

AFRICA RISK CONSULTING

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The latest round of talks aimed at resolving the diplomatic fallout between Ethiopia and Somalia is postponed. Tensions are further aggravated by Somalia's recent military cooperation agreement with Egypt which has resulted in Egypt deploying troops to Somalia. Ethiopia is alarmed by this given its own tensions with Egypt over the Grand Ethiopian Renaissance Dam (GERD) it is building on the Nile. Egyptian officials reveal on 1 September that Egypt lodged a complaint with the United Nations (UN) Security Council (UNSC) over the GERD. Rebel groups attack two important cities - Gondar and Woldia - in the Ahmara Region.

Diplomatic talks between Ethiopia and Somalia falter amid worsening tensions

The third round of the **Turkish**-brokered diplomatic talks between **Ethiopia** and **Somalia** initially scheduled for 17 September was indefinitely postponed on 15 September.¹ Officials claimed that these negotiations were suspended as delegates needed to attend the opening of the **United Nations (UN) General Assembly (UNGA)** in **New York (United States)**. However, it is more likely that they were postponed due to the intractability of both parties to reach a compromise.

These talks are aimed at resolving the ongoing diplomatic fallout between Ethiopia and Somalia caused by Ethiopia's controversial 1 January memorandum of understanding (MoU) with the breakaway state of **Somaliland**. Under this MoU, Somaliland will agree to lease Ethiopia a 20km stretch of coastal land on which Ethiopia could develop a commercial port and naval base. In return, Somaliland would secure equity in the commercial port, and more significantly Ethiopia would recognise Somaliland as an independent state.

Somaliland has had de facto independence since it broke away from Somalia in 1991 but few international states formally recognise it as an independent state and Somalia still claims Somaliland as its sovereign territory. Accordingly, Somalia viewed the 1 January agreement as a violation of its sovereignty and has even denounced the MoU as an act of aggression.² Further underscoring its anger over the MoU, Somalia expelled Ethiopia's ambassador to Somalia and demanded that all Ethiopian troops leave Somalia by 31 December.³ Ethiopia has hundreds of troops in Somalia both under its own peacekeeping mission and as part of the **African Union Transition Mission in Somalia (ATMIS)**.

Thus far, all efforts to mediate this dispute have failed. The second round of talks in Turkey collapsed because Ethiopia refused to renounce its agreement with Somaliland which Somalia demanded as a precondition to any further talks. Turkey has pledged to continue to mediate between the two countries by holding independent talks with each party.⁴ However, this effort is unlikely to be successful.

Ethiopia is steadfastly pursuing this agreement as securing access to the sea has long been an Ethiopian government ambition, a fact prime minister **Abiy Ahmed** (2018-present) has repeated publicly. Ethiopia has sought a means to regain coastal access after **Eritrea** seceded in 1993 stripping Ethiopia of its entire coastline. Ahmed particularly wants to rebuild Ethiopia's navy which he views as a symbol of Ethiopia's rise as a regional power.

¹ Borkena, 15 Sep 2024

² BBC, 2 Jan 2024

³ VoA, 3 Jun 2024

⁴ Reuters, 19 Sep 2024

In a separate effort to alleviate the growing tensions between Ethiopia and Somalia, **Djibouti** has proposed allowing Ethiopia to invest in its port development in **Tadjoura** under a joint management agreement.⁵ However, Djibouti is opposed to allowing an Ethiopian naval base which will undermine the attractiveness of this arrangement.

Despite efforts to calm tensions between the two, relations between Ethiopia and Somalia have continued to deteriorate. Ethiopian officials have hinted that the government will refuse to withdraw its troops in December arguing that maintaining a troop presence in Somalia is necessary to protect Ethiopia from the Somalia-based **al-Shabaab** militant group. Similarly, Somalia's foreign affairs minister **Ahmed Moalim Fiqi** suggested that Somalia would consider providing support to rebel groups in Ethiopia if the country implements the MoU with Somaliland. Although this rhetoric is worrying, the possibility of an interstate conflict between Ethiopia and Somalia is still considered unlikely. However, security tensions between the two are at their highest level in over two decades.

As part of its efforts to undermine the Ethiopia-Somaliland MoU, Somalia embarked on an aggressive regional diplomatic offensive focused on improving ties with other regional powers and securing statements of support for its 'territorial integrity'. However, the most noteworthy of these overtures was to **Egypt** with whom Somalia has dramatically improved bilateral relations, including security cooperation.

On 14 August, Somalia and **Egypt** signed a military cooperation agreement and by the end of August, Egyptian security assistance – including both weapons and troops – began arriving in Somalia.⁶ Although this assistance is intended to help Somalia combat the al-Shabaab militant group, the sudden appearance of Egyptian troops and weapons in neighbouring Somalia has alarmed Ethiopia.

Ethiopia and Egypt have an uneasy relationship due to tensions surrounding the development of the **Grand Ethiopian Renaissance Dam (GERD)** on the **Nile River**. Ethiopia views this project as essential for its economic development and energy security while Egypt views it as an existential threat to its water security.

The large geographical distance between Ethiopia and Egypt played a major role in mitigating tensions between the two. However, under its security agreement with Somalia, Egypt could deploy as many as 10,000 troops to Somalia.⁷ The presence of so many Egyptian forces on its border has alarmed Ethiopia and will aggravate tensions with Egypt.

Egypt approaches the United Nations of the GERD

Egypt's forces are arriving in Somalia at a time when Ethio-Egyptian tensions are reaching new highs. Egypt's foreign minister **Badr Abdelatty** revealed on 1 September that Egypt had lodged a letter with the **UN Security Council (UNSC)** denouncing Ethiopia's continued development of the GERD.⁸ This was in response to Ethiopia completing the second phase of filling the dam in August. Egypt accused Ethiopia of implementing "*unilateral policies*" in the dispute while Ethiopia accused Egypt of wanting a monopoly over the Nile.⁹

The UNSC is unlikely to resolve this dispute but Egypt is likely hoping to secure increased international diplomatic support for its opposition to the GERD. This could lead to increased international intervention to slow the further development of the dam while negotiations over the management of water resources on the Nile are resuscitated.

The presence of Egyptian forces near the Ethiopian borders will also elevate concerns about the possibility of the GERD dispute escalating which will galvanise third-party states to push for a negotiated agreement.

⁵ VOA, 31 Aug 2024

⁶ Reuters, 29 Aug 2024

⁷ Reuters, 29 Aug 2024

⁸ BBC, 9 Sep 2024

⁹ BBC, 9 Sep 2024

Ethiopia is unlikely to be willing to reach any compromise on the GERD given the dam's importance to the country's future economic plans. Highlighting this, Ethiopian officials revealed on 27 August that the second filling of the dam increased its current electricity production capacity from 750 megawatts (MW) to 1,550MW.¹⁰ When it is eventually completed, the GERD is set to have a production capacity of 5,150MW. For context, in 2019 Ethiopia's entire electricity production capacity was only around 4,500MW. Thus, the GERD has already increased the country's electricity production by over 34% in five years.

As a result, Ethiopia is not only focusing on generating electricity for its own economic development but is also planning on becoming a major regional electricity exporter. Ethiopia provides power to Djibouti, **Sudan**, and **Kenya** and will begin exporting to **Tanzania** by the end of September.¹¹ This will not only bolster the country's export revenue but will also increase its regional influence.

Conflict intensifying in Amhara region

Although the majority of attention over the past month has centred on Ethiopia's diplomatic and security tensions with Somalia and Egypt, Ethiopia's primary security concern remained the ongoing civil conflicts in the country. The situation in the **Amhara Region** has particularly deteriorated as the conflict between government forces and Amhara nationalist militia groups (known as **Fano**) worsened. The most serious recent fighting has been centred in the **North Gondar** and **North Wollo** zones in Amhara.

In North Gondar, Fano militia managed to capture several towns leading to dozens of casualties. Most concerning, these militia groups were even able to attack the city of **Gondar** itself – Ethiopia's seventh-largest city.¹² The Fano fighters attacked government forces in the city on 17 September leading to two days of intense fighting during which several areas of the city fell to the militants' control. The Fano fighters eventually withdrew and are believed to have taken positions outside of the city. They will likely attempt to recapture the town in the coming weeks.

Similarly, Fano fighters attacked **Woldia**, the capital of North Wollo, on 7 September following which they maintained a several-day siege during which several people were killed. Unconfirmed reports indicate that Fano militants managed to route **Ethiopian National Defense Force (ENDF)** soldiers in a battle in **Kalim** (located outside of Woldia) resulting in the capture of over 150 government soldiers. If this is true, it would mark an embarrassing defeat for Ethiopian security forces.

The attacks on Gondar and Woldia have highlighted these Fano groups' strength and confidence. It further underscored the fact that these nationalist militias are managing to capture territory in rural Ethiopia despite the ENDF's efforts to combat them.

The ENDF is clearly spread too thin in its efforts to combat Fano militants in Amhara and **Oromo** nationalist militants in the **Oromia Region** as well as address the litany of other security challenges in the country. Furthermore, the ENDF is a poorly disciplined force as was illustrated by the widespread criminality attributed to it during the Tigray conflict. Ethiopian soldiers have similarly been accused of committing crimes, kidnapping, and assaults in Amhara. Such acts fuel resentment towards the ENDF and the Ethiopian government and bolster support for rebel groups.

The fact that Fano militia groups are managing to seize territory should be a real concern for the government. This will enable these groups to bolster commitment and levy taxes to boost their resources. Once entrenched, these militants will be hard to dislodge and, as such, this development does indicate that the conflict in Amhara has a serious potential to escalate in the coming months.

Planner

2024 Addis Ababa (Ethiopia) Africa Union (AU) – Canada Forum

¹⁰ News24, 29 Aug 2024

¹¹ Agenzia Nova, 27 Aug 2024

¹² Borkena, 19 Sep 2024

2024 (Ethiopia) Horn of Africa heads of state summit

Chronology

24 Sep 2024 **London (United Kingdom)** *Addis Standard*. **United Kingdom**-based think tank, the **Overseas Development Institute (ODI)**, releases a study warning that the new forthcoming **European Union Deforestation Regulation (EUDR)** law will negatively impact Ethiopia's exports to Europe;

21 Sep 2024 **Addis Ababa (Ethiopia)** *The Reporter*. State-owned telecommunications firm, **Ethio Telecom**, confirms that it is seeking \$1 billion in funding to drive a large infrastructure expansion;

20 Sep 2024 **Addis Ababa (Ethiopia)** *Reuters*. **United States**-headquartered global credit ratings agency **S&P** raises Ethiopia's long-term local currency rating to 'CCC+' but maintains the foreign currency rating at 'Selective Default (SD)';

19 Sep 2024 **Mekelle (Ethiopia)** *Borkena*. **Tigray Region** interim government president **Getachew Reda** accuses his rivals in the **Tigray People's Liberation Front (TPLF)** of planning a coup d'état in Tigray after he was suspended by the newly elected TPLF executive committee;

18 Sep 2024 **Addis Ababa (Ethiopia)** *Addis Standard*. Six people are killed in an armed attack on a mosque in **Werder (Somali Region)**;

14 Sep 2024 **Addis Ababa (Ethiopia)** *Addis Standard*. Two people are killed in a suspected Fano militia attack in the **East Wollega Zone (Oromia Region)**;

13 Sep 2024 **Addis Ababa (Ethiopia)** *The Reporter*. **United States (US)** special envoy for the Horn of Africa, **Mike Hammer**, raises concerns about the deteriorating security environment in the Amhara and Oromia regions;

12 Sep 2024 **Addis Ababa (Ethiopia)** *Borkena*. Kidnappers kill four hostages **South Ethiopia Region** despite the ransom being paid;

10 Sep 2024 **Mekelle (Ethiopia)** *VOA*. **Tigray People's Liberation Front (TPLF)** leader **Debretsion Gebremichael** reveals that his organisation has been engaged in talks with **Eritrea**;

10 Sep 2024 **Addis Ababa (Ethiopia)** *Andalou Agency*. The defence ministry announces that 178 military personnel who had been accused of committing crimes during the **Tigray War** have been pardoned;

6 Sep 2024 **Washington D.C (United States)** *The White House*. **United States (US)** president **Joe Biden** extends the US government's sanction regime on individuals and entities in the Ethiopian government who were accused of perpetuating crimes during the **Tigray War**;

5 Sep 2024 **Addis Ababa (Ethiopia)** *The Reporter*. **National Bank of Ethiopia (NBE)** (central bank) reveals that it will set aside ETB 100 billion (\$838m) to back loans to support investments by Ethiopia's diaspora;

3 Sep 2024 **Addis Ababa (Ethiopia)** *CNBCAfrica*. **Ethiopian Airlines** suspends flights to and from **Eritrea** citing difficult operating conditions in the neighbouring country including having its Eritrean bank account suspended;

31 Aug 2024 **Addis Ababa (Ethiopia)** *The Reporter*. State-owned sovereign wealth fund, **Ethiopian Investment Holdings (EIH)**, designates ten state-owned companies including **Ethio Telecom**, the **Ethiopian Insurance Corporation**, and the **Ethiopian Shipping and Logistics Services Enterprise (ESLSE)**, to be listed on the country's planned stock market, the **Ethiopian Securities Exchange (ESX)**;

31 Aug 2024 **Addis Ababa (Ethiopia)** *Addis Standard*. Local reports confirm that at least six people have been killed in clashes between **Fano** militia and **Oromo Liberation Army (OLA)** fighters;

26 Aug 2024 **Addis Ababa (Ethiopia)** *Andalou agency*. At least 23 people are killed in a landslide resulting from inclement weather in northern **Gondar zone (Amhara Region)**.

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