

Identity-Based Federalism: Ethiopia's Crisis and Nepal's Future

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Abstract

Identity-based federalism has been widely promoted as a mechanism for managing ethnic diversity, political inclusion, and historical marginalization in multiethnic societies. This manuscript examines identity-based federalism through a comparative analysis of the ongoing federal crisis in Ethiopia and its relevance for the federal future of Nepal. This study, based on secondary sources, explores how the institutionalization of identity within federal structures can empower marginalized groups. It can generate new forms of political conflict. Methodologically, this research adopted both a qualitative and comparative approach based entirely on secondary data, including scholarly literature, constitutional texts, and policy analyses on federalism, ethnicity, and conflict in Ethiopia and Nepal, dating from 1982 till 2026. The findings indicate that Ethiopia's ethnic federal model, while initially addressing demands for recognition and self-governance, has contributed to intense ethnic mobilization, governance failure, and challenges to state unity. The study further shows that weak institutions, elite manipulation of identity, and contradictions between constitutional design and political practice have played a decisive role in escalating conflict. In contrast, Nepal's territorially based federal system offers greater flexibility but remains vulnerable to identity-based political pressures. The study concludes that the Ethiopian experience provides important lessons for Nepal, which emphasize the need for strong democratic institutions, cooperative federalism, and inclusive civic identities to ensure that federalism serves as a framework for stability rather than division in multi-ethnic states.

Keywords: identity-based federalism, comparative studies, Ethiopia and Nepal, political conflict, self-governance

1. Introduction

Identity-based federalism has emerged today as one of the most contested institutional responses to managing ethnic, linguistic, and cultural diversity in deeply pluralistic societies. "A major argument in favor of ethnically based federations is that the country's ethnic sub-division ensures that the various ethnic groups will form a local majority in one or more of the sub-units", (Maharjan, 2020, p. 53). It grants political autonomy and territorial

recognition to distinct identity groups. “There are many instances where groups within societies do not have an attachment to the national territory”, (Knight, 1982, p. 523). This model seeks to address historical exclusion, marginalization, and centralized dominance. Ethiopia represents one of the most prominent experiments with identity-based federalism. It constitutionally organizes the state around ethno-linguistic units and recognizes the right to self-determination. While this framework initially promised inclusion and stability, Ethiopia’s recent political crises and violent conflicts have raised important questions about whether identity-based federalism can effectively manage diversity or whether it risks deepening social fragmentation.

The Ethiopian experience demonstrates how identity-based federalism can simultaneously empower marginalized groups and institutionalize ethnic divisions. “Ethiopia is one of the most diverse countries in the Horn of Africa with an estimated 110 million people and many politically mobilized ethnonational groups”, (Fiseha, 2023, p. 283). Scholars argue that the constitutionalization of ethnicity has transformed identity into a primary axis of political contestation. “‘Ethnicity’ can refer both to the cultural politics of dominant and of subaltern groups”, (Pieterse, 1997, p. 366). It has encouraged ethnic mobilization and strengthened the boundaries between groups. Rather than fostering inter-ethnic cooperation, federal arrangements in Ethiopia have often intensified zero-sum struggles over territory, political rights, and state resources. The rise of ethnic conflict and severe challenges to national unity suggests that federal structures alone cannot prevent conflict as identity politics becomes a major organizing principle.

Nepal’s federal restructuring has been different from Ethiopia’s ethnic federal model. However, identity politics has unfolded within a similarly complex terrain of politics. Nepal’s transition from a centralized unitary state to a federal democratic republic was deeply influenced by demands for recognition, inclusion, and historical justice from marginalized communities. “The lack of inclusive representation and government responsiveness contributed to growing discontent among Nepal’s diverse ethnic and cultural groups, eventually culminating in a decade-long internal conflict”, (Silwal, 2025, p. 165). Nepal has ultimately come to adopt a regionally based federal system. “The functions, responsibilities, and power of the three tiers of government have been divided through the constitution to institutionalize federalism in Nepal and make the governance system more inclusive, participatory, and accountable to the citizen”, (Acharya, 2021, p. 32). Identity continues to play a significant role in provincial politics, representational debates, and constitutional contestations. This ongoing negotiation between regional governance and identity-based claims places Nepal at a critical juncture in its federal journey.

The Ethiopian crisis provides important cautionary insights for Nepal. “At the peak of the crisis in mid-2000, over 10 million people in Ethiopia were estimated to be in acute need of food assistance, out of a population of 55 million”, (Maxwell, 2002, p. 262). As it continues to strengthen its federal system, Ethiopia’s experience demonstrates how unresolved grievances, weak institutions, and political identities can interact with federal structures, leading to instability rather than accommodation. “There is no doubt that post-1991 Ethiopia saw significant political institution building and that a public ethos of democracy emerged”, (Abbink J. , 2006, p. 174). The lack of strong mechanisms for intergovernmental coordination, conflict resolution, and inclusive national integration has been found to exacerbate tensions within Ethiopia’s federal framework. These dynamics raise broader questions about how federalism can balance diverse identities with the imperatives of national unity and democratic stability.

1.1 Objectives of the Study

This study will carry out a comparative analysis of identity-based federalism between Ethiopia and Nepal by analyzing the experience of social and political development of ethnic federalism and how it can be applicable in Nepal to strengthen Nepal's all inclusive secular federal political system.

1.2 Research Questions

The research questions for this study are as follows: a) In what way does identity-based ethnic federalism practiced in Ethiopia contribute to political stability or federal crisis? b) Is there any difference between Ethiopia and Nepal in terms of federal design and c) What can Nepal learn from Ethiopia's experience in addressing political conflict and establishing democratic federal system?

1.3 Delimitations of the Study

The study only focuses on Ethiopia and Nepal and their federal designs and experiences. Moreover, instead of primary data, the study solely relies on secondary sources such as journal articles, books, policy dossiers and government publications dating from 1982 till 2026

1.4 Significance of the Study

This study contributes to the broader academic research in identity-based federalism by comparing relatively two under developed but diverse societies of Nepal and Ethiopia. It provides analytical interpretation and critical review of the various political and institutional arrangements and share experiences of good governance and political stability. The findings and discussions of this study will be valuable for researchers and scholars as well as policy makers and political stakeholders.

This study attempts to critically examine identity-based federalism through a comparative lens, using Ethiopia's crisis as a reference point to reflect on Nepal's federal future. By analyzing the institutional logic, political outcomes, and conflict dynamics associated with identity-based federalism, the research aims to identify relevant lessons for managing identity politics in Nepal. The study contributes to ongoing debates on federal design, democratic inclusion, and state unity in multi-ethnic societies.

1.5 Research Methods

This research adopted qualitative, comparative research design based entirely on secondary data to examine identity-based federalism in Ethiopia and its implications for the federal future of Nepal. Secondary sources (publications from 1982 till 2026) include journal articles, scholarly books, constitutional texts, policy reports, and publications by international organizations focused on federalism, ethnicity, conflict, and state restructuring. The study reviews both classical and contemporary literature on identity-based federalism. Specifically, it focuses on Ethiopia's constitutional framework, federal institutions, and conflict trajectories, along with Nepal's federal transition and identity-based political debates. These sources have been selected for their analytical depth, credibility, and relevance for understanding the institutional and political dynamics of federalism in a multi-ethnic society.

The analysis uses thematic and comparative content analysis to identify recurring patterns, causal arguments, and points of convergence and divergence between Ethiopian and Nepali issues. Key themes such as ethnic mobilization, federal design, conflict management, political inclusion, and state cohesion are systematically examined throughout the literature. Rather than generating new empirical data, the study critically synthesizes existing scholarly interpretations to assess how identity-based federalism shapes political behavior and conflict

outcomes. This methodological approach allows for theoretically informed and context-sensitive comparisons, which enables the study to draw broader lessons on the opportunities and risks of identity-based federalism for Nepal's evolving federal system.

2. Literature Review

The scholarly literature on identity-based federalism is rooted in debates about how states manage ethnic, linguistic, and cultural diversity within democratic frameworks. Federalism has long been viewed as a mechanism for accommodating diversity by combining self-governance with shared governance, particularly in deeply pluralistic societies. Scholars such as Kymlicka (1998), Stepan (1999), and Watts (2008) have argued that recognizing group identities through federalism can enhance political inclusion and democratic legitimacy. Critics have also warned that when identity becomes the primary organizing principle of federal design, it can institutionalize division and undermine national unity. "The structural basis of the federal system focuses on diversity, autonomy and cooperation, where the state is interpreted as a political union with multi-level sovereignty", (Magar, 2026, p. 88). This tension between accommodation and fragmentation forms the main theoretical backdrop for the analysis of identity-based federalism.

Ethiopia's experiment with ethnic federalism is one of the most explicit cases of constitutionally institutionalizing identity that has attracted widespread scholarly attention. "The fluid nature of ethnic identity is incompatible with institutional fixedness. This fluidity is contrary to the very notion of fixed and mutually exclusive territorial ethnic boundaries", (Bélair, 2016, p. 1). Established under the 1995 constitution, Ethiopia's federal system organized political units along ethno-linguistic lines and granted nationalities the right to self-determination. Early literature viewed this arrangement as a progressive response to Ethiopia's history of centralized dominance and ethnic marginalization. Proponents argued that ethnic federalism empowered historically marginalized groups, reduced separatist pressures, and promoted cultural identity. However, early assessments also expressed considerable concern about the potential for elite manipulation of ethnicity and the potential for federal boundaries to become sites of political competition.

Recent literature has moved towards a critical reassessment of Ethiopia's federal model, particularly in light of recurrent ethnic conflicts and state weakness. Scholars highlight how ethnic federalism has intensified identity-based political mobilization, transforming ethnicity into a central axis of competition for power and resources. Studies document how disputes over administrative boundaries, minority rights within federal units, and control of regional governments have fueled inter-ethnic tensions. This body of work suggests that the Ethiopian crisis cannot be understood simply as a failure of governance. But it should be examined in relation to the institutionalization of identity within the federal structure.

Another important body of literature focuses on the political economy and institutional weaknesses of Ethiopia's federal system. Scholars argue that centralized party control, weak intergovernmental coordination, and limited autonomy in practice have undermined the promise of self-governance. Despite formal decentralization, the dominance of ruling coalitions and security institutions has limited regional autonomy. "National and ethnic minorities excluded from the federal government will have a reduced stake in the federation and the federal government will be less inclined to promote their interests", (O'Leary, 2005, p. 20). This contradiction between constitutional design and political practice has been identified as a major factor in increasing conflict and pushing back democracy, complicating a simplistic assessment of ethnic federalism as inherently good or bad.

In the context of Nepal, the literature on federalism has emphasized the country's transition from a highly centralized monarchy to a federal democratic republic after a long

period of conflict and political transformation. Scholars argue that Nepal's federal restructuring was driven by demands for inclusion from marginalized groups, including ethnic, regional, and caste-based communities. However, Nepal ultimately adopted a federal model based on territory rather than ethnicity. Identity politics played a crucial role in shaping federal debates. The study sheds light on how questions of provincial boundaries, representation, and recognition continue to reflect unresolved identity claims.

From a comparative perspective, the study draws increasing parallels between Ethiopia and Nepal to examine the broader implications of identity-based politics within a federal system. While the two cases differ in historical trajectory and constitutional design, the literature identifies common challenges related to ethnic mobilization, elite competition, and governance capacity. The comparative analysis cautions that federalism alone is unlikely to resolve deep-rooted identity conflicts without strong democratic institutions, inclusive citizenship structures, and effective conflict-resolution mechanisms. These studies particularly emphasize the importance of balancing identity with integration to prevent the federal structure from becoming an arena for zero-sum identity politics.

Overall, the literature suggests that identity-based federalism has become a two-pronged institutional strategy. In the Ethiopian context, the promise of empowerment and self-governance has been overshadowed by conflict, polarization, and challenges to state unity. For Nepal, the existing scholarship emphasizes both the opportunities and risks associated with identity management within a federal framework. Juxtaposing Ethiopia's crisis with Nepal's evolving federal experience, the literature points to the need for careful federal design, strong institutions, and inclusive political practices that accommodate diversity without establishing division.

3. Results and Discussion

This section presents key findings from a comparative analysis of the existing literature on identity-based federalism in Ethiopia and Nepal. It interprets them within broader debates on federal design and identity politics. The findings shed light on how Ethiopia's institutionalization of ethnicity has contributed to political mobilization, conflict escalation, and challenges to state cohesion. The discussion critically reflects on the relevance of these dynamics for Nepal's federal future, particularly in relation to managing identity claims, institutional power, and democratic stability.

3.1 Results

3.1.1 Identity and Federal Design

The reviewed literature consistently identifies constitutional value of ethnic identity as a defining feature of Ethiopia's federal system. "This is not to say that ethnic rights are unimportant, or even that federation is a bad idea for Ethiopia; it is not", (Abbink J. , 2009, p. 160). By organizing federal units along ethno-linguistic lines and providing constitutionally guaranteed self-determination, Ethiopia has been found to have transformed identity into the primary basis of political organization. "During this period, a number of leftist and centrist groups emerged, often operating underground, with their own political agendas and competing visions for Ethiopia" (Aaron, 2005-2006, p. 56). Scholars note that this design better addressed historical exclusion and centralized dominance by initially recognizing marginalized groups and legitimizing their political claims. The federal structure thus provided symbolic and institutional recognition. It reinforced the idea that identity-based federalism could serve as a mechanism for inclusion in deeply diverse societies.

However, the results indicate that institutionalizing identity created rigid political boundaries that intensified competition over territory, resources, and political power. Federal units became arenas for ethnic dominance rather than shared governance, marginalizing

minority groups within the region. Comparative insights also suggest that Nepal's decision to adopt a regionally based rather than explicitly ethnic federal structure reflects an awareness of these risks. However, identity remains a powerful force shaping provincial politics and governance debates.

Table 1: *Federal Design Feature in Ethiopia and Nepal*

Dimensions	Ethiopia	Nepal
Basis of federal unit	Ethno-linguistic identities	Territorial administrative
Constitutional recognition of identities	Explicit and central	Indirect and accommodative
Right to self-determinations	Constitutionally guaranteed	Not explicitly guaranteed
Risk of territorial contestations	High	Moderate

Source: *Author's development.*

3.1.2 Identity-Based Political Mobilization and Conflict

A key finding across the literature is the strong relationship between identity-based federalism and patterns of political mobilization in Ethiopia. Scholars document how ethnicity has become the primary lens through which political grievances are articulated and mobilized, often leading to violent confrontations. Competition among ethnic elites for control over federal units has intensified zero-sum politics. While disputes over boundaries and administrative status have frequently escalated into conflict. The dynamics reveal how federal institutions, when closely aligned with identity, can inadvertently foster instability.

Although federal units in Nepal are not formally ethnic, the results show that identity-based mobilization continues to shape political discourse and contestation. In this, demands for recognition, representation, and autonomy persist at both the provincial and national levels. The Ethiopian case thus serves as a cautionary reference. Which suggests that unresolved identity grievances combined with weak conflict-management institutions can undermine federal stability even in systems that are not explicitly racialized.

Table 2: *Identity Politics and Conflict*

Aspects	Ethiopia	Nepal
Dominant axis of mobilizations	Ethnicity	Ethnicity, regions, castes
Nature of conflicts	Violent and territorials	Mostly political and discursive
Role of federal institution	Conflict amplifying	Conflict mediating
Frequency of identity-based conflicts	High	Low to moderate

Source: *Author's development.*

3.1.3 Governance Capacity and Intergovernmental Relations

The literature highlights governance capacity as a key variable mediating the impact of identity-based federalism. In Ethiopia, weak intergovernmental coordination and centralized party control undermined de facto regional autonomy. This created a contradiction between constitutional promises and political practices. Scholars argue that this gap has exacerbated grievances among ethnic groups, as federal institutions have failed to deliver meaningful self-governance and equitable development. These governance deficits have contributed significantly to the erosion of trust in federal arrangements.

In contrast, Nepal’s federal system is institutionally young. “Despite having been on the Maoist agenda throughout the conflict, the Maoists only started politically pushing for federalism after the Madhesi uprising in 2007”, (Gyawali, 2018, p. 39). But it places greater emphasis on intergovernmental cooperation and constitutional checks and balances. The literature suggests that Nepal’s future federal stability depends heavily on strengthening provincial capacity, clarifying jurisdictional authority, and institutionalizing mechanisms for dispute resolution. Comparative analysis emphasizes that federal design alone is insufficient. Effective governance and cooperative federalism are essential to prevent identity politics from escalating into conflict.

3.1.4 State Unity, National Unity and Federal Stability

A final set of findings concerns the impact of identity-based federalism on state unity and national integration. In Ethiopia, scholars observe that the dominance of ethnic narratives has weakened a broader national identity, which has contributed to fragmentation and challenges to state legitimacy. According to Abbink (2006), the experience of Ethiopia in promoting ethnic and identity-based federalism created political competition among various ethnicities further weakening national integration. This finding further highlights the potential risks of privileging identity over shared citizenship in federal systems.

For Nepal, the literature particularly emphasizes the importance of balancing identity with inclusive national integration. The adoption of the federal system through the 2015 Constitution of Nepal marked a pivotal shift in governance, decentralizing power to provincial and local levels. A key objective of this restructuring was to enhance inclusive governance, particularly through constitutional mandates (Constitution, 2015)). While accepting diversity is essential for democratic legitimacy, excessive politicization of identity can undermine social cohesion. The Ethiopian crisis thus provides a stark but a valuable lesson. Ethnic federalism requires not only recognition of diversity but also strong unifying institutions, shared civic values, and inclusive citizenship structures.

Table 3: *Federalism, Identity and State Cohesion*

<i>Indicators</i>	<i>Ethiopia</i>	<i>Nepal</i>
<i>Strengths of national identity</i>	<i>Weakening</i>	<i>Moderate</i>
<i>Role of federalism in integrations</i>	<i>Fragmenting</i>	<i>Integrative potential</i>
<i>Risk to state stabilities</i>	<i>High</i>	<i>Manageable</i>
<i>Major challenge</i>	<i>Ethnic polarizations</i>	<i>Managing identity claim</i>

Source: *Author’s development.*

3.2. Discussion

3.2.1 Identity Institutionalization and Political Risk

These findings suggest that institutionalizing identity as a primary basis for federal design, as seen in Ethiopia, carries significant risks of political imperatives. By constitutionally fixing ethnic categories in territory and political authority, identity becomes rigid and exclusionary rather than fluid and negotiable. This rigidity encourages political actors to frame grievances and demands exclusively through ethnic lenses. “Ethnic allegiance plays a significant role in the formation of ethnic identity, particularly in the context of political mobilization”, (Thelma, 2024, p. 166). This intensifies zero-sum competition. The Ethiopian experience illustrates how such imperatives can transform federal units into sites of ethnic dominance. They can marginalize internal minorities and exacerbate inter-group tensions.

For Nepal, this discussion highlights the importance of resisting rigid identity institutionalization by addressing historical injustices. Nepal's territorially based federal model offers great flexibility. "The major purpose was to decentralize political and economic power away from Kathmandu's centralized administration", (Bhul, 2024, p. 1761). But identity-based mobilization remains ineffective. The Ethiopian case demonstrates that identity without integrated security can harden divisions. Therefore, Nepal's federal future depends on maintaining institutional openness, ensuring internal pluralism within the provinces, and preventing identity from becoming the sole determinant of political legitimacy.

3.2.2 Federalism, Conflict Escalation and Governance Failure

This discussion emphasizes that the conflict in Ethiopia cannot be attributed solely to ethnic federalism as a constitutional design. Rather, it must be attributed to weak governance and its interaction with political centralization. Despite formal decentralization, real power remained concentrated in the dominant party structure and security institutions (Kharel, 2022). "It solves the problem of inter-jurisdictional externalities by having central-level politicians reappoint only those local officials who are "well-behaved" from central officials' point of view", (Zhuravskaya, 2007, p. 2262). This contradiction between promised autonomy and actual practice intensified ethnic grievances and eroded trust in federal institutions, ultimately contributing to violent conflict. In this context, federalism became a means through which unresolved political conflicts were regionalized.

Federalism is a governing system where division of power is practiced between central government and local (provincial/regional) government while allowing some level of autonomy at both levels that ensures both national unity and ethnic diversity (Silwal & Budathoki, 2025). In Nepal, the risk lies not in the federal model but in governance capacity and institutional consolidation. Ethiopia's experience shows that federalism without effective intergovernmental coordination, rule of law, and conflict-resolution mechanisms can exacerbate instability. Therefore, Nepal should prioritize developing inclusive governance practices that strengthen regional institutions, clarify authority between federal and subnational governments, and address grievances before they escalate into conflict.

3.2.3 Identity-Based Political-Operations and Elite Competition

Another important insight from the discussion concerns the role of political elites in shaping identity-based mobilizations. In Ethiopia, ethnic elites strategically mobilized identity narratives to consolidate power, control resources, and legitimize political dominance within federal units. This elite-driven mobilization transformed identity into a political tool (Magar, 2026). "This entity is represented in various formal actors, such as the Head of the RT, the Head of the Hamlet, the Village Head, and other formal actors who play a strategic role", (Fimmastuti, 2020, p. 250). This reduced the space for cross-ethnic cooperation and democratic compromise. As a result, polarization weakened federal institutions and narrowed democratic choices.

Nepal faces less severe challenges as identity narratives are increasingly deployed in electoral politics and governance debates. The Ethiopian case serves as a warning that when identity becomes a tool of elite competition rather than democratic inclusion, federalism can deepen social divisions. Therefore, all political actors in Nepal bear a significant responsibility in shaping whether identity politics strengthens representation or, weakens democratic unity.

3.2.4 National Integration, Citizenship and Stability

The Ethiopian crisis reveals the fragility of national integration in identity-centric federal systems. The constitutional emphasis on ethnic self-determination weakened the

unifying role of citizenship. “All people must develop more tolerance for those with different backgrounds and cultures; with compromise, ethnic identities can be expressed within existing national entities without threatening national unit”, (Etzioni, 1992-1993, p. 21). It created multiple competing loyalties within the state. Over time, this erosion of a shared political identity eroded state legitimacy. It challenged federal stability. The discussion suggests that federal systems need to balance group identity with strong civic structures that promote shared ownership.

The challenge for Nepal is to build an inclusive national identity that coexists with federal diversity. While it is necessary to recognize ethnic, linguistic, and regional differences, excessive politicization of identity risks undermining citizenship-based integration. The Ethiopian experience underscores that sustainable federalism depends on fostering a sense of shared civic values, constitutional loyalty, and a shared political destiny alongside diverse identities.

3.2.5 Comparative Perspectives for Nepal’s Federal Future

Taken together, the discussion highlights that the Ethiopian crisis offers cautionary but instructive lessons for Nepal’s evolving federal system. Identity-based federalism can provide recognition and empowerment. But without strong institutions, democratic accountability, and integrated mechanisms, it can exacerbate conflict and fragmentation. Fiseha (2023) states that identity based ethnic federalism resulted in governance challenges arising out of ethnic conflict and local autonomy. Nepal’s choice of a regionally based federal structure reflects an attempt to balance these concerns. The persistence of identity politics means that risks remain.

The discussion therefore emphasizes that Nepal’s federal future depends on adaptive governance rather than rigid institutional design. In the context of Nepal, the inclusive political representation is the process of applying, however, the process could not lead in positive direction. Political parties’ leaders neglect the spirit of inclusive democracy and concentrate on the interest of political party and personal benefit (Adhikari, 2023). Strengthening cooperative federalism, ensuring minority protection within provinces, and promoting inclusive political practices are essential to preventing identity-based conflict.

3.2.6 Directions for Future Research

Fiseha (2023) recommends further research to be carried out to analyze and identify organization reforms and democratic practices that could be useful to reduced political conflicts in ethnic based federalism. Future research should go beyond broad theoretical debates to examine the micro-level dynamics of identity politics and federal governance in diverse societies. Comparative empirical studies focusing on sub-national experiences such as provincial governance, minority protection within federal units, and local conflict-resolution mechanisms will provide deeper insights into how identity-based claims are negotiated in practice. McGarry & O’Leary (2009) argues that researcher must focus on how identity-based federalism could address the issue of political inclusion through organizational reform.

Further research should also systematically explore the role of political elites, party systems, and electoral incentives in shaping identity narratives under federalism. Finally, interdisciplinary approaches that integrate political science, sociology, and constitutional law will enrich our understanding of how federal design, governance capacity, and citizen identity interact to influence democratic stability in multi-ethnic states.

4. Conclusion

This manuscript examines identity-based federalism through a comparative analysis of Ethiopia’s federal crisis and its relevance to Nepal’s evolving federal system. The findings

show that identity-based federal arrangements can provide recognition and political empowerment to historically marginalized groups. But they also carry significant risks when identities are rigidly institutionalized. The Ethiopian experience shows how the constitutionalisation of ethnicity, combined with weak governance, elite manipulation, and limited intergovernmental coordination, has contributed to political polarization, recurrent conflict, and challenges to state unity. These results highlight that federal design alone cannot guarantee stability and inclusion without supportive democratic institutions and integrated political practices.

For Nepal, the Ethiopian case offers an important cautionary lesson rather than a straightforward model to adopt or reject. Nepal's regionally based federal system offers great flexibility to manage diversity. But the persistence of identity-based political mobilization underscores the need for careful institutional consolidation. Strengthening cooperative federalism, protecting minorities within provinces, and promoting inclusive civic identities are essential to prevent identity politics from undermining democratic stability. Ultimately, this study concludes that sustainable federalism in multi-ethnic societies requires a balanced approach that recognizes diversity while strengthening shared citizenship, democratic accountability, and national integration. These findings of this study contribute to the broader scholarship on federalism, identity-based politics and federal governance especially in underdeveloped economies while the author also recommends future researchers and scholars to carry out further research and study on this topic to increase greater understanding and fill the knowledge gap in this area.

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