

AFRICA RISK CONSULTING

Ethiopia Monthly Briefing February 2024

Ethiopia Summary 22 February 2024

Demeke Mekonnen resigns as deputy prime minister and foreign affairs minister on 26 January. Parliament on 8 February approves the appointment of National Intelligence and Security Service (NISS) head Temeke Triuneh as deputy prime minister, Taye Atske Selassie as foreign affairs minister, and Redwan Hussien as the new NISS head. The United Nations (UN) Food and Agriculture Organisation (FAO) awards Abiy a medal recognising his efforts in global food security despite reports of impending famine in Ethiopia. Ethiopian Investment Holding (EIH) signs a memorandum of understanding (MoU) with a data mining company for a data mining and AI training project, highlighting Ethiopia's potential as a Bitcoin mining destination.

Prime Minister's allies appointed to top cabinet positions

Ethiopia's political elite shifted following **Demeke Mekonnen's** resignation as deputy president of the ruling **Prosperity Party (PP)** on 26 January.¹ Although the announcement at the central party committee meeting did not include whether he would also abdicate his posting as deputy prime minister and foreign affairs minister, on 8 February parliament approved a series of appointments filling these roles. Mekonnen served as deputy prime minister under former prime minister **Hailemariam Desalegn** (2012-2018) and maintained his position during under Prime Minister **Abiy Ahmed** (2018-president). Abiy named Mekonnen foreign affairs minister in 2020.²

The motivation behind Mekonnen's resignation has not been confirmed. There is speculation that Mekonnen has been eager to retire from politics for some time but was asked to remain for a while longer to see through some of Ethiopia's recent diplomatic engagements.³ However, **France**-headquartered publication **The Africa Report** rather suggested that Mekonnen become frustrated with the side-lining of the foreign ministry under Abiy, who is said to have prioritised former national security advisor **Redwan Hussein**, to run point on key issues.⁴

Parliament "*unanimously*" approved the appointment of **Temesgen Tiruneh**, former head of the **National Intelligence and Security Service (NISS)**, as the new vice president of the PP and deputy prime minister.⁵ Tiruneh, who also hails from Amhara, had been instrumental in coordinating the government's response to the ongoing conflict in Amhara region. While Mekonnen had an established regional political presence before he was brought to the federal level, Tiruneh's rise is more recent.⁶ Tiruneh is seen as a loyal ally to Abiy, who was a former colleague at the **Information Network Security Agency (INSA)**. He also served as the prime minister's national security advisor. In June 2019 he was appointed president of the Amhara regional government, which is said to have been facilitated by the backing of the Abiy.⁷ At the outbreak of the **Tigray War**, Abiy appointed Tiruneh as head of NISS where he played a key role in the civil war between the federal government and **Tigray People's Liberation Front (TPLF)**.⁸

¹ [Addis Standard](#), 26 Jan 2024

² [Reuters](#), 8 Feb 2024

³ [The East African](#), 26 Jan 2024

⁴ [The Africa Report](#), 1 Feb 2024

⁵ [The East African](#), 26 Jan 2024

⁶ [The Africa Report](#), 1 Feb 2024

⁷ Martin Plaut and Sarah Vaughan, *Understanding Ethiopia's Tigray War* (London: Hurst & Company, 2023)

⁸ [The Africa Report](#), 1 Feb 2024

To replace Tiruneh parliament appointed **Redwan Hussien** as NISS head.⁹ In 2018, Hussien was appointed Ethiopia's first ambassador to **Eritrea** in 20 years. However, Eritrean President **Isaias Afwerki** (1991-present) only received his credentials in December 2019, one month before Abiy appointed Hussien as state minister for foreign affairs.^{10 11} Hussein is a long-time ally of Abiy and was the lead government negotiator during the **Pretoria** peace deal which brokered an end to the Tigray war in November 2022.¹² Hussien recently defended the government's agreement with **Somaliland** for port access to the **Red Sea** and echoed Abiy's sentiment that access to the sea is "*no longer a question of national interest for Ethiopia. It has become a matter of existence.*"¹³ He will likely be a loyal supporter of Abiy's nationalist agenda.

Although Mekonnen was both deputy prime minister and foreign affairs minister, the new appointments have separated the two roles. Parliament appointed **Taye Atske Selassie** as foreign minister, recalling him back to **Addis Ababa** from his role as ambassador to the **United Nations (UN)**. Selassie has an extensive diplomatic career having served as Ambassador to **Egypt** (2017-2018), state minister for political affairs (2015 – 2016) and director general for American affairs (2010 -2015).¹⁴ He was Ethiopia's consul-general in **Los Angeles (United States)** (2002-2010), minister counsellor in Ethiopia's **Washington, D.C. (US)** embassy (2000-2002), and counsellor in Ethiopia's **Swedish** embassy.¹⁵ As UN ambassador Selassie urged Ethiopian envoys to protect Ethiopia's national interests and develop foreign relations based on building consensus, cooperation, and diversification of partnerships.¹⁶ In his new role, he will take the lead in navigating global and regional responses to Ethiopia's strategic push for sea access amidst a worsening relationship with **Somalia** and a vast array of global conflicts.

While Abiy's government reshuffle could be viewed as routine considering Mekonnen's resignation, opposition parties claim that the recent cabinet appointments were aimed at consolidating loyalty around the top leadership.¹⁷ **Oromo Federalist Congress (OFC)** chairman **Merera Gudina** criticised the appointments as "*the empowerment of loyalists to the ruling party, without a genuine restructuring of policies*".¹⁸ **Joint Council of Political Parties** chairman **Rahel Bafe** stated that Selassie's appointment made sense due to his experience, but still questioned Hussien's suitability as the new security chief citing a lack of expertise necessary to take on internal and regional insecurities.¹⁹

In the medium term, the cabinet reshuffle is not likely to result in any significant shake-ups in Ethiopia's regional and global relationships as the new appointees closely align with Abiy's nationalist strategies. As it is halfway through Abiy's second term he is probably keen to fill the leadership landscape with his allies. However, due to the escalating security and humanitarian crises within the country amid its rapidly deteriorating regional relationship with neighbouring Somalia, how the government will choose to deal with these will be closely watched.

FAO honours Abiy for promoting food security despite local reports of famine

The **United Nation's (UN) Food and Agriculture Organisation (FAO)** director-general **Qu Dongyu** on 28 January awarded Abiy the **Agricola Medal** in recognition of his "*extraordinary role in undertaking outstanding and successful efforts in advancing the cause of global food security, poverty*

⁹ [Reuters](#), 8 Feb 2024

¹⁰ [Borkena](#), 4 Dec 2019

¹¹ [Borkena](#), 3 Jan 2020

¹² [Reuters](#), 8 Feb 2024

¹³ [Garowe](#), 6 Jan 2024

¹⁴ [United Nations](#), 10 Sep 2018

¹⁵ [United Nations](#), 10 Sep 2018

¹⁶ [ENA](#), 25 Jan 2024

¹⁷ [The Reporter](#), 10 Feb 2024

¹⁸ [The Reporter](#), 10 Feb 2024

¹⁹ [The Reporter](#), 10 Feb 2024

alleviation and nutrition."²⁰ The medal was also presented to **Ireland's** President **Michael Higgins** (2011-current) and previous recipients include **Pope John Paul II**.²¹

Dongyu highlighted Abiy's wheat for food self-sufficiency programme as contributing to rural and economic development.²² Abiy stated that through his **Home Grown Economic Reform**, Ethiopia had succeeded in expanding agricultural land by 50% and, by 2023, was producing surplus wheat.²³ In February 2023, Abiy signed a \$200m deal with the **World Food Programme (WFP)** to supply the organisation with wheat to contribute to global food supply.²⁴ Agreements to export wheat to **Kenya, Djibouti** and **South Sudan** were also inked.²⁵ Before halting commercial wheat imports in 2022 Ethiopia was spending approximately \$600m annually on the product, and in September 2023 it is estimated that Ethiopia had saved \$1 billion in foreign exchange.²⁶ At the award ceremony, Abiy boasted that the nation had turned around its wheat deficit to a surplus production increase of 300%.²⁷

Abiy's comments about food security are at odds with recent reports by humanitarian organisations and news agencies of impending famine throughout Ethiopia. In January **Tigray's** disaster risk management commissioner, **Gebrehiwot Gebregzabher** announced that more than 860 individuals had died due to hunger in the past six months.²⁸ **Tigray Interim Regional Administration** president **Getachew Reda** also warned the federal government that Ethiopia's 1985 famine "*would pale into comparison, if we fail to address the kind of unfolding famine that's staring us in the eye.*"²⁹ In October 2023, the **UN Office for the Coordination of Humanitarian Affairs (UNOCHA)** and **USAID's Famine Early Warning Systems Network (FEWS NET)** warned of an impending emergency in early 2024 and estimated that 6.6 million people in the **Afar, Amhara, Benishangul Gumz, Central Ethiopia (CER), Dire Dawa, Gambela, Harari, Oromia, Sidama, Somali, South Ethiopia (SER), Southwest Ethiopia (SWEP)**, and Tigray regions would require food assistance in the first quarter of 2024.³⁰

However, the federal government has largely downplayed the situation and dismissed regional authorities' reports as "*inaccurate*".³¹ Disaster risk management commissioner **Shiferaw Teklemariam** told the media that Ethiopia was a victim of climate change and facing drought, not famine.³² Abiy, in a parliamentary speech on 6 February, stated that there have been no reports of deaths attributed to starvation and that the recent fatalities were the result of ailments such as cholera, malaria, and malnutrition, rather than the direct consequences of starvation.³³ In the same speech, Abiy announced that the government had dispatched over 500,000 quintals of food grain aid to Tigray within the last four months and tasked the regional government with ensuring that aid was allocated and distributed effectively.³⁴

Although the handing over of responsibility to the regional interim governments would seem like an effective way to handle the crisis, the lack of cooperation and communication between the federal and regional governments is a huge obstacle. Their relationships are fraught with internal conflict and **Ethiopian Institution of the Ombudsman (EIO)** highlighted that they cannot even agree on the number of victims of food insecurity - **The Federal Disaster and Risk Management Commission**

²⁰ [Food and Agriculture Organization](#), 28 Jan 2024

²¹ [Sligo Weekender](#), 8 Feb 2024

²² [Ethiopian Monitor](#), 28 Jan 2024

²³ [Food and Agriculture Organization](#), 28 Jan 2024

²⁴ [Semafor](#), 16 Mar 2023

²⁵ [ENA](#), 18 Feb 2023

²⁶ [Bloomberg](#), 8 Sep 2023

²⁷ [Fana Broadcasting Corporate \(FBC\)](#), 28 Jan 2024

²⁸ [Addis Standard](#), 6 Feb 2024

²⁹ [BBC](#), 5 Feb 2024

³⁰ [United Nations Office for the Coordination of Humanitarian Affairs \(OCHA\)](#), 16 Feb 2024

³¹ [AP News](#), 31 Jan 2024

³² [BBC](#), 5 Feb 2024

³³ [Addis Standard](#), 6 Feb 2024

³⁴ [Addis Standard](#), 6 Feb 2024

reported 2.2 million people have been affected by the drought in the Tigray region while the interim administration of Tigray reported 4.2 million people.³⁵

The declining humanitarian situation is multifaceted and can be partly attributed to failed harvests caused by low seasonal rains which, in 2023, coincided with the suspension of USAID and WFP food assistance to vulnerable populations after an investigation revealed that aid was being redirected and sold on the local market.³⁶ Although USAID resumed humanitarian assistance to Ethiopia in December in a heavily regulated pilot scheme involving QR-coded ration cards and GPS trackers on trucks, a note from the **Tigray Food Cluster**, an assembly of aid agencies co-chaired by WFP and Ethiopian officials, reported that by 21 January only 14% of 3.2 million people targeted for food aid for January had received it.³⁷

The government's denial of famine does not come as a surprise as to officially recognise famine the situation needs to meet an internationally recognised set of criteria:

- 20% of households facing extreme food shortages;
- 30% of children under five with acute malnutrition;
- Two people out of every 10,000 die every day.³⁸

It is unlikely that criteria have been formally met in Ethiopia, partly due to the lack of reliable reporting.³⁹ However, once famine is declared many consider it already too late. During a visit to Ethiopia and the Tigray region, the **United Kingdom's (UK)** state minister for development and Africa **Andrew Mitchell** stated:

*"There are serious indicators of the danger of famine... if we don't take the necessary action now, then there is every danger that a famine will engulf this war-torn country which has suffered so much already."*⁴⁰

Mitchell announced that the UK would commit a further £100m (\$125m) in new aid targeted at increasing maternal and child access to health care and vaccines.⁴¹ As the international attention to Ethiopia's humanitarian crises increases, Abiy will face challenges in how he has thus far positioned the government's response. Throughout his administration he has worked to change Ethiopia's image away from a poverty-stricken nation to an emerging economy and attractive investment destination, however, international attention on a famine will distract from this reputation overhaul and even negatively impact it.

Spotlight on Ethiopia's data mining potential

Sovereign wealth fund **Ethiopian Investment Holding (EIH)** announced via **LinkedIn** on 15 February that it had signed a memorandum of understanding (MoU) for a \$250m data mining and artificial intelligence (AI) training project with **Data Center Service PLC**, a subsidiary of **Hong Kong-based West Data Group**.⁴² The post was later edited to remove the value and company identity involved in the deal.⁴³ The announcement followed an article by US-based **Bloomberg** on 8 February which highlighted Ethiopia's cryptocurrency mining potential and revealed that 21 data mining companies had secured power supply deals to mine bitcoin (BTC) in the country.⁴⁴ The article mentioned that 19 of these companies had **Chinese** origins **Czech Republic-based Kafka Mining**

³⁵ [Addis Standard](#), 31 Jan 2024

³⁶ [USAID](#), 3 May 2023

³⁷ [AP](#), 31 Jan 2024

³⁸ [World Food Programme](#)

³⁹ [BBC](#), 5 Feb 2024

⁴⁰ [BBC](#), 5 Feb 2024

⁴¹ [Gov.UK](#), 5 Feb 2024

⁴² [Ethiopian Investment Holdings](#), LinkedIn, 15 Feb 2024

⁴³ [Reuters](#), 16 Feb 2024

⁴⁴ [Bloomberg](#), 8 Feb 2024

reports on its website that it has been operating in Ethiopia since 2023, leaving one unconfirmed company.⁴⁵

Bitcoin mining, or data mining, involves running high-powered computers to solve a numerical problem. Upon solving the solution, the miner receives one bitcoin and the process is repeated. The number of solvable bitcoins reduces every four years with the next “*halving*” expected in April 2024 which means that earning one bitcoin will require double the effort - more computers and more electricity.

In anticipation of this halving event, Ethiopia’s cheap electricity and moderate climate have made the country extremely attractive to data mining companies. Ethiopia has an installed generation capacity of 5,200 megawatts (MW) but the completion of the **Grand Ethiopia Renaissance Dam (GERD)**, which is currently structurally complete but only operating 2 out of 11 turbines, stands to increase capacity by another 5,150 MW.⁴⁶ At least 90% of Ethiopia’s energy comes from hydropower and the remainder from wind and thermal sources which enables data mining and support companies to promote their activities as environmentally friendly. State-owned **Ethiopian Electric Power (EEP)** also charges Bitcoin miners a fixed rate of \$.0314 per kilowatt-hour for electricity from substations.⁴⁷

The development of this sector aligns with Abiy’s aspirations to make the country a hub for technological innovation and sustainable development. **Project Mano**, an initiative established by bitcoin expert and **Bitcoin Birr** founder **Kal Kassa**, has been lobbying the government to embrace Bitcoin and estimates that integrating bitcoin mining into the country’s economy could add up between \$2 billion and \$4 billion annually to its GDP.⁴⁸

However, data mining necessitates investment in infrastructural developments through building data centres or facilities which connect data mining computers to the power grid. In December 2023 **Russian-based BitCluster** announced the launch of their BWP 120MW data centre on the outskirts of **Addis Ababa**. The facility, located on the capital’s **Kilinto** energy substation, provides data mining companies with logistical support in the supply, installation, connection, and maintenance of mining devices.⁴⁹ The only local player, **QRB Labs**, was founded by four entrepreneurs of Ethiopian origin. Co-founder **Nemo Semret** stated that their company targets long-term sustainability by harnessing only “*stranded energy*” instead of redirecting energy away from industry and individual consumers.⁵⁰

Although Ethiopia has abundant energy potential, less than 60% of the country has access to electricity which could present potential conflicts if data miners, as forex-contributing companies, are prioritised over local development. The regulatory environment regarding data mining is still developing which on one hand provides opportunities for companies to play a role in developing policy, but on the other, creates significant business risks as it opens space for corruption in Ethiopia’s highly bureaucratic society. In an interview discussing Ethiopia’s data mining potential, Semret stated that Ethiopia’s regulations were very strict and challenging to navigate and the company has spent the last two years working their way through the bureaucracy. He noted that conversations with Ethiopia’s INSA were particularly difficult.⁵¹

In August 2022, the government granted the INSA the mandate to “*regulate and control cryptographic products and their transactions*” and required cryptocurrency operators to register with INSA within ten days.⁵² While this shows the government’s intentions to be proactive in developing protections from crypto-related crimes, the efficiency and actual practice of the organisation is not clear. Although the INSA homepage boasts a shortcut link to the “*crypto register*”, it remains inactive.⁵³

⁴⁵ [Kafka Mining](#), 3 Jul 2023

⁴⁶ [International Trade Administration](#), 18 Jan 2024

⁴⁷ [Forbes](#), 18 Feb 2024

⁴⁸ [Forbes](#), 18 Feb 2024

⁴⁹ [BitCluster](#), X, 21 Dec 2023

⁵⁰ [Hashrate Up](#), 28 Jan 2024

⁵¹ [Hashrate Up](#), 28 Jan 2024

⁵² [Ethiopian Monitor](#), 24 Aug 2022

⁵³ [Crypto](#), INSA, 19 Feb 2024

Despite the ambiguous regulatory environment, there is a real interest for companies to set up mining operations in Ethiopia. If the government can ensure the companies operate with a target of establishing long-term sustainability the country can stand to benefit greatly. However, the track record of many international data mining companies shows that short-term goals take precedence and when the government becomes difficult or electricity becomes too expensive, they prefer to find leave without imparting a positive legacy on the local community.

Planner

22-25 Feb 2024 **Addis Ababa (Ethiopia)** 26th **Addis Chamber International Trade Fair (ACITF)**
 Mar 2024 **Addis Ababa (Ethiopia)** Visit by **Swiss** delegation led by federal councillor **Ignazio Cassis**
 Apr 2024 **(Ethiopia)** 11th **Tana High-Level Forum on Security in Africa**
 2024 **Addis Ababa (Ethiopia)** **Africa Union (AU) – Canada** Forum
 2024 **(Ethiopia)** **Horn of Africa** heads of state summit

Chronology

21 Feb 2024 **Addis Ababa (Ethiopia)** *AP*. **Somalia** signs a defence deal with **Turkey** that includes support for Somalia's sea assets, a potential effort to deter Ethiopia's efforts to gain sea access via its deal with **Somaliland**;

21 Feb 2024 **Addis Ababa (Ethiopia)** *Addis Standard*. **Somaliland** foreign affairs minister **Essa Kayd Mohamud** says that the Somaliland government is “*on course without any wavering*” on the implementation of the 1 January memorandum of understanding (MoU) signed with Ethiopia;

20 Feb 2024 **Addis Ababa (Ethiopia)** *Egypt Today*. **Egypt's** ambassador to Ethiopia **Mohamed Gad** says that the issuance of Ethiopia's visas for Egyptian citizens has become increasingly difficult and often requires intervention by the Egyptian foreign affairs ministry;

20 Feb 2024 **Addis Ababa (Ethiopia)** *Reuters*. Prime Minister **Abiy Ahmed** states that the government is discussing selling 10% of state-owned telecoms company **Ethio Telecom** via the **Ethiopian Stock Exchange (ESX)**;

19 Feb 2024 **Addis Ababa (Ethiopia)** *VOA*. **Somali** President **Hassan Sheikh Mohamud** accuses Ethiopian security forces of trying to prevent him from attending the **African Union (AU)** summit;

19 Feb 2024 **Addis Ababa (Ethiopia)** *Amnesty International*. **Amnesty International (AI)** urges Ethiopian authorities to stop using the country's state of emergency as a way to “*silence peaceful dissent*” by arbitrarily detaining politicians and journalists critical of the government;

17 Feb 2024 **Addis Ababa (Ethiopia)** *Al Jazeera*. **Somalia's** President **Hassan Sheikh Mohamud** accuses Ethiopia of trying to annex a part of the country's territory through its **Red Sea** deal with **Somaliland**;

13 Feb 2024 **Addis Ababa (Ethiopia)** *Al Jazeera*. **Ethiopian Human Rights Commission (EHRC)** says federal security forces killed at least 45 civilians in a massacre in **Amhara Region** in late January;

12 Feb 2024 **Addis Ababa (Ethiopia)** *Tech Cabal*. **National Bank of Egypt (NBE)** (central bank) reports inflation increased to 28.7% in December from 28.3% in November 2023

11 Feb 2024 **Addis Ababa (Ethiopia)** *New Times*. Ethiopia and **Rwanda's 3rd Joint Ministerial Commission** meeting results in the signing of various new cooperation agreements in a bid to strengthen ties;

6 Feb 2024 **Addis Ababa (Ethiopia)** *Al-Monitor*. Prime minister **Abiy Ahmed** again reiterates that Ethiopia will not go to war with **Somalia** over Ethiopia's quest for sea access;

4 Feb 2024 **Addis Ababa (Ethiopia)** *Borkena*. Parliament votes to extend the state of emergency in **Amhara** region by an additional four months;

2 Feb 2024 **Asmara (Eritrea)** *AP. Ethiopia*, in a leaked memo, accuses Eritrean soldiers of abducting farmers and stealing livestock along the border in **Tigray** region nearly 15 months after a cease-fire was signed ending the Tigray conflict;

30 Jan 2024 **Addis Ababa (Ethiopia)** *The Africa Report*. **South Africa-based Standard Bank** says it will apply for an investment banking licence in Ethiopia as it seeks to expand into Ethiopia's largely untapped market;

30 Jan 2024 **Addis Ababa (Ethiopia)** *The East African*. **Safaricom Telecommunications Ethiopia** reports that by December 2023, it had registered 3.1 million **M-Pesa** users with \$115.3m in transactions, increasing from 1.2 million users in September after the mobile money service launched in August;