AFRICA RISK CONSULTING

Country briefing – Ethiopia

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1 Summary

One year after the death of Meles Zenawi, little has changed despite concerns that ruling Ethiopian People's Revolutionary Democratic Front (EPRDF) would collapse without his unifying figure. His successor Hailemariam Desalegn has maintained the EPRDF's policy of dominating bureaucracy at every level of the state. Hailemariam proves more willing to compromise in the business sector as negotiations to accede to World Trade Organisation pick up pace. Government cracks down violently on Muslim protestors.

Plus ça change…

The celebrations marking the first anniversary of the death of **Meles Zenawi** (1995-2012) are symptomatic of his continued presence in the Ethiopian political landscape. A 21 gun salute on 20 August continued the government's policy of feting the late prime minister whose portraits continue to hang in all public offices. Widespread concerns that prime minister **Hailemariam Desalegn** would not have the political authority to hold together the ruling **Ethiopian People's Revolutionary Democratic Front (EPRDF)** have proved entirely unfounded. Hailemariam has overseen a period of stability in the ruling coalition. Ethiopia's political course appears set on a steady trajectory.[1]

Hailemariam has, for the most part, maintained Meles' policy of managing the four parties that make up the EPRDF. Meles understood the need for young blood in the EPRDF and aimed to replace the entire senior leadership by 2015. Hailemariam has continued his predecessor's policy of ushering out the old guard. A number of stalwarts have departed from the EPRDF under Hailemariam including former foreign minister **Seyoum Mesfin** and former defence minister **Kuma Demeksa**. There are some indications that Hailemariam has abandoned Meles' system of

[1] Source, analyst, Addis Ababa

highly centralised rule, giving way to a more dispersed power base.[2] In a November 2012 reshuffle, Hailemariam added two new deputy premiers to ensure a more equitable representation across the four ethnonational parties and maintained this policy in a June reshuffle.

Hailemariam has maintained the government's obsession with controlling political processes from the federal to the local level, much to the frustration of opposition groups. The EPRDF relies on total control of the state bureaucracy; its network extends from the federal to the regional, from the regional to the woreda, and from the woreda to the kebelle and sub-kebelle levels. The EPRDF under Hailemariam enjoys full control over the core regions of **Tigray**, **Amhara**, **Oromiya** and **Southern Nations, Nationalities and Peoples Region (SNNPR)**. Government troops stationed across the country exert control over regional and local constituencies. The federal security agenda overrides local institutions, and in unstable and politically sensitive areas, military commanders, federal police and security organs operate largely independently of local authorities.

President **Hassan Sheikh Mahamud** of **Somalia** and president **Omar Hassan Ahmad al-Bashir** attended the laying of a cornerstone for the **Meles Zenawi Memorial Museum** in **Addis Adaba** on the first anniversary of Meles' death. Hailemariam has continued his predecessor's policy of an active regional policy. Despite public statements to the contrary, Ethiopia is unlikely to begin an immediate pullout from Somalia or to change its security policy drastically.[3] He has also maintained close economic links with **Djibouti** to ensure continued access to the coast as Ethiopia has been landlocked since the independence of **Eritrea** in 1993. In July, construction began on a new railway line between **Sebeta** just outside Addis Ababa and **Djibouti** city with a new line to the port of **Tadjoura**. One divergence with the Meles administration is that Hailemariam is looking east rather than to traditional allies including the **United States (US)**. The **Barack Obama** administration has proved willing to criticise Ethiopia's human rights record with diplomats disappointed that Hailemariam seemingly pays little attention.[4] In July and August 2013, the state owned **Ethio Telecom** and **Chinese** firms **ZTE** and **Huawei** signed deals worth a combined $1.6m.[5]

[2] Source, western diplomat, Addis Ababa
[3] Source, western diplomat, Nairobi
[4] Source, western diplomat, Addis Ababa
[5] The Reporter, 27 July 2013

Plus c'est la même chose…

The Chinese telecom deals do not signal liberalisation of the business sector or the opening up of the 25 sectors closed to foreign investment. The agreement will see the expansion of Ethiopia's mobile phone infrastructure, introducing high speed 4G broadband networks in Addis Ababa and 3G service to the rest of the country. Mobile network coverage will increase to 85% across the country, with 56m online subscribers by 2015.[6] Despite government denials, local media has reported tension between ZTE and Huawei over who will be responsible for services in Addis Ababa.[7]

Ethio Telecom enjoys a state monopoly in telecoms but the government announced in 2012 that private companies would be allowed to provide all phone services excluding standard voice calls. The government awarded a licence to **South Africa's MTN Group** in 2012. The government denies, however, that such deals mark any form of liberalisation of the sector. Huawei has been active in developing phone and internet services in Ethiopia for several years.

The privatisation of the telecom sector is a requirement for **World Trade Organization (WTO)** accession, which Hailemariam seems to have accelerated after ten years of laborious progress. Ethiopia announced in June that it hoped to complete accession by 2015, with the next meeting with the WTO Working Group scheduled for next month.[8] According to former US ambassador **David H. Shinn**, it is unlikely that the foreign ministry would have been authorised to make the 2015 announcement unless there had been significant progress in resolving WTO concerns about liberalisation of the service sector.

Protests continue

Hailemariam has appeared to change course from his predecessor in response to opposition groups. He has been more tolerant, allowing registered demonstrations to continue. However, police detained 28 people on terror charges and security forces killed three people during protests on 3 and 4 August.[9] The most violent clashes occurred in **Kofele** in **Oromia** after police attempted to break up a demonstration against the government promoting a moderate Islamic theology, al

[6] Reuters, 26 July 2013
[7] The Reporter, 27 July 2013
[8] Addis Fortune, 10 July 2013
[9] AP, 5 August 2013

Ahbash.[10] State TV claimed that the police had successfully broken up a plot by foreign "extremists" during their crack down.[11] The protests at the end of Ramadan included both Muslim and political opposition groups. On 11 August, Hailemariam stuck with the party line telling pro-government media that "foreign forces" are masterminding the protests in an attempt to impose Sharia law.[12] Hailemariam warned opposition groups not to conflate their interests with Muslim grievances. There were also protests around the **Grand Anwar** mosque in Addis Ababa. The protesters continue to claim the government manipulated elections to the **Supreme Council of Islamic Affairs**. In January the protesters chose a committee to represent them in discussions with government. Nine members of the committee were arrested and remain in detention. Muslim groups have vowed to continue their protests.

Implications

Behind the window dressing of portraits and gun salutes, Hailemariam is beginning to implement his own style of government, cracking down on corruption and distributing decision making across the EPRDF. Change will continue to be slow and incremental so as not to risk stability.

Hailemariam has proved unwilling to abandon Ethiopia's state-led fiscal model under pressure from the **International Monetary Fund**. He is, however, apparently willing to be more pragmatic in negotiations with the WTO, even if they are limited to certain sectors. Hailemariam specifically ruled out liberalising the country's telecom sector in May 2013, saying it was too weak to withstand external competition.[13] The latest deal is not necessarily indicative of a change of policy. The Ethiopian government has been happy to use private companies in the telecommunications sector in the past. In 2010, the government turned over management of Ethio Telecom's predecessor, the Ethiopian Telecommunications Corporation, to France Télécom. Greater internet penetration will, however, have an impact on the country's politics and business sector. Few Ethiopians use social media, a key tool for opposition parties to develop a political support base. This will change with greater internet access, though the government is likely to maintain a firm hand on online activity. Businesses will also need to adapt. Few Ethiopian companies are used to doing business online; even those who rely on international clients do not tend to have a large internet presence. This will need to change.

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[10] Ibid
[11] Ethiopia TV, 3 August 2013
[12] Walta Information Centre, 11 August 2013
[13] FT, 27 May 2013

Sporadic protests by Muslim groups have been occurring for approximately two years now. Ordinary Muslims continue to feel harassed by government attempts to crack down on their community leaders rather than address their religious and political grievances. Localised protests will continue. What will be interesting to observe is how the opposition accedes to Hailemariam's calls for it to disavow the Muslim protests. Should the opposition refuse, it will encourage Hailemariam to end his recent policy of sanctioning demonstrations and crackdown using anti-terror legislation. Should the opposition accede to his demands, they will lose the support of Muslims who make up one third of Ethiopia's population and who have community structures in place useful to a nascent opposition movement. If the opposition is able to navigate these waters, it may suggest that they have the nous to offer a serious political challenge.