

## AFRICA RISK CONSULTING

### Ethiopia Monthly Briefing November

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#### Ethiopia Summary 22 November 2014

*Nine opposition parties form the Forum for Democratic Dialogue in Ethiopia (FDDE) coalition. A Port de Djibouti SA delegation arrives in Addis Ababa to discuss the expansion of the Port of Djibouti, Ethiopia's only accessible sea port. The government signs trade and infrastructure agreement with the self-declared state of Somaliland as it looks to create a new transport corridor and decrease its dependence on Djibouti. Amnesty International accuses Ethiopian security forces of "ruthlessly targeting" the Oromo ethnic group in Oromia Regional State.*

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#### Public apathy greets new opposition coalition

Nine opposition parties formed a broad coalition on 22 October, but the **Forum for Democratic Dialogue in Ethiopia (FDDE)** will not pose a threat to the ruling **Ethiopian People's Revolutionary Democratic Front (EPRDF)** in the 2015 elections. In a statement, the FDDE said its immediate priority is to begin negotiations with the government to ensure greater democratic space and transparency ahead of the elections. The statement said that the FDDE would allow the parties a platform to work towards,

*"Free, fair, participatory and credible elections, to expand the political space and to work on issues related to human and democratic rights of citizens."*<sup>1</sup>

The FDDE appointed **Semayawi Party (Blue Party)** chairman **Yilikal Getnet** and **Omo Peoples' Democratic Unity** official **Girma Bekele** as chairman and secretary respectively.<sup>2</sup>

Popular indifference met the launch of the coalition.<sup>3</sup> None of the opposition parties<sup>4</sup> has the capacity to challenge the dominance of the EPRDF. The Semayawi Party has the highest profile of the opposition parties, but even so is not a credible threat to the EPRDF. Challenges include its small supporter base, the dominant political and economic position of the EPRDF at both national and local level, and the public's loss of faith in the opposition to deliver meaningful change. The other parties are too small to be significant and are based on ethnic or regional groups that will limit their support bases.

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<sup>1</sup> Press Release, 22 Oct 2014.

<sup>2</sup> Press Release, 22 Oct 2014.

<sup>3</sup> Source, journalist, Addis Ababa

<sup>4</sup> The All Ethiopian Unity Organization (AEUO), the All Ethiopian Democratic Party (AEDP), All Amhara People's Organization (AAPO), Semayawi Party, Sodo Gordena Peoples' Democratic Organization (SGPDO), Ethiopian National Unity Party (ENUP), Omo Peoples' Democratic Union (OPDU), Kembata Peoples' Congress (KPC), and Gedio People's Democratic Organization (GPDO).

Sustaining a workable coalition is an elusive venture in Ethiopia; previous efforts have been prone to fragmentation. The failure of the **Forum for Democratic Dialogue in Ethiopia (Medrek)** coalition to adequately respond to the 2005 election violence undermined the credibility of coalitions in the eyes of the Ethiopian electorate.<sup>5</sup> The disintegration of Medrek resulted in ongoing animosity between senior opposition leaders that the FDDE will need to overcome.<sup>6</sup> A Semayawi Party official claims that the FDDE has learned from past mistakes:

*"We found out that the major reason for the failure of the opposition parties to work together was the problems in the internal democracy of the parties and individuals putting their own interests above those of the parties. Since we identified these as major challenges we are able not to be trapped by the same challenges in this cooperation."*<sup>7</sup>

Nevertheless, divisions emerged during the coalition formation process. There were 12 parties engaged in the process until the final stage of talks when the major **Unity for Democracy and Justice (UDJ)** party and other members of Medrek dropped out citing unspecified *"technical difficulties"*.<sup>8</sup> The coalition does not include relatively prominent opposition parties **Andinet** and **Arena**. The **Ethiopian National Electoral Board** says it has yet to receive official notification of the FDDE coalition, but opposition officials deny that this is a result of internal tensions:

*"Since the opposition has been working together for a long time, cooperation doesn't impose challenges in our relations in the future. Plus, we are allowed to cooperate any time without notifying the Election Board so we don't have to give any notification to the board."*<sup>9</sup>

The EPRDF is cracking down on opposition figures and journalists ahead of the election (See *ARC Ethiopia May 2014 Briefing*). Opposition leaders allege intimidation through false charges against potential candidates, and the closure of local party offices.<sup>10</sup> EPRDF officials deny the claims, with one describing them as *"an empty allegation with no single concrete proof"*.<sup>11</sup>

## Ethiopia looks to reduce dependence on the Port of Djibouti

A delegation from the **Port de Djibouti SA** arrived in **Addis Ababa** to discuss the expansion of the **Port of Djibouti**.<sup>12</sup> Ethiopia is dependent on Djibouti for access to its import terminal and international shipping lanes; Djibouti's strategic location and access to deep-water ports are major

<sup>5</sup> Source, journalist, Addis Ababa

<sup>6</sup> Source, journalist, Addis Ababa

<sup>7</sup> Source, opposition leader, Addis Ababa

<sup>8</sup> Source, journalist, Addis Ababa

<sup>9</sup> Source, opposition leader, Addis Ababa

<sup>10</sup> Source, opposition leader, Addis Ababa

<sup>11</sup> Source, EPRDF official, Addis Ababa

<sup>12</sup> Capital, 10 Nov 2014.

components of its economy. Ethiopia is the only landlocked country in Africa with access to only one export port.

The discussions that started on 10 November suggest that the ongoing arbitration proceedings over **DP World Ltd's** concession to manage the **Doraleh Container Terminal** are not having a detrimental impact on business activity. The government cancelled DP World's concession in July alleging corruption during the initial awarding of the 30-year concession (see *ARC Ethiopia July 2014 Briefing*).<sup>13</sup> The charges are politically motivated and related to Djibouti's 2016 election.<sup>14</sup> President **Ismail Omar Guelleh** (1999 – present) and first lady **Kadra Mahamoud Haïd** are looking to secure the position of key allies within their **Isaaq** clan and the ruling **Rassemblement Populaire pour le Progrès (RPP)** party before the election. It is not certain whether Guelleh plans to stand in the 2016 election. The charges are designed to discredit **Djiboutian** businessman **Abdourahman Boreh**, the former chairman of the **Djibouti Ports and Free Zones Authority** and a 2011 presidential candidate, now in self-imposed exile in **The Gulf**.<sup>15</sup> The cancellation of the DP World concession has raised concern about contract sanctity in Djibouti that will jeopardise its access to international finance.

*"It will be two or three years before I present proposed Djibouti investments to our risk committee. It would be utterly futile to do so before then."*<sup>16</sup>

The DPM and new ports under construction at **Doraleh** and **Tadjoura** are key to reducing logistical bottlenecks for companies in Ethiopia. The proposed **Doraleh Multipurpose Port (DPM)** project is expected to double the port's capacity when it comes online in the third quarter of 2016.<sup>17</sup> However, a lack of financing may slow down plans to expand the Port of Djibouti and the Doraleh Container Terminal. Delays will mean continued long lead-times and high costs for inputs and exports.<sup>18</sup> Tadjoura is especially important for Ethiopia's economic growth due to its location as the closest outlet to the **Afar Regional State** where a number of international companies including **Canada-based Allana Potash Corp** and **Norway-based Yara International ASA** are developing potash mines.

The Port of Djibouti SA delegation aimed to prove that concerns about delays are unfounded. The delegation included representatives of **China Merchants Holdings (International)** amid continued speculation that it is looking to increase its 23.5% stake in Port de Djibouti and 66.67% stake in the Doraleh Container Terminal.<sup>19</sup> **China Merchants Group**, a subsidiary of China Merchants Holdings, is

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<sup>13</sup> Bloomberg, 8 Jul 2014.

<sup>14</sup> Source, international finance institute director

<sup>15</sup> Source, international finance institute director

<sup>16</sup> Source, international finance institute director

<sup>17</sup> Capital, 10 Nov 2014.

<sup>18</sup> Source, analyst, Addis Ababa

<sup>19</sup> Source, international finance institute director

financing the construction of the Doraleh and Tadjoura Ports.<sup>20</sup> Increased **Chinese** financing may offset the medium term wariness of international finance institutions to invest in Djibouti.

Relying on one trade corridor makes Ethiopia's logistical management dependent on political relations with Djibouti and reduces its negotiating power to secure beneficial terms.<sup>21</sup> Ethiopia continues to look to **Somalia's** autonomous region of **Somaliland** to reduce its dependence on Djibouti for access to the sea. On 19 November, Ethiopian finance minister **Sufian Ahmed** and a delegation including **Ethiopian Shipping & Logistics Services Enterprise** director general **Ahmed Tusa** signed a trade and infrastructure agreement with the Somaliland government in **Hargeisa**.<sup>22</sup> The agreement covers the **Berbera Corridor**, which will include a road between **Berbera Port** in Somaliland and the border town of **Tog-Wajaale**.<sup>23</sup> The talks included potential Ethiopian involvement in the development of Berbera Port. Negotiations continue between Somaliland and **Bolloré Africa Logistics** over a \$677m investment in Berbera Port<sup>24</sup> while the **Berbera Development Co** is still to appoint a port developer and operator.

### **Amnesty International alleges human rights abuses against the Oromo**

NGO **Amnesty International (AI)** has accused the Ethiopian security forces of "*ruthlessly targeting*" the **Oromo** ethnic group in **Oromia Regional State**.<sup>25</sup> The report alleges that the Oromo ethnic group is "*regularly subjected to arbitrary arrest, prolonged detentions without charge, repeated torture and unlawful state killings*".<sup>26</sup> Oromia Regional State was the site of violent protests in April (see *ARC Ethiopia May 2014 Briefing*). The Ethiopian government has shrugged off similar criticism in the past and the report is unlikely to trigger sanctions.

The security forces accuse those that they detain of being members of the anti-government **Oromo Liberation Front (OLF)**. The OLF is a previously powerful separatist group which has declined in support and popularity in recent years. Security sources are unable to confirm whether this is merely a lull or part of a steady downward trend.<sup>27</sup> Security sources in Ethiopia have, however, flagged that it is difficult to gather accurate information on their intentions and capabilities. There have been no reported OLF attacks in the last few years. The government maintains a heavy **Liyuu** paramilitary force presence in the region to deter **Ogaden National Liberation Front** activity (see *ARC Ethiopia February 2014 Briefing*).

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<sup>20</sup> Capital, 10 Nov 2014.

<sup>21</sup> World Bank, 2013.

<sup>22</sup> www.geeskaafrika.com

<sup>23</sup> www.geeskaafrika.com

<sup>24</sup> Somaliland Globe, 16 Jul 2014.

<sup>25</sup> Addis Fortune, 28 Oct 2014.

<sup>26</sup> Amnesty International, 28 Oct 2014.

<sup>27</sup> Source, analyst, Addis Ababa

The allegations highlight two wider trends in Ethiopian politics. The first is continued ethnic tensions within the EPRDF over perceived political marginalisation and **Tigrayan** dominance of the coalition. Tigrayan officers linked to the capture of Addis Ababa in 1991 are disproportionately represented in the military and intelligence services. Under the patronage of deputy prime minister **Debretsion Gebremichael**, deputy chairman of the **Tigray People's Liberation Front (TPLF)**, members of the Tigray elite enjoy privileged access to senior positions at Ethiopia's state owned enterprises. This has allowed popular and political resentment of the TPLF to fester. The second trend is that western diplomats, for the most part, continue to disregard the findings of NGO reports critical of Ethiopia's human rights record:

*"Diplomats tend to know very little about NGO work and understand it less. Many are inclined to believe rumour that serves a natural tendency to be dismissive of them. This applies in Ethiopia, especially."*<sup>28</sup>

Due to the government's use of the restrictive 2009 **Charities and Societies Proclamation** to limit the access of NGOs, Amnesty International was only able to conduct interviews with refugees outside the country. The west continues to depend on Ethiopia as a bulwark against militant Islam's expansion in the **Horn of Africa**. This again encourages diplomatic responses to critical NGO results to be particularly tepid.

## Implications

The EPRDF will remain the dominant political force in the 2015 election. It is unlikely even in the medium term that it will sufficiently open up the political space in line with the FDDE manifesto. This raises the longer-term risk of a tumultuous transfer of power when a meaningful electoral challenge to the EPRDF does eventually emerge.

Ethiopia's trade logistics position will continue to improve through infrastructure developments in both Djibouti and Berbera. However, progress will remain slow. In Djibouti, contract sanctity concerns will deter international finance institutions while Somaliland's lack of international recognition can make it difficult to secure partial risk guarantees. Long lead-times and high costs will continue to frustrate companies.

Due to Ethiopia's strategic security role, criticism of its human rights record will not result in diplomatic sanctions. The inability of NGOs to conduct research in Ethiopia will provide both the Ethiopian government and international diplomats with ammunition to criticise their reports and disregard their recommendations.

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<sup>28</sup> Source, former Western diplomat