



ETHIOPIA'S TRANSITION: IMPLICATIONS FOR THE HORN OF AFRICA AND RED SEA REGION

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I. Introduction

Ethiopia's security influence in the Horn of Africa puts it on a par with other strategic players such as Egypt, Saudi Arabia or the United Arab Emirates (UAE)—even if it cannot match those states in economic terms.¹ Its proximity to Somalia and the long history of the Ethiopian state's pursuit of its perceived interest vis-à-vis its Somali-inhabited lowland periphery have made it the dominant foreign policy actor in the Somali arena. Elucidating the broader dynamics of the Horn, in particular how states are affected by and responding to external influences, largely hinges on understanding the transition underway in Ethiopia.²

This report examines the intersection of two significant trends affecting the regional dynamics of the Horn of Africa.³ First, Ethiopia is undergoing a political transition. Led since 2018 by Prime Minister Abiy Ahmed, the transition offers the prospect of significant reforms but carries risks to the country's economic and political stability. Second, since 2015, Saudi Arabia and the UAE have taken a much more assertive approach to regional security around the Arabian Peninsula—notably in terms of their armed intervention in Yemen. Since 2017, recurrent tensions produced a major diplomatic—and as yet unresolved—rift in the Gulf between Saudi Arabia and the UAE on one side and Qatar on the other. The Horn of Africa has been caught up in

¹ Geographically, the Horn of Africa is normally understood to comprise Djibouti, Eritrea, Ethiopia and Somalia. As foreign military forces operate in ways that link deployments on land, in the air and at sea, for the purposes of this paper the Horn of Africa region is defined as a security space comprised of the core countries plus Kenya, the Seychelles, South Sudan and Sudan, as well as key adjacent maritime areas—the southern Red Sea, the Gulf of Aden and the Bab el-Mandeb Strait.

² This report complements two further SIPRI studies and a policy brief published in 2019 which analysed the evolving foreign military presence in the Horn of Africa and the related external security politics affecting the region. See Melvin, N., 'The foreign military presence in the Horn of Africa region', SIPRI Background Paper, Apr. 2019; Melvin, N., 'Managing the new security politics of the Horn of Africa region', SIPRI Policy Brief, Apr. 2019; and Melvin, N., 'The new external security politics of the Horn of Africa region', SIPRI Insights on Peace and Security, Apr. 2019. SIPRI acknowledges the support of the Swedish Ministry of Foreign Affairs for the research underpinning all three studies. Views remain those of the author.

³ The report is based on the author's experience in Ethiopia and the Horn of Africa since the late 1990s, building on research and discussions in Eritrea, Ethiopia and Kenya since 2016 focused on relations between the Arab states of the Gulf and the Horn of Africa. Additional desk research and interviews were carried out in Addis Ababa and Mogadishu during November 2019. Due to the sensitivity of the subject, interviewees have been anonymized.

SUMMARY

● The intersection of two significant trends are affecting the regional dynamics of the Horn of Africa: the political transition underway in Ethiopia since 2018 and evolving Red Sea and Gulf security dynamics. Ethiopia's transition has affected its relations in the Horn of Africa and the broader Red Sea region. Saudi Arabia and the United Arab Emirates have taken a much more assertive approach to regional security since 2015, contributing to a major diplomatic rift with Qatar since 2017. Elucidating how states in the Horn of Africa are affected by and responding to external influences largely hinges on understanding the Ethiopian transition. The implications for the future of regional integration in the Horn of Africa must also be considered.



these evolving Red Sea and Gulf security dynamics. Ethiopia's transition has affected the government's approach to managing its relations in the Horn of Africa and with the broader Red Sea region. In turn, this has affected its neighbours as they react to Ethiopia's shifting stance. There are also implications for the future of regional integration in the Horn of Africa.

Section II contextualizes the recent evolution in Ethiopia's politics. This is an ongoing process, the drivers of which precede the emergence of Abiy Ahmed as prime minister in April 2018. This context helps to illustrate the key points of departure in Abiy's economic, political and security policies compared with the previous two decades of Ethiopian People's Revolutionary Democratic Front (EPRDF) government in Ethiopia.

Section III considers the Abiy administration's approach to the Horn of Africa and its handling of the engagement of the Arab states of the Gulf in the region. It also considers the reactions to shifts in Ethiopia's position by the other states in the area. This is structured around key geographies: (a) the Eritrea–Ethiopia rapprochement; (b) the Berbera corridor and the Government of Somaliland;⁴ and (c) Somalia's federal politics and their spillover effects in Kenya and (d) the Blue Nile Basin, including Sudan's political transition and relations with Egypt over the Grand Ethiopian Renaissance Dam (GERD). The interests of the Arab states of the Gulf are visible in each region. The analysis considers how Abiy's administration has attempted to navigate its relations across both sides of the rift between Qatar and Saudi Arabia and the UAE without being captured by either or drawn into the conflict in Yemen. Following the general conclusions in section IV, section V offers potential entry points for promoting regional stability and cooperation and associated risks and opportunities.

II. Understanding Ethiopia's transition

Ethiopia is in the midst of a major political and social transition, with important but uncertain impacts for its economy, security and position in the wider region. The profound changes that are underway are deeply rooted in and guided by the internal political transformation of the EPRDF to the Ethiopian Prosperity Party (EPP); the process, which was completed in early 2020, saw Ethiopia's leading coalition replaced by a single party.⁵ Recent turning points and their cascading after-effects have been informed by this political context and in turn radically reshaped it. Two of the most prominent of these turning points being the political protests in 2015–16 and Abiy Amhed's ascendance to power.

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⁴ The Republic of Somaliland unilaterally declared independence from the Somali Republic in May 1991, following the collapse of the government in Mogadishu, within the territory of the former British Somaliland Protectorate. Somaliland adopted its own constitution in a 2001 referendum. However, its sovereignty is not recognized by any other country. Its contested status became more acute with the international recognition of the FGS in Mogadishu as the sovereign government of the Somali Republic in 2012. The Somaliland Government has maintained a fairly close working relationship with Ethiopia.

⁵ International Crisis Group, 'Keeping Ethiopia's transition on the rails', Africa Report no. 283 (16 Dec. 2019), pp. 10–12.



From the EPRDF to the EPP: Transforming a coalition to a political party

The EPRDF coalition dominated Ethiopian politics and economic planning since its overthrow of the Marxist military dictatorship in 1991. Four long-standing members constituted the EPRDF: the Tigray People's Liberation Front (TPLF), the Amhara National Democratic Movement (ANDM), the Oromo People's Democratic Organisation (OPDO) and the Southern Ethiopian People's Democratic Movement (SEPDM)—parties that correspond respectively to four Ethiopian states.⁶ However, even before the EPRDF took power in 1991, the internal balance of the coalition was already dominated by the TPLF: the TPLF (along with the separatist Eritrean People's Liberation Front) were the liberation movement at the core of the conflict that saw the collapse of Mengistu Haile Mariam's Derg regime, the military dictatorship that had been ruling Ethiopia since deposing Emperor Haile Selassie in 1974. Under TPLF leader and EPRDF chairman Meles Zenawi (transitional president 1991–95, prime minister 1995–2012), the coalition oversaw the establishment of Ethiopia's new federal constitutional framework, which was seen as a means to resolve political and economic tensions within the country.

The EPRDF dominated elections in 1995 and 2000. During its first decade in power, the EPRDF struggled to make progress on its economic agenda with its primary focus on boosting agricultural output, given the predominance of smallholder agriculture.⁷ As a coalition with a dominant constituent party (the TPLF), the EPRDF struggled to articulate and execute its vision for the country's future. However, after the TPLF's split in 2001, Meles's dominant position within the TPLF led to the centralization of power in his hands as head of the party, coalition and government. However, Meles and the EPRDF were caught off guard by a surprisingly strong showing by opposition parties in the 2005 election, followed by protests in Addis Ababa which were violently repressed.

After 2005 the EPRDF massively expanded its membership, tightly restricted the media and the role of civil society, and introduced a draconian security framework to control dissent.⁸ This tighter control facilitated the implementation of the government's economic agenda, producing on a macro level rapid gross domestic product (GDP) growth (averaging 11 per cent between 2004–13) and dramatic reduction in its headline rate of poverty (from 44 per cent in 2000 to 24 per cent in 2016). However, the combination of a tightly controlled political and civil society landscape and the state's dominance of the economic agenda fuelled increasing resentment among the country's youth. The expansion of social and physical infrastructure

⁶ Under the 1995 constitution, Ethiopia became a federation divided into 11 administrative units: 9 autonomous and ethnically regional states (Afar; Amhara; Benishangul–Gumuz; Gambella; Harari; Oromia; Southern Nations, Nationalities and Peoples, known as the SNNPR; Somali and Tigray) and 2 cities (Addis Ababa and Dire Dawa). This paper uses 'Somali Regional state' to differentiate the Ethiopian region state from Somalia. A November 2019 referendum on creating a 12th region, Sidama (currently a zone in SNNPR), was supported with 98.5%.

⁷ Escalating tensions with newly independent Eritrea, leading to a major war between 1998–2000 and the loss of access to Ethiopia's primary port in Assab, also undermined the EPRDF's ability to focus on its domestic economic agenda.

⁸ Markakis, J., *Ethiopia: The Last Two Frontiers* (James Currey Eastern African Studies: London, 2011), in particular chapter 11, pp. 255–78.



and increased economic opportunities, including employment outside the agriculture sector, could not keep pace with the growth in society's expectations and aspirations.⁹

Popular pressure and political transition

The proximate driver of the current transformation in Ethiopia was a major wave of protests between November 2015 and October 2016, when the government declared a state of emergency that lasted until August 2017. In the 2015–16 protest movement, those factors found a release valve which the government could not successfully shut off until it declared a state of emergency, detaining tens of thousands for 're-education'. More than 1000 were reported dead in violence related to the protests, mostly from crackdowns by security forces.¹⁰ Although the initial spark for the protests centred on resistance to more centralized urban planning for the expanding footprint of Addis Ababa, by 2016 protests had spread across Oromia and into Amhara and the Southern Nations, Nationalities and Peoples Region (SNNPR). This was coupled by renewed violence along the boundary between Oromia and the Somali Regional state.

Although the October 2016 state of emergency allowed the government to restore order, it brought existing tensions within the EPRDF to a head and precipitated a rebalancing between and within the coalition's parties. From late 2017, unrest started to re-emerge amid an internal review process by the EPRDF of its four members. Tensions within the EPRDF over the future direction of political reform led to the resignation of Prime Minister Hailemariam Desalegn (2012–18) in February 2018. He was succeeded in April 2018 by Abiy Ahmed.

Abiy, leader of the OPDO, emerged as EPRDF chairman, leading to the decline of the TPLF's relative influence within the coalition. Although the EPRDF (and now EPP) has remained in control of the state at the federal, regional and local levels, it is important not to understate the significance of the political shifts underway.

In November 2019 Abiy pushed through the start of the formal process of merging the EPRDF's four member parties and the five 'allied' parties (the ruling parties in the Afar, Benishangul-Gumuz, Gambella, Harari and Somali regions) into a new national party: the Ethiopian Prosperity Party. The transformation of the EPRDF from a coalition to a single party is bringing political tensions over the balance between a pan-Ethiopian identity and the various national identities empowered by the ethnolinguistic structures created under Ethiopia's federal institutions to a head. In late 2018, two parties renamed themselves: the OPDO changed its name to the Oromo Democratic Party (ODP) and the Amhara National Democratic Movement to the Amhara Democratic Party (ADP). They did this in part to distinguish themselves from a past in which they had been perceived as rubber-stamp

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⁹ Mosley, J., 'Ethiopian politics beyond the vanguard?', Expert Comment, Chatham House, 18 Oct. 2016.

¹⁰ Human Rights Watch, "'Fuel on the fire': Security force response to the 2016 Irreecha Cultural Festival', Sep. 2017.



members of the EPRDF under the TPLF's direction and in part to cement gains in local legitimacy gleaned from the protest movement.

The SEPDM has struggled to redefine itself, in large part because it represents such a disparate group of smaller identity-based political units. In particular, a process of fragmentation was unleashed by the Sidama referendum in November 2019, which saw the Sidama zone vote overwhelmingly in favour of breaking from the SNNPR and becoming a regional state.¹¹ Other units of the SNNPR have also initiated the process for demanding recognition either as regions (most significantly the Wolayta zone) or subregional administrations (zone or *woreda*). The TPLF itself has remained coherent and is focusing on its regional base. But this itself is a shift for a party which dominated national strategic planning for almost three decades.

By early 2020, the EPP merger process had seen the TPLF formally exit the coalition and even some senior figures within Abiy's own party, including defence minister and former ODP leader Lemma Megersa, break ranks by expressing doubts over the timing of the merger process.¹² More broadly, the establishment of the EPP raises significant questions about the electoral outlook for the new party. In previous elections, identity-based opposition parties contesting on a regional basis have failed to assemble a coalition that could effectively compete with the EPRDF; even in the 2005 elections, it was two separate opposition coalitions that threatened the EPRDF's parliamentary dominance. However, by appearing to shift away from regional identity, the EPP may be ceding significant ground to opposition parties in Amhara and Oromia, which account for the bulk of parliamentary seats; certainly the EPP will lose Tigray. Under Ethiopia's 'first past the post' system, regional opposition coalitions or electoral pacts could see the EPP fall short of a majority even if no opposition party or coalition is able to claim a majority, either. It may be that the Abiy administration's aim with the EPP is to achieve a plurality and, thus, the right to form a coalition government.¹³

Lacking Meles's leadership trajectory as TPLF leader since the mid-1980s and his strong regional base, Hailemariam Desalegn struggled to control the mechanisms of power in the same way when he inherited Meles's position. By contrast, Abiy has a strong demographic base in Oromia (estimated at about 40 per cent of the Ethiopian population), where he had been generally popular, although this has faded during his second year in office. Abiy was in a better position to take advantage of the EPRDF's centralized governance architecture. He has used this advantage to make some fairly unilateral decisions, particularly in overriding TPLF concerns about normalization of relations with Eritrea and in decriminalizing a number of political parties and inviting a range of opposition politicians back to Ethiopia from exile. Abiy's tendency to formulate policy within the prime minister's office rather than through existing institutional mechanisms is also reflected in his mediation intervention in the Sudanese political crisis in mid-2019, which was conducted without the assistance of the Ministry of Foreign Affairs,

¹¹ 'Unravelling the tapestry: Ethiopia's Sidama people vote for autonomy', *The Economist*, 23 Nov. 2019.

¹² International Crisis Group (note 5), p. 12.

¹³ Interview with academic, Addis Ababa, Nov. 2019.



forcing it to catch up with developments afterwards.¹⁴ Political prisoners have also been released, although this started in early 2018, before Abiy's ascendance.

Nevertheless, as EPRDF (now EPP) chairman and prime minister, Abiy inherited a difficult portfolio. Since the advent of Abiy's premiership, a wave of major political and social reforms, fresh sources of conflict and displacement in various parts of the country, and shifts in long-standing economic policy have appeared. Broader regional policy has also been shaken up, most visibly in terms of the rapprochement with Eritrea in mid-2018, which has subsequently stalled. National elections tentatively scheduled for August 2020 are expected to be a crucial test of the transition's legitimacy. Economic strains—which helped fuel the protest movement, but have also been exacerbated by the instability—remain a challenge.

Consequences of expanding political space

The space for political and civil society activity has increased dramatically since the beginning of 2019 as a result of the Abiy administration's decision not to exercise the repressive powers it has under two 2009 laws—the 'charities and societies proclamation' and the 'anti-terrorism proclamation'. The charities and societies proclamation severely curtailed the range of issues domestic non-governmental organizations (NGOs) or other advocacy groups could be involved with and defined as a 'foreign' organization any group which received more than 10 per cent of its funds from outside Ethiopia. The anti-terrorism proclamation gave the government wide latitude to define activity, including any anti-government activity, as terrorism. This was used to clamp down on the media and to repress opposition parties.

A new 'civil society organizations agency proclamation' was gazetted in March 2019, and draft anti-terrorism legislation approved by the cabinet in mid-May is undergoing parliamentary debate. Once in place, these will codify limits on government. For the EPRDF/EPP, this is more than symbolic. The declaration of the state of emergency in 2016 reflected the coalition's legalistic approach to governance and its tendency to ground its repression in legal cover. These recent legal reforms should, thus, be seen as substantive processes, bringing the rule of law in Ethiopia more in line with global norms. The former political prisoner and judge Birtukan Mideksa was appointed to lead a reconstituted National Electoral Board of Ethiopia (NEBE) in November 2018.

While elections normally take place in May, the national and regional polls have tentatively been set for August 2020, and the government and NEBE still appear committed to holding them. Local elections, which have been on hold since 2018, may also be conducted in 2020, possibly in parallel with the regional and national elections. However, without a trial run in local elections, the NEBE's capacity to manage the national and regional elections is unclear, although the relatively smooth conduct of the Sidama referendum gave some indication of its capacity.

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¹⁴ Interview with security analyst, Addis Ababa, Sep. 2019.



The evolving political calculus

To compete across regions on a coherent national platform and secure a working parliamentary majority, Ethiopia's federal politics necessitate coalition building. In doing so, political parties and coalitions widely use national/ethnic identity as a key organizing principle. However, the strategy is not used exclusively, and 'pan-Ethiopian' parties and coalitions have performed well in Addis Ababa and some other cities. A number of established parties returned to Ethiopian politics in 2019, and new coalitions are emerging ahead of 2020 in competition with the emerging EPP. Despite the EPP's effective incumbency as the EPRDF's successor, its ability to garner a majority depends on several factors—not the least the ability of opposition parties to challenge the existing order.

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Many of the older opposition parties lack significant traction in Ethiopia, with key leaders having spent significant periods of time, in some cases decades, outside Ethiopia (going back to the volatile politics of the 1970s). Many parties have split in exile, sometimes more than once. As a result, some parties are little more than platforms for individuals. The political opening has seen a wave of such individuals return to Ethiopia seeking inclusion and relevance, but many will likely shake out.

The politics of the protest movement created new networks for mobilization that have fed into both new and existing political movements. Most of the demonstrations were initiated locally, although key networkers in the diaspora helped to share information across networks. As a result, some of the more potent opposition parties have drawn on this.

In Amhara, the National Amhara Movement (NAMA) has emerged as a strong challenger to the ADP, and by extension the EPP. Similarly, in Amhara—but also in larger cities across Ethiopia—the EPP will face a challenge from the Ethiopian Citizens for Social Justice party ('Ezema'), which resulted from the merger of several established opposition parties in 2019.

In Oromia, some established opposition parties—in particular the Oromo Federalist Congress (OFC) and politicians from the Oromo Liberation Front (OLF)—have competed to absorb some of the reform mantle from the protest movement. Abiy and the OPDO initially benefitted from this, but the EPP will face a strong challenge from other Oromo nationalist parties. In particular, Oromo activist Jawar Mohamed, who supported the protest movement via his online media network, has emerged as a strong critic of Abiy and retains a significant mobilization capacity. He triggered a wave of violent unrest in which more than 80 died in late October 2019 when he claimed that his security detail was being withdrawn and that his safety in Addis Ababa was being compromised. Jawar intends to stand for parliament as a candidate for the OFC, which has recently announced an electoral pact with the Dawd Ibsa faction of the OLF and the Oromo National Party (ONP).¹⁵

Notably in this context, the registration requirements for political parties ahead of the elections have become more stringent: parties operating at the

¹⁵ Interview with private media editor, Addis Ababa, Nov. 2019; Abera, E., 'OFC, OLF and ONP agree to form "Coalition for Democratic Federalism"', *Addis Standard*, 4 Jan. 2020.



national level need 10 000 signatures and regional-level parties need 4000, up from 1500 and 750, respectively. Some of these parties represent armed movements, in particular the various factions of the OLF. As a result, there is a risk that those who (a) are unable to build a successful coalition of sufficient scale or (b) lose the contest to register their faction as the official version of the party for the election will resort to violence to demonstrate their claims to influence in the areas they consider their base. Violence has already transpired in recent months in Amhara and especially in western Oromia, in what appears at least in part to be pre-electoral manoeuvring.¹⁶

Conflict and humanitarian challenges

In addition to shifts in organized party politics, the protest movement and the transition under Abiy have unleashed a new wave of unrest rooted in identity politics, which has compounded a displacement crisis driven by pre-existing conflict. There are currently around 3.2 million internally displaced persons (IDPs) within Ethiopia, 2.6 million of whom were displaced by conflict. This is more than double the estimate on the eve of Abiy taking office (1.5 million IDPs in total estimated at the end of March 2018). Conflict related to the boundary between the Oromia and Somali regions remains a key driver of displacement. Many IDPs are located in camps in Tigray due to targeted attacks on ethnic Tigrayans in other parts of the country, particularly since early 2018. There has also been conflict around sites where farmers from central highland areas of Ethiopia (particularly ethnic Amhara) were resettled in government programmes in western lowland areas during the imperial and Derg eras (1960s–1980s). Another acute pocket of conflict and displacement, also related to identity and historical settlement patterns across what is now a regional administrative boundary, exists between Gedeo (a zone in the SNNPR) and West Guji (a zone in Oromia).

Abiy's administration was particularly slow to respond to the 2017–18 displacement crisis. In mid- to late 2019 the administration began an ostensibly voluntary resettlement programme, raising concerns in the humanitarian sector because the underlying drivers of conflict have not been resolved.¹⁷ Attacks on Tigrayans and those associated with settlement schemes reflect local resentment of perceived unfair benefits associated with previously dominant groups (especially Amhara and Tigrayans), who are perceived as having benefited from unfairly privileged access to resources and opportunities. There is also some overlap between recent patterns of conflict-induced displacement and the spread of protests during 2015–16. Despite the administration's rhetoric of unity, deep fractures persist.

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¹⁶ International Crisis Group, 'Intra-Gulf competition in Africa's Horn: Lessening the impact', Middle East and North Africa Report no. 206 (19 Sep. 2019); Ermias Tasfaye, 'Amid blackout, western Oromia plunges deeper into chaos and confusion', *Ethiopia Insight*, 14 Feb. 2020.

¹⁷ International Crisis Group (note 16), p. 1.



Ethiopia's shifting economic policy

Ethiopia's entrenched economic policy positions were largely a reflection of the political and security vision of the EPRDF, and mainly that of Meles: Meles's 2002 Foreign Affairs and National Security Policy and Strategy document underpinned the government's industrialization and export-promotion strategy until the recent shifts under Abiy's Homegrown Economic Reform Agenda, which began to emerge in late 2019. While economic policy is shifting slowly, it has already begun contributing to the positive engagement of the international financial institutions (IFIs) that in December 2019 had agreed to significant new concessional lending frameworks.¹⁸

During the past decade, the EPRDF had already shifted from its faltering programme of agricultural development-led industrialization. While the programme had led to increased agricultural output, it was struggling to stimulate the associated processing and light industrial sector businesses to create employment.¹⁹ The 2010–15 Growth and Transformation Plan (GTP) and the current 2015–20 GTP II have focused on physical and social infrastructure and on the promotion of industry in business parks around key urban centres linked to the main export routes. Under the two phases, some \$28 billion is set to have been spent over the course of the past decade up until July 2020. The country's road network has seen a dramatic transformation, with hundreds of thousands of kilometres of trunk and feeder roads developed and improved. Electricity and irrigation for large-scale agriculture have been the focus of a series of major dams (along with wind and geothermal projects), helping to bring the country's electricity output to about 4300 megawatts (MW(e)) by 2018, up from 380 MW(e) in 1991. Notably, the GERD is set to add a further 4000–6000 MW(e) by the mid-2020s. The government has overseen a major expansion of primary, secondary and tertiary education and extension of health services, both of which had previously been concentrated in major urban centres, largely in the capital Addis Ababa. State-owned or state-led enterprises have been at the centre of these initiatives, including for the construction of key infrastructure (although this is usually subcontracted to a third-party, often a foreign company).

The fundamental objective of the economic policy is to increase Ethiopia's economic and national security by boosting exports and shifting it from being a net importer to a net exporter.²⁰ However—despite the high rate of real GDP growth (averaging 9.7 per cent per year since 2010), poverty reduction (to 24 per cent according to government figures) and increasing foreign direct investment (FDI, up from \$288 million in 2010 to over \$2.6 billion in 2015, and nearly \$4 billion in 2016)—export growth has not

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¹⁸ International Monetary Fund, 'Six things to know about Ethiopia's new program', IMF Country Focus, 23 Dec. 2019.

¹⁹ Dercon, S., Hill, R. and Zeitin, A., 'In search of a strategy: Rethinking agriculture-led growth in Ethiopia', Synthesis paper, UK Department for International Development (DFID), 2009, pp. 7–8.

²⁰ Mosley, J. and Watson, E., 'Frontier transformations: Development visions, spaces and processes in northern Kenya and southern Ethiopia', *Journal of Eastern African Studies*, vol. 10, no. 3 (2016), pp. 458–59.



taken off, fluctuating significantly year to year and averaging only about 4 per cent over the last decade.

Ethiopia has historically run a significant trade deficit, which, given controls on its capital account and limits on foreign investment, has created balance of payments strains and left the country significantly reliant on foreign aid and borrowing to avoid a foreign exchange crisis. Aid flows remain substantial, including from key bilateral (United Kingdom, United States) and multilateral donors/lenders (World Bank, African Development Bank), but balance of payments pressures have also remained intense. To finance its massive infrastructure campaign—for which human rights and other governance concerns have limited concessional lending from Western donors and multilateral institutions—Ethiopia has also turned to commercial (Eurobond) and other lenders (e.g. the Export–Import Bank of China).

As of 2018 gross government debt had risen to more than 61 per cent of GDP (up from just over 40 per cent of GDP in 2010). Infrastructure spending has also necessitated a significant boost in imports of inputs, including heavy machinery and fuel. Coupled with tepid export growth, the current account deficit has widened sharply over the GTP periods, from \$425 million in 2010 to almost \$6.6 billion in 2015–17. Even considering increased FDI and sustained aid flows, balance of payments pressure persists: the government has struggled to maintain sufficient hard currency reserves to cover imports, with foreign currency auctions regularly oversubscribed.²¹

Prior to Abiy's administration, the government had maintained its resistance to the orthodox economic liberalization packages recommended by the International Monetary Fund (IMF) and World Bank—in particular liberalization of the capital account, through the introduction of a floating exchange rate and the lifting of restrictions on foreign investment in the banking, financial services and telecommunications sectors. Domestic private banks exist, but the sector is dominated by the state-owned Commercial Bank of Ethiopia and the Development Bank of Ethiopia. In November 2019, the government repealed the 2011 requirement that commercial banks must hold 27 per cent of their balance sheet in government debt, which usually pays less than the rate of inflation and has hampered the sector's lending to the private sector.²²

Although the IMF's current forecasts for Ethiopia reflect an underlying uncertainty given political factors, it appears to have taken a relatively benign view of the outlook for inflation and expects real GDP growth to average just under 7 per cent over the next five years. Modest growth in exports is forecast, falling from about 10 per cent in 2020 to around 5 per cent from 2021, again reflecting uncertainty. The current account deficit is expected still to be a challenge, but at around \$5.5 billion would reflect some improvement and a contrast with the sharp deterioration up to 2015–17, when it peaked at almost \$6.6 billion, coinciding with the worst period of social unrest.

²¹ Readily convertible currencies typically used in international trade, such as the US dollar, the euro, UK sterling or Japanese yen.

²² Taye, D., 'NBE lifts bill purchase directive', *The Reporter*, 23 Nov. 2019.

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Abiy's prospective reforms and persistent challenges

The political transition under Abiy did not immediately alleviate the long-standing economic pressures that the EPRDF struggled to balance. In particular, access to hard currency to finance imports has remained a challenge. However, Abiy has made a series of moves that have important economic implications, especially related to the role of foreign investment in key sectors (telecommunications, finance, agro-processing) and to the government's efforts to boost the private sector. He has courted investment by the Ethiopian diaspora and has also cultivated stronger relations with the rich Arab states of the Gulf, specifically encouraging their investment in Ethiopia.

Abiy's administration announced intentions to relax restrictions on investment in key sectors. Full details of the new policies have not yet been developed, and there is stiff resistance to full-scale liberalization within the Ethiopian development community. But what is known so far suggests an important role for foreign investors in several areas.

Telecommunications have long been a key target for foreign investors, and interest is likely to be strong. Previous governments have justified the continued state monopoly on telecommunications as an important source of revenue for the state's ambitious development spending.²³ However, at least a minority share (49 per cent) in the state-owned Ethio telecom appears set for privatization, and two additional players are expected to enter the market for licence to operate.²⁴ In order to improve the overall business environment, Abiy's focus seems to be on improving telecommunications service quality and lowering costs.

Boosting sugar and electricity exports has been a key pillar of the GTP agenda and remains important. Privatization of sugar processing factories is expected under Abiy's reform agenda, although the precise shape of this process has not yet been revealed. Abiy's administration targeted the leadership of the state-owned Metals and Engineering Corporation (METEC) and criticized its performance under the previous administration.²⁵ Shortly after Abiy took office, METEC's contracts to build key components of the GERD were revoked. While some smaller dams, mainly for irrigation purposes, have been inaugurated, METEC was well behind schedule on the GERD, holding up important potential sources of export earnings. Although work has resumed in earnest, GERD's new timeline remains uncertain. METEC's contracts to build sugar processing plants in southern and eastern Ethiopia were also revoked and may now be tendered to foreign investors.

Through remittances and, to a limited extent, through investment, Ethiopia's large diaspora population has long played a key economic role

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²³ Unacknowledged but also important has been the state's fairly developed cybersecurity and espionage capacity. Social media has been an important element in every successful protest movement in Ethiopia under the EPRDF, and a key element of its capacity to maintain order has been the ability to block certain websites or restrict access to the internet and SMS service on mobile phones entirely. Abiy served briefly in the information and communication technology ministry before becoming an MP, and may have intentions to retain such repressive capacity.

²⁴ Tadesse, F., 'A \$10 billion economic reform package', *Addis Fortune*, 14 Sep. 2019.

²⁵ The former CEO of METEC, General Kinfe Dagneu, was arrested in November 2018 and charged with corruption along with other former METEC officials.



There appear to be shifts underway in the Ethiopian private sector landscape, including the emergence of new key players

in the country. Shortly after taking office, Abiy visited Ethiopians in the diaspora in the United States and Europe and encouraged them to support Ethiopia's development. In part, this is being encouraged through the Ethiopia Diaspora Trust Fund, a new foreign investment vehicle, with a target of \$300–400 million per year. Potentially more significant would be measures under consideration to relax restrictions on investment and property ownership by the diaspora. Under Ethiopian law dual citizenship has not been possible, and many in the diaspora are reluctant to give up citizenship in their host countries. This has limited their ability to invest in businesses or property back in Ethiopia.

Abiy has also courted investment in the tourism and real estate sectors, which are historically key sectors for Gulf investment in Africa. The UAE committed \$3 billion in investment and support to Ethiopia, including a \$1 billion deposit with the National Bank of Ethiopia to help improve access to hard currency. A controversial \$2 billion Emirati luxury property development was announced in 2018 around the site of the old La Gare railway station in central Addis Ababa.²⁶ Such a project fits with an aesthetic focus by Abiy. Much of his reform has been of style rather than substance, focusing on beautification in Addis Ababa and updating the furnishings in the prime minister's office to make it look more modern.²⁷

Another important factor in the outlook for foreign investment, and the development of Ethiopia's private sector, will be the role of the Mohammed International Development Research and Organization Companies (MIDROC) group. Founded by Mohamed al-Amoudi, MIDROC has been a pillar of Ethiopia's economy since the 1990s and is active across many sectors, including tourism, mining, agriculture and logistics (many key for Ethiopia's export agenda). Al-Amoudi's companies are estimated to have taken on more than half the monetary value of former state enterprises privatized under the EPRDF since 1991.²⁸ As such, the group was well networked into the TPLF-led EPRDF and its economic vision. Although born in Ethiopia, Al-Amoudi is a Saudi national and, as such, his businesses are considered part of the Saudi investment profile in Ethiopia.²⁹

Al-Amoudi's relationship with both the Abiy administration and the Saudi Government are in doubt, which potentially carries important implications for MIDROC's continued role in the Ethiopian economy. Al-Amoudi was caught up in Saudi Arabian Crown Prince Mohamed bin Salman's purge of opponents in 2017 (couched as an 'anti-corruption operation') and was eventually released from detention in early 2019.³⁰ It is not clear to what extent his personal wealth (previously estimated at around \$10 billion) may have been affected. Under Abiy's administration, MIDROC lost control of two significant parcels of land in Addis Ababa that were been appropriated

²⁶ Maasho, A., 'UAE to give Ethiopia \$3 billion in aid and investments', Reuters, 16 Jun. 2018.

²⁷ Gardner, T., "'This is Dubai now': Nobel-winning PM's plan to transform Addis Ababa', *The Guardian*, 16 Oct. 2019.

²⁸ Meester, J., van den Berg, W. and Verhoeven, H., 'Riyal politik: The political economy of Gulf investments in the Horn of Africa', Netherlands Institute of International Relations 'Clingendael', Research Report, 28 Apr. 2018, pp. 52–53.

²⁹ This should be considered to avoid significantly overstating Saudi Arabia's role in the Ethiopian economy, as may have happened in the account of Meester, van den Berg and Verhoeven (note 28).

³⁰ 'Saudi billionaire Mohammed al-Amoudi released from detention', Al Jazeera, 27 Jan. 2019.



for the modernization and beautification plan.³¹ MIDROC appeared in 2019 to be ramping up activity in Ethiopia again. However, there appear to be shifts underway in the Ethiopian private sector landscape, including the emergence of new key players, potentially at the expense of Al-Amoudi or the party-affiliated businesses associated with the EPRDF (especially the TPLF's Endowment Fund for the Rehabilitation of Tigray, or EFFORT, group).³²

III. Ethiopia, regional interconnectedness and Abiy's negotiation of constraints

Within the context of Ethiopia's regional vision and how this has been reflected in regional integration efforts, this section (a) considers the shifts and continuities in Ethiopia's relations with other countries in the Horn under Abiy and (b) examines the intersection of Abiy's approach with important shifts in the approach of the Arab Gulf states—especially Saudi Arabia and the UAE—to the Horn of Africa since 2015. After outlining recent shifts in the Horn of Africa's evolving relationship with the Gulf, the analysis moves to three specific regional situations: the Ethiopia–Eritrea rapprochement; Ethiopia's relations with its Somali periphery—including Somaliland, Somalia and the various Somali federal member states—and the implications for its relations with Kenya; and Nile Basin dynamics in light of GERD development.

Physical integration and connectivity have been and continue to be key elements of cooperation (and sometimes contestation) between the countries of the Horn of Africa. Ethiopia's priorities in the Horn of Africa, and to some extent the wider region, had been fairly consistent for about two decades prior to Abiy's emergence as prime minister in 2018. With Ethiopia left landlocked by Eritrea's independence, physical integration has been at the core of Ethiopia's regional policy and remains so. Ethiopia's priorities are reflected in the integration agenda of the Intergovernmental Authority on Development (IGAD), the main regional body for the Horn of Africa.³³

IGAD's integration agenda stems from a combination of pragmatism and realpolitik. Decades of mistrust and political intervention across borders in the Horn of Africa circumscribed the ambitions for the revamped IGAD in the 1990s. Integration efforts were further constrained by the bloody 1998–2000 war between Ethiopia and Eritrea and the resulting fall out: Eritrea suspended its participation in the organization and Ethiopia refused to cede the rotating chairmanship of the bloc between 2010 and 2019, further limiting IGAD's traction. Nevertheless, IGAD has maintained a focus on

³¹ Gardner (note 27).

³² Vaughan, S. and Gebremichael, M., 'Rethinking business and politics in Ethiopia: The role of EFFORT, the Endowment Fund for the Rehabilitation of Tigray.' Africa Power and Politics Research Report no. 2, United Kingdom Department for International Development, Aug. 2011, pp. 59–61.

³³ Verhoeven, H., 'The Gulf and the Horn: Changing geographies of security interdependence and competing visions of regional order', *Civil Wars*, vol. 20, no. 3 (2018), pp. 349–50; Intergovernmental Authority on Development, 'IGAD member states scrutinise regional infrastructure master plan', 21 Oct. 2019.



promoting physical connectivity, a relatively easy goal in a region marked by decades of underinvestment.³⁴

Ethiopia's road and rail building programme since the early 2000s has greatly increased its connectivity to neighbouring countries, and thereby to their ports.³⁵ This dovetails with Kenya's vision of its own role as a regional entrepôt, including through the development of new port and road infrastructure intended to facilitate access to the Ethiopian and South Sudanese markets.³⁶ Ethiopia's focus on hydropower is also part of its physical integration agenda, with transmission lines connecting it to Djibouti and Sudan, and a new interconnector to the Kenyan grid entering the testing phase in September 2019.³⁷

As such, Abiy's administration has not shifted far on the principle underlying decades of Ethiopian foreign policy: that economic security

Abiy's administration has not shifted far on the principle underlying decades of Ethiopian foreign policy: that economic security via reduced donor dependence is essential to its national security in a region marked by insecurity and a history of poor relations

via reduced donor dependence is essential to its national security in a region marked by insecurity and a history of poor relations. Nevertheless, there are some indications that Abiy sees opportunities for more collaborative and mutually beneficial regional relations in the Horn of Africa, shifting markedly away from a politics of 'the enemy of my enemy is my friend'. During his initial flurry of regional diplomacy in 2018, Abiy's focus was on repairing relations with Eritrea and Somalia, where he sought to establish personal relationships with presidents and repeatedly

articulated a vision based on *medemer*, which he has translated as 'synergy'.³⁸ In October 2019 Abiy released a monograph in Amharic and Oromo—titled *Medemer* or *Ida'amuu*, respectively—which elaborates on this concept and how it relates to his government's economic, political and foreign policy agenda. The emerging EPP has reportedly adopted *medemer* as the basis of its forthcoming manifesto.³⁹

During Abiy's first months in office, he visited all the neighbouring countries along with Egypt, Saudi Arabia and the UAE. He has promoted a more personalized, collaborative tone in Ethiopian regional diplomacy, although his unilateral decision-making and policy-planning style has sometimes wrong-footed Ethiopia's foreign policy and security institutions.⁴⁰ In the Horn of Africa, his agenda has shifted some important dynamics, which has created some uncertainty for other regional players along with delivering benefits and setbacks to different actors. Abiy's relations with Eritrean President Isaias Afwerki's administration and the Federal Government of Somalia led by President Mohamed Abdullahi Mohamed (also known as Farmajo) and Prime Minister Hassan Ali Kheyre mark particularly

³⁴ Healy, S., 'Hostage to conflict: Prospects for building regional economic cooperation in the Horn of Africa', Chatham House Report, 1 Nov. 2011.

³⁵ Styan, D., 'The politics of ports in the Horn: War, peace and Red Sea rivalries', African Arguments, 18 Jul. 2018.

³⁶ Mosley and Watson (note 20), pp. 457–58.

³⁷ Mergu, Y., 'Kenya–Ethiopia electricity interconnection reaches testing stage', *Addis Fortune*, 28 Sep. 2019.

³⁸ Girma, M., 'The promises and challenges of “መደሜር” (Medemer)', *Gobena Street*, 30 Jun. 2018.

³⁹ Discussion with academics and policy analysts in Addis Ababa, Nov. 2019.

⁴⁰ Interviews with foreign policy analysts, academics and diplomats in Addis Ababa, Sep. and Nov. 2019.



significant shifts in tone. Abiy also became personally invested in the mid-2019 political crisis in Sudan, diving into a mediation role between the protest movement and the security sector.

Both before and since Abiy came to power, the Arab states of the Gulf have factored significantly as actors in some of these processes and in terms of the impacts of their enhanced activity in the region. The reactions of the monarchies of the Arabian Peninsula (especially Saudi Arabia) to pressures since the global economic crisis of 2008 and the subsequent Arab Spring have also had significant impacts in the Horn of Africa.⁴¹ Domestic pressures fed into populist policies that targeted migrant labour from the Horn of Africa (and other regions), including more than 160 000 from Ethiopia who were expelled from Saudi Arabia in 2013–14.⁴² The loss of potential remittance income and the return of thousands of additional unemployed and frustrated young people (mainly men) may have been a significant factor underlying the large-scale protest movement in Ethiopia, the first outbreaks of which came in April 2014.⁴³ The 2015 Saudi-led intervention in Yemen and attendant shift in Saudi Arabia's regional security policy have brought Eritrea and Sudan into the scope of the intervention.⁴⁴ This more assertive Saudi security stance has largely dovetailed with the UAE's approach.⁴⁵ Given the Red Sea's global significance and the importance of maritime security to the oil and gas sectors in the Gulf itself—and the Emirati role in global logistics via its flagship enterprise Dubai Ports World—the Horn of Africa has been an increasing priority for both countries.⁴⁶

Given the Red Sea's global significance and the importance of maritime security to the oil and gas sectors in the Gulf itself, the Horn of Africa has been an increasing priority for both Saudi Arabia and the UAE

The significant developments in the Horn of Africa over the past two years have been affected by the influence of the Saudis, Emiratis and Qataris, as well as by the fallout from the 2017 re-opening of the rift between Saudi Arabia and the UAE (allied with Bahrain and Egypt) on one side and Qatar (allied with Turkey) on the other. The affected scope of the rift includes the Eritrea–Ethiopia rapprochement, the Sudanese political transition, and the political dynamics in Somalia between the Federal Government of Somalia (FGS) and the regional administrations. As such, it is essential to consider how the new Ethiopian government's engagement in the Horn of Africa has intersected with evolving Gulf dynamics.

Eritrean–Ethiopian rapprochement

By far the most significant shift in regional relations under Abiy has been the rapprochement with Eritrea. Abiy's inaugural speech in April 2018

⁴¹ Mosley, J., 'Eritrea–Ethiopia rapprochement and wider dynamics of regional trade, politics and security', *Horn of Africa Bulletin*, vol. 30, no. 3 (July–Aug. 2018), pp. 8–9.

⁴² Verhoeven, H. and Woertz, E., 'Saudi Arabia and the Horn of Africa', ed. N. Patrick, *Saudi Arabian Foreign Policy: Conflict and Cooperation* (I. B. Tauris: London, 2018); and de Regt, M. and Tafesse, M., 'Deported before experiencing the good side of migration: Ethiopians returning from Saudi Arabia', *African and Black Diaspora: An International Journal*, vol. 9, no. 2 (2015), p. 228.

⁴³ Branch, D. and Mosley, J., 'Why East Africa's borders are blowing up', *Foreign Policy*, 6 Aug. 2014.

⁴⁴ Mosley (note 41).

⁴⁵ These trends fit into a broader pattern of competition among the Saudis, Emiratis, Iranians and Turks for influence and leadership amid the shifting security landscape in Iraq and Syria.

⁴⁶ Verhoeven and Woertz (note 42).

signalled his intention to repair relations with Eritrea, although these were received with some scepticism, given similar sentiments were expressed by Hailemariam when he took office as premier in 2012, with little effect. However, the shift within the EPRDF to marginalize the TPLF, combined with Abiy's tendency to govern from the prime minister's office, meant that he was in a position to make some significant departures from previous policy. Indeed, his rapprochement with the administration in Eritrea was also a signal to the TPLF and the senior figures in the security sector (historically aligned with the TPLF, if formally apolitical) that their concerns were being sidelined. This put political pressure on the TPLF, whose Tigray region borders Eritrea, that dovetailed with the Abiy administration's prosecutions of leaders (often associated with the TPLF) of state-owned or party-affiliated enterprises.

The Saudis and the Emiratis were both keen to support the rapprochement process. Relations between Eritrea and both countries have deepened somewhat since 2015. Eritrea made Assab port available to the Emirati military for operations related to the war in Yemen. Eritrea has also participated in the establishment of a new regional body—the Council of Arab and African Coastal States of the Red Sea and Gulf of Aden (or Red Sea Council, see below)—launched by the Saudi Government, adapting a platform that Egypt had been advocating for some time.⁴⁷ The Saudis and the Emiratis have also been keen to improve relations with Ethiopia, and Abiy's rise gave them an opportunity to engage. While Eritrea and Ethiopia's initiative to repair relations was overwhelmingly driven by domestic political considerations, the support of Saudi Arabia and the UAE provided a useful additional benefit to both governments. For Ethiopia, the embrace of Saudi Arabia and the UAE produced some quick financial support to (temporarily) alleviate foreign exchange pressure amid economic disruption and tepid export performance. For Eritrea, Saudi Arabia and the UAE's embrace (as well as Ethiopia's new stance) provided an avenue to the elimination in 2018 of the UN Security Council's sanctions regime, first initiated in 2009.

However, after an initial flurry of goodwill meetings—including awards ceremonies for both leaders in Saudi Arabia and the UAE and the reopening of border crossings for the first time since 1998—by early 2019 momentum had begun to drain out of the process. By April 2019 all the border crossings had been closed on the Eritrean side. The Ethiopian Airlines flights between Addis Ababa and Asmara that were quickly restored after the initial agreement still connect the two countries; however, questions have been raised about the viability of these flights and the prospect of reducing their frequency has been floated.⁴⁸ President Isaias did not attend a ceremony to mark the inauguration of Ethiopia's Unity Park in October 2019 (which included heads of state from all other IGAD members), and Eritrea has not resumed its participation in IGAD, despite Ethiopia finally relinquishing the rotating chair to Sudan in November 2019.⁴⁹

⁴⁷ Vertin, Z., 'Red Sea rivalries: The Gulf states are playing a dangerous game in the Horn of Africa', *Foreign Affairs*, 15 Jan. 2019; Vertin, Z., 'Red Sea geopolitics: Six plotlines to watch', *Lawfare*, 15 Dec. 2019.

⁴⁸ Interview with foreign ministry advisor, Addis Ababa, Nov. 2019.

⁴⁹ Mutambo, A., 'Sudan's PM Hamdok picked to chair IGAD', *The East African*, 29 Nov. 2019.



In some sense the loss of momentum was inevitable: neither the initial Asmara declaration in June 2018 nor the subsequent Jeddah declaration signed by Abiy and Isaias in September provided clarity on the path forward, beyond agreement by the two countries to cooperate. Many economic factors have still not been worked out since before the war, not least a new bilateral trade framework after the introduction of the Eritrean currency in 1997. An initial wave of trade and movement of people from in 2018 allowed for some pent-up economic pressures to be eased in Eritrea. However, this was not sustainable for the Eritrean Government, whose tight control over the formal economy was challenged by the influx of goods from Ethiopia. Indications are that Eritrea has shut the crossings while a trade arrangement is being negotiated.⁵⁰ This would be consistent with Eritrea's history since independence. The limited access order of Eritrea's political economy has been a stumbling block for external engagement, undercutting the assumption (by donors or other bilateral actors, including from the Gulf) that the government is seeking significant inflows of aid or other payments.⁵¹ For example, while Somalia and Sudan have received aid for their cooperation with the Saudi–Emirati alliance, Eritrea does not appear to have done so, and even takes payment for the use of Assab port in kind rather than in rents.⁵² Moving beyond this order will be a difficult transition for the current government, which does not appear ready to liberalize or exit power. As such, progress towards full normalization of relations with Ethiopia will be slow.

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Somalia in the cross hairs of changing Red Sea–Horn dynamics

Beyond the rapprochement with Eritrea, Abiy pushed early for a collaborative axis in the Horn of Africa based around Eritrea, Ethiopia and Somalia. However, this initiative appears similarly to have largely stalled.⁵³ The three countries signed a 'Tripartite Agreement' in September 2018 to promote regional cooperation, which was reaffirmed with a 'Joint Plan of Action' in January 2020. Both declarations lacked specifics. That said, the meetings have provided a platform for the multilateral engagement over regional issues. There has also been an uptick in somewhat regular bilateral meetings at the ministerial and head-of-state levels since Abiy took office. Abiy's positive relations with Farmajo and the FGS have complicated Ethiopia's links to Somaliland over the Berbera port investment and corridor plans. The Farmajo administration has also been able to leverage Ethiopian support in strengthening its position domestically.

Given the intersection of coastal and security dynamics, the governments of Somalia and Somaliland have also been caught up in the evolving agenda

⁵⁰ Interview with Eritrean diplomat, Addis Ababa, Nov. 2019. An agreement may be near. See, 'New Ethio-Eritrea trade deal awaiting final decision', *Ethiopian Press Agency*, 4 Feb. 2020.

⁵¹ Mosley, J., 'Eritrea and Ethiopia: Beyond the impasse', Briefing, Chatham House, 1 Apr. 2014, pp. 6–9.

⁵² International Crisis Group (note 16), pp. 6–19; Author impression based on discussions with various Eritrean, European and UN officials in Addis Ababa, Asmara, Brussels, London and Nairobi since 2016.

⁵³ Phone interview with Somali government advisor, Oct. 2019.



of Saudi Arabia and the UAE. The FGS appears to be making the most of the intersection of these trends, which is unsettling a pattern of relative weakness for the FGS in its relations with the federal member states (FMS).⁵⁴ In particular, Somalia's federal and regional governments have been drawn into the Saudi–Emirati–Qatari rift since 2017; this has affected the relations of the FGS and the FMS with Saudi Arabia, UAE and Qatar, and complicated relations between the FGS and FMS as well as those between the FGS and Somaliland.

The diplomatic crisis in the Gulf has created a problem for the Farmajo administration, which was elected in early 2017 and enjoyed strong backing from Qatar

When the diplomatic crisis erupted in mid-2017, Saudi Arabia and the UAE sought support from the Horn of Africa in isolating Qatar. This created a problem for the Farmajo administration, which was elected in early 2017 and enjoyed strong backing from Qatar. The FGS sought to remain neutral and offered to help resolve differences between the two sides. However, the UAE, in particular, had expected more definitive support from Somalia, given the security assistance it provided to the FGS.⁵⁵ Given that the UAE is an important source of rents for the FMSs, the FGS's approach to Gulf situation was also a key issue for the regional administrations. The FMSs criticized the Farmajo administration and formed the Council of Interstate Cooperation (CIC) that announced its support for the Saudi–Emirati position against Qatar.

Similarly, Somaliland has backed the UAE, which was a convenient pressure point on the FGS. Since Somaliland had reached an agreement with Dubai Ports World in late 2016 and early 2017 to redevelop Berbera port, it had additional incentive to support the Emirati position. At the time, this opened an internationally supported tendering process for the development of the wider Berbera trade corridor between Somaliland and Ethiopia. Ethiopia's road network had already been significantly upgraded to the Somaliland border (Ethiopia has a medium-term target for 20 per cent of its trade to be conducted via Berbera). Ethiopia's concerns over the role of the UAE in the project were allayed over the subsequent months as negotiations between Ethiopia, Somaliland and the UAE reached an accommodation deal in March 2018 just before Abiy came to power, giving Ethiopia a 19 per cent stake in the port and road upgrade project, with 51 per cent for Dubai Ports World and the remaining 30 per cent for the Government of Somaliland.⁵⁶ Notably, although neither country has formally recognized Somaliland's sovereignty, they, in effect, violated Somalia's sovereignty by negotiating directly with Somaliland. Furthermore, the Emiratis also began to accept visa applications on Somaliland passports.

For the Emiratis, the agreement with Ethiopia and Somaliland achieved two objectives. First, it further cemented the UAE's influence over the development of port infrastructure in the western Indian Ocean and the Red Sea—alongside its position in Assab (Eritrea) and Bosasso (Puntland)—after

⁵⁴ The FMS being the five regional administrations (Galmudug, Hirshabelle, Jubaland, Puntland and South West State of Somalia) established mainly since the provisional adoption of a new constitution in 2012.

⁵⁵ International Crisis Group, 'Somalia and the Gulf crisis', Africa Report no. 260 (1 June 2018), pp. 4–7; International Crisis Group 'The United Arab Emirates in the Horn of Africa', Middle East and North Africa Briefing no. 65 (6 Nov. 2018), pp. 5–7.

⁵⁶ 'Ethiopia acquires 19% stake in DP World Berbera Port', *GulfNews*, 1 Mar. 2018.



its unsuccessful attempts for concessions to run Mogadishu port (which were given to a Turkish company) and make upgrades to Mombasa port in Kenya (given to a Chinese company). Dubai Ports World was similarly under pressure in Djibouti, where a dispute over its flagship Doraleh container facility saw it lose out to a Chinese company (although a legal dispute in this case is ongoing).⁵⁷ Second, the agreement was accompanied by a parallel deal with Somaliland to host an Emirati military base adjacent to the port. This base would complement the UAE military presence in Assab and a base established on the Yemeni island of Socotra off the Somali coast.⁵⁸

Between the March 2018 announcement of the Berbera corridor accommodation deal and Abiy's June 2018 visit to Mogadishu, President Farmajo leveraged the controversy created by the Berbera deal to significantly bolster his position vis-à-vis the federal parliament and to push back on pressure from Saudi Arabia and especially the UAE to break ties with Qatar. In turn, this has helped Farmajo assert his administration's position against the regional FMS administrations—with some assistance from Ethiopia and sometimes over the objections of the international community. During April 2018 Farmajo's stand-off with parliament over the response to the Berbera accommodation deal enabled Farmajo to force the resignation of Mohamed Osman Jawari—the speaker of the lower house of parliament, who had been in place since 2012 and overseen frequent attacks by parliament on the previous administration.⁵⁹ The Somali security services' seizure of \$9–10 million in cash carried into Somalia in April by an Emirati flight brought the tensions with UAE to a head. Somalia announced it was suspending security cooperation with the UAE; the Emiratis, in turn, withdrew security training missions in Mogadishu and in Bosaso and closed a hospital built in Mogadishu, severing diplomatic relations with Somalia.⁶⁰

In June, following the break in diplomatic ties, Abiy arrived in Mogadishu to meet with Farmajo: the two leaders promised 'brotherly' cooperation and Abiy, somewhat surprisingly, announced that Ethiopia would jointly invest in four Somali port projects.⁶¹ Details of which ports were not mentioned, but one was assumed to be Berbera. The move may have been an attempt by Abiy to smooth diplomatic relations as it seemed to re-announce the Berbera accommodation deal but with support from the FGS.

In September 2018 the FMSs announced they would sever relations with the FGS, ostensibly over the FGS's sharing of aid flows. Farmajo then sought to reinforce his position against the FMS administrations, beginning with the election process in South West State of Somalia. Farmajo called on Ethiopian assistance to prevent Muktar Robbow from winning election as FMS president. Robbow, who enjoys strong clan constituency in south-west Somalia, is a former senior leader within al-Shabab who was purged from the group in 2013 and then defected to the government in 2017. In December 2018, Robbow was detained, reportedly with support from Ethiopian forces, and

⁵⁷ Styan (note 35).

⁵⁸ Verhoeven (note 33), p. 351; International Crisis Group, 'United Arab Emirates' (note 55), p. 5; and Melvin, 'Foreign military' (note 2), pp. 17–18.

⁵⁹ International Crisis Group, 'Somalia and the Gulf' (note 55), pp. 8–9.

⁶⁰ International Crisis Group, 'Somalia and the Gulf' (note 55), pp. 1–2.

⁶¹ Sheikh, A. 'Somalia, Ethiopia to jointly invest in four seaports on the Red Sea', *Reuters*, 16 Jun. 2018.



remains under house arrest in Mogadishu. When the Special Representative of the UN Secretary-General in Somalia, Nicholas Haysom, raised concerns about the electoral process, Farmajo's administration expelled him.⁶² Farmajo's preferred candidate Abdiiaziz Laftagareen subsequently won the South West State of Somalia presidency. During 2019 Farmajo sought to extend his administration's influence over the FMS election processes in Galmudug and Hirshabelle; both of these administrations are suffering from significant internal infighting, already leaving them more open to influence from the FGS. Farmajo also tried to influence the August 2019 elections in Jubaland, supporting rival candidates to incumbent FMS president Ahmed Madobe.

The Farmajo administration's intervention in the Jubaland elections raised tensions between FGS and Kenya, which supports Madobe's FMS administration. Somalia–Kenya relations are already strained over the issue of their disputed maritime boundary. Jubaland's territory runs the length of the Kenya–Somalia border, the maritime portion of which is the subject of an ongoing legal dispute. The stakes of the dispute are high, connected to the exploitation of offshore oil and gas. Kenya has already awarded licences for exploration based on its version of the boundary, while the FGS has been developing the framework for the oil and gas sector. Tensions have been building on this issue since the formal international recognition of the FGS as the sovereign government of Somalia in 2012. A hearing on the boundary dispute is set at the International Court of Justice in June 2020. Tensions in Jubaland, thus, link to a wider security and economic issue.⁶³

Spillover effects for Ethiopia–Kenya relations

Although the Ethiopia and Kenya have generally enjoyed stable and positive relations since Kenya's independence, the situation in Jubaland has also put Ethiopia and Kenya at odds. The two countries have long cooperated on security, with a defence pact dating back to 1965 and visa-free travel between the two countries. However, Kenya's 2011 military intervention in Somalia marked its first foreign security intervention; this foray also marked Kenya's shift into an area that had, especially since the 1990s, been dominated by Ethiopian military influence. Shortly after its intervention, Kenya backed President Madobe in asserting Jubaland's interests as an emerging federal member state over the influence of the federal government.⁶⁴ This stance brought Kenya into competition with Ethiopia. However, in 2013 a *modus vivendi* allowed both countries to support Madobe. Ethiopia enforced a settlement between Madobe and the FGS (under Farmajo's predecessor in 2013) following the formation of Madobe's first FMS administration. This fitted with Kenya's aim of establishing a buffer zone between its ambitions for economic and physical infrastructure development in northern Kenya (especially the LAPSET corridor project) and the volatility associated

⁶² 'Somalia orders UN envoy to leave country', Al Jazeera, 2 Jan. 2019.

⁶³ Shahow, A., 'Kenya and Somalia's maritime dispute: One winner, two losers?' *African Arguments*, 30 Oct. 2019.

⁶⁴ Mosley, J., 'Somalia's federal future: Layered agendas, risks and opportunities', Research Paper, Chatham House, Sep. 2015, pp. 9–12.



with Somalia's unstable politics.⁶⁵ It also fitted with Ethiopia's position of supporting a 'building blocks' approach in Somalia, which underlay its support for the federal project in Somalia since 2002. It was also in keeping with the longstanding trend in Ethiopian foreign policy dating back to the 1950s that sought to constrain a strong centralized state in Somalia.⁶⁶

Ethiopia's recent support for the FGS in its attempt to influence events in Jubaland unsettled the Kenyan Government. In doing so, Abiy appears to be reversing Ethiopia's previous position on Madobe. It could be that Madobe has fallen out of favour in Ethiopia because of his connections to the previous EPRDF administration, under which there were strong linkages between the security services and Somali Regional state administration in Jijiga.⁶⁷ Madobe's clan networks stretch across the Ethiopian border; he may be perceived as too closely linked to the TPLF and may not be trusted by the current Somali Regional state administration.⁶⁸

Ethiopia's recent support for the FGS in its attempt to influence events in Jubaland unsettled the Kenyan Government

Despite the apparent tensions between Ethiopia and Kenya over Somalia, Kenya is Ethiopia's only neighbour in which economic considerations are likely to significantly offset purely political or security concerns resulting from Abiy's shifting of Ethiopia's established positions. Kenya's private sector is eyeing Ethiopia's planned liberalization for opportunities, particularly in telecommunications (where Kenya's Safaricom will probably compete for entry) and in banking (where KCB Group—which already has subsidiaries in Burundi, Rwanda, South Sudan, Tanzania and Uganda—is considering expansion).⁶⁹ Given long-standing concerns in Ethiopia about the government's ability to regulate large foreign corporations in the financial sector, Kenya's banks may be perceived by the Ethiopian Government as less challenging than larger, global banks. On a much smaller, but still politically salient, scale, the Abiy administration may also be set to clear the entry the entry of Brookside Dairy, owned by the family of Kenyan president Uhuru Kenyatta, into the Ethiopian market.⁷⁰ The company first mooted taking a share in an Ethiopian enterprise in 2013 but now appears to intend to start its own operation. Such considerations for personal and broader national economic gain in Ethiopia may be enough to reassure Kenya's leadership that the relationship with Ethiopia remains solid.⁷¹

⁶⁵ 'LAPSSET' comes from Lamu Port–South Sudan–Ethiopia Transport. Anderson, D. and McKnight, J., 'Kenya at war: Al-Shabaab and its enemies in eastern Africa', *African Affairs*, vol. 114 (Jan. 2015), p. 7; and Mosley and Watson (note 20), p. 462.

⁶⁶ Yihun, B. B., 'Ethiopian foreign policy and the Ogaden War: The shift from "containment" to "destabilization," 1977–1991', *Journal of Eastern African Studies*, vol. 8, no. 4 (2014), pp. 683–86.

⁶⁷ Hagemann, T., *Talking Peace in the Ogaden: The Search for an End to Conflict in the Somali Regional State in Ethiopia* (Rift Valley Institute: London, 2014), pp. 29–30.

⁶⁸ Interview with foreign ministry advisor (note 48); interview with UN advisor, Addis Ababa, Nov. 2019; interview with former Jubaland official, Mogadishu, Nov. 2019.

⁶⁹ Ngugi, B., 'Why Ethiopia beat Kenya to foreign investment inflows crown, again', *Business Daily*, 30 Dec. 2019.

⁷⁰ Interview with UN advisor (note 68). See also, 'Brookside Dairy seeks to expand into Oromia', *Indian Ocean Newsletter*, Apr. 19 2019.

⁷¹ Interview with UN advisor (note 68).



The GERD, Sudan's transition, and the tripartite dialogue with Egypt

Shifting westward, Abiy has grasped two interlinked strands of Ethiopia's regional foreign policy, somewhat shifting the country's position in the process of responding to events. The first relates to the development of the GERD on the Blue Nile River, over which tensions have been sustained for several years between Ethiopia and Egypt—with Sudan's position shifting between the two.⁷² The second relates to Ethiopia's relations with the government in Sudan, which has been undergoing a political transition of its own since 2019. The geography of the Nile Basin, particularly the course of the Blue Nile, means that Abiy's approach to both issues is unavoidably interlinked. His administration faces similar considerations to previous Ethiopian governments, but Abiy has approached both issues in slightly different ways.

Ethiopia launched construction of the \$5 billion GERD in 2011, when Egypt was in the throes of the Arab Spring. Since Abdel Fattah al-Sisi took power in a 2013 coup, Egypt has pushed for more influence over the dam-building process. Egypt's concerns centre on any impact of water flow to Egypt, which claims the lion's share of water rights under colonial era treaties established between 1929 and 1959; the Arab League, including Saudi Arabia and the UAE, has been consistent in supporting Egypt's position on its rights to Nile waters. However, Ethiopia, from which more than 80 per cent of Nile waters flow, rejects these colonial era treaties to which it was not party, and for years pursued the development of an alternative framework for regional cooperation under the Nile Basin Initiative (NBI) launched in 1999.

In 2010, five riparian states within the NBI (Ethiopia, Kenya, Rwanda, Tanzania and Uganda) signed a cooperative framework agreement that sought to shift how decisions over utilization of Nile waters were made; the agreement decentred Egypt (which was not a signatory).⁷³ With the start of the GERD's construction, Ethiopia in effect moved past discussion

by creating facts on the ground. In 2015 Egypt, Ethiopia and Sudan established a tripartite forum for technical discussions mainly related to the process of filling the dam and to reach agreement on managing water flow in times of drought. However, the forum had largely stalled by the time Abiy took office in 2018, with the al-Sisi administration increasingly critical of what it describes as Ethiopia's unilateral development of the dam. Abiy sought

to restart dialogue and improve relations with Egypt with a visit to Cairo in June 2018.⁷⁴

The political salience of the GERD in Ethiopia should not be underestimated. It is a potent national symbol and linked strongly to the government's economic agenda. Public sector employees contribute to the construction costs through salary sacrifice (one month per year) used to purchase bonds in the project, which have also been sold more widely to

The political salience of the GERD in Ethiopia should not be underestimated. It is a potent national symbol and linked strongly to the government's economic agenda

⁷² Whittington, D., 'Why technical discussions are needed for the Grand Ethiopian Renaissance Dam', *The Conversation*, 8 June 2016.

⁷³ 10 states are NBI members: Burundi, DRC, Egypt, Ethiopia, Kenya, Rwanda, South Sudan, The Sudan, Tanzania and Uganda; Eritrea participates as an observer.

⁷⁴ 'Egypt, Ethiopia agree to settle differences over Nile mega-dam', Reuters, 10 June 2018.



Ethiopians, including in the diaspora. Delays in the GERD's construction were a supporting factor in Abiy's anti-corruption crackdown on METEC, which had a significant role in the project. Domestic political tensions over the project were intensified by the apparent assassination of the GERD's chief engineer, Simegnaw Bekele, who was found shot dead in his car in Addis Ababa in July 2018.⁷⁵

Ethiopia has consistently rejected significant Egyptian involvement in the construction, maintenance or operation of the dam or its security. Indeed, Abiy signalled in October 2019 Ethiopia's readiness to defend the dam militarily if necessary.⁷⁶ However, shortly afterwards, Abiy appeared to shift back to a more conciliatory stance, accepting a US offer in early November to host further tripartite discussions at the ministerial level with the World Bank and US Treasury as observers. US President Donald J. Trump appears to have initiated the discussion at the request of al-Sisi.⁷⁷ The US Treasury's involvement may suggest that Abiy was motivated, at least in part, by efforts to secure US support for a new IMF package for Ethiopia (which was agreed in December).⁷⁸ In January 2020, Abiy informally invited South African president Cyril Ramaphosa to help 'solve the issue peacefully' in light of South Africa's approaching chairmanship of the AU.⁷⁹ The US–World Bank supported discussions stalled in February 2020, and may break down, after Ethiopia rejected a US-drafted technical proposal for filling of the dam reservoir and operation.⁸⁰ As such, Abiy's position has been fairly consistent with past Ethiopian policy on its sovereign right to develop the Blue Nile, while showing more flexibility on entering into negotiations—albeit so far unsuccessfully.

Abiy's mid-2019 diplomatic intervention in the Sudanese political transition, which contributed to the brokering of a transitional administration, is linked at least in part to Ethiopia's Nile interests. Ethiopia has a long history of engagement in Sudan and South Sudan, and its military currently provides the bulk of peacekeepers for the UN monitoring mission along the disputed Abyei region of their post-2011 international boundary.⁸¹ The security of the Sudans has important implications for Ethiopia's national security, given their long-shared boundary and the history of displacement (particularly from South Sudan). Abiy's inclinations and the context created by the protest movement in Khartoum—which between late 2018 and April 2019 had created the conditions in which the security services pushed Sudanese president Omar al-Bashir from power—also offered an opportunity for Abiy to cultivate the emergence of more civilian participation in the transition (after decades of de facto military rule).⁸² Abiy appears to have been motivated in part by the brutal crackdown on protestors from 3 June 2019 by the Sudanese

⁷⁵ Maasho, A., 'Ethiopian Nile dam manager found shot dead, crowds call for justice', Reuters, 26 July 2018.

⁷⁶ 'Ethiopia's Abiy Ahmed issues warning over Renaissance Dam', Al Jazeera, 22 Oct. 2019.

⁷⁷ Interview with advisor to foreign ministry (note 48).

⁷⁸ IMF (note 18).

⁷⁹ Magome, M., 'Ethiopia PM asks South Africa leader to help in dam dispute', Associated Press, 12 Jan. 2020.

⁸⁰ Elias Meseret, 'Ethiopia skips latest US talks with Egypt over dam dispute', *Associated Press*, 26 Feb. 2020.

⁸¹ United Nations Interim Security Force for Abyei (UNISFA), 'UNISFA Fact Sheet', [n.d.].

⁸² de Waal, A., 'Sudan's revolutionaries pin hopes on PM Abdalla Hamdok', BBC News, 28 Aug. 2019.



Rapid Support Forces (RSF) under General Mohamed Hamdan Dagalo (also known as Hemedti) in which hundreds were killed.⁸³

However, Abiy's mid-2019 intervention put him at cross purposes with Saudi Arabia and the UAE, both of which were prioritizing the emergence of a reliable security partner in Sudan over an outcome which addressed the concerns of the civil society actors at the core of the protest movement.⁸⁴ Abiy's initiative also unsettled African multilateral efforts by the African Union (AU) and IGAD to resolve the tensions in the transition.⁸⁵ Following his personal diplomacy, Abiy delegated to Ambassador Mahmoud Dirir as his envoy in the subsequent mediation process. Later recognizing that a multilateral framing might have benefits, Abiy then called an extraordinary meeting of IGAD, in part to have Mohamoud retasked as an IGAD envoy. However, IGAD members refused to rubber stamp this initiative, with Kenya in particular reportedly rankled.⁸⁶ For Saudi Arabia and the UAE, Abiy's intervention complicated their efforts to produce a stable outcome with Hemedti as leader. Hemedti had developed a relationship with the Saudi and Emirati leaders through the deployment of the RSF in Yemen. He may have interpreted their backing as a signal to consolidate his position, leading to the June crackdown. Subsequent international and multilateral engagement brought Saudi Arabia and the UAE to support the negotiated outcome and the transitional Sudanese Government led by civil society figure Abdalla Hamdok.⁸⁷

These contradictory goals illustrate a conundrum for the Saudis and Emiratis in their Horn of Africa strategies. Saudi Arabia and the UAE support al-Sisi in Egypt.⁸⁸ However, they are also keen to cultivate relations with Ethiopia, which is essential to wider Horn of Africa stability. With Egypt and Ethiopia at loggerheads over the development of the GERD, the Saudis and Emiratis are unable to keep both allies happy. For the moment, this appears to be preventing engagement with Ethiopia on a multilateral initiative for security in the wider Red Sea region. In December 2018 Saudi Arabia launched discussions on the formation of a Council of Arab and African Coastal States of the Red Sea and Gulf of Aden (also Red Sea Council) and a charter was signed by the foreign ministers of Djibouti, Egypt, Eritrea, Jordan, Saudi Arabia, Somalia, Sudan and Yemen in January 2020.⁸⁹ For now, the initiative is framed narrowly on maritime security issues and coastal states; by definition the charter excludes Ethiopia and the UAE—although the UAE welcomed its signing.⁹⁰

⁸³ Human Rights Watch, 'Sudan: Justice needed for protestor killings', 17 Nov. 2019.

⁸⁴ International Crisis Group, Report no. 206 (note 16) pp. 6–19; 'How Ethiopia PM "stole the show" at Sudan transition event', AfricaNews, 19 Aug. 2019.

⁸⁵ Interview with security analyst, Addis Ababa, Sep. 2019; 'Sudan political crisis: IGAD calls for unified African mediation', *Dabanga*, 21 June 2019.

⁸⁶ Interview with security analyst, Addis Ababa, Sep. 2019.

⁸⁷ International Crisis Group, Report no. 206 (note 16), pp. 31–32.

⁸⁸ Mosley (note 41), pp. 9–10; and Verhoeven (note 33), p. 348.

⁸⁹ International Crisis Group, Report no. 206 (note 16), pp. 40–41; 'Red Sea and Gulf of Aden border countries form council', *The National*, 6 Jan. 2020.

⁹⁰ UAE Foreign Ministry, 'UAE welcomes establishment of Council of Arab and African States Bordering the Red Sea and Gulf of Aden', 6 Jan. 2020.



IV. Conclusions

Abiy has made significant shifts in Ethiopia's regional posture, which has created opportunities and challenges for the governments of Egypt, Eritrea, Kenya, Somalia, Somaliland and Sudan. Somalia has benefitted most from Abiy's more supportive position on the FGS. The challenge this creates for relations with Kenya, particularly in terms of competing agendas in Jubaland, may be offset by advantages for Kenya related to Ethiopia's liberalization agenda. Although Abiy's administration has embraced Saudi and Emirati engagement more robustly than previous Ethiopian governments, he has so far resisted being drawn into the diplomatic crisis on the Arabian Peninsula, maintaining relations with Qatar and Turkey.

Significant regional challenges remain for Abiy's administration, including defining the future relationship with Eritrea and navigating the redevelopment of the Berbera port while maintaining Ethiopia's relations with the FGS in Somalia. Ethiopia faces internal challenges as well, especially around the approaching 2020 elections. As such, many variables could shift the course of Ethiopia's trajectory and by extension impact regional dynamics. The Nile Basin remains the most significant source of tension in the long term and divides Ethiopia from its emerging partners Saudi Arabia and the UAE, which have tended to support Egypt.

Regional multilateralism is evolving in two important ways. First, IGAD has the chance to evolve into a better functioning regional forum, after the resumption of its rotating presidency and the appointment of a new executive secretary (former Ethiopian Foreign Minister Workneh Gebeyehu) in November 2019. IGAD's potential to bring Eritrea back into the forum could be hindered by Eritrea's preference for a multilateral platform that includes multiple potential hegemonic players, so none can dominate.⁹¹ Generally speaking, a functioning regional forum might actually be beneficial for promoting regional stability and cooperation, if a mutually agreeable organizing principle can be found around which a multilateral platform could emerge. This leads to the second important trend in multilateralism: the emergence of the Red Sea Council, a regional forum for the Red Sea and Gulf of Aden that connects some of the key players in the evolving Red Sea regional security landscape—in particular Egypt and Saudi Arabia. However, this new council's mandate is narrowly framed around maritime security in a way that includes only coastal states. By excluding Ethiopia and the UAE, its ability to serve as a platform connecting all the major players is limited. Similarly, Somali tensions with the UAE may prevent the UAE's participation for the foreseeable future.⁹²

This points to a few important considerations:

First, as reflected in the emergence of the Red Sea Council, the interconnectedness of the Horn and Red Sea regions is increasingly apparent to actors on both the African and Middle Eastern sides. External actors, including donors and other influential states such as China or Turkey, are also aligning their policies across this region.

⁹¹ Interviews with UN advisor (note 68) and Eritrean diplomat (note 39). See also Eritrean statement at 6 Jan. charter signing for a Council of Arab and African Coastal States of the Red Sea and Gulf of Aden, Meskel, Y. G., Twitter, 6 Jan. 2020.

⁹² Interviews with FGS officials, Mogadishu, Nov. 2019.



Second, under Abiy, Ethiopia remains the centre of gravity in the Horn of Africa, and increasingly an influential player in the evolving Red Sea regional security—and, eventually, economic—landscape. Much will hinge on the stability of the Abiy administration in what promises to be a volatile period.

Third, Ethiopia's regional aims under Abiy are grounded in familiar structural constraints that also guided previous governments, in particular economic considerations related to its export agenda. However, his administration has made a slight shift towards more orthodox economic policy on investment and monetary issues. Abiy's diplomacy is more personalized and couched in the language of collaboration. Although this has produced a balance for the moment, it is not yet clear how *medemer* (synergy) will evolve as a principle for organizing foreign policy.

Finally, despite emerging multilateralism, significant fault lines remain which existing platforms are unable to reconcile. Tensions between Egypt and Ethiopia over the development of the GERD appear to have precluded Ethiopia's participation in the emerging Red Sea Council for the present. Under Abiy, Ethiopia's aims in Sudan and Somalia are at cross purposes with those of Saudi Arabia and, especially, the UAE, although Ethiopia and the UAE have some mutual interest in the pursuit of infrastructure. Emirati policy in Somalia has produced a rift with the FGS that will be difficult to repair.

V. Entry points

There are a number of potential entry points—each with attendant risks and opportunities—for international engagement in the promotion of stability and cooperation within and across the Horn of African and Red Sea regions. The emergence of the Red Sea Council as a regional platform for cooperation across the wider Red Sea region has so far been a slow process, although donors and other international actors with a stake in the region have been promoting such a platform for several years. The slow pace reflects the range of influential states that consider the region to be their historic or future sphere of influence—including Egypt, Ethiopia, Saudi Arabia and the UAE. The pace also reflects the longer-term concerns of smaller countries such as Eritrea, whose governments have tried to avoid becoming clients of any of the larger states. However, the emergence of the council over the past year provides an opening, even if it is one that carries both risks from and opportunities for international engagement.

Even with its initially narrow remit on maritime security and a membership restricted to coastal states, the Red Sea Council includes a number of states that are central to wider regional tensions. Engagement with and support for the council from the wider international community offers one clear, albeit partial, entry point for the promotion of regional stability and cooperation.

This is particularly the case because the existing multilateral institutions that include the states around the Red Sea Basin—that is, the Gulf Co-operation Council (GCC, also known as the Co-operation Council for the Arab States of the Gulf) and IGAD—are, for different reasons, facing challenges in providing a platform for effective multilateral cooperation. The GCC has since 2017 been divided by the Saudi–Emirati-led attempt to isolate Qatar. IGAD by contrast remains an effective platform for regional



dialogue (including essential informal/unscheduled discussions on the sidelines of its regular meetings), but the non-participation of Eritrea, a member state, and the more recent tension between Kenya and Somalia over their maritime boundary undermine the bloc's potential for broad regional cooperation. IGAD's challenges are compounded by its limited resources, although Sudan's recent signal that it would clear its arrears and resume paying membership dues is a welcome development.

While intra-Gulf diplomacy continues to struggle, IGAD, in spite of its challenges, launched a Task Force on the Red Sea and Gulf of Aden in 2019 with an eye to the broader Horn of Africa's engagement with the Saudi-driven Red Sea Council initiative. This is an indication of the Horn's appetite and initiative for multilateral engagement and could emerge as an important mechanism for influencing the development of the emerging Red Sea Council.

African multilateral initiatives in the wider Red Sea region have some track record of positive influence, particularly in the case of the recent Sudanese transition. The African Union High-level Implementation Panel (AUHIP), which has been in place for more than a decade, has played a facilitating role for externally supported initiatives to promote peace in Sudan and South Sudan, including during the political transition following the coup in 2019. As such the AUHIP represents another entry point to the Red Sea.

As such, both the IGAD task force and the AUHIP could offer an important path to bring subregional and continental multilateral approaches into alignment, if they do not emerge as sources of competition. This is an important risk factor, since the commercial or political objectives, and even humanitarian goals, of external actors are frequently not aligned with the states of the region. In addition, dynamics of competition within the wider Red Sea region for political and economic influence create a landscape sensitive to destabilization from outside. Both initiatives seem to have an important role to play in enhancing African participation in the emerging Red Sea regional cooperation.

In the short term, such interactions, and in particular external support for engagement, between the IGAD task force or AUHIP and the Red Sea Council will be shaped by the narrow focus on the Red Sea Council. For example, illegal fishing is a concern of many African coastal states and appears likely to be on the initial agenda of the Red Sea Council. As a result, illegal fishing is emerging as a priority for the IGAD task force. While there is scope for external support to such an initiative, that scope may be limited, particularly given the role of international commercial interests in exploiting poorly controlled waters in the region. Another risk to the coherent development of the Red Sea Council could arise if international actors in seeking to support the Red Sea Council, as a way to reinforce engagement on existing concerns centred on the region such as piracy or migration, instead end up derailing regional cooperation on issues for which there is sufficient regional interest for engagement. A slow process may imply limited access points in the short to medium term.

Given Ethiopia's strong relations with most of the initial members of the Red Sea Council, and the economic and security linkages between Ethiopia

Both the IGAD task force and the AUHIP could offer an important path to bring subregional and continental multilateral approaches into alignment, if they do not emerge as sources of competition



and the other states of the Horn of Africa, it might appear natural to push for the Red Sea Council's mandate to be expanded so that Ethiopia could be included. However, this would carry risks, both in terms of resistance from Ethiopia's competitors for regional influence (especially Egypt) and in terms of potentially unsettling less influential states such as Eritrea or Djibouti, which may be looking to embed their interests in the emerging organization's structures before considering expansion of its membership or mandate. A similar caveat could be applied to the UAE's prospective participation in the Red Sea Council.

In light of this, the IGAD task force is clearly a vehicle of multilateral engagement which captures Ethiopia's and Kenya's interests to feed them into the Red Sea context, while carrying less risk of destabilizing the emerging platform. This reinforces the case for supporting IGAD within the scope of the agenda its members set for it. A slow and deliberate process of enhancing multilateral capacity on both sides of the Red Sea could facilitate the new Red Sea Council's emergence as a positive platform for regional cooperation.

Strengthening multilateralism on the African side of the Red Sea could have positive spillover effects on other regional issues, such as the dispute over the GERD or competing regional agendas in Somalia. Abiy's request for the AU to engage in the Nile discussions could be seen in this light. The Horn of Africa has experienced significant developments in the political and social spheres in the recent past. However, the region remains vulnerable to economic, political and climatic shocks. The evolution of relations between Ethiopia, Eritrea, Somalia and Sudan since Abiy took power in Ethiopia has established some indication of the potential for regional cooperation, a major shift after a long history of mutual distrust and destabilisation. It is important not to underestimate the significance of the unwinding of a politics of 'the enemy of my enemy is my friend', although it is too early to say whether such politics are permanently on the wane



Abbreviations

ADP	Amhara Democratic Party
ANDM	Amhara National Democratic Movement
AU	African Union
AUHIP	African Union High-level Implementation Panel
CIC	Council of Interstate Cooperation
EFFORT	TPLF's Endowment Fund for the Rehabilitation of Tigray
EPP	Ethiopian Prosperity Party
EPRDF	Ethiopian People's Revolutionary Democratic Front
Ezema	Ethiopian Citizens for Social Justice party
FDI	Foreign direct investment
FGS	Federal Government of Somalia
FMS	Federal member states
GCC	Gulf Co-operation Council (also known as the Co-operation Council for the Arab States of the Gulf)
GDP	Gross domestic product
GERD	Grand Ethiopian Renaissance Dam
GTP	Growth and Transformation Plan
IDP	Internally displaced person
IFI	International financial institution
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
LAPSSET	Lamu Port–South Sudan–Ethiopia Transport
METEC	Metals and Engineering Corporation
MIDROC	Mohammed International Development Research and Organization Companies
MW(e)	Megawatts
NAMA	National Amhara Movement
NBI	Nile Basin Initiative
NEBE	National Electoral Board of Ethiopia
NGO	Non-governmental organization
ODP	Oromo Democratic Party
OFC	Oromo Federalist Congress
OLF	Oromo Liberation Front
ONP	Oromo National Party
OPDO	Oromo People's Democratic Organisation
RSF	Sudanese Rapid Support Forces
SEPDM	Southern Ethiopian People's Democratic Movement
SNNPR	Southern Nations, Nationalities and Peoples
TPLF	Tigray People's Liberation Front
UAE	United Arab Emirates

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ETHIOPIA'S TRANSITION: IMPLICATIONS FOR THE HORN OF AFRICA AND RED SEA REGION

JASON MOSLEY

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