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A suspected Murle militia crosses the South Sudan border in a large cattle raid that exacerbates local ethnic tensions in Gambella Regional State. Nuer and Anuak ethnic groups clash in Gambella Town after two Nuer children die in a car accident involving an NGO vehicle. The ruling Ethiopian People's Revolutionary Democratic Front (EPRDF) remains committed to the development of industrial parks despite Oromia Regional State protests. The United Nations Food and Agriculture Organization (FAO) has warned that the food crisis in Ethiopia is likely to worsen due to a shortage of seeds.

South Sudan militia raids Gambella

The security situation in **Gambella Regional State** has deteriorated with a series of ethnic clashes linked to the ongoing conflict in **South Sudan**. The insecurity is not sufficiently significant to threaten the **Ethiopian People's Revolutionary Democratic Front (EPRDF)** government, but poses a risk to local **United Nations (UN)** staff and the operations of the region's commercial farms. On 15 April, a suspected **Murle** ethnic militia crossed the South Sudan border, killing 208 civilians, and seizing over 100 women and children and 2,000 cattle in raids in **Jekou** and **Nyinenyang Counties**.¹ The **Ethiopian National Defense Force (ENDF)**, at the invitation of the South Sudan government, crossed the border in pursuit of the militia.² Despite the ENDF being the most professional and capable military in the **Horn of Africa**, the rainy season and lack of effective road network may make it difficult for its vehicles to catch up with the militia. The Murle are based in South Sudan's former **Jonglei State**, which president **Salva Kiir** (2011- present) divided into three as part of his revision of South Sudan's states along ethnic lines.

Murle cross-border cattle raiding is a common occurrence, but the scale of the most recent incident raises questions about the group's motive and backing.³ The proliferation of small arms during the South Sudan civil war has worsened the security situation along the border. However, the militia in the most recent raid wore South Sudan military uniforms and had semi-automatic weapons, unusually well armed compared to previous raids.⁴ Some accounts indicated the involvement of militia from the **Dinka**, the same ethnic group as Kiir.⁵ The majority of victims were **Nuer**, the same ethnic group as South Sudan vice president **Riek Machar**, leader of the **Sudan People's Liberation Movement/Army in Opposition (SPLM-IO)** which fought Kiir in the ongoing civil war that started in 2013. At the time of the raid, Machar was in Gambella waiting to return to **Juba** (South Sudan) to resume his office as vice president in line with the latest peace agreement.⁶ A dispute over whether Machar's chief of staff Major General **Simon Gatwech Duel**, who is under international sanctions, could accompany him, delayed his return to Juba from 18 April until 28 April. The SPLM-IO military headquarters are in the Gambella border town of **Pagak**.⁷

¹ East African, 21 Apr 2016.

² East African, 21 Apr 2016.

³ Source, INGO official, East Africa

⁴ Source, INGO official, East Africa

⁵ Source, INGO official, East Africa

⁶ www.gambelatoday.com

⁷ www.nyamile.com

The majority of the 270,000 refugees who have fled South Sudan during the civil war are hosted in four major refugee camps (**Jewi, Pugnido, Tierkidi, and Kule**)⁸ in Gambella, which has a population of only 300,000. The large influx of refugees into the region, and the UN and international non-governmental (NGO) supposed preferential treatment of Nuer refugees compared to local **Anuak** residents, have exacerbated tensions.⁹ Between 21 and 24 April, Nuer refugees attacked UN and **Médecins Sans Frontières** staff after two Nuer children died in a car accident involving an NGO vehicle near **Jewi** refugee camp.¹⁰ Protesters in **Gambella Town** stoned and attacked UN property and vehicles as well as Anuak-owned property and businesses.¹¹ The Anuak – and Ethiopians from outside Gambella, known locally as ‘highlanders’ – engaged in retaliatory violence targeting the Nuer. Notably, protesters stoned the motorcade of Gambella State president **Gatluak Tut Khot**, an ethnic Nuer. At least 14 people died during the clashes, and the UN temporarily withdrew from the camps.¹² It is unclear when South Sudan will be sufficiently stable for the Nuer refugees to return.

The security situation in Gambella is especially vulnerable following the withdrawal of government forces and the **Liyuu** special police in January due to the region’s own internal ethnic tensions.¹³ In January, a land dispute resulted in clashes between the Anuak and Nuer ethnic groups that led to dozens of deaths and an attack on the prison in Gambella Town.¹⁴ Land is especially controversial in Gambella due to several vast, foreign-owned commercial farming organisations in the region, most of which have suffered sporadic attacks.¹⁵ Opponents of large-scale farming operations claim that small-scale farmers forced off their traditional lands carry out the attacks.¹⁶ However, Ethiopian security forces claim the attackers are criminal bandits.¹⁷ Relations between government security forces and Gambella residents have been more tense than usual since December 2003 when the ENDF killed hundreds of Anouk in retaliation for ambushes on other ethnic groups.¹⁸

Government continues to promote manufacturing plan

Despite the recent **Oromia Regional State** protests, the government remains committed to its policy of industrial park development. The leading advocate within the ruling EPRDF is former **Addis Ababa** mayor **Arkebe Equbay**, an adviser to prime minister **Hailemariam Desalegn** (2012- present). Arkebe was also a former urban works and development minister.

“He is credited for many of the positive transformations that the city of Addis Ababa has registered. He is associated with bold government and massive public spending. He is betting heavily on the development of massive industrial parks in the country.”¹⁹

There are already a few industrial parks inside and on the outskirts of Addis Ababa. Their expansion was at the centre of the recent Oromia protests (see *ARC Briefing Ethiopia March 2016*). The industrial parks provide badly needed foreign exchange and employ thousands of low-skilled workers.²⁰ The government offers a series of incentives to companies investing in industrial parks. Arkebe told an ARC researcher,

“Companies that settle inside the industrial parks will not incur any cost in terms of setting up and constructing roads, buildings, electricity and water supplies. We will cover all the costs.”

⁸ www.refworld.org

⁹ Source, INGO official, East Africa

¹⁰ RFI, 24 Apr 2016.

¹¹ Source, INGO official, East Africa

¹² www.refworld.org

¹³ www.gambelatoday.com

¹⁴ www.atlanticcouncil.org

¹⁵ Source, security analyst, East Africa

¹⁶ Source, security analyst, East Africa

¹⁷ Source, security analyst, East Africa

¹⁸ www.hrw.org

¹⁹ Source, journalist, Addis Ababa

²⁰ Source, journalist, Addis Ababa

Besides, we will provide tax havens of up to ten years. Simply, the companies only need to bring in their machineries. We are even considering to provide loans for the procurement of machineries for those interested and that could be up to 85% of loan offer for machinery purchase.”²¹

These concessions have already attracted foreign investors. **China**-based shoe manufacturer **Huajian** and **Sweden**-based clothing retail company **Hennes & Mauritz (H&M)** are at different stages of establishing manufacturing plants. According to **Fitsum Arega**, head of the **Ethiopian Investment Commission**:

“We want the companies that are going to settle in our industrial parks to export their products to a foreign market. If they do so, we will allow them to import their inputs for free. Plus, there will not be any local taxes that will apply to any kind of transactions that will happen between the companies that settle inside the parks. This is because we want them to feed each other and then thrive. Plus, the companies will be free of any income tax for ten years.”²²

The **Industrial Parks Development Corp (IPDC)** aims to develop 100,000 hectares of land (10,000 hectares annually) for a total factory floor area of 20 million square metres (2 million square metres delivered annually) between 2016 and 2025.²³ The IPDC has chosen **Mekelle, Adama, Kombolcha, Dire Dawa** and **Bahir Dar** cities as the sites for its main industrial parks. With a final size ranging from 500 to 2,000 hectares, each park will be developed in phases of 75 to 200 hectares and will have its own specificities. According to the IPDC,

- Dire Dawa in the east is being developed as an integrated zone on the model of an international special economic zone, and will be easily accessible from **Djibouti** by road and train.
- Mekelle in the north will benefit from an already established industrial fabric sector.
- Kombolcha in the north-centre is located at a cross-road at equidistance of major Ethiopian cities, making it an ideal destination for manufactured product for the domestic market.
- Adama in the south-centre is the capital of the Oromia region and is currently a preferred destination for investors in medium and heavy manufacturing.
- Bahir Dar in the north-west is major domestic and international tourism destination.
- **Jimma** in the south-west has a developed coffee sector, and logistics connections to the rest of Ethiopia are currently being upgraded.

Currently the **Kilinto, Bole Lemi** and **Addis Industrial Village** parks are operating, while the **Hawassa Industrial Park** (300 hectares and powered entirely with renewable energy) will start operating in a few months’ time.

United Nations warns of food crisis until September

The UN **Food and Agriculture Organization (FAO)** has warned that the food crisis in Ethiopia is likely to worsen.²⁴ Agriculture production prospects in Ethiopia are broadly favourable in the long term on the back of increased investment and consumption. However, the short-term situation is more negative as the 2015 drought has resulted in a shortage of seeds required for the next crop.²⁵ The 2015 drought resulted in two harvests being missed.²⁶ Seed reserves are depleted after farmers either re-planted following initial crop failures or ate grain they would normally set aside for the next season. The poor 2015 harvest also reduced farmers’ incomes and purchasing power limiting their capacity to buy seeds and other inputs. Planting for the main *meher* season – which produces approximately 85% of Ethiopia’s food supply – begins in June and continues to mid-August. The government’s agriculture bureau indicates that approximately 1.7 million farming families lack the

²¹ Source, Arkebe, Addis Ababa

²² Source, Ethiopian Investment Commission official, Addis Ababa

²³ Source, journalist, Addis Ababa

²⁴ www.fews.net

²⁵ www.fews.net

²⁶ www.fews.net

inputs required to plant in the *meher* season.²⁷ Acute malnutrition is likely to persist at least until September.²⁸

The UN continues to warn of a humanitarian financing gap. The FAO said on 29 April that it required \$10m in immediate financing to distribute seeds in time for farmers to plant the next harvest.²⁹ The FAO has obtained only 15% of the \$50m in aid it requires for Ethiopia.³⁰

*“For donors, the priority remains **Syria** and the **Mediterranean** refugee crisis. In **East Africa**, the situation in South Sudan is deteriorating fast; agencies are preparing for a resumption of conflict. Then in **Kenya**, we have the government trying to extort money by threatening to close down the **Dadaab** and **Kakuma** refugee camps and telling agencies to burden the responsibility for the refugees. Ethiopia’s slow-burning crisis is being overshadowed by more immediate emergencies.”³¹*

Implications

The security situation in Gambella will remain linked to that in South Sudan, where the new national unity government is struggling to manage its own ethnic tensions. Cross-border raids will continue, exacerbating local tensions and posing a security threat to international NGO staff and commercial farms. The Gambella violence is indicative of broader concerns. The EPRDF’s policy of ethnic divide and rule poses a threat to Ethiopia’s long-term political stability.

The government will continue to court foreign investment in manufacturing, which currently accounts for an insignificant proportion of exports. Poor logistics and an overvalued exchange rate will deter investment, but the creation of the industrial parks and the existence of a large labour supply, low wage costs and cheap electricity will mitigate this.

Agricultural production is on a broadly positive trend, but Ethiopia will remain a net grain importer in the medium term despite international investment. A good *meher* season will help improve food availability and reduce reliance on external humanitarian assistance in the meantime.

²⁷ www.fews.net

²⁸ www.fews.net

²⁹ Bloomberg, 29 Apr 2016.

³⁰ Bloomberg, 29 Apr 2016.

³¹ Source, humanitarian officer, East Africa

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.

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