

## AFRICA RISK CONSULTING

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#### Ethiopia Summary 1 December 2016

*Prime minister Hailemariam Desalegn (2012- present) launches a major cabinet reshuffle in response to anti-government protests. Hailemariam includes senior Oromo officials in the new cabinet, including new foreign minister Workneh Gebeyehu and new communication minister Negeri Lencho. Despite these appointments, the opposition claims the reshuffle will not significantly address their ethno-political concerns. The international donor community considers suspending budget talks with government over the state of emergency. The security situation in Oromia and Amhara stabilises under the state of emergency, with only limited security deployments. Visitors report additional security checks at Addis Ababa Bole International Airport.*

#### Hailemariam launches major cabinet reshuffle

Prime minister **Hailemariam Desalegn** (2012- present) reshuffled his cabinet on 1 November in response to the anti-government protests in **Oromia** and **Amhara Regional States**.<sup>1</sup> However, the reshuffle is unlikely to appease the opposition as, despite appearances, it fails to meaningfully address structural ethnic imbalances within the ruling **Ethiopian People's Revolutionary Democratic Front (EPRDF)**. The EPRDF-controlled house of people's representatives (parliament) unanimously approved the new cabinet the same day. The reshuffle involved 20 new appointments, of which five are not members of the EPRDF. The scale of the reshuffle was a surprise as it came only a year after the EPRDF dominated the 2015 election.

*"Though news of a cabinet reshuffle has been around for quite some time, it was never expected that he would resort to electing a highly technocrat cabinet and remove some of the ministers that were deemed 'untouchables'."*<sup>2</sup>

Hailemariam has said competency rather than ethnicity determined appointments.

*"Most of the latest cabinet members are technocrats who have mainly academic and other professional backgrounds. The government has previously hinted that it will appoint ministers based on their educational and other work experiences as opposed to party membership."*<sup>3</sup>

However, ethnicity has played a part in the appointments with a series of senior Oromo appointments from within the EPRDF. For the first time since the ousting of the **Derg** in 1987, there is not a **Tigrayan** in the office of either prime minister or foreign minister. The source of the tension has been the disproportionate influence of the Tigrayans within the EPRDF (see *ARC Ethiopia Briefing November 2016*). Senior Oromo appointments include new foreign minister **Workneh Gebeyehu** and new communication minister **Negeri Lencho** who both replaced Tigrayans.<sup>4</sup> Workneh replaced **Tedros Adhanom**, who is seeking to win the election to become the next head of the **World Health Organization (WHO)** in April 2017.<sup>5</sup> Workneh is deputy chairman of the **Oromo Peoples'**

<sup>1</sup> Addis Fortune, 1 Nov 2016.

<sup>2</sup> Source, journalist, Addis Ababa

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

<sup>4</sup> www.thereporterethiopia.com

<sup>5</sup> www.thereporterethiopia.com

**Democratic Organization (OPDO)**, a constituent member of the EPRDF.<sup>6</sup> Prior to his appointment as foreign minister, Workneh was transport minister and, before this, a federal police commissioner.<sup>7</sup>

*"Many doubt his diplomatic experience but he has now become a top Oromo official under the EPRDF leadership."*<sup>8</sup>

Workneh's replacement as transport minister is **Ahmed Shidie**, who gained a positive reputation as state finance minister. Negeri, also a senior OPDO official, replaced predecessor and government spokesman **Getachew Reda**. Despite opposition claims that Getachew downplayed their grievances during his defence of the government's response to the protests, his removal was a surprise. Getachew was at the centre of government decision-making and was considered to have a bright future within the EPRDF.<sup>9</sup> Negeri is the head of the journalism and communications school at **Addis Ababa University**.<sup>10</sup>

The reshuffle involved a restructuring of government. Hailemariam abandoned the 'cluster' system under which deputy prime ministers were responsible for various aspects of government policy. Hailemariam introduced the system when he assumed office following the death of predecessor prime minister **Meles Zenawi** (1995-2012). The clusters had not proved especially effective, and Hailemariam had *"flirted with the idea of dissolving them for at least a year"*.<sup>11</sup> In dissolving the 'clusters', Hailemariam announced the creation of the **Center for Democratic System Development Affairs Coordination (CSDDAC)** which will sit under his office and offer policy guidance.<sup>12</sup> The head of the newly established CSDDAC is former education minister **Shiferaw Shigutie**, and will also include former ministers **Abdulaziz Mohammed** and **Tefera Deribew** who will become political parties and rural affairs coordinators, and **Fetlework Gebre Egziabher** who will become urban affairs coordinator.<sup>13</sup>

Nevertheless, the reshuffle will not mark a significant change in either economic or security government policy. The new finance minister is **Abraham Tekeste**. Abraham is unlikely to make substantial changes in government economic policy as he is currently state planning commission minister.<sup>14</sup> Telecommunication minister **Debretsion Gebremichael**, a particularly significant figure for investors awaiting liberalisation of the telecommunications sector, remains in post. Industry minister **Ahmed Abitew** also retained his post. In an indication that the reshuffle will not represent a meaningful change in the EPRDF's response to the anti-government protests including the ongoing state of emergency, Hailemariam retained defence minister **Siraj Fegssa**. Deputy prime minister **Demeke Mekonnen**, head of the **Amhara National Democratic Movement**, retains his portfolio despite a reputation for inefficiency.<sup>15</sup>

The opposition has criticised the reshuffle as not addressing their long-standing grievances, including the need for electoral reform. The **Ethiopian Federal Democratic Unity Forum (Medrek)** and the **Ethiopian Democratic Party (EDP)** both praised the technocratic competencies of the new appointees, but questioned whether the EPRDF system of governance will allow them sufficient authority to make a meaningful difference.<sup>16</sup> According to a senior member of the **Oromo Federalist Congress**,

<sup>6</sup> www.thereporterethiopia.com

<sup>7</sup> Addis Fortune, 1 Nov 2016.

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

<sup>9</sup> Source, journalist, Addis Ababa

<sup>10</sup> www.thereporterethiopia.com

<sup>11</sup> Source, journalist, Addis Ababa

<sup>12</sup> Addis Fortune, 1 Nov 2016.

<sup>13</sup> Addis Fortune, 1 Nov 2016.

<sup>14</sup> Addis Fortune, 1 Nov 2016.

<sup>15</sup> Africa Confidential, 26 Aug 2016.

<sup>16</sup> The Reporter, 5 Nov 2016.

*“What the Oromo people were asking for was a change in government. They needed a real change, not a tactical change in people under the same EPRDF skin.”<sup>17</sup>*

### Donors consider suspending budget negotiations with government

The ongoing state of emergency has resulted in increased tensions between the government and the international donor community which is considering suspending 2017 budgetary negotiations.<sup>18</sup> Despite donor concerns, Ethiopia’s role in curbing migration and regional insecurity as a bulwark against militant **Islam** mitigates the risk of any substantial or permanent budgetary cuts. The government’s prohibition on the movement of “western diplomats”, a term the government never specifically defined, especially irritated donors and raised concerns that it was an attempt to shield human rights abuses by security forces. The government lifted the restriction on “western diplomat” movements on 8 November, but donor distrust persists.

*“The situation sounds like it is improving. But the concern is that perhaps the government is just getting more efficient at covering its tracks. I heard there was a lot going on under the surface. Security issues not publicised and pockets of protests across the country which are getting no attention.”<sup>19</sup>*

The government has also increased restrictions on donors and their humanitarian agencies.<sup>20</sup> In November, the interior ministry summoned the country representative of an international non-governmental organisation (NGO) and showed the NGO representative an internal email critical of the government.<sup>21</sup> Other western representatives have alleged that their telephones are currently tapped and are travelling back to head offices to discuss sensitive information. Discussions about whether or not to suspend the budget negotiations are directly related to “concern over the state of emergency and how it is being handled”.<sup>22</sup> Additionally, donors are frustrated that the government reshuffle (see above) is only window dressing and will not lead to meaningful political reform.

*“They have put these new people in and, on the face of it, it looks very good. They are experts in their field. But they’re academics, not policy people or even technocrats. In reality, they will have no influence. People have changed, but policy has not. Nothing will change.”<sup>23</sup>*

A suspension of donor funds is not unprecedented. The **United Kingdom (UK)** government in October 2014 suspended aid under its governance and security programme due to concerns that security forces were engaging in human rights abuses.<sup>24</sup> The current suspension would impact similar programmes as well as broader social and economic development programmes.

*“Development financing will nosedive – disappear entirely – and only humanitarian funding will continue.”<sup>25</sup>*

There is concern that any falling out between donors and the government will directly impact existing programmes.

*“You have to realise the government controls everything. People are very nervous. Everything needs central and local government approval. There are relevant permits for everything. If the government falls out with donors, it will have a direct impact on the day-to-day operations of all international agencies.”<sup>26</sup>*

<sup>17</sup> Source, senior OFC official, Ethiopia

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

<sup>19</sup> Source, consultant, Addis Ababa

<sup>20</sup> Source, consultant, Addis Ababa

<sup>21</sup> Source, consultant, Addis Ababa

<sup>22</sup> Source, consultant, Addis Ababa

<sup>23</sup> Source, consultant, Addis Ababa

<sup>24</sup> Telegraph, 30 Oct 2014.

<sup>25</sup> Source, consultant, Addis Ababa

<sup>26</sup> Source, consultant, Addis Ababa

However, the distinction between development and humanitarian funding may provide sufficient space to allow donors to continue working in Ethiopia. Notably, it would allow the **European Investment Bank (EIB), World Bank Group** and UK to continue to fund the industrial parks that aim to employ more than 30,000 refugees (see *ARC Briefing Ethiopia October 2016*).

*“International donors are adept at blurring the lines between humanitarian and development aid as they see fit. There is no linear process. Humanitarian programmes cover everything from critical needs to early recovery. In a context like Ethiopia, where there are regular chronic emergencies, it can just be a case of changing language ever so slightly. Humanitarian funding will continue and now it’s up to the donors to define that as they see fit.”<sup>27</sup>*

Despite Ethiopia’s accelerated growth in recent years, official development assistance (ODA) has increased in recent years. According to the most recent comparable data, Ethiopia received \$3.5 billion ODA in 2011 which had increased to \$3.8 billion in 2013.<sup>28</sup> This made Ethiopia the second largest recipient of ODA in **Africa** in that year, second only to **Egypt**, and accounting for 7% of all ODA disbursed across the continent that year.<sup>29</sup> Of the total ODA Ethiopia received in 2013, 42% was spent on social programmes, 16% on economic, and 10% on humanitarian.<sup>30</sup>

### Security situation appears to stabilise

The security situation in Oromia and Amhara has stabilised under the state of emergency. Increased stability makes it more likely that Hailemariam will lift the state of emergency before its scheduled six months. Visitors to Ethiopia in November have reported a limited security presence in Oromia in particular.

*“In the Oromia, there are no checkpoints. I had expected to be stopped regularly and asked to justify my presence. But, nothing. There doesn’t seem to be an escalated security presence. Life continues as normal. People are more cautious to speak their minds, perhaps, but it’s not as if Ethiopia has ever been an especially open society. There is almost a disconnect between central government pronouncements about security and the local situation.”<sup>31</sup>*

Visitors equally report that the security situation in **Addis Ababa** remains stable, without the government increasing its security presence even at key sites.

*“There is absolutely no issue with Addis Ababa. I didn’t feel any additional security presence. Nor did it feel like that this was an issue or oversight. The situation is absolutely fine. It felt like there were additional security checks at **Addis Ababa Bole International Airport. Ethiopian Airlines Enterprise** staff refused to provide any explanation for additionally searching luggage and taking down passport details. But this is no more substantial than an inconvenience.”<sup>32</sup>*

Nevertheless, the security situation could re-escalate. In the short-term, there is a particular risk that protests could mark the anniversaries of the escalation of the crisis in December 2015 and January 2016.<sup>33</sup> In the longer term, the violence could resume as long as the government fails to address the long-standing economic and political grievances of the protesters. Local sources report an increase in the number of weapons entering Ethiopia, which will increase the risk of escalating violence.

*“There are reports of weapons crossing the border from **South Sudan**. I got the impression it was not government forces receiving these arms.”<sup>34</sup>*

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

<sup>28</sup> www.oecd.org

<sup>29</sup> www.oecd.org

<sup>30</sup> www.oecd.org

<sup>31</sup> Source, consultant, Addis Ababa

<sup>32</sup> Source, consultant, Addis Ababa

<sup>33</sup> Source, consultant, Addis Ababa

<sup>34</sup> Source, consultant, Addis Ababa

## Implications

The government reshuffle will not address opposition concerns that the **Tigray People's Liberation Front (TPLF)** enjoys an unduly privileged political and economic position within the EPRDF. While seemingly radical in number of ministers involved, the reshuffle will not involve a significant change in government direction. Instead, the new government will be marked by political, economic and security policy continuity. The concern for Ethiopia's long-term political risk profile is that Hailemariam will use the reshuffle to avoid meaningful electoral reform, further bottling up ethno-political tensions.

Popular and political pressure may increase on donors to respond to perceptions of increased EPRDF authoritarianism and failure to address ethno-political grievances. Ethiopia's strategic location, however, means that any aid suspension will probably be limited in nature and length especially if the government lifts the state of emergency ahead of schedule (see below). Despite increased donor frustration with the EPRDF, they will blur budget lines to ensure programme continuity, mitigating the economic and humanitarian impact of any suspension.

Should the current security situation continue, the government will probably lift the state of emergency early to demonstrate its authority and that it is "business as normal". However, despite the current stability, the security situation remains volatile. Violent protests and heavy-handed state responses may resume in the coming months due to frustration at the government's failure to implement meaningful reform. Despite neither protesters nor government forces targeting foreign nationals, visitors, especially to areas outside Addis Ababa, are advised to closely monitor the situation, receive in-country security briefings, and amend their security protocols accordingly.

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