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Ethiopia's Official Creditor Committee (OCC) reportedly grants financing assurances in an effort to fast-track Ethiopia's ongoing negotiations with the International Monetary Fund (IMF). Prime Minister Abiy Ahmed (2018-present) claims in a legislature address on 4 July to be aware of a coup plot against his government although fails to name those he believes are conspiring against him. Armed gunmen kidnap over 100 people in Oromia region on 3 July. The incident underscores the growing threat of kidnapping in the country. Two landslides kill at least 157 people in South Ethiopia Regional State on 21 and 22 July.

Financing assurances boost Ethiopia's position in funding negotiations

Members of Ethiopia's **Official Creditor Committee (OCC)** reportedly granted financing assurances to the country on 18 July in an effort to help fast-track the government's ongoing loan negotiations with the **International Monetary Fund (IMF)**.¹ Ethiopia is seeking an IMF bailout of at least \$3.5 billion after it defaulted on a \$33m million coupon payment for its \$1 billion 2024 **Eurobond** in December. This failure resulted in Ethiopia being downgraded by the major credit rating agencies to a restricted default (see *ARC Briefing Ethiopia Jan 2024*).²

The OCC includes creditors such as the **Paris Club** group of major creditors and **China**. These assurances are essentially a commitment by these major creditors that they will agree to a debt restructuring agreement that meets the IMF's sustainability requirements. The lack of such a restructuring agreement has been a major impediment to Ethiopia's bailout negotiations with the IMF. Notably, the OCC members have allowed Ethiopia to suspend its debt repayments while it negotiates with the IMF.

The OCC members are also eager for Ethiopia to secure IMF funding before a restructuring agreement is met. The OCC's assurance to the government should help advance the ongoing discussions. However, if Ethiopia fails to secure the IMF bailout after receiving this support, OCC members will likely insist that debt repayments resume which will force Ethiopia into further debt defaults.

Prime Minister **Abiy Ahmed** (2018-present) appears to be optimistic that an agreement will soon be reached with the IMF. In a statement of 4 July, Abiy claimed that the ongoing discussions with the IMF and the **World Bank** could unlock as much as \$10.5 billion in funding.³ This would comprise the \$3.5 billion being sought from the IMF, a further \$3.5 billion from the World Bank, and a final \$3.5 billion as a result of successful debt restructuring agreements. None of this funding is likely to materialise until an agreement is reached with the IMF given that both the World Bank and the OCC have indicated that they will wait to see the outcome of the talks with the IMF before proceeding with any agreements of their own.

The government is depending on this as yet unsecured funding; especially since the **House of Peoples Representatives** passed the ETB 971.4 billion (\$16.81 billion) 2024/2025 budget on 5 July.⁴ This budget has a projected deficit of ETB 358.5 billion (\$6.21 billion) that needs to be financed. Ethiopia defaulting on its debt last December has limited its options to raise these funds and as such needs to secure financial support from either domestic banks or institutions such as the World Bank and IMF.

¹ Bloomberg, 18 Jul 2024

² Fitch, 27 Dec 2024

³ Bloomberg, 4 Jul 2024

⁴ Ethiopian Monitor, 5 Jul 2024

Yet, despite this urgency, the government has been reluctant to capitulate to key conditions wanted by the IMF, including efforts to devalue the national currency, the birr. The birr trades at approximately a 50% discount on the black market compared to the official exchange rate. The government is loathe to devalue the currency as it could weaken the country's buying power and will be viewed as a loss of face by Abiy's administration. However, the increased pressure on the government, the need for bailout financing, and the threat of further debt defaults will likely compel the state to overcome its resistance to fiscal and governance reforms and agree to the IMF's terms in the coming weeks. Once this occurs a formal debt restructuring agreement is expected to be secured.

Prime minister claims to be aware of coup plot

In an unexpected development during his appearance before the legislature on 4 July, Abiy claimed that he is aware of an active coup d'état plot targeting his administration. Abiy voiced these allegations unprompted and did not provide any specifics other than to imply that the coup leaders were from an older generation than himself and that they were being financed by a "friendly country".⁵

Abiy has been highly sensitive to the potential threat of a coup for years. This is likely rooted in the early resistance he faced within the **Ethiopian National Defence Force (ENDF)** early in his premiership, partly driven by the fact that the ENDF senior officers were disproportionately ethnic **Tigrayans**.

Under Abiy, Ethiopia has maintained strong security services and there are reports of individuals being targeted and arrested for allegedly posing a threat to the government. Most notably, Abiy dismissed former state minister of peace **Taye Dendea** from cabinet and had him arrested for conspiring with rebel groups to overthrow the government.⁶ Notably, Taye's dismissal and arrest came shortly after he criticised the government on social media about the collapse of peace talks with the rebel **Oromo Liberation Army (OLA)**.

Abiy's comments have fuelled widespread speculation about who could be plotting against the government. Local media outlets have claimed that the suspected coup plot is being led by former ENDF chief of staff **Tsadkan Gebretensae** who is currently based in the **United States (US)**.⁷ Tsadkan is also a former **Tigray People's Liberation Front (TPLF)** commander and was a key TPLF negotiator during the 2022 peace talks in **Pretoria (South Africa)**.

It should be stressed that there is no evidence that such a coup plot exists or that Tsadkan is connected to any such conspiracy. That being said, Ethiopia is considered vulnerable to a coup attempt. The country's fractured and unstable security environment, armed ethnic militias, and widespread hostility to the federal government are all factors that could motivate efforts to overthrow the state.

However, currently, Abiy and the ruling **Prosperity Party (PP)** are assessed as having firm control of the military and, as such, a coup d'état is highly unlikely. Abiy's deep fear of being overthrown will remain and he will likely make efforts to ensure that his loyalists dominate the ENDF's senior ranks. In addition, Abiy and the PP will continue to be highly sensitive to any criticism or perceived threat and authorise security forces to crack down on any such dissent.

Kidnapping threat worsens

Ethiopia's deteriorating security situation caused by the multiple low-level conflicts in the country has also fuelled a worsening kidnapping crisis. Illustrative of this, armed gunmen kidnapped 167 people near the **Gerbe Guracha** area in **Oromia** state on 3 July.⁸ The victims, nearly all of which were students, were travelling aboard three buses en route to **Addis Ababa** when armed men stopped

⁵ Borkena, 4 Jul 2024

⁶ Reuters, 12 Dec 2023

⁷ Borkena, 8 Jul 2024

⁸ Reuters, 8 Jul 2024

their vehicles.⁹ The kidnapers have reportedly demanded ransoms of between ETB 700,000 (\$12,116) and ETB 1m (\$17,309) for each hostage. Six hostages who managed to escape claimed that the kidnapers spoke Oromo and were militants from the OLA. The Oromo nationalist militant group has denied that they are behind the attack.

It is currently unclear whether or not the victims are still being held as hostages. On 10 July, the Oromia regional government claimed that 160 of the 167 hostages had been freed following a security forces operation. However, local reports citing the victims' families refuted these reports and claimed that nearly all of the victims remained hostages. This situation has been complicated by Ethiopian officials' typical lack of transparency. This kidnapping has caused widespread outrage in the country, and it appears that the regional government was wilfully misleading the public in an effort to tamp down this public anger.

Regardless, this incident underscores the escalating threat of kidnapping in Ethiopia. Various militant and criminal groups have turned to kidnapping for ransom as a means to easily raise money. Illustrative of the connection between the anti-government groups and the threat of kidnapping, such incidents appear to be growing most sharply in the Oromia and Amhara regions which have experienced a sharp increase in ethno-nationalist militant activity in recent years.

Nearly all kidnapping victims are local residents; but the possibility of foreign nationals being targeted cannot be discounted. Accordingly, the threat of kidnapping is now a serious consideration when conducting road travel outside of major cities such as Addis Ababa.

Scores killed in landslides in South Ethiopia Regional State

Two landslides kill at least 157 people on 21 and 22 July in **South Ethiopia Regional State's Gofa Zone**.¹⁰ The first landslide occurred on the evening of 21 July and killed at least eight people. The second occurred on the morning of 22 July burying those who had gathered to try and rescue the victims of the first landslide. The death toll is expected to increase in the coming days as rescue operations remained ongoing as of 24 July. These rescue operations are expected to be further hindered by forecast heavy rains in the coming days which will also increase the risk of further landslides.

The landslides occurred as a result of recent inclement weather in the area. Southern Ethiopia is in the midst of its rainy season which typically lasts from June until August. Landslides occur frequently during this period, especially in mountainous areas such as Gofa Zone. Rural Ethiopia lacks the necessary infrastructure and emergency services to both prevent such landslides from occurring and to respond effectively when such tragedies occur.

Planner

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

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

Chronology

20 Jul 2024 **Addis Ababa (Ethiopia) The Reporter**. Ethiopia's foreign affairs ministry notes with concern that the front of the ongoing civil war in **Sudan** is nearing the border with Ethiopia;

20 Jul 2024 **Addis Standard (Ethiopia) Addis Standard**. The **Tigray Peoples Liberation Front (TPLF)** announces widespread internal reforms aimed at restoring and improving its internal structures;

⁹ Borkena, 9 Jul 2024

¹⁰ News24, 23 Jul 2024

19 Jul 2024 **Addis Ababa (Ethiopia)** *Addis Standard*. A report by the **United Nations (UN) Food and Agriculture Organisation (FAO)** and **World Food Programme (WFP)** classifies Ethiopia as a world hunger hot spot highlighting food insecurity in the country;

19 Jul 2024 **Addis Ababa (Ethiopia)** *Borkena*. Officials accuse **Fano** militia groups of carrying out an attack on the **Ameya** district (**Oromia Region**) killing at least 12 people;

18 Jul 2024 **Addis Ababa (Ethiopia)** *Borkena*. Residents in **Raya (Tigray Region)** protest against the return of armed former **Tigray Peoples Liberation Front (TPLF)** militants;

18 Jul 2024 **Addis Ababa (Ethiopia)** *Borkena*. Ethiopia's finance ministry signs a \$86.18m grant agreement with the **United Nations Children's Fund (UNICEF)** and the **UN Population Fund (UNFPA)**;

16 Jul 2024 **Addis Ababa (Ethiopia)** *VOA*. **United States (US)** says it is encouraged by "incremental progress" on peace and reconciliation efforts in Ethiopia, nearly 20 months after the signing of the ceasefire in **Tigray** region;

16 Jul 2024 **Mogadishu (Somalia)** *Borkena*. Officials in Somalia claim that smuggled weapons looted from two seized trucks in that country's **Galmudug** state originated from **Ethiopia**;

16 Jul 2024 **Addis Ababa (Ethiopia)** *Addis Standard*. The **Ethiopian Capital Market Authority (ECMA)** issues a new licencing directive for the planned **Ethiopian Securities Exchange (ESX)**;

16 Jul 2024 **Addis Ababa (Ethiopia)** *Reuters*. The central banks of the **United Arab Emirates (UAE)** and Ethiopia sign a bilateral currency swap agreement worth \$816.79m in a move aimed at reducing the dependence on reserve currencies in the two states' bilateral trade;

15 Jul 2024 **Addis Ababa (Ethiopia)** *Borkena*. **Russian** foreign affairs deputy minister **Mikhail Bogdanove**, conducts a working visit to Addis Ababa and meets with Ethiopia's foreign minister, **Taye Atske-Selassie**;

13 Jul 2024 **Addis Ababa (Ethiopia)** *Borkena*. The Addis Ababa city government proposes a ETB 230.39 billion (\$3.99 billion) budget for the 2024/2025 fiscal year;

10 Jul 2024 **Addis Ababa (Ethiopia)** *Business Insider Africa*. **Ethiopian Coffee and Tea Authority (ECTA)** reports Ethiopia exported 298,500 tonnes of coffee in the 2023/2024 fiscal year that ended in July 2024, worth \$1.43 billion;

9 Jul 2024 **Port Sudan (Sudan)** *Reuters*. Prime Minister **Abiy Ahmed** meets with Sudanese army chief **General Abdel Fattah al-Burhan**;

7 Jul 2024 **Addis Ababa (Ethiopia)** *Borkena*. The **National Bank of Ethiopia** (central bank) reveals that annual inflation fell to 19.9% in June from 29.3% at the same point last year;

3 Jul 2024 **Addis Ababa (Ethiopia)** *Borkena*. Prime Minister **Abiy Ahmed** makes minor changes to his cabinet appointing new ministers to the trade and sports portfolios;

1 Jul 2024 **Addis Ababa (Ethiopia)** *Reuters*. Reports claim that **Turkey** has begun mediating talks between Ethiopia and Somalia in an effort to repair the diplomatic rift caused by Ethiopia's 1 January land-for-recognition agreement with the breakaway state of **Somaliland**;

30 Jun 2024 **Addis Ababa (Ethiopia)** *Business Insider Africa*. Ethiopia and **South Sudan** commit to a \$738m cross-border road that will increase connectivity and enhance economic ties;

28 Jun 2024 **Addis Ababa (Ethiopia)** *Borkena*. Reports allege that government forces killed at least 27 people in extrajudicial executions in the **North Shoa** and **Gojjam** areas of **Amhara** region;

27 Jun 2024 **Addis Ababa (Ethiopia)** *Mining Weekly*. **Sweden**-headquartered gold exploration and mining company **Akobo Minerals** completes the construction of its processing plant and starts commissioning activities.

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