

## AFRICA RISK CONSULTING

### Ethiopia Monthly Briefing July 2025

---

#### Ethiopia Summary 24 July 2025

*Tensions between Ethiopia and Eritrea are on display as the two governments publicly criticise one another, including before the United Nations (UN) Human Rights Council (UNHRC). Animosity between the two is being aggravated by tensions in the Tigray Region, from where Eritrea has yet to withdraw all its troops. Government announces that it has secured a \$1 billion funding agreement with the World Bank. This occurs not long after the International Monetary Fund (IMF) approves a \$262.3m disbursement under the Extended Credit Facility (ECF) arrangement. Government launches a major operation to defeat the Amhara nationalist (Fano) militia groups in the Amhara Region.*

---

#### Ethiopia-Eritrea tensions on clear display

Ethiopia's relationship with Eritrea has continued to deteriorate, marking a clear reversal of the rapprochement initiated by the two countries in 2018. On 19 July, Eritrean state media released a pre-recorded interview with Eritrean President **Isaias Afwerki** (1993-present) in which he accused Ethiopia of harbouring expansionist ambitions and using "*provocative rhetoric*".<sup>1</sup> Afwerki further accused Ethiopia's ruling **Prosperity Party** of agitating for war with Eritrea. Afwerki's comments closely mirror those of Eritrea's Charge d'Affairs to the **United Nations (UN)**, **Habtom Zerai**, who said before the **UN Human Rights Council (UNHRC)** on 9 July that Ethiopia wanted to seize Eritrean ports, even by military force.<sup>2</sup>

Habtom's delegation was further angered when Ethiopia broke with its historical stance and voted in support of extending the mandate of the **UN Special Rapporteur** on the human rights situation in Eritrea, rejecting Eritrea's motion to dismiss the rapporteur - Ethiopia has consistently backed Eritrea's position on this matter over the past seven years.<sup>3</sup>

However, Ethiopia's vote on the UNHRC was consistent with its government's changed position on Eritrea. Ethiopia has been reluctant to overtly criticise Eritrea ever since prime minister **Abiy Ahmed** (2018-present) initiated the rapprochement with Eritrea in 2018. This was, in part, due to the two countries' alliance against the **Tigray People's Liberation Front (TPLF)** in the **Tigray Way (2020-2022)**. Underscoring the shift in Ethiopia's position, the Ethiopian government has reportedly filed a complaint with the **UN Security Council (UNSC)** that Eritrea has violated its sovereignty.<sup>4</sup> This is likely in reference to the fact that Eritrea has maintained forces inside Ethiopian territory despite the Tigray War ending in 2022.

Ethiopia's foreign affairs minister **Gedion Timothewos** has further lobbied the **United States (US)** government for its support over this matter.<sup>5</sup> Gedion reportedly also accused Eritrea of interfering in Ethiopia's sovereign affairs; specifically, that the Eritrean government is engaging with and supporting anti-government elements within the TPLF.

It is this suspected that this improvement in relations between elements of the TPLF and Eritrea that appears to concern Ethiopia the most. The TPLF is currently in the midst of a deep factional dispute in

---

<sup>1</sup> Shabait, 19 Jul 2025

<sup>2</sup> Bokena, 9 Jul 2025

<sup>3</sup> Addis Standard, 5 Jul 2025

<sup>4</sup> Borkena, 26 Jun 2025

<sup>5</sup> Addis Standard, 4 Jul 2025

which the dominant party is the side that is opposed to Abiy's government. Rising political instability within the **Tigray Region** and uncertainty around how the region will navigate Ethiopia's 2026 general election have given rise to fears that a new conflict could break out in Tigray. Indicating the extent of this concern, on 3 July, Abiy called on religious leaders in Ethiopia to intervene with the TPLF to help prevent a renewed conflict in the region.

A potential alignment between the TPLF and Eritrea would be unusual. The animosity between the TPLF and Afwerki's **People's Front for Democracy and Justice (PFDJ)** goes back decades, predating Eritrea's secession from Ethiopia. This antipathy was a driving force behind Eritrea's desire to involve itself in the Tigray War. However, the rising tensions between Eritrea and Ethiopia, and the continued hostility between Abiy and the TPLF leadership could override this historical enmity, leading to a pragmatic alliance.

Underscoring this potential changing relationship, neither the TPLF-controlled **Tigray Interim Administration** nor Eritrea expressed opposition to the unofficial reopening of the border crossing at the town of **Zalambessa** (Tigray) in June for the first time since 2020.<sup>6</sup> Communities along the Eritrea-Ethiopia border have longstanding familial and trade ties and have historically relied on cross-border trade. Community activists which led the informal reopening claimed it had the tacit support of both the Tigray and Eritrean governments indicating that hostility between the two sides is declining even they are not actually cooperating.

Regardless, these ongoing developments confirm that the political and security situation in northern Ethiopia is growing increasingly complex. It is also clear that Eritrea has continued to maintain an interest in Tigray, which would further complicate any renewed conflict in Tigray, either between the TPLF factions or with the federal government. Eritrea's presence further means that a conflict between Ethiopia and Eritrea cannot be discounted, even if it is assessed as unlikely at this point in time.

### Ethiopia secures external funding

The finance ministry announced on 4 July that it had secured a \$1 billion financing agreement with the **World Bank**, comprising both grants and concessional loans and forms part of the World Bank-backed Second Sustainable and Inclusive Growth Development Policy Operation (DPO) that aims to support Ethiopia's economic reforms and development projects.<sup>7</sup> In particular, this funding will go towards programmes intended to enhance revenue mobilisation, promote transparent and effective governance, and ensure the sustainability of social services. The nature of the World Bank financing means that this agreement will not exacerbate Ethiopia's debt burden and will be subject to strict oversight and programme benchmarks.

Notably, this agreement was reached shortly after the **International Monetary Fund (IMF)** executive board completed its review of Ethiopia's **Extended Credit Facility (ECF)** arrangement on 2 July and authorised the immediate disbursement of around \$262.3m.<sup>8</sup> This brings total disbursements under the arrangement to approximately \$1.87 billion.

The IMF board was generally satisfied with Ethiopia's progress under the ECF programme, noting that the country met all the quantitative criteria. In fact, Ethiopia exceeded some of its targets, most notably accumulating higher levels of net international reserves than intended. This was largely a function of stronger gold exports. According to the IMF, the government has made strong progress in implementing the economic reform agenda. This has contributed to greater economic resilience and lower levels of inflation. Ethiopia's exchange rate reform has corrected real exchange rate misalignment and increased foreign exchange availability.

<sup>6</sup> Addis Standard, 17 Jul 2025

<sup>7</sup> The Reporter, 5 Jul 2025

<sup>8</sup> IMF, 2 Jul 2025

The IMF further praised Ethiopia for its continued efforts to restore debt sustainability and for taking steps to secure a debt treatment. In addition, it noted that measures intended to enhance social safety nets, phase out fuel subsidies, strengthen SOEs, and improve fiscal transparency have begun to show promising results. In its review, the IMF board called on the Ethiopian government to maintain tight monetary policy, improve revenue mobilisation, and pursue substantive tax reforms.

However, the IMF board did not comment on Ethiopia's potentially serious challenges. Key among these is the country's costly and destabilising internal conflicts and the sharp decline in donor funding. Ethiopia has been hard hit by the **United States (US)** government's decision to dramatically reduce official development assistance (ODA) to developing countries.

### Federal government launches major offensive in the Amhara Region

Although the federal government is concerned about the threat of a new conflict in Tigray, the government's ongoing conflict with **Amhara** nationalist groups (Fano) remains Ethiopia's most pressing security concern. In an effort to secure momentum against the militant groups, Ethiopia's security forces launched a major offensive targeting Fano militias in their strongholds in the **West Gojjam, North Wollo, North Gondar, and South Gondar** zones.<sup>9</sup> This offensive, dubbed **Operation Tide**, involved a major surge in federal troops; unconfirmed local reports claimed that the **Ethiopian National Defence Force (ENDF)** deployed thousands of additional forces to the **Amhara Region** in an effort to overwhelm the Fano fighters.

Ethiopia's efforts to restrict the flow of information about the conflict in Amhara has made it difficult to independently ascertain how successful this offensive has been. This is further complicated by both sides claiming major victories. Regardless of these conflicting reports, it is evident that the conflict remains ongoing as of 18 July in the aforementioned areas, particularly in the North and South Gondar zones.<sup>10</sup> Conservative estimates indicate that dozens of people have been killed.

The fact that the ENDF has struggled to decisively defeat the Fano militia over the past year illustrates how well-armed these groups are and the ENDF's limited capacity. Ethiopia's military did not have the time to adequately recover from the Tigray War before being drawn into the Amhara conflict. Furthermore, Ethiopia's security forces are also fighting smaller conflicts with armed nationalist groups in other regions; most notably, in the **Oromia** and **Benishangul-Gumuz**.

In fact, the reallocation of troops and resources to support Operation Tide has likely contributed to the ENDF's setbacks in other regions where the **Oromo Liberation Army (OLA)** militant group has reported gains in recent weeks.<sup>11</sup> Most notably, it has secured territorial gains in the **Metekel** and **Kamashi** zones in Benishangul-Gumuz. The OLA considers large swathes of this region to historically belong to the Oromo people and, as such, has aggressively sought to expand its presence out of Oromia into Benishangul-Gumuz.

Ethiopia's internal security is becoming increasingly unstable, especially outside of Addis Ababa. The federal government cannot afford a new conflict in Tigray, as it cannot afford to fight another conflict in another region, especially against an experienced force such as the TPLF.

### Planner

27 – 29 Jul 2025 **Addis Ababa (Ethiopia) United Nations Food Systems Summit Stocktake (UNFSS+4)** co-hosted by Ethiopia and Italy

8 – 10 Sep 2025 **Addis Ababa (Ethiopia) Africa Climate Summit**

2026 **(Ethiopia)** general election;

<sup>9</sup> Borkena, 28 Jun 2025

<sup>10</sup> Borkena, 18 Jul 2025

<sup>11</sup> Borkena, 9 Jul 2025

## Chronology

22 Jul 2025 **Addis Ababa (Ethiopia)** *ENA*. **National Bank of Ethiopia (NBE)** (central bank) reveals that Ethiopia secured \$32.1 billion from foreign revenue sources in the 2024/25 financial year;

22 Jul 2025 **Addis Ababa (Ethiopia)** *FMC*. The **Grand Ethiopian Renaissance Dam (GERD)** coordinating office releases a statement clarifying that the dam project is fully funded by Ethiopia in response to repeated claims by **United States (US)** President **Donald Trump** that the US was financing the dam's construction.

19 Jul 2025 **Addis Ababa (Ethiopia)** *Addis Standard*. **Oromia Mineral Development Authority (OMDA)** asks the federal mines ministry to revoke exploration licenses held by **China's Hong Kong Xingxu Mining International Investment Co., Ltd** in **West Wellega Zone (Oromia Region)**;

18 Jul 2025 **Bahir Dar (Ethiopia)** *Borkena*. Officials in **Ahmara Region's** capital Bahir Dar partially lift the curfew that has been in effect since 28 July 2024;

18 Jul 2025 **Addis Ababa (Ethiopia)** *The Reporter*. The **United Nations (UN) Refugee Agency (UNHCR)** releases a report warning that over 1.6 million people in Ethiopia are at risk of losing access to humanitarian assistance due to shortfalls in aid funding;

15 Jul 2025 **Addis Ababa (Ethiopia)** *Borkena*. **United States** embassy completes the transition of its food assistance operations from the dismantled **US Agency for International Development (AID)** to the new **Joint Emergency Operations Program (JEOP)**;

15 Jul 2025 **Addis Ababa (Ethiopia)** *Borkena*. The aid organisation **Médecins Sans Frontières (MSF)** (doctors without borders) releases its report on the 24 June 2021 killing of three of its staff in the **Tigray Region**, in which it concludes that the three aid workers were intentionally murdered;

15 Jul 2025 **Addis Ababa (Ethiopia)** *The Reporter*. **United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA)** releases a report warning that around 500,000 displaced people in the **Amhara Region** are facing acute shortages of food, shelter, water, sanitation, healthcare, and protection services;

15 Jul 2025 **Addis Ababa (Ethiopia)** *Addis Standard*. Ethiopia's **National Intelligence and Security Service (NISS)** claims that it has arrested 82 people it suspects of belonging to the **Islamic State (IS)** militant group;

11 Jul 2025 **Addis Ababa (Ethiopia)** *The Reporter*. Finance minister **Ahmed Shide** reveals that the government aims to raise ETB 173 billion (\$1.27 billion) in treasury bills in the current financial year;

7 Jul 2025 **Addis Ababa (Ethiopia)** *The Reporter*. The **Ethio-Djibouti Railway** reveals that it generated ETB 7 billion (\$51.2 million) in the 2024/25 fiscal year;

6 Jul 2025 **Rio de Janeiro (Brazil)** *Borkena*. Prime minister **Abiy Ahmed** attends the **BRICS Summit** in Rio de Janeiro;

5 Jul 2025 **Khartoum (Sudan)** *Borkena*. Sudanese officials claim that armed militia backed by the **Ethiopian** military crossed into Sudanese territory, following claims that farmers on the Ethiopian side had been attacked by Sudanese forces a week earlier;

4 Jul 2025 **Cairo (Egypt)** *AP*. Egypt's water resources and irrigation ministry issues a statement condemning the **Grand Ethiopian Renaissance Dam (GERD)** as unlawful, indicating that the completion of the dam will worsen relations between **Ethiopia** and **Egypt**;

3 Jul 2025 **Addis Ababa (Ethiopia)** *BBC*. Prime minister **Abiy Ahmed** announces that construction of the **Grand Ethiopian Renaissance Dam (GERD)** has been completed and will be inaugurated in September;

3 Jul 2025 **Addis Ababa (Ethiopia)** *The Reporter*. Parliament endorses the government's proposed budget for the 2025/26 financial year;

26 Jun 2025 **Addis Ababa (Ethiopia)** *Borkena*. State minister for finance, **Semereta Sewasew**, meets with a delegation from **Austria** to discuss bilateral cooperation and knowledge exchanges;

22 Jun 2025 **Addis Ababa (Ethiopia)** *Borkena*. The opposition coalition, the **Unity Party Alliance**, calls for the release of political prisoners held in Ethiopia's prisons.

### About Africa Risk Consulting:

**Africa Risk Consulting (ARC)** is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

**ARC's** core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistleblower support on one end to crisis media management and regular monitoring on the other.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### About ARC Briefing:

**ARC Briefing** is ARC's essential business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

**ARC Briefing** is an information service keeping you:

- Up to date with Country Chronologies of business-critical events
- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### Getting in touch

Please contact us by email [info@africariskconsulting.com](mailto:info@africariskconsulting.com)

Africa Risk Consulting (ARC) Pty Ltd expressly forbids the collection of information and content from ARC Briefing as data to train generative artificial intelligence models.

© Africa Risk Consulting (ARC)