

AFRICA RISK CONSULTING

Ethiopia Monthly Briefing Jul 2023

Ethiopia Summary 21 July 2023

United States (US) treasury department announces on 29 June that after a recent assessment, it has determined that Ethiopia is no longer engaging in human rights violations. The outcome prompts the US to begin easing restrictions on certain aid and opens Ethiopia's prospects for financial assistance from international institutions. This move will aid prime minister Abiy Ahmed's (2018-present) attempts to shore up investment for the second Home Grown Economic Reforms Agenda. The foreign ministry also announces on 29 June it has applied to join the BRICS (Brazil, Russia, India, China and South Africa) trading bloc. Abiy announces on 6 July his intentions to disband the country's paramilitary forces, citing their "significant risk to national unity" and noting that the government has seen the potential impact of such forces in neighbouring Sudan.

US and Ethiopia relations begin warming

The **United States (US)** and Ethiopia's relations appear to be warming following the publication of a congressional notification by the US treasury department on 29 June, stating that the department has recently assessed Ethiopia and determined that the country is no longer "*engaging in a pattern of gross violations of human rights.*"¹

This statement comes despite a **United Nations (UN)** appointed group of independent human rights experts appointed calling on the Ethiopian government to stop deporting **Eritrean** nationals from the country and for an end to the alleged arbitrary detention of Eritrean refugees, asylum seekers and migrants.² Ethiopia's official **Human Rights Commission** also confirmed on 24 June that it was "*monitoring the forcible return of about 200 Eritreans*".³ The experts warned that:

*"Deporting migrants, refugees and asylum-seekers without conducting an individual and objective risk assessment of their exposure to human rights violations, including torture and enforced disappearance, upon return is refoulement."*⁴

It was also reported in June that the US would suspend food aid to Ethiopia on the grounds that it was being diverted from those in need in a scheme facilitated by Ethiopian government officials and authorities (*see ARC Ethiopia briefing Jun 2023*). This food aid has yet to be restored as an investigation continues, with US officials noting that this could be "*the biggest-ever theft of aid in any country.*"⁵ The UN **World Food Programme** has labelled the situation a "*hunger emergency*" as 20 million people rely on food assistance. In June, the US-headquartered rights organisation **Human Rights Watch** also accused authorities of continuing an ethnic cleansing campaign in **Western Tigray Zone** (*see ARC Ethiopia briefing Jun 2023*).

According to the congressional notification, the treasury will "*stop instructing the relevant US Executive Directors at the IFIs to oppose any loan, any extension of financial assistance, or any technical assistance to Ethiopia*".⁶ The US government's national security spokesperson **John Kirby** announced on 1 July that it would be lifting restrictions on "*certain kinds of assistance*" for Ethiopia in recognition

¹ Foreign Policy, 29 Jun 2023

² Al Jazeera, 13 Jul 2023

³ Al Jazeera, 13 Jul 2023

⁴ Al Jazeera, 13 Jul 2023

⁵ Africa News, 29 Jun 2023

⁶ Foreign Policy, 29 Jun 2023

of the country's improvements on human rights, citing the **Tigray Peace Accord** signed in November 2022.⁷ Cautioning that this move would not lessen the US' monitoring of Ethiopia's human rights efforts, Kirby stated:

*"We will continue to raise concerns and speak out about reports of serious human rights abuses, including by non-state actors in western Tigray, and urge the government to protect civilians and hold perpetrators accountable,"*⁸

Crucially, these moves pave the way for the US to begin restoring economic aid to Ethiopia and will see the Ethiopian government lobby strongly for increased investment in the country. However, it falls short of restoring Ethiopia's access to the trade programme set out under the **African Growth Opportunity Act**, which the US government revoked on 1 January 2022 in response to the Tigray conflict which began in September 2020. Ethiopia's government called on the US trade representative **Katherine Tai** for a review of this decision in March, but the US has not responded to this request thus far.⁹

Abiy seeks funding for economic reforms

Government concluded its consultation of the second **Home Grown Economic Reforms Agenda** on 21 June with the executive committee of the **Development Assistance Group**, focused on the economic reforms the country plans to implement over three years to help revive its conflict-impacted economy.¹⁰ The meeting was a crucial one for Abiy's administration as it aims to recoup investment which was pledged to the reform agenda by international organisations and investors. These were gradually rolled back as the impact of the Tigray conflict took its toll. As the country maintains its commitment to the peace process, this sentiment is shifting, bolstering the prospects for the successful funding of the plan, which currently requires at least 22% of external assistance.¹¹

Abiy briefed the cabinet on 6 July on plans to progress on the home-grown economic reform agenda.¹² Abiy's economic advisor **Teklewold Atnafu** divulged on 16 July that the government is seeking \$12 billion to fund its economic reform plan, noting that the financing would be provided by institutions such as the **International Monetary Fund (IMF)** and **World Bank**, as well as from restructuring Ethiopia's debts.¹³ The government is actively engaging with international institutions regarding this, however, a key sticking point is likely to arise from the policy conditions which will be tied to the financing.

Common policy conditions in such agreements include foreign currency liberalisation, greater controls on the country's central bank, as well as increased governance and transparency. However, Abiy's scope to agree to these may be hampered, particularly as opposition to the reforms and concerns about the loosening of state control over key sectors continues from many quarters of society. Most recently, former prime minister **Hailemariam Desalegn** (2012-2018) gave an interview on 15 July to the local media outlet, **The Reporter**, expressing concern over Abiy's economic reform agenda:

*"At this time, I don't think liberal economic policies would be effective in Ethiopia... Without a doubt, with my bone and blood, I embrace the developmental state model."*¹⁴

As Abiy's administration forges ahead with its reform plans, it is also seeking to diversify and strengthen its relations with trade partners. The foreign ministry announced on 29 June that it has requested to join the **BRICS** trading bloc of emerging markets, comprising **Brazil, Russia, India** and

⁷ Al Arabiya, 30 Jun 2023

⁸ Arab News, 1 Jul 2023

⁹ The Africa Report, 10 Mar 2023

¹⁰ Addis Standard, 21 Jun 2023

¹¹ Addis Standard, 21 Jun 2023

¹² All Africa, 7 Jul 2023

¹³ The Reporter, 16 Jul. 2023

¹⁴ The Reporter, 15 July 2023

China. The BRICS nations hold 40% of the global population and account for around 26% of the global economy, making the trading bloc highly attractive for Ethiopia as it seeks to raise its global profile and open market access to support its manufacturing and industrialisation ambitions.¹⁵

However, through this move, the government is also exposing itself economically and diplomatically to the negative sentiment that Russia has faced since its invasion of **Ukraine** in February 2022. Aligning itself with the bloc may have a negative impact on Ethiopian relations with its **Western** peers which have also been particularly strained since the onset of the Tigray conflict.

... and vows to disband paramilitary forces

Abiy announced his intentions to disband the country's paramilitary forces on 6 July, citing their "significant risk to national unity" and noting that the government has seen the potential impact of such forces in neighbouring **Sudan**.¹⁶ This announcement follows his April announcement that the government would integrate regional special forces into the state's security branches such as the army and federal police services as the country continues to experience a relatively unstable security situation.

Indicative of this, on 22 June, an unidentified armed group shot and killed **Bekele Kacha**, the administrator of **Saden Sodo** district in **Southwest Shoa** zone (**Oromia**). Two weeks later, on 5 July, an unidentified armed group killed **Zewudu Tadele**, the police chief of **Dejen woreda**, and **Worku Shimeles**, the head of the **Crime Prevention Service** in **Kurar district (Amhara)**.^{17,18}

The movement to disband paramilitary forces shows that the government is looking to clamp down on security threats in the country. Abiy could also be seeking to weaken the military strength of Ethiopia's regions, particularly in light of growing ethnic tensions across the country and as he anticipates some opposition to his reform agenda. Abiy stated:

*"There will be no armed military other than defence and police and other regular security forces (in Ethiopia). We will continue this operation until we ensure this."*¹⁹

Planner

18 Sep 2023 – 19 Sep 2023 **Addis Ababa (Ethiopia)** Annual Power Tech Africa

Chronology

20 Jul 2023 **Oslo (Norway)** *Peace Research Institute Oslo.* Norway-based **Peace Research Institute Oslo** finds that the **Tigray** war was the world's deadliest conflict in 2022, with over 100,000 deaths and Ethiopia recording the highest number of battle-related deaths from state-based conflicts since 1984;

18 Jul 2023 **Addis Ababa (Ethiopia)** *Addis Standard.* Government lifts internet restrictions on social media platforms, such as **Facebook, Instagram, Telegram, TikTok, and YouTube**, which were initially imposed on 9 February;

18 Jul 2023 **Addis Ababa (Ethiopia)** *Borkena.* Prime minister **Abiy Ahmed** claims that his administration had brought the national debt level down from 59% of the total GDP to 38%, however, internal and external debt is said to be up by about \$3 billion this fiscal year;

17 Jul 2023 **Addis Ababa (Ethiopia)** *Borkena.* Education ministry divulges that out of 150,184 students who wrote the national university exit exam, only 61,054 (40.7%) achieved the pass mark;

¹⁵ Al Jazeera, 30 Jun 2023

¹⁶ Ahram Online, 6 Jul 2023

¹⁷ Addis Standard, 22 Jun 2023,

¹⁸ Africa News, 5 Jul 2023

¹⁹ Ahram Online 6 Jul 2023

17 Jul 2023 **(Ethiopia) (Djibouti)** *Xinhua*. **Aminu Juhar**, chief corporate strategy officer at the **Ethiopia-Djibouti Standard Gauge Railway Share Company** which manages the **Ethiopia-Djibouti** railway announces that the line transported 2.1 million tonnes of cargo, earning Br 3.3 billion (\$60.43m) in the 2022/2023 fiscal year, a 35% increase from the previous year;

12 Jul 2023 **Addis Ababa (Ethiopia)** *Barrons*. **Ethiopian Human Rights Commission** releases its report on the year to June which finds "*an increase in the arrest and harassment of media personnel, members of opposition political parties and civil society groups, raising concerns on the shrinking of civic space*";

10 Jul 2023 **Addis Ababa (Ethiopia)** *Simple Flying*. Ethiopia and **Nigeria's** central banks agree to swap funds which have failed to be repatriated from their respective countries, which will enable **Ethiopian Airlines** to recover up to \$100m of its airline's funds from Nigeria;

8 Jul 2023 **Amhara (Ethiopia)** *Addis Standard*. Amhara regional state government's communications bureau says that the Amhara state government will attempt to resolve the underlying "*identity and boundary issues*" which have driven disputes and conflict with the neighbouring **Tigray** region through a referendum;

5 Jul 2023 **Addis Ababa (Ethiopia)** *Addis Standard*. Upper house of parliament unanimously voted on 5 July to create a 12th regional state, the **Southern Ethiopia Region**, following the referendum which took place in the south of the country in February;

4 Jul 2023 **Addis Ababa (Ethiopia)** *Addis Standard*. Trade and regional integration minister **Kasahun Gofe** announces that the ministry will introduce a law aimed at formalising the informal cross-border trade between Ethiopia and **Sudan**;

30 Jun 2023 **Addis Ababa (Ethiopia)** *2merkato*. **Oromia Investment and Trade Bureau** head, **Ahmed Idris**, signs an agreement with local investors for the launch of 11 projects in the **Bulbula Agro-Processing Industrial Park**;

29 Jun 2023 **Addis Ababa (Ethiopia)** *Borkena*. **Ethiopian Election Board** chair **Bertukan Midekssa** announces her resignation;

22 Jun 2023 **Addis Ababa (Ethiopia)** *International Committee of the Red Cross*. **International Committee of the Red Cross** notes that most of the 42 existing health posts in **Oromia** region have been looted or damaged by ongoing violence in the region;

22 Jun 2023 **Addis Ababa (Ethiopia)** *Africanews*. Ethiopia hosts a **Nile River** conference attended by ministers from **Nile Basin** countries including **Uganda, South Sudan, and Tanzania**. Notably, representatives from **Egypt** and **Sudan**, with whom the Ethiopian government has been in a dispute over its use of the Nile for the **Grand Ethiopian Renaissance Dam (GERD)** project, did not attend;

20 Jun 2023 **Addis Ababa (Ethiopia)** *Addis Standard*. **International Air Transport Association** calls on the government to clear \$95m airline funds which it has blocked from repatriation, so as not to impact the country's connectivity.

About Africa Risk Consulting:

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start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistleblower support on one end to crisis media management and regular monitoring on the other.

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