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The United States (US) secretary of state Antony Blinken visits Ethiopia on 14 March for the first time since the signing of a peace treaty between the government and the Tigray People's Liberation Front (TPLF). Blinken announces a \$331m package to provide humanitarian assistance targeting those impacted by the effects of conflict, drought and food insecurity in Ethiopia. Upon Blinken's return to the US, he announces that the Biden administration has concluded that all parties in the Tigray conflict committed war crimes and crimes against humanity. Ethiopian authorities reject this claim, further straining relations between the two countries. The government continues its focus on attracting foreign direct investment for industries which have taken strain since the onset of the Tigray conflict, benefiting from investments from the United States Agency for International Development as well as South Korea, Pakistan and Slovenia. The International Monetary Fund's communications director, Julie Kozack, states on 23 March that the institution is conducting technical work required for a discussion on Ethiopia's requested bailout. Egypt's foreign minister Sameh Shoukry appeals on 8 March to fellow members of the Arab League to use their influence to pressure Ethiopia to halt its continued construction and use of the Grand Ethiopian Renaissance Dam (GERD). Ethiopia expands its role in the fight against the al-Shabaab insurgency in Somalia and commits to sending additional soldiers by end May.

US-Ethiopia relations remain strained...

The **United States (US)** secretary of state **Antony Blinken** arrived in Ethiopia on 14 March for his first visit to the country since the signing of a peace treaty between the government and the **Tigray People's Liberation Front (TPLF)** in November.¹ Blinken held talks with high-profile figures including Prime Minister **Abiy Ahmed** (2018-present), foreign minister **Demeke Mekonnen** and finance minister **Ahmed Shide**.² Shide stated in his meeting with Blinken that the government requires at least \$20 billion over five years to restore and rebuild infrastructure in the northern Tigray region which has been destroyed by the conflict which began in late 2020. He cautioned that this was merely a "conservative estimation". The minister noted that the state has begun "immediate recovery interventions" with the help of the **World Bank**, however:

"We [government] cannot do this alone as the financing need for the post-conflict reconstruction is substantial"³

Blinken announced a \$331m package for humanitarian assistance on 15 March, targeting those impacted by the effects of conflict, drought and food insecurity. This lifted total US funding for Ethiopia to \$780m in 2023 alone. However, the funding gap remains wide - **Jian Zhao**, the acting chief of mission of the **International Organization for Migration (IOM)** noted on 9 March during a handover of 250 tonnes of humanitarian aid from the US embassy to IOM that there are currently around 4.2 million people who were internally displaced across Ethiopia due to conflicts and climatic shocks such as drought and floods.⁴

¹ United Nations News, 2 Nov 2022

² Al Jazeera, 15 Mar 2023

³ The Reporter, 18 March 2023

⁴ New Business Ethiopia, 9 Mar 2023

Despite the US' increasing aid for Ethiopia, relations between the two countries have weakened considerably since the onset of the Tigray conflict. US President **Joe Biden's** (2021-present) administration has repeatedly condemned Ethiopia's handling of the war in strong terms. The US even went as far as to introduce sanctions including the removal of Ethiopia from the **African Growth and Opportunity Act (AGOA)** programme, a duty-free trade programme designated for **sub-Saharan African** countries' exports to the US.⁵

Despite the holding of the peace agreement, the US has yet to initiate Ethiopia's readmission into the programme, hinting at the continued strain in the relationship between the two countries. The US further intensified tensions as upon Blinken's return to the US on 19 March, he announced that following a *"careful review of the law and facts"*, the Biden administration has concluded that all parties in the conflict in the Tigray region committed war crimes and crimes against humanity. This includes the members of the **Ethiopian National Defence Forces, Eritrean Defence Forces, TPLF and Amhara** forces.⁶ Blinken did not announce any policy implications, however, the findings lend weight to the US's call for perpetrators of violence to be held accountable for their actions. Blinken stated that *"many"* of the crimes committed were *"calculated and deliberate"*. Current estimates have the death toll from the conflict at 600,000 people.⁷ Ethiopia's foreign ministry called the statement *"inflammatory"* on 21 March describing it as a:

*"Continuation of unwarranted hostility and demonisation that US administrations have pursued against Eritrea since 2009 to advance their ulterior political agendas."*⁸

The Ethiopian government has rejected allegations levelled against it of human rights violations and crimes against humanity and has repeatedly sought to terminate the mandate of the **United Nations International Commission of Human Rights Experts on Ethiopia** tasked with investigating allegations of violations and abuses of international human rights laws since the onset of the Tigray conflict.⁹ US-headquartered **Human Rights Watch** voiced its *"alarm"* on 28 February at the Ethiopian government's plan to introduce a resolution at the **United Nations (UN) Human Rights Council** calling for the termination of the mandate of the commission.¹⁰

As conflict stymies the development of key industries

The government is taking steps to revive its economy with a focus on attracting foreign direct investment for industries which have taken strain since the onset of the Tigray conflict. Mines minister **Takele Uma** announced on 4 March that **Swedish** gold miner **Akobo Minerals** had launched operations. The new mine is expected to produce 2,000kg of gold annually and generate \$100m in hard currency annually through the export of gold.¹¹

Ethiopia's gold reserves are mainly centred in Tigray, **Benishangul Gumuz, Gamebella, Amhara, and Oromia**, however, the sector has not been adequately exploited and, as a result, artisan miners are the main producers of gold in the country. The impact of conflict in the country has also been felt, with the hard currency earnings from gold exports falling from around \$600m annually in 2015 to below \$100m in 2020.

Likewise in the manufacturing sector, the Tigray conflict has had negative consequences for the growth of the industry. The **Ethiopian Trade Union** also announced on 4 March that the factory of one of the country's leading leather manufacturers, **Sheba Leather Industries**, was destroyed during the Tigray war, and will require at least Br 2.9 billion (\$53.9m) to rebuild the factory. The firm was founded in 2004 and employed 1,200 employees.¹² However, the state is looking to encourage

⁵ Tralac, accessed on 23 Mar 2023

⁶ Associated press, 20 Mar 2023

⁷ Al Jazeera, 21 Mar 2023

⁸ Al Jazeera, 21 Mar 2023

⁹ Reuters, 27 Feb 2023

¹⁰ Human Rights Watch, 28 Feb 2023

¹¹ New Business Ethiopia, 4 Mar 2023

¹² The Reporter, 4 Mar 2023

investment over the near term. Abiy attended the opening ceremony of the **Adama Steel** factory in Oromia on 10 March following its 5.6 billion (\$103.9m) expansion. The expansion is expected to increase the factory's permanent staff complement from 900 to 3,000.¹³

Manufacturing is a key feature of the government's **Homegrown Economic Reform Plan** but financing remains a challenge. The finance ministry said on 25 February that over 200 manufacturing firms were forced to shutter operations owing to a lack of access to finance. The manufacturing sector "*receives barely 15% of bank loans on average*" leaving the finance ministry to make up the shortfall. Approximately 90% of the ministry's loans have been given out to the manufacturing sector. Despite this, during the first half of the current fiscal year (starting July), the manufacturing sector received only \$128m of the necessary \$881m for raw materials.¹⁴

While the state has been unable to fund activities, international aid agencies have been making up the shortfall. **United States Agency for International Development (USAID)** announced a \$60m investment fund called **Kefeta** on 4 March, targeting youths across 18 cities in the country by promoting employment and youth participation in civil discourse. The investment will also establish the **Empowerment Fund** which is expected to grow to over \$20m by 2026 and finance youth enterprise start-ups.¹⁵ The finance ministry also announced on 8 March that it had received \$20m from Korea's international development vehicle, the **Korea International Cooperation Agency**. The grant aims to implement projects to support the country's sustainable development. One of the projects, amounting to \$10m, will target the country's leather industry, aimed at improving competitiveness within the sector through the development of a business incubation centre and by providing support to existing small and medium enterprises.¹⁶

Ethiopia and **Slovenia's** ambassadors to **Italy**, **Demitu Hambisa** and **Tomaz Kun Steljmet**, also met on 10 March to discuss investment opportunities in Ethiopia. The latter expressed his country's interest in investing in the beekeeping segment as well as in technology transfer between the two countries.¹⁷ Later, on 14 March the **Ethiopian Investment Commission** announced that it had signed a memorandum of understanding with a delegation comprising 80 **Pakistani** investors engaged in agriculture, manufacturing, minerals, technology, health care, and other sectors, during their visit to Ethiopia. The agreement includes a commitment for the group to invest \$100m to build an industrial park, the **Pakistan-Ethiopia Friendship Industrial Park**. The agreement also commits to increasing the trade value between the two countries from an estimated \$7m to \$300m annually.¹⁸ However, the parties did not provide any timeline for the attainment of these ambitious goals.

On a further upside for Ethiopia's industries, Ethiopia was announced on 25 February as one of the African nations which will benefit from the newly established **African Continental Free Trade Agreement (AfCFTA) Adjustment Fund**. The fund was operationalised to compensate countries who face losses linked to their beginning the implementation of AfCFTA. Ethiopia ratified the AfCFTA in April 2019, after signing it in March 2018. The agreement aims to create a single continental market for goods and services allowing for the free movement of business persons and investments across the continent. Notably, the first phase, which came into effect in January 2021, requires the gradual removal of 90% of tariffs on goods and services.¹⁹ The fund expects to provide a buffer for the countries as they remove tariffs and seek to compete under the new trade agreement. The fund received a \$1 billion capitalisation from **China's Afrexim** bank and has a target size of between \$8 billion and \$10 billion.²⁰

¹³ New Business Ethiopia, 10 Mar 2023

¹⁴ The Reporter, 25 Feb 2023

¹⁵ New Business Ethiopia, 4 Mar 2023

¹⁶ New Business Ethiopia, 8 Mar 2023

¹⁷ New Business Ethiopia, 10 Mar 2023

¹⁸ 2merkato, 14 March 2023

¹⁹ World Bank, 30 Jun 2022

²⁰ Bilaterals, 25 Feb 2023

Peace accord boosts outlook for an IMF deal

The continued holding of the peace accord continues to bolster Ethiopia's prospects towards agreeing on a programme with the **International Monetary Fund (IMF)** after the country applied for debt relief under the **G20s Common Framework** in early 2021.²¹ Despite some visits from the IMF to Ethiopia during this period, progress largely stalled due to the resumption of conflict in Tigray in late 2020. However, on 10 March, the US-based ratings agency **S&P Global Ratings** described the \$26 billion debt restructuring deal as "*definitely back on the table*".²²

US-headquartered rating agency **Fitch Ratings** estimated in January that Ethiopia would face \$2 billion in external debt service payments, principal and interest included, in the fiscal year ending June 2023.²³ Ethiopia also owes around \$13.7 billion to Chinese creditors and is thus likely to find itself in a similar situation to countries such as **Ghana** and **Zambia** which also find themselves highly indebted to China and are facing challenges and delays in their negotiations with the latter for relief under the Common Framework.²⁴

The IMF has set 3 April as the date for the next sovereign debt roundtable, a meeting which is expected to provide further momentum for Ethiopia's securing of financing.²⁵ The IMF's communications director, **Julie Kozack**, also noted on 23 March that the IMF had received Ethiopia's request for financial assistance and that the institution was conducting the necessary technical work to prepare for discussions.²⁶

Egypt calls on Arab nations for assistance in GERD impasse

Egypt's foreign minister **Sameh Shoukry** appealed to fellow members of the **Arab League** on 8 March to use their influence to pressure Ethiopia to halt its continued construction and use of the **Grand Ethiopian Renaissance Dam (GERD)** on the **Nile River**. Whilst pressing for "*solutions*" which "*realise Ethiopia's economic interests without hurting the fate of downstream nations*", Shoukry also cautioned:

*"The dispute over the Renaissance Dam is linked to Arab national security."*²⁷

This more forceful rhetoric from Egypt comes in response to a February statement from **Sudan's** sovereign council that Sudan and Ethiopia are "*aligned and in agreement on all issues*" regarding the GERD.²⁸ Sudan had previously opposed the construction of the dam, along with Egypt as downstream neighbours of Ethiopia, over concerns that the project will disrupt water supply further downstream, adversely impacting electricity supply and agricultural sectors of the countries that also rely on the Nile.

Ethiopia's foreign ministry responded to Egypt's plea to the Arab League on 9 March stating that the Nile is "*an African river*", calling therefore for the dispute to be settled by the **African Union**.²⁹ However, the African Union-brokered negotiations between the three countries stalled in January 2021, on a deadlock.³⁰ Since then there has been no confirmation of plans for all parties to resume negotiations.

²¹ Reuters, 24 Aug 2021

²² Bloomberg, 10 Mar 2023

²³ Fitch Ratings, 3 Jan 2023

²⁴ South China Morning Post, 4 Mar 2023

²⁵ Devdiscourse, 24 Mar 2023

²⁶ International Monetary Fund, 23 Mar 2023

²⁷ The National news, 8 Mar 2023

²⁸ Africa News, 27 Jan 2023

²⁹ The National News, 8 Mar 2023

³⁰ The Water diplomat, 12 Jan 2021

Ethiopia supports Somalia on different fronts

Ethiopia is expanding its role in the fight against the **al-Shabaab** insurgency in Somalia and will within the next eight weeks send additional soldiers to Somalia, alongside **Djibouti** and **Kenya**. This will add to those they already have served in the **African Transitional Mission in Somalia**.³¹ This move aims to sustain the state-backed military's gains against the insurgents since its stronger offensive was launched in August through establishing deeper ties with local clan militias. This has seen the forces regain ground from al-Shabaab and repel the group into smaller territories, mainly in Somalia's rural areas.³²

Ethiopia is also battling the impact of fighting in Somali areas near its border with the country which has spurred the influx of refugees into its territory. The UN agencies including the **UN Refugee Agency**, the **World Food Programme (WFP)**, and the **UN Children's Fund** released a joint statement appealing for \$116m to assist Somali refugees fleeing to Ethiopia from conflict in **Laascaanood Sool** region of Somalia. They estimate that 100,000 people, mainly women, children and the elderly, have crossed the border into Ethiopia to escape the violence. **Michael Dunford**, WFP's regional director for **East Africa** stated that the crisis is occurring at the "worst possible time" as Ethiopia's **Somali** region is being faced with a severe drought, already impacting the availability of resources.³³

Planner

3 Apr 2023 **Washington (United States) International Monetary Fund** sovereign debt roundtable;

Chronology

23 Mar 2023 **Addis Ababa (Ethiopia) Addis Standard**. Prime Minister **Abiy Ahmed** appoints **Getachew Reda** as the head of the **Interim Regional Administration of Tigray** after the parliamentary assembly votes to establish an interim administration for the region;

22 Mar 2023 **Addis Ababa (Ethiopia) Al Jazeera**. Parliament votes to remove the **Tigray People's Liberation Front's (TPLF)** designation as a terrorist organisation, paving the way for the TPLF to establish an interim regional government as mandated under the November 2022 peace agreement between government and the TPLF;

20 Mar 2023 **Addis Ababa (Ethiopia) Addis Standard**. Parliamentary representatives from **Oromia** state address a letter to the **African Union**, calling on the regional body to intervene in the conflict between the **Oromo Liberation Army** and the Ethiopian government and negotiate a peace agreement between the parties;

20 Mar 2023 **Tigray (Ethiopia) AllAfrica**. **Tigray People's Liberation Front (TPLF)** calls on the government to enforce the withdrawal of **Amhara** armed forces from Tigrayan territories following a demonstration by pro-Amhara individuals on 18 March in **Alamata** (Tigray) which remains under the occupation of Amhara forces;

20 Mar 2023 **United Nations Office for the Coordination of Humanitarian Affairs**. The **United Nations Office for the Coordination of Humanitarian Affairs** releases its **Ethiopia Situation Report** which finds that over 2.3 million children, of which 1.8 million are girls, are out of school due to the closure of 2,270 schools across the country;

19 Mar 2023 **Tigray (Ethiopia) Al Jazeera**. **Tigray People's Liberation Front (TPLF)** nominates its spokesperson, **Getachew Reda** for president of the Tigray regional administration mandated under the November 2022 peace deal;

³¹ Voice of America News, 3 Mar 2023

³² International Centre for Counter-Terrorism, 7 Mar 2023

³³ Norwegian Refugee Council, 22 Mar 2023

18 Mar 2023 **Addis Ababa (Ethiopia)** *2merkato*. The **Ethiopian Coffee and Tea Authority** reveals coffee exports earned \$787m from coffee exports during the past 8 months, a 38% increase from this period last year;

15 Mar 2023 **Addis Ababa (Ethiopia)** *Anadolu Agency*. **Oscar Ogeca**, the **Serere (Uganda)** area police spokesperson divulges that the country's police services are investigating a religious sect, **Christ Disciples Church**, on the grounds of trafficking of "hundreds" of its members to Ethiopia "since February";

15 Mar 2023 **Addis Ababa (Ethiopia)** *United Nations Economic Commission for Africa*. Ethiopia hosts the **55th session of the Economic Commission for Africa** under the theme "*Fostering recovery and transformation in Africa to reduce inequalities and vulnerabilities*";

9 Mar 2023 **Addis Ababa (Ethiopia)** *Amnesty International*. **United Kingdom**-headquartered NGO **Amnesty International** calls on government to restore access to social networks, including **Facebook**, **Telegram**, **TikTok**, and **YouTube**, which it says have been blocked in the country since 9 February;

8 Mar 2023 **Addis Ababa (Ethiopia)** *2merkato*. The **Ethiopian Electric Utility** announces a plan to increase its customer base from 4.5 million customers to 7.5 million customers by 2030 – a plan which will require \$12 billion in investment;

7 Mar 2023 **Addis Ababa (Ethiopia)** *New Business Ethiopia*. The **Ethiopian Customs Commission** announces the seizure of Br 104.6m (\$1.9m) of illegal goods, within one week, predominantly at the major customs points of **Awash**, **Hawassa**, and **Kombolcha**;

5 Mar 2023 **Addis Ababa (Ethiopia)** *New Business Ethiopia*. **Ethiopian Airlines** signs a Memorandum of Understanding with **United States** giant **Boeing** where it reveals plans to purchase five of the latter's new **777-8 Freighter** airline models, launched in January;

28 Feb 2023 **Oromia (Ethiopia)** *Addis Standard*. **Oromia** regional government announces the restructuring and merger of cities in the region, as well as the creation of a new zonal administration called **North Borana**;

27 Feb 2023 **Amhara (Ethiopia)** *Africa News*. **Eskinder Nega**, a journalist and founder of the **Balderas for True Democracy Party**, is released by authorities after spending two days in detention in **Bahir Dar** in the **Amhara** region.

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