

AFRICA RISK CONSULTING

Country briefing – Ethiopia

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Summary

Mulatu Teshome is appointed new president, but his first speech suggests no change in government policy. Successful talks with the Ogaden National Liberation Front are unlikely. The International Monetary Fund concludes its Article IV consultation and repeats calls for the Ethiopian government to tighten its fiscal policy. Two Somalis die making a bomb in Addis Ababa in a suspected failed al Shabaab attack.

1.1 Mulatu Teshome elected new president

A joint sitting of the House of People's Representatives and the House of Federation unanimously elected Dr **Mulatu Teshome** as president on 7 October.¹ Ethiopia's presidency is largely ceremonial and Teshome's appointment will not mean that prime minister **Hailemariam Desalegn** faces a competing source of power. After being sworn in, Mulatu committed himself to the government's "development strategies" and to the government's active regional efforts in **Sudan, South Sudan** and **Somalia**.² Mulatu praised the current administration's commitment to infrastructure development, saying that he was equally committed to improving regional transport connections.

Mulatu replaces **Girma Wolde Giorgis** who first acceded to the office in 2001 before being re-elected in 2007. Like his two immediate predecessors, Mulatu is an **Oromo**, and sits on the executive committee of the **Oromo People's Revolutionary Front**. He was previously ambassador to **Turkey, China** and **Japan**, and agriculture minister. While an experienced diplomat and former cabinet minister, Mulatu was elected ahead of several more prominent officials and public figures. According to the Ethiopian constitution, the House of People's Representatives nominates a candidate for the presidency and the House of Federation approves their choice. Mulatu is the fourth president to hold the position since the **Ethiopian People's Revolutionary Democratic Front (EPRDF)** came to power in 1991.

¹ Sudan Tribune, 7 October 2013

² ERTA, 7 October 2013

1.2 Successful talks with Ogaden National Liberation Front remain improbable

Amid speculation that the Ethiopian government is to resume "talks about talks" with the **Ogaden National Liberation Front (ONLF)** in **Nairobi** in the next few months, there is little to suggest that they will be more successful than previous rounds.³ The obstacle that derailed the previous discussions in October 2012, designed to be a precursor to full negotiations, was the ONLF's refusal to accept the Ethiopian constitution as the starting point for discussions. This was the framework within which the **Benishangul People's Liberation Movement** agreed in June 2013 to stop its armed struggle for independence in the **Benishangul Gumuz** region and become a political party.⁴ The Ethiopian government continues to believe that this emphasis on recognition of the constitution can be a "one size fits all" model for curtailing ethnic insurgencies.⁵ However, the government fears that any compromise regarding the constitution will encourage similar groups to take up arms. While the Ethiopian constitution would allow for secession of the **Ogaden**, this is politically unlikely.⁶ Having the Ethiopian constitution as the beginning of any talks would therefore make hardliners with the ONLF unwilling to begin talks. The government's heavy-handed approach to ensuring security in the Ogaden will curtail the likelihood of moderate members of the ONLF abandoning the group despite wider grass-roots frustration at the ONLF's lack of military or diplomatic progress.⁷ There is political will within **Addis Ababa** to start talks, particularly as peace in the Ogaden would be a base for further commercial oil exploration in the region.⁸

The government will continue its approach of making piecemeal deals with ONLF leaders. In January 2013, **Abdinur Abdulahye Farah**, who claims to represent a faction of the ONLF, said that his group was seeking peace talks with the government. Speaking following his arrival at Addis Ababa airport, Farah said he and others had formed a new faction to seek a deal with the government.⁹ The lack of access to the Ogaden makes it hard to determine what impact this strategy is having on curtailing the activities of ONLF leader and former Somali Naval chief **Mohamed Omar Osman**, who claimed Farah was a former official in the ONLF. It was the Osman led faction that claimed responsibility for a 2007 attack on an oil and gas exploration field in the Ogaden owned by a subsidiary of China's **Sinopec Corporation**. The raid killed 65 government soldiers and nine Chinese oil workers. Addis Ababa acknowledges continuing skirmishes with rebel fighters in the Ogaden, but claims of military successes or rebel operations are impossible to verify. Any deal with the ONLF would not change Ethiopia's regional security policy, despite easy movement

³ Source, analyst, Addis Ababa

⁴ Sudan Tribune, 9 June 2013

⁵ Source, diplomatic security officer, Addis Ababa

⁶ Source, INGO official, Addis Ababa

⁷ Source, western diplomat, Addis Ababa

⁸ Source, diplomatic security officer, Addis Ababa

⁹ NTV Kenya, 1 January 2013

across the porous border with Somalia being one of the motivating factors behind Ethiopia's military intervention in the country. Despite the political and security changes across the **Horn of Africa** in the past ten years, including Sudan becoming two states, the foreign affairs ministry remains committed to the 2002 "foreign affairs and national security policy and strategy". The document prioritises active involvement in neighbouring countries to ensure peace and stability across the region as a platform for Ethiopia's economic growth.¹⁰

1.3 International Monetary Fund calls for tighter fiscal policy

The **International Monetary Fund (IMF)** has repeated calls for the Ethiopian government to tighten its fiscal policy.¹¹ The appeal came as the IMF executive board concluded its Article IV consultation on 18 October. The executive board concluded that Ethiopia's macroeconomic picture is encouraging, with a significant deceleration in inflation, continued robust economic growth and increasing levels of foreign exchange. According to the IMF, inflation declined from a peak of 40% in July 2011 to around 7% in June 2013. The government budget deficit, according to the executive board's report, is estimated to be 2.8% of GDP. The IMF also acknowledged that the government's fiscal policy is generally prudent and that it executes its budget cautiously. However, the IMF warned that the continued expansion of investment activities by public enterprises made Ethiopia's overall fiscal stance harder to appraise. The IMF concluded that the reality of the Ethiopian position was likely to be more expansive than the figures would suggest, and recommended that Ethiopian authorities should tighten fiscal and monetary policy to ensure macroeconomic stability and sustained growth. The IMF also repeated calls for the government to recalibrate its public sector led strategy with greater participation by the private sector.

1.4 Two Somalis die making bomb in Addis Ababa

Despite indications of an attempted Somali attack in Addis Ababa in October, the likelihood of an attack on the scale of **Westgate in Nairobi** is slim. Ethiopia's information ministry said on 14 October that two Somalis had died while constructing a bomb in Addis Ababa the previous day.¹² The incident happened in the **Bole** district where many Ethiopians were gathering around giant screens to watch a qualifier match for the 2015 football World Cup. With Addis Ababa being home to the headquarters of a number of international agencies including the **African Union**, it would be an attractive target for **al Shabaab** to retaliate against the presence of the **African Union Mission in Somalia** and prove its international jihadist credentials.

¹⁰ Source, diplomatic security officer, Addis Ababa

¹¹ IMF Statement, 18 October 2013

¹² AFP, 14 October 2013

There are several factors in Ethiopia that decrease the probability of an attack on a similar scale. The first is that the security forces are generally more competent than their Kenyan counterparts. There is a heavy security presence throughout the Ethiopian capital, with local and federal police, and the military guarding key installations. Intelligence agencies have a long track record of infiltrating and disrupting plots in their early stages.¹³ Regular manned checkpoints mark roads connecting the centre with the border regions. There is also an ingrained "neighbourhood watch" culture of reporting suspicious activity to security officials.¹⁴

2 Implications

Given the ceremonial nature of the presidency with executive powers held by the prime minister, Mulatu's election is unlikely to herald any policy shifts. His speech to parliament seemed to confirm this. However, his previous ambassadorial appointments are significant and serve as a reminder of those states with whom Ethiopia is developing economic ties.

There are a number of obstacles to successful talks between the Ethiopian government and the ONLF. There are elements in both the government and the ONLF who are not interested in peace. The Kenyan government, while seemingly happy to continue its role as mediator, has Somalia as a foreign policy priority. No breakthrough should be expected in the short term. Any agreement will be a positive development for oil companies who have been the targets of previous ONLF threats and attacks. The continuing closure of the region to independent sources makes it hard to determine their current capacity.

The IMF consultation is broadly in line with reports from previous years. It was slightly more positive in tone, acknowledging that Ethiopia's growth is becoming more inclusive. However, Ethiopia has proved immune to IMF lobbying for increased space for the private sector. Ethiopia is beginning to prepare a new Growth and Transformation Plan, as the current strategy ends in June 2015. While the government's ambition to join the **World Trade Organization** by that year is likely to see some service sectors opened to foreign competition, the government will maintain its emphasis on state investment in large-scale infrastructure.

¹³ Source, East Africa security expert

¹⁴ Source, diplomatic security officer, Addis Ababa

Ethiopia has avoided the retaliatory bombings and violence that have struck Kenya for its intervention in Somalia. Ethiopian intelligence services have long proved adept at infiltrating any group that threatens national security. The attempted bombing, however, underlines the potential strategic danger posed by unregulated cross border migration with Kenya and Somalia.