," 501.

24. Buiter, "Country Ownership."
25. Whitfield and Fraser, "Negotiating Aid."
26. CIDA, "Ethiopia Country Programme Evaluation."
27. Dr Howard Taylor, head of DFID-Ethiopia, *Ethiopian Reporter*, March 5, 2011.
28. DAG, "Aid Management and Utilisation in Ethiopia," iii.
29. Dercon et al., "The Impact of Agricultural Extension and Roads."
30. Asrat Seyoum, "Transformational Aid," 12.
31. Erlich, *Islam and Christianity in the Horn.*
32. Keller and Iyob, "The Horn of Africa."
33. Shinn, "Ethiopia: Governance and Terrorism."
34. Rabasa, "Radical Islam in East Africa."
35. HRW, "Collective Punishment"; HRW, "World Report: Events of 2008."
36. Anderson and Williams, "The Securitization of Development Policy or the Developmentization of Security Policy."
37. Hadfield, "Janus Advances?," 54.
38. In military terminology, a black site is a location at which an unacknowledged black project is conducted. Recently, the term has gained notoriety in describing secret prisons operated by the United States (US). See, Democracy Now, "Outsourced Guantanamo."
39. Dereje Feyissa, "Potential for and Signs of Religious Radicalization in Ethiopia."
40. USIP, "Terrorism in the Horn," 5.
41. Pureza et al., "Peace Building and Failed States."
42. Whitfield and Fraser, "Negotiation Aid," 337.
43. Prester John is a name given to a mythical medieval Christian priest–king of a vast empire in central Asia, and later in Ethiopia. It was hoped that Prester John might become an ally of the European Princes fighting to stop the Muslim advance in Mediterranean areas during the crusades; see Waters, "Ethiopia: The Land of the Prester John."
44. The government plans to borrow at least 398.4 billion Ethiopian birr ($23.6 billion) from home and abroad to fund the five-year growth plan, with an additional 75.4 billion birr to finance fiscal deficits over the same period. See Davison, "Ethiopia's Investment Plan May Be Unsustainable, World Bank Official Says."
45. Davison, "Ethiopia's Investment Plan May Be Unsustainable, World Bank Official Says."
46. Meles Zenawi, "House of Peoples Representatives Meeting."
47. Stieglitz, "The End of Neoliberalism."
48. Williamson, *Latin American Readjustment*.
49. Stieglitz, "The End of Neoliberalism."
50. Meles Zenawi, "Speech at the Africa Task Force."
51. EPRDF, *Revolutionary Democracy*, 31–2.
52. Kelly, "No Return to the State."
53. International Political Economy Zone, "Stieglitz Lauds Ethiopia's Growth, Too."
54. Seyoum Mesfin, "Statement at the 64th Session of the United Nations General Assembly."
55. Meles Zenawi, "Speech at the Fourth African Economic Conference." http://www.afdb.org/en/news-and-events/article/fourth-africaneconomic-conference-imperative-of-re-designing-africasdevelopment-trajectory-5336/
56. The Reporter, "Meles Zenawi's Response to Questions by a Panel of Distinguished Ethiopians."
57. Devarajan, "Natural Recourses and the Washington Consensus."
58. Edigheji, *Constructing a Democratic Developmental State in South Africa.*
59. Wong, "The Adaptive Developmental State."
60. World Bank, "Towards the Competitive Frontier."
61. Schröder, "From Bullets to the Bank Account."
62. EPRDF, *Revolutionary Democracy*, 32–9.
63. As Paulos Milkias noted, "many of the successful business men in Addis Ababa have financial connections with the TPLF. If we take EFFORT, we see that it owns 51% shares in the Addis pharmaceutical factory, and STAR pharmaceutical and medical supplies," "Ethiopia, the TPLF and the Roots of the 2001 Political Tremor," 28.

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

64. World Bank, "Towards the Competitive Frontier," 54.
65. Fortado and Smith, "Ethiopia: Retaining Sovereignty in Aid Relations," 131.
66. Whitfield, "Aid and Power," 337.
67. A vivid example of donors' concern for reputation risks is Robert Zoellick's advice to the World Bank Ethiopia Country Office staff to closely work with Prime Minister Meles Zenawi for fear of his extensive global networks that could be used to damage the Bank's reputation. Personal observation, World Bank Staff Meeting, Addis Ababa, January 17, 2011.
68. Whitfield and Fraser, "Negotiating Aid," 348.
69. Stieglitz, "The IMF Ravages Developing Countries, Ethiopia is the Proof."
70. Borchgrevink, "Limits to Donor Influence," 204.
71. Hansen and Borchgrevink, "Cutting Aid to Promote Peace and Democracy?," 12.
72. Borchgrevink, "Limits to Donor Influence," 205.
73. Africa Development Bank, "The 2009 Country Policy and Institutional Assessment (CPIA)."
74. Bieckmann, "Three Interesting Trends in the Traditional Aid Discussion."
75. Bartholomes, "Sector Budget Support in Practice," 9.
76. Mamdani, *Citizens and Subjects*.
77. Fikrie Sintayehu, "Ehiopia Continues Dam Construction Over UN Objections." *Addis Fortune*, August 7, 2011. http://www.addisfortune.com/Vol_12_No_588_Archive/
78. Aalen and Tronvoll, "The 2008 Ethiopian Local Elections"; Clapham, "Post-war Ethiopia"; Abbink, "The Ethiopian Second Republic"; see also Hagmann and Abbink "Twenty Years of Revolutionary Democratic Ethiopia," in this issue.
79. See Merera Gudina, "Elections and Democratization," in this issue.
80. Jawar Mohammed. "Gambling: Meles Zenawi's New Foreign Policy Doctrine."
81. European Union, "Ethiopia: House of Peoples Representatives and State Councils Election," 1.
82. World Bank, "Ethiopia: Country Brief."
83. Walta Information Centre, "Spiralling the Foundation of Ethiopian Renaissance."
84. The criteria used to determine whether a country is a middle-income country is the 1000 U$ GDP per capita per year threshold. Currently Ethiopia's GDP is estimated at 400 U$.
85. Clapham, "Post-war Ethiopia," 187–8.
86. Kasfir, "No Party Democracy."
87. Meles Zenawi, "Dead Ends and New Beginnings," 14.
88. Pei, "China: Can Economic Growth Continue."
89. Proclamation to provide for the regulation and registration of Charities and Societies, No. 621/2009.
90. Atakilt Gidey, Vice Chairman of the Charities and Societies Agency, quoted in Centre for International Human Rights, "Sounding the Horn," 3.
91. Tesfaye Hailu, "Ethiopia's New NGO Legislation Long Overdue and a Step in the Right Direction."
92. Debebe Hailegebrial, "Ethiopia," 3–5.
93. Centre for International Human Rights, "Sounding the Horn."
94. Addis Rae, "Colour Revolution and the Fourth National Election."
95. Personal communication from Professor Alem Habtu, Inter-Africa board member, Addis Ababa, August 18, 2010.
96. Meles Zenawi, electoral debate, ETV, April 2010.
97. Mathieu, "For Sustainable Growth, Ethiopia Needs to Promote Remonetization."
98. HRW, "Targeting the Anuak"; HRW, "Collective Punishment."
99. Genocide Watch and Survivors' Rights International, "Crimes against Humanity, Acts of Genocide and Ongoing Atrocities against the Anuak People of South-western Ethiopia."
100. HRW, "One Hundred Ways of Putting Pressure"; HRW, "Development Without Freedom."
101. MOFA, "Human Rights Watch: World Report 2009."
102. Epstein, "Cruel Ethiopia."
103. Ohashi, "Cruel Ethiopia – Reply to Helen Epstein."
104. Devarajan, "Wax, Gold and Accountability in Ethiopia."

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

105. Meheretab Assefa, "Cruel Ethiopia or a Ruthless NGO Tribe."
106. Alem Habtu, "Letter Submitted to the Editor: Helen Epstein's 'Cruel Ethiopia'."
107. Huse and Muyakwa, "China in Africa: Lending, Policy Space and Governance."
108. AFP, "Ethiopian PM Embraces 'Strong Developmental State'," February 7, 2007.
109. Walta Information Centre, "China Gives Ethiopia 500 million USD."
110. Wudineh Zenebe, "Addis Ababa-Adama Expressway Hogs Funds."
111. Fitzgerald, "Chinese Massive Investment in Ethiopia at What Cost?"
112. Todays Zaman, "Ethiopia Crucial Business Partner for Turkey."
113. Tekeda Alemu, "The World, Africa, China and Ethiopia."
114. Meles Zenawi, Parliamentary Speech, February 11, 2011.

References

Aalen, L., and K. Tronvoll. "The 2008 Ethiopian Local Elections: The Return of Electoral Authoritarianism." *African Affairs* 108, no. 430 (2009): 111–20.

Abbink, J. "The Ethiopian Second Republic and the Fragile 'Social Contract'." *Afrika Spectrum* 44, no. 2 (2009): 3–28.

Addis Raey. "Colour Revolution and the Fourth National Election." March–April, 2010.

African Development Bank. "The 2009 Country Policy and Institutional Assessment (CPIA)." http://www.afdb.org/fileadmin/Project-and-Operations/2009 CPIA (accessed November 2010).

African Development Bank. "Ethiopia: Structural Adjustment Programme Project Performance Evaluation Report." http://www.afdb.org/Evaluation-Reports/05092255 (accessed September 23, 2010).

Alem Habtu. "Letter Submitted to the Editor re: Helen Epstein's 'Cruel Ethiopia'." *New York Review of Books*, May 17, 2010.

Anderson, S., and J. Williams. "The Securitization of Development Policy or the Developementization of Security Policy: Legitimacy, Public Opinion, and the EU External Action Services." http://euce.org/eusa/2011/papers/8_anderson.pdf (accessed March 2, 2011).

Aregawi Berhe. *A Political History of TPLF: (1975–1991): Revolt, Ideology and Mobilization in Ethiopia*. Los Angeles: Tsehay Publishers, 2009.

Asrat Seyoum. "Transformational Aid: A New Direction for UK's Development Assistance in Ethiopia." *The Reporter*, March 5, 2011.

Bach, Jean-Nicolas. "*Abyotawi* Democracy: Neither Revolutionary nor Democratic, a Critical Review of EPRDF's Conception of Revolutionary Democracy in Post-1991 Ethiopia." *Journal of Eastern African Studies* 5, no. 4 (2011): 641–63.

Bartholomes, Ann. "Sector Budget Support in Practice." http://www.odi.org.uk/resources/2008.4734-english.pdf (accessed August 15, 2010).

Bieckmann, Frans. "Three Interesting Trends in the Traditional Aid Discussion." http://www.thebrokeronline.eu/Blogs/Frans-Bieckmann/September 21, 2010 (accessed April 20, 2011).

Borchgrevink, A. "Limits to Donor Influence: Ethiopia, Aid and Conditionality." *Forum for Development Studies* 35, no. 2 (2008): 195–220.

Borchgrevink, A., and K.F. Hansen. "Cutting Aid to Promote Peace and Democracy: Intentions and Effectiveness of Aid Sanctions." *European Journal of Development Research* 4 (2006): 622–41.

Buiter, W. "Country Ownership: A Term whose Time Has Gone." *Development in Practice* 17, nos. 4–5 (2007): 647–52.

CIDA. "Ethiopia Country Programme Evaluation, 2003/4-2008/2009. Synthesis Report." http://www.oecd.org/dataoecd/56/18/45875541.pdf (accessed February 13, 2011).

Centre for International Human Rights. "Sounding the Horn: Ethiopia's Civil Society Law Threatens Human Rights Defenders." http://www.law.northwestern.edu/humanrights/documents/EthiopiaCSOPaper-Nov2009.pdf (accessed October 12, 2010).

Clapham, C. "Post-war Ethiopia: The Trajectories of Crisis." *Review of African Political Economy* 36, no. 120 (2009): 181–92.

DAG. "Aid Management and Utilisation in Ethiopia: A Study in Response to Allegations of Distortion in Donor-Supported Development Programmes." http://www.dagethiopia.org/article&id 2010/19:aid-management-and-utilisation-in-ethiopia (accessed July 29, 2010).

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

Davison, William. "Ethiopia's Investment Plan May Be Unsustainable, World Bank Official Says." Available at http://www.bloomberg.com/news/2011-06-08/ethiopia.html (accessed June 8, 2011).
Debebe Hailegebrial. "Ethiopia." *The International Journal of Not for Profit Law* 12, no. 3 (2010): 18–27.
Democracy Now. "Outsourced Guantanamo – FBI and CIA Interrogating Detainees in Secret Ethiopian Jails." Democracy Now, April 5, 2007.
Dercon, S. et al. "The Impact of Agricultural Extension and Roads on Poverty and Consumption Growth in Fifteen Ethiopian Villages." *American Journal of Agricultural Economics* 9, no. 4 (2009): 1007–21.
Dereje Feyissa. "Potential for and Signs of Religious Radicalization in Ethiopia." Research Report Submitted to DFID, January 2011.
Devarajan, Shanta. "Wax, Gold and Accountability in Ethiopia." 2010. Available at http://blogs.worldbank.org/africacan/wax-gold-and-accountability-inethiopia
Devarajan, Shanta. "Natural resources and the Washington Consensus." http://blogs.worldbank.org/africacan/natural-resources-and-the-washington-consensus/2010 (accessed October 13, 2010).
Edigheji, O., ed. *Constructing a Democratic Developmental State in South Africa: Potentials and Challenges*. Cape Town: HSRC Press, 2010.
Epstein, Helen. "Cruel Ethiopia." *The New York Review of Books*, May 13, 2010.
Erlich, H. *Islam and Christianity in the Horn of Africa: Somalia, Ethiopia, Sudan*. London: Lynne Rienner, 2010.
Ethiopian People's Revolutionary Democratic Front (EPRDF). *Revolutionary Democracy: Development Routes and Strategies*. Addis Ababa: Mega Publishers, 2000.
European Union. "Ethiopia: House of Peoples Representatives and State Councils Election." http://www.eueom.eu/files/pressreleases/english/final-report-eueom-ethiopia-08112010_en.pdf (accessed March 13, 2011).
Fitzgerald, M. "Chinese Massive Investment in Ethiopia at What Cost." *Irish Times*, January 26, 2010.
Fortado, X., and J. Smith. "Ethiopia: Retaining Sovereignty in Aid Relations." In *The Politics of Aid: African Strategies for Dealing with Donors*, ed. L. Whitfield. Oxford: Oxford University Press, 2008.
Genocide Watch and Survivors' Rights International. "'Today is the Day of Killing Anuaks.' Crimes against Humanity, Acts of Genocide and Ongoing Atrocities against the Anuak People of South-western Ethiopia." http://www.genocidewatch.org/, February 25, 2004 (accessed December 12, 2004).
Gibson, C, K. Andersson, E. Osto and S. Shivakumer. *The Samaritan's Dilemma: The Political Economy of Development Aid*. Oxford: Oxford University Press, 2005.
Hadfield, A. "Janus Advances? An Analysis of Economic Development Policy and the 2000 Amended Cotonou Partnership Agreement." *European Foreign Affairs Review* 12, no. 1 (2007): 39–63.
Hagmann, Tobias, and Jon Abbink. "Twenty Years of Revolutionary Democratic Ethiopia, 1991 to 2011." *Journal of Eastern African Studies* 5, no. 4 (2011).
Hansen, K., and A. Borchgrevink. "Cutting Aid to Promote Peace and Democracy? Intentions and Effectiveness of Aid Sanctions." http://www.prio.no/files/file48964_axel_borchgrevink__sip_wg_nov30_des1.pdf (accessed February 18, 2011).
Huntington, S. *The Third Wave: Democratization in the Late Twentieth Century*. Oklahoma: University of Oklahoma Press, 1993.
Human Rights Watch (HRW). "Collective Punishment: War Crimes and Crimes against Humanity in the Ogaden Areas of Ethiopia's Regional State." New York, June 2008.
Human Rights Watch (HRW). "Development without Freedom: How Aid Underwrites Repression in Ethiopia." New York, October 2010.
Human Rights Watch (HRW). "One Hundred Ways of Putting Pressure: Violations of Freedom of Expression and Association in Ethiopia." New York, March 2010.
Human Rights Watch (HRW). "Targeting the Anuak: Human Rights Violations and Crimes against Humanity in Ethiopia's Gambella Region." New York, March 2005.
Human Rights Watch (HRW). "World Report: Events of 2008." New York, 2009.

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

Huse, D., and S. Muyakwa. "China in Africa: Lending, Policy Space and Governance." Norwegian Campaign for Debt Cancellation. Norwegian Council for Africa. http://www.eurodad.org/uploadedFiles/Whats_New/Reports/China_in_Africa/2008.pdf (accessed October 14, 2010).
International Monetary Fund. "Ethiopia: Enhanced Structural Adjustment Facility." http://www.imf.org/external/np/pfp/eth/etp.htm (accessed September 14, 2010).
International Political Economy Zone. "Stieglitz Lauds Ethiopia's Economic Growth, Too." September 2007 (accessed August 16, 2010).
Jawar Mohammed. "Gambling: Meles Zenawi's New Foreign Policy Doctrine." August 16, 2010. http://www.ethiopia.org/index.php?option=com_content&view=article&id=100 (accessed August 28, 2010).
Kasfir, N. "No-Party Democracy in Uganda." *Journal of Democracy* 9, no. 2 (1998): 49–63.
Keller, E., and Ruth Iyob. "The Horn of Africa, the US and Security Challenges." http://www.international.ucla.edu/africa/grca/publications/article.asp?parentid=107620 (accessed August 12, 2010).
Kelly, R. "'No Return to the State': Dependency and Developmentalism against Neoliberalism." *Development in Practice* 18, no. 3 (2008): 319–32.
Mamdani, M. *Citizens and Subjects: Contemporary Africa and the Legacy of Late Colonialism*. Princeton, NJ: Princeton University Press, 1996.
Mathieu, P. "For Sustainable Growth, Ethiopia Needs to Promote Remonetization." http://www.imf.org/external/pubs/ft/survey/so/2010/car062210a.htm (accessed November 2010).
Medhane, T., and J. Young. "TPLF: Reform or Decline? *Review of African Political Economy* 97 (2003): 389–403.
Meheretab Assefa. "Cruel Ethiopia or Ruthless NGO Tribe?" http://www.aigaforum.com/articles/on_epstien_article_cruel_eth_newyork_times/2010.htm (accessed May 4, 2010).
Meles Zenawi. "African Development: Dead Ends and New Beginnings." http://policydialogue.org/files/events/Zenawi_extract_african_development/2006.pdf (accessed September 3, 2007).
Meles Zenawi, "House of Peoples Representatives Meeting." ETV, July 9, 2011.
Meles Zenawi. "Report to the House of Peoples Representatives." ETV, February 12, 2011.
Meles Zenawi. "Speech for the Africa Task Force." Brooks World Poverty Institute, Manchester University, UK, August 3, 2006. http://www.ethioembassy.org.uk/Archive (accessed April 19, 2008).
Merera Gudina. "Elections and Democratization in Ethiopia, 1991–2010." *Journal of Eastern African Studies* 5, no. 4 (2011).
Ministry of Foreign Affairs (MOFA). "Human Rights Watch: World Report 2009", January 2009. http://www.waltainfo.com (accessed September 19, 2010).
ODI. "PSNP Policy, Programme and Institutional Linkages." http://www.odi.org.uk/resources/download/3034.pdf, September 2006 (accessed August 14, 2009).
Ohashi, K. "Cruel Ethiopia – Reply to Helen Epstein." *The New York Review of Books*, June 24, 2010. http://www.democracynow.org/2007/4/5/outsourced_guantanamo_fbi_cia_interrogating_detainees (accessed October 12, 2010).
Ottaway, M. "The Ethiopian Transition: Democratisation or New Authoritarianism?" *Northeast African Studies* 2, no. 3 (1995): 67–84.
Paulos Milkias. "Ethiopia, the TPLF and the Roots of the 2001 Political Tremor." *North East African Studies*, 10, no. 2 (2003): 13–66.
Pei, M. "China: Can Economic Growth Continue without Political Reform." In *Strategic Asia 2006–2007: Trade, Interdependence, and Security* ed. A. Tellis and M. Wills. http://www.nbr.org/publications/strategic_asia/pdf/Preview/SA06/SA06_ChinaReform_preview.pdf (accessed August 12, 2010).
Pureza, J., M. Duffield, R. Mattewos and D. Sogge. Peacebuilding and Failed States: Some Theoretical Notes." http://www.ces.uc.pt/publicacoes/oficina/256/256.pdf (accessed August 12, 2010).
Rabasa, A. "Radical Islam in East Africa." http://www.rand.org/pubs/monographs/2009/RAND_MG782.pdf (accessed August 12, 2010).
Schröder, Günter. "From Bullets to the Bank Account. Report on the Economic Empire of the EPRDF." 2003. Unpublished document.

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012

Seyoum Mesfin. "Statement at the Sixty Fourth Session of the UN General Assembly." New York, September 26, 2009. http://www.mfa.gov.et/Press_Section/GA%20Speech.pdf (accessed August 19, 2010).
Shinn, D. "Ethiopia: Governance and Terrorism." In *Terrorism in the Horn of Africa*, ed. R.I. Rotberg, 93–118. Washington: Brookings Institutions Press, 2005.
Stewart, F. *Adjustment and Poverty: Options and Choices*. London: Rutledge, 1995.
Stieglitz, J. "The End of Neoliberalism." Project Syndicate, July 7, 2008. http://www.project-syndicate.org/commentary/stiglitz101 (accessed September 14, 2010).
Stieglitz, J. "The IMF Ravages Developing Countries, Ethiopia is the Proof." *Le Monde Diplomatiqe*, April 10, 2002. http://chora.virtualave.net/stiglitz-globalization3.htm (accessed August 23, 2010).
Tekeda, Alemu. "The World, Africa, China and Ethiopia: China–Africa Relations." May 4, 2010. http://et.china-embassy.org/eng/zfgx/t689683.htm (accessed February 13, 2011).
Tesfaye, Hailu. "Ethiopia's NGO Legislation Long Overdue and a Step in the Right Direction." http://www.aigaforum.com/articles/NGO_Law.htm (accessed October 13, 2010).
The Reporter. "Meles Zenawi's Response to Questions by a Panel of Distinguished Ethiopians." *The Reporter*, May 3, 2000.
Todays Zaman. "Ethiopia Crucial Business partner for Turkey." *Todays Zaman*, March 10, 2011.
United States Institute of Peace (USIP). "Terrorism in the Horn of Africa." http://www.usip.org/publications/terrorism-horn-africa (accessed August 12, 2010).
Walta Information Center. "China Gives Ethiopia 500 million USD." http://www.waltainfo.com/index2 (accessed August 15, 2011).
Walta Information Center. "Spiralling the Foundation of Ethiopian Renaissance." September 1, 2010. http://www.waltainfo.com (accessed September 8, 2010).
Waters, I. "Ethiopia: The Land of Prester John." *Contemporary Review* 279, no. 1630 (2001): 295–301.
Whitfield, L. "Aid and Power: A Comparative Analysis of the Country Studies." In *The Politics of Aid*, ed. L. Whitfield. 329–60. Oxford: Oxford University Press, 2009.
Whitfield, L., ed. *The Politics of Aid*. Oxford: Oxford University Press, 2009.
Whitfield, L., and A. Fraser. "Negotiating Aid: The Structural Conditions Shaping the Negotiating Strategies of African Governments." *International Negotiation* 15 (2010): 341–66.
Williamson, J. *Latin American Readjustment: How Much Has Happened*. Washington, DC: Institute for International Economics, 1989.
Wong, J. "The Adaptive Developmental State in East Asia." *Journal of East Asian Studies* 4 (2004): 345–62.
World Bank. "Ethiopia: Country Brief." http://web.worldbank.org/ETHIOPIAEXTN/menuPK:295939/2010 (accessed January 4, 2011).
World Bank. "Implementing Performance-Based Aid in Africa: The Country Policy and Institutional Assessment." African Region Working paper Series, no. 77, 2004. http://www.worldbank.org/afr/wps/wp77.pdf (accessed October 23, 2010).
World Bank. "Public Sector Capacity Building Program [PSCAP]. Project Appraisal Document," 2004. http://www-wds.worldbank.org/external (accessed August 16, 2009).
World Bank. "Towards the Competitive Frontier: Strategies for Improving Ethiopia's Investment Climate." http://siteresources.worldbank.org/INTETHIOPIA/Data%20and%20Reference/22432643/Et-ICA-10-June-09.pdf (accessed August 27, 2010).
Wudineh Zenebe. "Addis Ababa-Adama Expressway Hogs Funds." *Addis Fortune* 12, no. 589, August 14, 2011.
Wudineh, Zenebe. "Government Set to Acquire Railway Project Financing." *The Reporter*, February 5, 2011.
Young, J. *Peasant Revolution in Ethiopia: The Tigrean People's Liberation Front, 1975–1991*. Cambridge: Cambridge University Press, 1997.
Zack-Williams, Unde and Giles Mohan. "Africa: From SAP to PRSP." *Review of African Political Economy* 106 (2005): 501–3.

Downloaded by [University of California, Berkeley] at 10:05 24 February 2012