

## AFRICA RISK CONSULTING

### Ethiopia Monthly Briefing December 2020

#### Ethiopia Summary 15 December 2020

*Focus remains on the civil conflict between Ethiopia's federal government and the Tigrayan People's Liberation Front (TPLF). Prime minister Abiy Ahmed's (2018-present) government claims to have taken the Tigrayan capital of Mekelle, but fighting continues as a protracted conflict looks more likely. Both sides have been accused of human rights abuses but misinformation has been difficult. Abiy has received support from the region, amid calls for peace, while international backers, such as the European Union (EU), have pressured the Ethiopian government to extend humanitarian access, including reported threats of funding cuts. Concerns are mounting over the potential economic cost of the conflict and COVID-19 on the Ethiopian economy, while there have been no significant changes over the impasse with Egypt and Sudan concerning the Grand Ethiopian Renaissance Dam (GERD).*

#### Federal government claims victory but conflict is far from over

Prime minister **Abiy Ahmed** (2018-present) on 28 November announced the fall of the **Tigrayan** capital, **Mekelle**, to the **Ethiopian National Defense Force (ENDF)**.<sup>1</sup> The federal government claimed to have taken "full control" after Tigrayan forces failed to surrender in a 72-hour ultimatum.<sup>2</sup> **Tigrayan People's Liberation Front (TPLF)** leader **Debretsion Gebremichael** later released a statement vowing to continue the fight against the federal government.<sup>3</sup> Since then, pockets of fighting have remained, the federal government has claimed the capture of notable Tigrayan political and military leaders, while the TPLF reportedly conducted a new rocket attack on the Eritrean capital, **Asmara**.<sup>4</sup>

Despite the symbolism of the claims of victory and Abiy's notable visit to a "liberated" Mekelle on 14 December, the fall of Mekelle is not a decisive victory.<sup>5</sup> This is highly likely to be the end of the beginning, rather than the beginning of the end for the conflict between the federal government and Tigray's leadership. However, the "victory" in Mekelle is representative of the level of control the federal government continues to exert over the narrative of the conflict and how it is framed. Despite calls for peace talks from regional actors, including **Sudan, Uganda** and the **Intergovernmental Authority on Development (IGAD)**<sup>6</sup>, there is no real pressure in the short term to force Abiy to a negotiating table.<sup>7</sup>

Given that the conflict has had the opportunity to mature, the focus is now on how it will develop. Abiy has sought a decisive military victory to put down the perceived rebellion by the TPLF. He has previously shown that he is committed to taking a hard line and anything short of a significant crackdown on the TPLF, given their disregard for the authority of the federal system, could have prompted other regions of Ethiopia to also seek conflict to force concessions and ensure autonomy.

<sup>1</sup> Addis Standard, 28 Nov 2020.

<sup>2</sup> Al Jazeera, 28 Nov 2020.

<sup>3</sup> Al Jazeera, 28 Nov 2020.

<sup>4</sup> Borkena, 1 Dec 2020.

<sup>5</sup> Addis Standard, 14 Dec 2020.

<sup>6</sup> IGAD comprises Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan and Uganda

<sup>7</sup> Al Jazeera, 14 Dec 2020.

Abiy has not only had to manage his response to Tigray in his actions, but also how they are perceived in other potential problem regions, such as **Oromia**.<sup>8</sup>

Any significant expansion in the conflict remains unlikely in the short term, with fighting confined to Tigray but inter-communal tension increasing in other states.<sup>9</sup> Abiy has ensured support from other key ethno-political stakeholders, notably the **Amhara** and the Oromo, by using the assignment of political positions. Although problem elements remain, particularly within the Oromo youth, the risk of other regions joining the TPLF has become increasingly unlikely in the short term. Regional actors have all offered support to **Addis Ababa**, while the majority of alleged atrocities, or at least the examples gaining traction in the international and regional media, have been attributed to Tigrayan groups rather than the federal government.<sup>10</sup> The result has been a lack of any real support from regional or international actors for the TPLF. Under the current dynamic, this is unlikely to change, with the federal government remaining in control of the narrative.

The TPLF's endgame is more difficult to understand. Despite reasonable military capabilities and leadership, Tigray lacks the resources and materiel necessary for a protracted conflict. Debretsion Gebremichael has committed to continuing the fight, and the majority of the Tigray's ruling political elite remain committed to their current hostile opposition to the federal government. Seeking sympathy from abroad to either gain tangible support, both militarily and financially, or to force the federal government into a position where it must negotiate and offer concessions remains the key goal.

Looking ahead, while the conflict becomes increasingly protracted, outside pressure for a negotiated solution is likely to mount. There have already been numerous calls at the regional and international level for talks, most recently including offers by Uganda and Sudan to mediate talks.<sup>11</sup> If the federal government is deemed to have abused human rights in Tigray, disrupted aid traffic or if Ethiopia becomes a destabilising force to its neighbours, then international pressure on the government to find an integrated solution will mount. So far this pressure has materialised as rhetoric rather than threats of sanctions or fund cuts.<sup>12</sup> However, both the **European Union (EU)** and the **United States (US)** have reportedly threatened to cut funding to Ethiopia if their interests are not upheld.<sup>13</sup> This is also raising greater concern over the potential financial implications of Abiy's alternative strategy of finding a decisive military victory, which currently remains far from bringing a lasting solution.

### **Tigray crisis threatens international financial support and reform agenda**

Reports emerged on 1 December that EU officials were reportedly considering a U-turn on the EU's funding commitment to Ethiopia's federal budget.<sup>14</sup> The reconsideration was reportedly prompted by concerns that the Ethiopian government was disrupting humanitarian access into TPLF-held areas of Tigray. Just days after the rumoured threats, the Ethiopian government enabled greater humanitarian access in Tigray. The timing of the two developments was notable.

Ethiopia remains reliant on international funding support, particularly for areas such as health and economic development. The EU has reportedly provided the Ethiopian government with an estimated \$975m over seven years, with a meeting planned this December for evaluating an additional allocation of \$90m.<sup>15</sup> More broadly, an estimated 13% of the Ethiopian budget was dependent on foreign aid for the 2019-20 financial year.<sup>16</sup> Some estimates have also projected that foreign financial support accounts for almost 25% of the Ethiopian government's revenue. As such, there is mounting

<sup>8</sup> The Economist, 1 Dec 2020.

<sup>9</sup> Addis Standard, 24 Nov 2020.

<sup>10</sup> Amnesty International, 12 Nov 2020.

<sup>11</sup> Sudan Tribune, 13 Dec 2020.

<sup>12</sup> Reuters, 15 Nov 2020.

<sup>13</sup> Bloomberg, 1 Dec 2020.

<sup>14</sup> EU Observer, 1 Dec 2020.

<sup>15</sup> Bloomberg, 1 Dec 2020.

<sup>16</sup> Bloomberg, 1 Dec 2020.

concern that the current approach of the Ethiopian government in Tigray could prompt foreign sponsors, such as the EU, to withdraw financial support, placing greater economic pressure on the Abiy government.

Even before the conflict with Tigray, the US had already threatened to withhold funding from the Ethiopian government over its perceived obstruction in talks concerning the **Grand Ethiopian Renaissance Dam (GERD)**.<sup>17</sup> Progress on the dam issue, which would limit water availability further down the **Nile**, has remained limited this month.<sup>18</sup> The US reportedly threatened to cut up to \$130m in funding for security assistance and military training.<sup>19</sup> Although the US has not threatened to reduce humanitarian aid contributions, the US government accounts for almost half of Ethiopia's international aid funding, with the EU, **United Kingdom (UK)**, **Germany** and the **World Bank** other key funding sources.<sup>20</sup>

There is growing concern that the Tigray crisis will transition into a wider financial crisis in Ethiopia. The Ethiopian economy was already in a poor position with low growth projections for the financial year of up to 2%, compared to pre-**COVID-19** projections of 8-9%.<sup>21</sup> Renewed growth projections for 2021 have outlined the potential for 0% growth.<sup>22</sup> A protracted civil conflict would not only bring additional military costs but, as is the concern, the potential for international funding cuts or sanctions.

The danger of a drawn-out conflict also threatens Abiy's ability to conduct reforms to liberalise the economy and limits scope for privatisation. Such reform efforts and promises have been fundamental to the significant increase in confidence in the Ethiopian market since Abiy came to power in 2018. Despite the Ethiopian government outlining plans to commit to the privatisation of key industries, such as a reaffirmation this month that 45% of state telecommunications monopoly **Ethio Telecom** would be sold off, the Tigray crisis is likely to stifle foreign direct investment.<sup>23</sup>

The federal government needs a quick solution to the Tigray crisis to reassure investor confidence and increase foreign direct investment (FDI) inflows. This is another key reason that Abiy has sought to portray the fall of Mekelle as a decisive victory and to downplay the threat of the TPLF as largely peripheral. However, this decrease in confidence has already begun to be felt with a decline in the value of Ethiopia's 2024 **Eurobonds** at the beginning of November by 2.8%, against a backdrop of increasing confidence in emerging market debt (see *ARC Briefing Ethiopia November 2020*).<sup>24</sup> There have been signs of confidence since, but there is now a renewed interest in Ethiopia's economic health given the COVID-19 impact and the Tigray crisis, with increased scrutiny expected over the coming months.

### Health impact of COVID-19 situation remains a background concern

Against the backdrop of the Tigray crisis, the public health situation in Ethiopia has received commensurately less attention. The predominant impact of COVID-19 in Ethiopia has been its justification as a delay to August's planned election and subsequent fallout from the Tigray crisis rather than its immediate concerns for health. Nonetheless, the spread of the virus has been, and remains, well controlled.

Focusing on the health side specifically, the rate of infection has stayed relatively stable over the past month, with no exacerbation attributable to the conflict in Tigray and subsequent displacement.<sup>25</sup> As

<sup>17</sup> FT, 2 Sep 2020.

<sup>18</sup> Al Monitor, 28 Nov 2020.

<sup>19</sup> Foreign Policy, 27 Aug 2020.

<sup>20</sup> UNOCHA, 28 Jan 2020.

<sup>21</sup> UNOCHA, 21 Nov 2020.

<sup>22</sup> IMF, 22 Oct 2020.

<sup>23</sup> Addis Standard, 23 Nov 2020.

<sup>24</sup> Bloomberg, 9 Nov 2020.

<sup>25</sup> Ministry of Health – Ethiopia, 14 Dec 2020.

of 14 December, total cases in Ethiopia stand at 116,000 with total deaths recorded at 1,800.<sup>26</sup> Although rates in Ethiopia have been higher than the majority of continent, Ethiopia's comparatively rigorous testing capacity has been praised. The accuracy of public health statistics in Ethiopia is also comparably better than the majority of the region given Ethiopia's stringent testing capacity.<sup>27</sup>

Social distancing remains in place, with face masks mandatory in public places. However, public transport has been scaled back and entertainment venues remain closed. This has been controversial, notably the banning of public demonstrations, but any criticism or focus on the federal government's handling of the public health situation has been offset by developments in Tigray.<sup>28</sup>

For those wishing to travel to Ethiopia, proof of a viral test and a negative result are required between 1-3 days before travel to Ethiopia.<sup>29</sup> However, the rapid diagnostic antibody tests are not accepted as evidence of immunity.<sup>30</sup> Similarly, there is no accessible test on arrival facility currently in place at **Addis Ababa Bole International Airport**, although temperature-screening checks apply.<sup>31</sup>

The rules for transiting through Addis Ababa are more lenient, with some recent recovery in the use of Addis as a regional hub for African travel, including **Ethiopian Airlines** announcing additional services to **Russia** on 14 December to meet demand.<sup>32</sup> Despite significant revenue declines, concerns over the health of Ethiopia's flagship carrier have been limited, with diversification from carrying passengers remaining notable. For example, on 3 December Ethiopian Airlines announced a partnership with the logistics network of **Alibaba Group** for temperature-controlled airfreight.<sup>33</sup> There is little current suggestion that Addis Ababa's long-term ambition to be Africa's established regional air hub has been significantly derailed by Covid-19 or the current Tigray crisis.

## Planner

Mar 2021 **(Ethiopia)** Election campaign period;

Jun-Jul 2021 **(Ethiopia)** Voting expected to take place;

## Chronology

15 Dec 2020 **Tigray (Ethiopia)** *Addis Standard*. The head of Tigray's interim administration, **Mulu Nega**, appoints new mayor of **Mekelle** and calls for civil servants to return to work under the new administration;

14 Dec 2020 **Tigray (Ethiopia)** *Addis Standard*. Prime minister **Abiy Ahmed** visits **Mekelle**, Tigray, to attend a meeting of the new regional capital and tweets photos of reconstruction efforts in the region;

14 Dec 2020 **Addis Ababa (Ethiopia)** *Ministry of Health*. The total number of cases of **Covid-19** reaches over 116,000, while the total number of Covid-19-related deaths increases to 1,803;

14 Dec 2020 **Addis Ababa (Ethiopia)** *Ethiopian Airlines*. **Ethiopian Airlines** introduces second weekly flight to **Moscow** to meet demand from **Russian** travellers using **Addis Ababa** as a regional hub;

13 Dec 2020 **Addis Ababa (Ethiopia)** *Reuters*. **Sudan's** prime minister, **Abdalla Hamdok**, visits **Ethiopia** to offer mediation in the **Tigray** crisis;

13 Dec 2020 **Addis Ababa (Ethiopia)** *Ethiopian Herald*. Economic experts at **Nairobi**

<sup>26</sup> Ministry of Health – Ethiopia, 14 Dec 2020.

<sup>27</sup> Anadolu Agency, 4 Sep 2020.

<sup>28</sup> Amnesty International, 27 Oct 2020.

<sup>29</sup> CDC, 14 Dec 2020.

<sup>30</sup> Ethiopian Airlines, 11 Dec 2020.

<sup>31</sup> Ethiopian Airlines, 11 Dec 2020.

<sup>32</sup> Ethiopian Airlines, 14 Dec 2020.

<sup>33</sup> CGTN Africa, 5 Dec 2020.

**University** praise Ethiopia's homegrown economic reform plans as an example for other **African** countries to follow;

12 Dec 2020 **Addis Ababa (Ethiopia)** *UNHCR*. **United Nations High Commissioner for Refugees** head **Filippo Grandi** expresses concern over reports of **Eritrean** refugees in **Tigray** being targeted in attacks or forcibly returned to Eritrea;

11 Dec 2020 **Addis Ababa (Ethiopia)** *Ethiopian Herald*. New projections from the **Chemical and Construction Inputs Industry Development Institute (CCIIDI)** expect chemical and construction exports from **Ethiopia** to be worth \$1.3 billion over the next decade;

11 Dec 2020 **Addis Ababa (Ethiopia)** *Oxfam*. **United Kingdom**-headquartered non-profit group **Oxfam** raises concern over new rainfall projections for the **Horn of Africa** for 2021 which reportedly threatens to exacerbate food insecurity in **Ethiopia** in the new year;

11 Dec 2020 **Oromia (Ethiopia)** *Ethiopia Insight*. An **Oromia** court releases opposition politician and government critic **Lidetu Ayalew** on bail, with the next court proceedings beginning on 15 December;

9 Dec 2020 **SNNPRS (Ethiopia)** *The Star (Kenya)*. The one-stop border post at **Moyale** between **Ethiopia** and **Kenya** opens with Ethiopia's prime minister, **Abiy Ahmed**, and Kenya's President **Uhuru Kenyatta** praising the cooperation of border communities;

8 Dec 2020 **Tigray (Ethiopia)** *DW*. Reports confirm that Ethiopian military forces shot at **United Nations** employees conducting humanitarian operations, with the federal government reiterating their intentions for involvement in aid delivery;

8 Dec 2020 **Amhara (Ethiopia)** *Addis Standard*. The regional police force in **Amhara** requests permission, or for federal assistance, to intervene in violence in **Benishagul Gumuz**;

7 Dec 2020 **Adama (Ethiopia)** *Addis Standard*. Inefficiencies, vandalism and theft on the **Ethiopia-Djibouti** railway contribute to \$3m loss in Q1 and increase concern over the project;

7 Dec 2020 **Addis Ababa (Ethiopia)** *Borkena*. The **Minister of Peace** expresses concern over the use of regional forces for intervening militarily in other Ethiopian regions, deeming their use as a contravention of Ethiopia's constitution;

6 Dec 2020 **Benishangul-Gumuz (Ethiopia)** *Borkena*. Militia forces attack civilians in **Debate** district, reportedly killing ten people;

4 Dec 2020 **Addis Ababa (Ethiopia)** *Face2Face Africa*. Livestock census confirms **Ethiopia** as having the largest livestock population in **Africa**, including over 60 million cattle;

4 Dec 2020 **Addis Ababa (Ethiopia)** *Air 101*. **Ethiopian Airlines** awarded best **African** carrier at the Decade of Airline Excellence Awards;

4 Dec 2020 **Tigray (Ethiopia)** *Reuters*. **European Union** officials reportedly criticise the Ethiopian government for restricting humanitarian access in **Tigray** to areas exclusively controlled by the federal government, and press the government to end its telecommunications blackout in the region;

2 Dec 2020 **Addis Ababa (Ethiopia)** *Bloomberg*. Reports indicate the **European Union** is considering the suspension in budgetary support to the federal government of **Ethiopia** over the conflict with **Tigray** region;

2 Dec 2020 **Addis Ababa (Ethiopia)** *Middle East Monitor*. Over 300 Jews are airlifted to **Israel** as part of patriation efforts between the countries;

2 Dec 2020 **Addis Ababa (Ethiopia)** *UN*. The federal government and the **United Nations** agree a humanitarian deal, including access in **Tigray**;

2 Dec 2020 **Tigray (Ethiopia)** *Reuters*. Four local workers for international humanitarian

organisations reportedly died in an attack by unconfirmed forces near the **Eritrean** border;

1 Dec 2020 **Tigray (Ethiopia)** *Sudan Tribune*. **Sudanese** military sources claim to have arrested a **Tigrayan People's Liberation Front (TPLF)** official and confiscated money and cars in **Gedaref** (Sudan);

1 Dec 2020 **Tigray (Ethiopia)** *Borkena*. Former speaker of the federal **Upper House Keria Ibrahim** surrenders herself to federal military forces in **Tigray**;

1 Dec 2020 **Tigray (Ethiopia)** *UNHCR*. **United Nations High Commissioner for Refugees** reports that food shortages are hitting **Eritrean** refugees in **Tigray**, with the risk of hunger and malnutrition growing in camps and settlements;

30 Nov 2020 **Tigray (Ethiopia)** *Addis Standard*. **The Ethiopian Human Rights Commission (EHRC)** calls for the federal government to restore telecommunications coverage in **Tigray**;

30 Nov 2020 **Tigray (Ethiopia)** *Borkena*. The Tigrayan youth group allegedly behind the attack on civilians in **Maikadra** is reported to have fled to **Sudan**;

30 Nov 2020 **Tigray (Ethiopia)** *Reuters*. Despite the federal government declaring victory, **Tigrayan People's Liberation Front (TPLF)** leader **Debretsion Gebremichael** vows to fight on, denying accusations that he had fled to **South Sudan**;

29 Nov 2020 **Addis Ababa (Ethiopia)** *Sudan Post*. Ethiopian and **South Sudanese** governments deny accusations that South Sudanese officials were expelled from **Addis Ababa** in response to reports of a **Tigrayan** leader travelling to **Juba**;

28 Nov 2020 **Tigray (Ethiopia)** *The National*. Tigrayan military forces conduct a rocket attack targeting the **Eritrean** capital of **Asmara**, with the damage caused by the six rockets remaining unconfirmed;

28 Nov 2020 **Tigray (Ethiopia)** *Africa Confidential*. Prime minister **Abiy Ahmed** claims the fall of the Tigrayan capital of **Mekelle**, although fighting continues and concerns grow over a transition to more guerrilla tactics in **Tigray**;

27 Nov 2020 **Addis Ababa (Ethiopia)** *AFP*. Prime minister **Abiy Ahmed** meets with **African Union (AU)** envoys, reiterating his commitment to putting down the rebellion in **Tigray** region militarily;

24 Nov 2020 **Addis Ababa (Ethiopia)** *Addis Standard*. Ethiopian and **Emirati** officials outline plans for increasing cooperation over artificial intelligence (AI);

24 Nov 2020 **Addis Ababa (Ethiopia)** *IBT*. **UN Security Council** conducts its first meeting on the **Tigray** crisis, although several countries pulled out of the virtual meeting;

24 Nov 2020 **Tigray (Ethiopia)** *Borkena*. Ethiopian military officials claim that the **Tigrayan People's Liberation Front (TPLF)** has set aside Ethiopian and **Eritrean** military uniforms to conduct false flag attacks on civilians;

24 Nov 2020 **Tigray (Ethiopia)** *Addis Standard*. **The Ethiopian Human Rights Commission (EHRC)** accuses Tigrayan youth group **Samri** of committing atrocities in **Maikadra**;

23 Nov 2020 **SNNPRS (Ethiopia)** *Addis Standard*. Significant displacement and dozens of civilians killed in intercommunal violence in the **Konso** area, while other reports claim up to 600 were killed;

23 Nov 2020 **Addis Ababa (Ethiopia)** *Reuters*. The Ethiopian government reiterates plans for privatisation, including the sale of a 45% stake in the state telecommunications monopoly, **Ethio Telecom**;

22 Nov 2020 **Addis Ababa (Ethiopia)** *The East African*. Ethiopia's deputy prime minister tours the region, including **Kenya, Uganda, Rwanda** and **DRC**, reassuring regional actors of the

federal government's strategy against **Tigray**;

21 Nov 2020 **Addis Ababa (Ethiopia)** *Al Monitor*. **Sudan** boycotts talks with **Ethiopia** and **Egypt** over the **Grand Ethiopian Renaissance Dam (GERD)** over the lack of progress so far;

20 Nov 2020 **Somali (Ethiopia)** *FAO*. The desert locust infestation is now centred in **Somali** region, with new breeding in December likely to threaten agriculture in southeast **Ethiopia**;

18 Nov 2020 **Addis Ababa (Ethiopia)** *Fana*. The federal government issues arrest warrants for 76 military leaders on treason charges;

18 Nov 2020 **Addis Ababa (Ethiopia)** *World Bank*. Approximately 8% of Ethiopia's workforce has had to stop work as a result of **Covid-19** related factors;

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