

## AFRICA RISK CONSULTING

### Ethiopia Monthly Briefing December 2024

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#### Ethiopia Summary 12 December 2024

*Ethiopia and Somalia agree to de-escalate tensions and commit to more detailed talks to resolve their ongoing diplomatic dispute. This development follows the conclusion of the third round of Turkish-brokered talks in Ankara. However, the agreement has not resolved the dispute, and the tensions between Ethiopia and Somalia remain elevated. The security situation in the Amhara region continues to deteriorate as reports of war crimes and civilian casualties emerge. Similarly, the conflict in the Oromia region is persisting as indicated by a recent attack by the Oromo Liberation Army (OLA) in the North Shewa zone. Ethiopia's legislature approves increased expenditure for the current financial year although it is unclear how the government intends to fund this. ARC Briefing looks at Ethiopia's challenges in the year to come.*

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#### Ethiopia and Somalia agree to work towards ending the diplomatic dispute

Turkey's President **Recep Erdogan** (2014-present) announced on 11 December that Ethiopia's prime minister, **Abiy Ahmed** (2018-present), and Somalia's President **Hassan Sheikh Mohamud** (2022-present) had committed to working towards resolving the two countries' ongoing diplomatic dispute.<sup>1</sup> Erdogan made this announcement at the end of the third round of Turkish-brokered talks between the two in **Ankara**.

This development marks the first step towards de-escalating tensions between Ethiopia and Somalia in nearly a year. The two countries fell out in January after Ethiopia signed a memorandum of understanding with the breakaway state of **Somaliland** under which Ethiopia agreed to recognise Somaliland as an independent state in return for securing a coastal land lease on which it could build a commercial port and naval base.

Somalia was outraged by this development as it considers Somaliland to be its sovereign territory. In response, Somalia's government denounced the MoU as an act of aggression and a violation of its sovereignty and demanded that Ethiopia withdraw from the agreement. Over the intervening year relations between the two have deteriorated; Somalia expelled Ethiopia's ambassador to **Mogadishu** in April and has ordered Ethiopia to remove its security forces from Somali territory by 31 December.<sup>2</sup>

Ethiopia maintains a large troop deployment in southern and central Somalia to assist in the conflict against the **al-Shabaab** militant group. Although this deployment is ostensibly to help bolster Somalia's internal security, it is also viewed as essential to Ethiopia's own national security. Al-Shabaab is considered to present a regional terrorist threat, especially to Ethiopia's Somali region. Accordingly, the Ethiopian forces in Somalia are also tasked with protecting Ethiopia's borders from al-Shabaab.

It should be noted that the so-called **Ankara Declaration** is just a commitment to de-escalate tensions and to begin diplomatic negotiations in earnest by February 2025.<sup>3</sup> Ethiopia has not reneged on the MoU with Somaliland nor has Somalia reversed its position on allowing Ethiopian troops to remain. However, the talks indicated that Turkey believes that the best path to resolving the matter is

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<sup>1</sup> Al Jazeera, 12 Dec 2024

<sup>2</sup> BBC, 4 Apr 2024

<sup>3</sup> Bloomberg, 12 Dec 2024

to secure Ethiopia commercial maritime access via Somalia.<sup>4</sup> Such a solution would enable Ethiopia to own its own seaport and would lead to increased investment and trade in Somalia.

This compromise would not include the development of a permanent Ethiopian naval base. Establishing such a base is a long-held ambition of Ethiopia's government and military and is central to Abiy's vision of a stronger, more influential Ethiopia. Abiy drove the re-establishment of the Ethiopian navy in 2020 as a brown water (rivers and lakes) force and has actively sought a means to once again secure access to the **Red Sea or Indian Ocean**.<sup>5</sup>

Ethiopia's willingness to engage in the Turkish-brokered talks in a more meaningful manner may be in response to the recent Somaliland election, which was won by opposition candidate **Abdirahman Mohamed Abdullahi** (known as **Irro**) who is yet to affirm his support for the MoU.<sup>6</sup> If Irro does not wish to pursue the agreement, Ethiopia would need to aggressively seek to repair relations with Somalia and maybe use the related dialogue to find access to the sea via another means.

In the meantime, tensions between Ethiopia and Somalia will remain elevated despite the Ankara Declaration. Furthermore, the talks planned for February 2025 could still be derailed if Ethiopia does not withdraw its troops from Somalia by the end of the year.

### War crimes and drone strikes in Amhara region

Although the Ethiopian government is loath to recall its troops from Somalia, it may benefit from the additional forces given the deteriorating security situation in the **Amhara region**. Indicative of the collapsing security environment in the country's second-largest region, ethnic Amhara militia (known as **Fano**) executed 37 local officials on 6 December in the town of **Feres Bet** in the region's **West Gojjam zone**.<sup>7</sup>

According to local reports, the officials were predominantly civil servants and local government officials who had been detained when the Fano militants captured the town in October. Fano militia groups have been making significant territorial gains in the Amhara region in recent months, especially in the **East** and West Gojjam zones. It is unclear why the Fano militia decided to execute the officials other than that they were government officials. Regardless, such war crimes have become frequent occurrences in the ongoing conflict in the Amhara region, which has been marked by repeated instances of extrajudicial killings, torture and the targeting of civilians. Notably, these war crimes have been orchestrated by all combatants including Fano, militia, the Ethiopian military, and pro-government militia groups.

Among the most prevalent of such war crimes has been the indiscriminate targeting of civilians in drone strikes by the Ethiopian military. The **Ethiopian National Defence Force (ENDF)** has responded to its challenges on the ground by increasing its use of drones to target Fano forces. However, the ENDF has paid little regard to civilian casualties resulting from these strikes. Illustrative of this, at least 50 civilians are believed to have been killed in an ENDF drone strike in the **Dawunt** district in Amhara region's **North Wollo** zone on 28 November.<sup>8</sup> The attack is believed to have targeted a truck transporting civilians – predominantly farmers and day labourers – at the time. It is likely that the ENDF mistook the vehicle for a Fano militia transport, which would still suggest a lack of intelligence-gathering capabilities and an indiscriminate approach to civilian casualties.

Such a disregard for civilian casualties is unsurprising given that the ENDF has an established track record of committing war crimes and targeting civilians. The **2020-2022 Tigray War** was marked by atrocities committed by all sides of that conflict.

<sup>4</sup> The Reporter, 12 Dec 2024

<sup>5</sup> Military Africa, 23 Jan 2020

<sup>6</sup> Bloomberg, 12 Dec 2024

<sup>7</sup> Addis Standard, 10 Dec 2024

<sup>8</sup> Borkena, 7 Dec 2024

## Militant attack in Oromia region

The ongoing conflict in the Amhara region is Ethiopia's most pressing current security concern; however, it is not the only current conflict in the country. On 10 December, militants from the **Oromo Liberation Army (OLA)** carried out an attack in the **Sululta District**, located in the **North Shewa** zone of **Oromia region**, killing two people including a local police commander who was believed to be the main target.<sup>9</sup> The OLA is an Oromo nationalist militant group that is fighting for greater autonomy or even independence in the Oromia region.

It appears that the OLA carried out this attack in a pointed effort to disprove the government's recent claims that it had reached a peace deal with the group. On 1 December, former OLA leader **Jaal Segni Negasa** signed a peace agreement with the Oromia regional government.<sup>10</sup> After this, the regional government claimed that dozens of OLA fighters were laying down their weapons and entering the region's disarmament, demobilisation and reintegration (DDR) camps.<sup>11</sup> The OLA emphatically denied these claims and distanced itself from Jaal Segni. The high-profile attack on the Sululta district police commander will undermine any claims by the regional government that the peace process has been substantively advanced.

The conflict in the Oromia region is often ignored due to the intensity of the Amhara conflict; however, it remains an active security concern in Ethiopia. It is estimated that at least 43 civilians have been killed in the conflict since July, raising concerns that the situation is worsening.<sup>12</sup>

## Parliament approves increased spending.

Given the cost of Ethiopia's security challenges, it is unsurprising that the government approached the country's legislature on 26 November to increase its budget.<sup>13</sup> Legislators approved this measure and authorised an additional \$4.8 billion in spending for the 2024/2025 financial year. This is in addition to the ETB 971.2 billion (\$7.63 billion) expenditure that was approved in the July budget and means that the government's total authorised expenditure for the fiscal year will be ETB 1.55 trillion (\$12.21 billion). According to finance minister **Ahmed Shide**, this funding would partly go towards subsidising fertiliser, fuel and medicine.

The fact that the state needs to pass a special appropriations bill to help finance these key subsidies underscores the drain on Ethiopia's fiscus caused by the ongoing conflicts as well as its reconstruction of the **Tigray region**, which is yet to recover from the war.

It is unclear how Ethiopia intends to finance this additional expenditure without accruing substantial additional debt. Such a sharp increase in the country's debt burden would threaten its **Extended Credit Facility (ECF)** arrangement with the **International Monetary Fund (IMF)**.

## A look at 2025

Ethiopia's economic challenges are expected to be a central feature of the country's developments in 2025. However, in general, Ethiopia is likely to experience improved economic conditions in the coming year. The country will begin to better enjoy the benefits of the IMF bailout and the debt restructuring agreements it secured in recent months. Furthermore, the government is set to begin selling stakes in some state-owned enterprises on the **Ethiopian Securities Exchange (ESX)** which should generate substantial capital. However, the country's deteriorating security environment is likely to be the largest and most persistent issue throughout 2025. The Amhara conflict is expected to be especially prominent as the Fano militias continue to make gains and hold territory. As this conflict deepens there is an elevated risk of widespread population displacement and war crimes occurring.

<sup>9</sup> Borkena, 10 Dec 2024

<sup>10</sup> ENA, 1 Dec 2024

<sup>11</sup> Addis Standard, 4 Dec 2024

<sup>12</sup> Addis Standard, 21 Nov 2024

<sup>13</sup> Reuters, 26 Nov 2024

## Planner

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

2024 **(Ethiopia) Horn of Africa** heads of state summit

## Chronology

- 9 Dec 2024 **Addis Ababa (Ethiopia) ENA**. Chief of General Staff of the **Ethiopian National Defence Force (ENDF)**, Field Marshal **Birhanu Jula**, hosts his **Kenyan** counterpart, Chief of the **Kenya Defence Forces**, General **Charles Kahariri**, in Addis Ababa to discuss potential military cooperation;
- 7 Dec 2024 **Addis Ababa (Ethiopia) The Reporter**. The **United Nations (UN) Office for the Coordination of Humanitarian Affairs (UN OCHA)** raises concerns over a funding shortfall for humanitarian projects in Ethiopia;
- 5 Dec 2024 **Addis Ababa (Ethiopia) Addis Standard**. Ethiopia's parliament passes the **Real Estate Development and Real Property Marketing and Valuation Proclamation**, aimed at strengthening regulation in the real estate and construction sector;
- 5 Dec 2024 **Addis Ababa (Ethiopia) Borkena**. The **Ethiopian Human Rights Commission (EHRC)** announces that there is evidence that security forces are conducting forced conscription in the Oromia region, the pressganging of underage children;
- 4 Dec 2024 **London (United Kingdom) Reuters**. Multilateral lender **Climate Investment Funds (CIF)** confirms that it will support Ethiopia's \$500m plan to restore degraded land, protect its forests and bolster food security;
- 4 Dec 2024 **Addis Ababa (Ethiopia) Bloomberg**. The government transfers ownership of ten state-owned companies including **Ethiopian Electric Power, Ethiopian Railway Corp** and the **Development Bank of Ethiopia** to the country's sovereign wealth fund;
- 4 Dec 2024 **Addis Ababa (Ethiopia) Borkena**. Armed individuals abduct former peace minister **Taye Dendea** outside an Addis Ababa prison after he was released on bail;
- 4 Dec 2024 **Dar es Salaam (Tanzania) ENA**. Officials from Ethiopia and Tanzania discuss means to combat human trafficking across their shared border;
- 4 Dec 2024 **Mekelle (Ethiopia) VOA**. Regional health officials reveal that **HIV** infection rates have doubled in the **Tigray** region since the onset of the **2020-2022 Tigray War**;
- 30 Nov 2024 **Addis Ababa (Ethiopia) RFI**. **France** begins repatriating archaeological artefacts to Ethiopia;
- 30 Nov 2024 **Nairobi (Kenya) VOA**. President **William Ruto** announces that Kenya and **Uganda** will help to mediate talks between **Ethiopia** and Somalia although it is unclear if this will be complimentary to the ongoing **Turkish**-brokered talks;
- 30 Nov 2024 **Addis Ababa (Ethiopia) The Reporter**. **Ethiopian Economics Association (EEA)** projects that Ethiopia's GDP growth will decline by 3 percentage points and inflation will increase by 10 percentage points in 2025;
- 30 Nov 2024 **Addis Ababa (Ethiopia) The Reporter**. Central bank governor **Mamo Mihretu** reveals that Ethiopia's forex reserves have doubled to \$6 billion;
- 30 Nov 2024 **Addis Ababa (Ethiopia) Borkena**. Prime minister **Abiy Ahmed** removes **Benalf Andualem** as minister for peace in order for him to be appointed as an ambassador plenipotentiary and extraordinary;
- 29 Nov 2024 **Jigjiga (Ethiopia) US Embassy in Ethiopia**. The **United States (US)** government launches a \$31m sanitation, hygiene and gender equality project that will be implemented in

Ethiopia's **Tigray, Amhara, Oromia, Sidama, Somali, South Ethiopia, Central Ethiopia, and Southwest Ethiopia** regions;

29 Nov 2024 **Addis Ababa (Ethiopia)** *Borkena*. The **Amhara Association of America** releases a report claiming that the government carried out 72 drone strokes in the Amhara region between 23 September and 23 November;

28 Nov 2024 **Bahir Dar (Ethiopia)** *Addis Standard*. The Amharan regional government implements a weekly fuel quota due to shortages in the region.

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