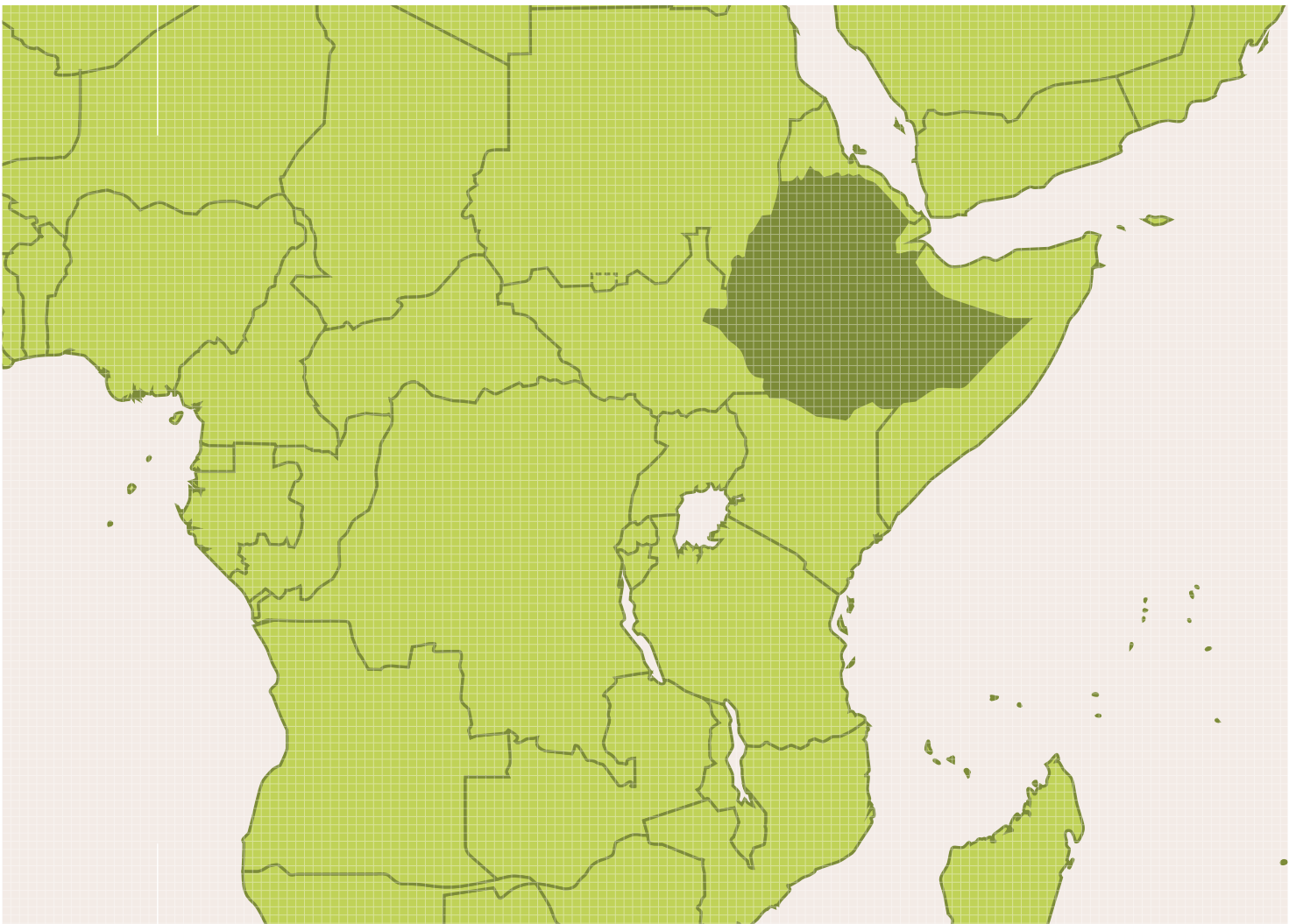




Norwegian Institute
of International
Affairs

Ethiopia: A Political Economy Analysis

Jon Harald Sande Lie, Berouk Mesfin



Report commissioned by the Norwegian Ministry of Foreign Affairs

Publisher: Norwegian Institute of International Affairs
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ISSN: 1894-650X

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2018

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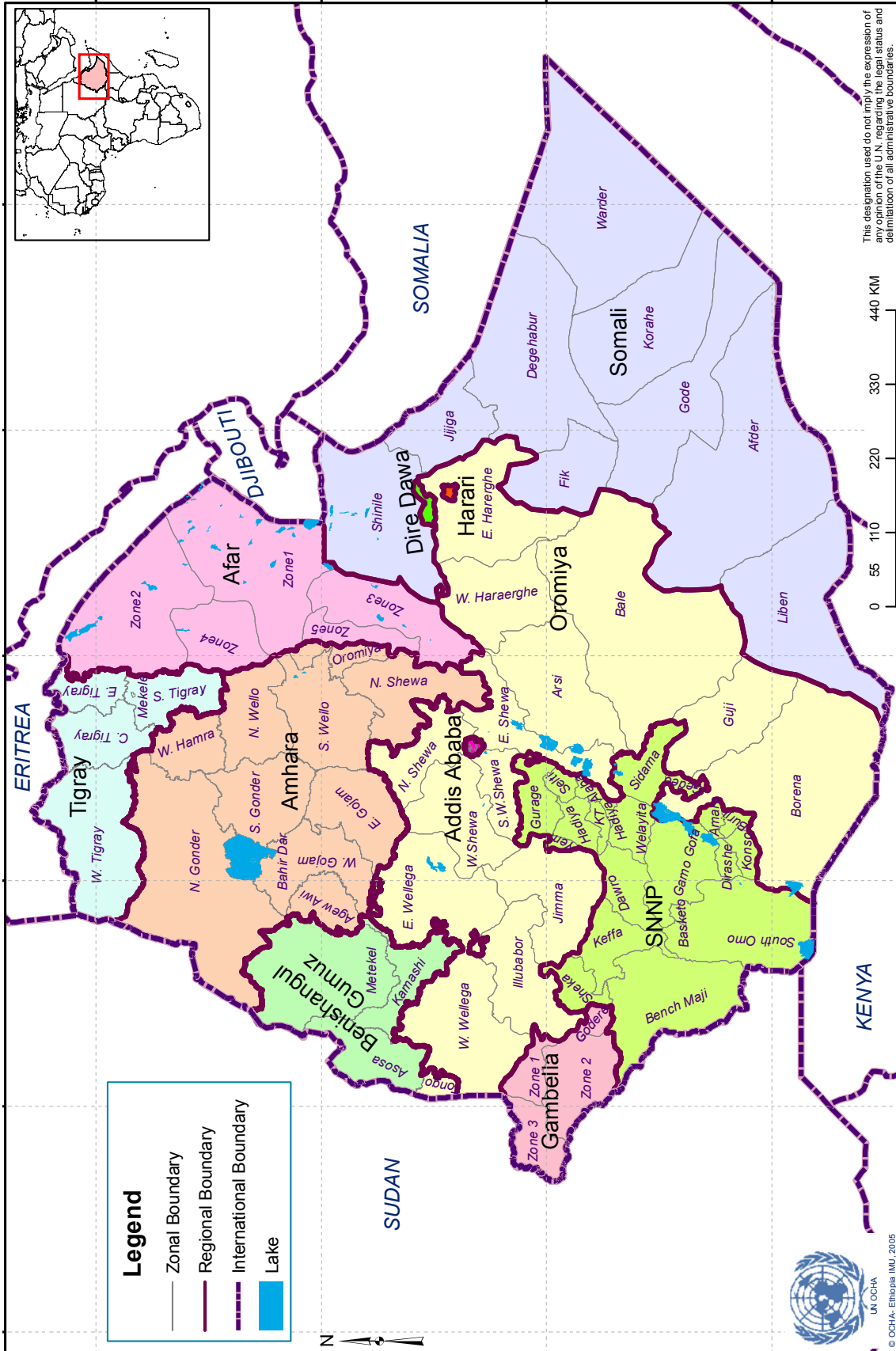
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Maps of Ethiopia

Political map



Administrative regions



Map provided courtesy of the UN Office for the Coordination of Humanitarian Affairs. The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations

About the report

In June 2016, the Norwegian Ministry of Foreign Affairs (MFA) commissioned NUPI to provide political economy analyses of eleven countries (Afghanistan, Ethiopia, Haiti, Malawi, Mali, Mozambique, Myanmar, Nepal, Somalia, South Sudan and Tanzania) deemed important to Norwegian development cooperation. The intention was to consolidate and enhance expertise on these countries, so as to improve the quality of the MFA's future country-specific involvement and strategy development. Such political economy analyses focus on how political and economic power is constituted, exercised and contested.

Comprehensive Terms of Reference (ToR) were developed to serve as a general template for all eleven country analyses. The country-specific ToR and scope of these analyses were further determined in meetings between the MFA, the Norwegian embassies, NUPI and the individual researchers responsible for the country studies. NUPI has also provided administrative support and quality assurance of the overall process. In some cases, NUPI has commissioned partner institutions to write the political economy analyses.

Authors

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Berouk Mesfin is currently an independent research analyst. He served for ten years as a senior researcher in charge of the Horn of Africa region with the Institute for Security Studies. He has also worked as a political adviser to the US embassy in Ethiopia. He has been lecturer in political science and international relations at Addis Ababa University and research associate to the Institute of Development Research. Moreover, he had served as an intelligence analyst at the Ethiopian Ministry of Defence. Berouk has authored several papers and book chapters on the Horn of Africa's politics, governments and foreign policies.

List of acronyms

ADLI	Agricultural Development-Led Industrialisation
AMISOM	African Union Mission in Somalia
ANDM	Amhara National Democratic Movement
ANDP	Afar National Democratic Party
APAP	Action Professionals Association for the People
AU	African Union
BGPDUF	Benishangul Gumuz Peoples Democratic Unity Front
CBE	Commercial Bank of Ethiopia
CCCC	China Communications Construction Company
CRGE	Climate Resilient Green Economy
CSO	Civil Society Organisation
CUD	Coalition for Unity and Democracy
EBC	Ethiopia Broadcasting Corporation
EEBC	Eritrean–Ethiopian Border Commission
EECC	Eritrean–Ethiopian Claims Commission
EHRC	Ethiopian Human Rights Commission
EHRCO	Ethiopian Human Rights Council
EIDRH	European Instrument for Democracy and Human Rights
ENDF	Ethiopian National Defence Force
EPDM	Ethiopian People’s Democratic Movement
EPLF	Eritrean People’s Liberation Front
EPRDF	Ethiopian People’s Revolutionary Democratic Front (EPRDF)
ERA	Eritrean Relief Association
ETB	Ethiopian Birr
EWLA	Ethiopian Women Lawyers Association
GERD	Grand Ethiopian Renaissance Dam
GTP	Growth and Transformation Plan
GPDP	Gambella Peoples Democratic Party

List of acronyms | Jon Harald Sande Lie, Berouk Mesfin

HDI	Human Development Index
HNL	Harari National League
IDA	International Development Association
IGAD	Inter-Governmental Authority on Development
MDG	Millennium Development Goal
MIC	Middle Income Country
MoFEC	Ministry of Finance and Economic Cooperation
MoFED	Ministry of Finance and Economic Development
NBE	National Bank of Ethiopia
NEBE	National Election Board of Ethiopia
NSC	National Security Council
OAU	Organisation of African Unity
ONLF	Ogaden National Liberation Front
OPDO	Oromo People's Democratic Organisation
RCA	Revenues and Customs Authority
REST	Relief Society of Tigray
SDG	Sustainable Development Goal
SEPDM	Southern Ethiopian People's Democratic Movement
SNM	Somali National Movement
SNNPR	Southern Nations, Nationalities and Peoples' Region
SPDP	Somali People's Democratic Party
TGE	Transitional Government of Ethiopia
TPLF	Tigrayan People's Liberation Front
TSG	Temporary Security Zone
UNAMID	African Union/United Nations Hybrid operation in Darfur
UNISFA	United Nations Interim Security Force for Abyei
UNDP	United Nations Development Programme
UNMEE	United Nations Mission in Ethiopia and Eritrea

Executive summary

The Ethiopian People's Revolutionary Democratic Front (EPRDF), a four party coalition, has been ruling since 1991. The ideological orientation of the regime has been fairly consistent, although it officially has disowned its seminal Marxist-Leninist roots to the advance a revolutionary democracy. The four constituent parties of EPRDF emanated from the rebel groups that toppled the Derg regime in 1991. These parties represent different regional and ethnic groups, a reflection of the ethnic federal system installed by the EPRDF itself.

The EPRDF's version of a revolutionary democracy is founded on the idea that a vanguard party should rule on the basis of representing the people, knowing their concerns and needs, and engaging these based on the party's own overarching ideology. Because of this, combined with the continuous EPRDF rule since 1991 and the regime's ideological orientation, Ethiopia is regularly described as a developmental state with authoritarian features and opaque boundaries between the party and the state system. Intertwined with a strong, historically-rooted identity and inspiration from the developmental surge of the 'Asian Tigers', this has produced a strong and assertive central state with a clear vision of its developmental objectives and means. It has also produced a self-conscious state apparatus that seldom yields to internal and international pressure. Ethiopia's experience with its revolutionary democracy and developmental state has produced impressive economic results, but critical concerns remain with regard to democracy, the political space and human rights.

The Ethiopian economy is hailed internationally. Specific figures differ, but the past decade has seen strong economic growth, and the

government aims to make Ethiopia a middle-income country by 2025. Selectively combining the concepts of a developmental state and a market economy, the government's Growth and Transformation Plan (GTP) seeks to transform the country from an agricultural based economy into a manufacturing hub through the Agricultural Development-Led Industrialisation (ADLI) initiative. While a growing economy and a green economy are often seen as being at odds, the government aspires to meet its economic development goals in a sustainable manner through its Climate Resilient Green Economy (CRGE) initiative. The private sector plays a marginal role; although it has nominally been given a prominent place in government policies, in practice it is curtailed as per the government's revolutionary democratic vision.

Achieving economic progress has not proceeded without challenges. Economic growth and investments have taken place largely in central areas. Urbanisation and unemployment – especially among the vast group of people under the age of 25 – are socio-economic concerns with the potential to cause severe political problems. Unemployment and uneven distribution are serious economic problems facing Ethiopia today. The government's budget is seen as being pro-poor with a positive effect on poverty reduction, but there are growing inequalities.

Since the turbulent elections in 2005, the space for diverse political actors and opinions has gradually been truncated and put under control – as witnessed by the 10-month state of emergency imposed in 2016 in reaction to popular mass protests, bringing to light several fundamental concerns related to political, democratic and human rights. The narrow political space, and

the fact that, in subsequent elections, the EPRDF has captured nearly all parliamentary seats, make peaceable political dialogue and reforms difficult.

Despite these issues, which are of concern to many internal and external actors, Ethiopia continues to receive increasing amounts of aid from its international partners. One important reason relates to security concerns: Ethiopia is seen as an island of stability in a volatile region. It is committed to the global war on terror and is regarded as an important actor in buffering the spread of religious radicalisation.

In terms of regional stability and security, Ethiopia is the most important country in the Horn of Africa, thanks to a combination of relative political stability over the last decade and a half, the size of its economy and population relative to its neighbours, its military capabilities, and its international relations, among other factors. Ethiopia has helped put in place a more solid

foundation for regional stability, due not least to its policies for containing Eritrea's offensive posture – as well as by having improved its relations with Sudan, leading the mediation process in South Sudan, taking active part in peacekeeping efforts in Somalia and by furthering shared interests and expanding exchanges with Djibouti and Kenya. Ethiopia is surely set to continue as the sturdy guarantor of a more stable region.

Ethiopia's increasing role in the region is unlikely to be challenged by any other regional state or combination of states. Nor is it expected that any of its international partners would challenge Ethiopia, for instance by putting conditions pertaining to domestic political and human rights issues before the concern for regional stability. Any challenges are more likely to emerge from within – whether in the form of further popular political unrest, or disagreements within the EPRDF government or its coalition parties.

1. Introduction

This report provides an overview and analysis of some key issues pertaining to the political economy of Ethiopia in a historical perspective.¹ The Ethiopian People's Revolutionary Democratic Front (EPRDF) has been the governing party since it assumed power in 1991. Emanating from and constituted by the rebel groups that toppled the previous regime, after an armed struggle starting in 1974, the regime has been fairly consistent in its ideological orientation from 1991 until today. In advancing a revolutionary democracy – which has been described as a pragmatic blend of communist and liberal thought (Vestal 1999, Prunier 2015, Vaughan 2015)² – the EPRDF has been the vanguard party, setting the ideological course for the developmental state with obscure boundaries between the governing party and the state. This has manifested a self-determined and strong state apparatus and governance system that has proved resilient to both internal and external pressures and shocks. This has, moreover, furthered a form of central dirigisme that has translated into an impressive macro-economic performance. The reproduction and resilience of the centralised party state structures have, however, limited the political space and undermined political liberties and human rights.

The objective of this commissioned report is to provide a broader, deeper and more institutionalised and shared understanding of issues

pertaining to the Ethiopian political economy. The scope of the report draws on a comprehensive Terms of Reference that was further narrowed and focused in dialogue between the authors and the report's stakeholders in order to align the parties' expectations and needs. Instead of a conventional political economy analysis focused on the interests and incentives of current actors (groups and individuals) and the competition and contestation over power, it was decided that the analysis would be a historic factual one, concentrating on the *longue durée* of issues relevant to the political economy of Ethiopia today, using 1991 as the point of departure, as that was when the current government first assumed office. The report builds on a desk study, drawing on the authors' knowledge of the field and analyses of the literature.

A political economy analysis (PEA) aims to make politically informed programming the norm rather than the exception by focusing on how political and economic power is constituted, exercised and contested (Unsworth 2015). A frequent criticism, however, is that such analysis tends not to be fully integrated into operational activities, but is often limited to working politically with the small 'p' at project level rather than the big 'P' of understanding and working with power relationships and structures. Also criticised is the emphasis on interests, incentives and institutions, undermining the role of ideas, the complexities of power and politics as a battle of ideas. Focusing on personal incentives might be useful, but viewing incentives such as wealth and power as universal motivators is reductionist when applied to the complexities of power politics, the multiple incentives that may be at play, the role of ideas and ideology, and how formal

1 The report was written in late 2017. Consequently, it does not contain a full overview or analysis of the events evolving after February 15, 2018, when Hailemariam Desalegn resigned as prime minister. Some paragraphs, however, have been inserted when finalising the report for copy-editing.

2 See also *Addis Standard*, 10 May 2013: 'The oddities of 'revolutionary democracy' <http://addisstandard.com/the-oddities-of-revolutionary-democracy/>

and informal structures and ‘rules of the game’ overlap (Hudson and Marquette 2015).

By contrast, the *longue durée* perspective lessens the traditional focus on the incentives and interests of individual and collective actors. It provides openings for dealing with the short-

comings of traditional political economy analyses by focusing on semi-permanent or slowly evolving structures (in contrast to the focus on elite biographies common in much political economy) and their renderings and effects in Ethiopia today.

2. The developmental state – politics and economy

Ethiopia today is characterised by two contrasting aspects – poverty and economic growth. These aspects are spatially distributed. Poverty is more pronounced in and characteristic to the rural hinterlands, whereas the economic growth taking place in Ethiopia is more conspicuous in central and urban areas, although urban poverty and inequalities are indeed tangible and exacerbated by proliferating urbanisation and unemployment rates. The urban–rural divide frames many aspects of Ethiopian society and economy: the vast majority of the population, close to 80%, live in rural areas as subsistence small-farmers, vulnerable to drought and land scarcity. The urban minority seek work in the industrial or service sectors, but unemployment is a challenge, further exacerbated by an increasing rural–urban migration.

Ethiopia is seen as one of the African ‘Tigers’. Despite some disputes over exact figures, there is consensus that Ethiopia has achieved impressive economic growth over the past decade, often referred to as the ‘Great Run’ – similar to the surges of the Asian Tigers – with ambition of lifting Ethiopia from being among the poorest in the world to a middle-income country (MIC) by 2025. However, this massive push, labelled by the government as a ‘democratic developmental state’ may cause growing pains that undermine its sustainability, especially as inspiration has been drawn from the Asian experience, which delivered rapid economic growth in a strict and highly controlled manner.

Ethiopia’s accelerated economic growth has been concentrated in the agricultural and service sectors, with agriculture the mainstay of the government’s poverty alleviation and growth

strategy, the Growth and Transformation Plan II (GTP2). This second five-year plan (2015/16–2019/20) guides economic activity, with specific reference to the need to boost agricultural productivity, strengthen the industrial base and improve the participation and involvement of the private sector – notably through the government’s major Agricultural Development-Led Industrialisation (ADLI) initiative. The GTP2 is ambitious, and successful implementation will depend on the performance of the agriculture and export sectors. There are challenges involved in reaching some GTP2 targets due to changes in the global market, with a depletion of foreign currencies held by Ethiopia and falling revenues from export commodities. However, the government has continued its rapid infrastructure investments, building industrial parks and factories, dams for hydroelectricity production, powerlines and real-estate development. Government investments range from building road networks to expanding social services, and constitute the main engine of growth. Exports are increasingly diversified: Ethiopia has now become a major exporter of coffee, oilseeds, flowers, gold, leather and textile products. In particular, manufacturing and floriculture have attracted foreign investment.

The government integrates its Climate Resilient Green Economy (CRGE) initiative with its vision of Ethiopia becoming a middle-income country. While a growing *and* a green economy are often seen at odds, the government aspires to meet its economic development goals in a sustainable manner. Its strategies all acknowledge the important role of the private sector as both an objective and means for development:

transformative measures are taken to create the conditions and broaden the involvement of the private sector, while recognising that ‘bi- and multilateral partners as well as the private sector can help us achieve our ambitious goals’ (CRGE 2011: 3). The economic importance of the private sector has long been recognised, but it is only recently that private actors have become regarded as important development actors, and the government is increasingly harnessing public–private partnerships for development. However, the private sector remains somewhat limited, and market systems have not yet achieved their full potential. The state is actively involved in the economy: key sectors are controlled or owned by the government, and some conglomerates are linked to the government or the ruling party. This in turn affects the incentives and investments of the private sector and actors – limiting their potentials for contributing to growth and development, for solving key industry bottlenecks and creating jobs.

Ethiopia remains amongst the poorest countries in the world, notwithstanding its impressive economic growth, which causes growing economic inequalities between urban and rural areas and between men and women. However, the government is seen as having one of the more pro-poor budgets in sub-Saharan Africa. Thanks to the relative peace and stability it has enjoyed over the last decade and a half, the government has managed to govern effectively and allocate about 60% of the national budget to sectors that favour poorer people, such as agriculture, education and health. Ethiopia is seen as having taken strong ownership of the Millennium Development Goals (MDGs), integrating them into national policies for poverty reduction since 2005. Except for MDG 3 on promoting gender equality and women’s empowerment, and MDG 5 on maternal health, Ethiopia has been successful with regard to the MDGs (NPC and UN 2015). The Agenda 2030 including the Sustainable Development Goals (SDG) have also been integrated into the current GTP2.

Rapid economic growth creates expectations – and, in combination with sub-optimal

infrastructure and policies for redistribution, this can give rise to further economic inequalities. While this is in itself a concern, it can also threaten to undermine the political stability and popular legitimacy of the government and the developmental state. However, in a 2013 survey Ethiopians expressed positive trust in the country’s political institutions, and 81% of the respondents said that they considered their country a complete democracy or a democracy with only minor problems (Mattes and Mulu 2016). These findings indicate a puzzling anomaly – ‘no expert assessment comes close to calling Ethiopia a democracy’ (ibid.: 2) – which is explained as an effect of recent economic progress combined with low levels of development or awareness of popular democracy. Political trust appears intertwined with economic progress, the level of democracy awareness, and political stability. Political opposition and popular sentiments, often along ethno-regional lines, about growing inequalities, marginalisation, and lack of political freedom can exacerbate political distrust – as illustrated by the mass protests since 2014 in the Oromo and Amhara regions. The government’s response of imposing a 10-month state of emergency (2016–2017) not only further constrained the political sphere but also demonstrated the government’s ability and readiness to employ extraordinary measures.

Under a ‘democratic developmental state’ it can be difficult to manage competing and diverging concerns. These include a growing state-led economy where the private sector seeks a stronger role; innovation and investments without proper land ownership; rapid population increase, land shortages and urbanisation; as well as perceptions of ethno-regional inequalities, the undermining of civil liberties and human rights, and a general narrowing of the political space.

The Ethiopian political regime has been fairly consistent and stable ever since the current government – the Ethiopian People’s Revolutionary Democratic Front (EPRDF), a coalition of four parties each representing different ethnic groups and regions – first assumed power in 1991. Although EPRDF did formally dis-

own its Marxist-Leninist roots in favour of a revolutionary democracy – arguably due to the geopolitical situation and waning international support following the fall of the Soviet Union – its ideational background has historically helped EPRDF consolidate itself as the country’s vanguard party, which helps explain its authoritarian features. The longevity of EPRDF has produced a strong and stable party-state apparatus that historically has been largely uncontested by both domestic and external actors. Meles Zenawi was Ethiopia’s prime minister from 1991 until his death in 2012, and often described as the EPRDF strongman and political architect behind the revolutionary democracy and the developmental state.

Hailemariam Desalegn followed Meles as prime minister.³ Initially, Hailemariam succeeded in positioning himself within the EPRDF leadership, garnering the support of those previously sceptical of his leadership potential and political orientation as compared to Meles. February 15, 2018, Prime Minister Hailemariam Desalegn announced that he would resign. His resignation was hardly a surprise – it just came earlier than expected. After the EPRDF Executive Committee itself in early 2018 expressed “weakness observed among the top leadership”,⁴ it was anticipated that the EPRDF coalition would replace its chairperson, and thus the prime minister, in its next party congress then scheduled for March 2018. This statement and the resignation came in response to rivalry within the coalition, particularly relating to the problems of addressing the popular anti-government protests that had been going on since late 2014 in the Oromia and Amhara regions and which were met with a 10-months state of emergency imposed by the government. Hailemariam, who reportedly gradually became a man without

allies,⁵ said his resignation was “vital in the bid to carry out reforms that would lead to sustainable peace and democracy”,⁶ thus indicating waning internal support for his leadership and policies. Hailemariam is still the acting premier pending EPRDF’s decision on selecting his successor.

The challenges and opportunities of Ethiopian politics – which Hailemariam faced and which his successor will inevitably inherit – lie in the extent to which the political leadership manages to gain sufficient approval and recognition both among the coalition’s different parties and among the general population in the long run. This interrelates with differing opinions within the parties of the coalition government, the TPLF in particular where new economic policies and aspirations of continuous economic growth must be balanced against other political and ideological interests. Moreover, the coalition’s OPDO and ANDM are becoming gradually more susceptible to the political sentiments and popular concerns of the Oromo and Amhara regions which they represent. The next Party Congress, initially set for March 2018 but probably postponed to July–August, should provide some clearer indications of what lies ahead regarding political, economic and democratic options and choices towards the 2020 general elections.

A brief historical background

Ethiopia has a long and rich history, occasionally intertwined with myths (Marcus 1994) – as with the hominid ‘grandmother’ of Lucy *Australopithecus afarensis*; the relationship between King Solomon and the Queen of Sheba; their son, who became the first Ethiopian emperor Menilek I and brought the Ark of the Covenant to the Abyssinian highlands; the medieval quest for Prester John; the more recent figures of Menilek II and Haile Selassie, who both claimed

3 Ethiopian naming practice differs from the Western practice of given name + patronymic. Thus, the current prime minister, whose full name is Hailemariam Desalegn Boshé, is referred to as Hailemariam.

4 *The Ethiopian Herald*, 2 January 2018: ‘EPRDF’s Executive Committee statement’, <http://www.ethpress.gov.et/herald/index.php/editorial-view-point/item/10478-epdf-s-executive-committee-statement>

5 *New York Times*, 18 February 2018: ‘A placeholder prime minister departs. What comes next?’, <https://www.nytimes.com/2018/02/18/opinion/ethiopia-hailemariam-desalegn-state-emergency.html>

6 *BBC* 15 February 2018: ‘Ethiopian PM Hailemariam Desalegn in surprise resignation’ <http://www.bbc.com/news/world-africa-43073285>

direct lineage from Menilek I to warrant their imperial reign; the 1896 Battle of Adwa, which aborted the Italian colonial attempt; the Lion of Judah and the country's non-colonial legacy as symbols of sovereignty, African leadership – and the Rastafari movement. Indeed, Ethiopia is among the few countries to have its own designated encyclopaedia, *The Encyclopaedia Aethiopica*,⁷ a compendium of all things Ethiopian from pre-historic times and up to 1974 (Prunier and Ficquet 2015).

Ending the encyclopaedia in 1974 is fully justified, as that was the year when Ethiopia was thrown into the modern world and when the country's history and myth parted ways. Emperor Haile Selassie officially reigned from 1930 until he was ousted in 1974. The military committee that ascended to power, the Derg under the leadership of Mengistu Haile Mariam, formally abolished the monarchy and embraced communism, effectively de-sacralising Ethiopian culture and shifting the geopolitical orientation from the West and the USA to the USSR (Keller 1991). However, popular unrest during Haile Selassie's latter phase, especially that caused by famine and starvation in the rural areas, did not end with the dethronement of Haile Selassie. It triggered popular resistance that in the northern regions of Tigray and Eritrea would take the form of liberation movements and armed struggle against the military regime in Addis Ababa. Neighbouring Eritrea had previously been an Italian colony (from 1890) and became federated with Ethiopia (1952–1962) following a 1950 UN resolution. The Eritrean People's Liberation Front (EPLF) thus fought for its independence, while the Tigrayan People's Liberation Front (TPLF) fought the Soviet-friendly regime, aiming for a new revolution, which, from its original goal of establishing an independent republic of Tigray, evolved into setting up a federal system for Ethi-

opia where ethnically determined regions would enjoy considerable self-determination. While the Derg received financial and military support from the Soviet Union, the EPLF and TPLF – joined against their common enemy, with a gentlemen's agreement that Eritrea could opt for autonomy if the liberation struggle succeeded (Negash and Tronvoll 2001) – received similar support from Western countries. When drought, famine and a repressive government made humanitarian aid paramount, official Western development assistance bypassed the official government and provided aid directly to the humanitarian wings of EPLF and TPLF: the Eritrean Relief Association (ERA) and the Relief Society of Tigray (REST) respectively (Lie 2006).⁸ Although Norway and other Western countries recognised Ethiopia's sovereignty, they also channelled relief to the northern regions from Sudan, providing critical support to humanitarian and military activities, thereby ensuring a lifeline to the rebel movement's fight against the Derg. Due to geopolitics and the waning of the Soviet Union, the Derg lost its international ideological, financial and military support, which enabled the revolutionary fronts to enter Addis Ababa in May 1991. Together with ideological associates, TPLF came to establish the Ethiopian People's Revolutionary Democratic Front (EPRDF) – the coalition party that has governed the country ever since. This started a new chapter for Ethiopia; as Jenny Hammond ends her chronicle of the revolution in Tigray from 1975 to 1991: 'Then the paraphernalia of the modern state will be upon them – elections, bureaucracy, international relations, diplomacy, the World Bank and the IMF' (Hammond 1999: 412).

Since the early 1990s Ethiopia's main connections with the outside world – and Norway's relations with Ethiopia – have generally been in the context of international development and humanitarian aid, in addition to varying security

7 The encyclopaedia consists of five volumes published between 2003 and 2014, based on hundreds of authors from over 30 countries, covering most academic disciplines. The encyclopaedia, funded by the German Research Council, has its editorial base at the Research Unit for Ethiopian Studies at the University of Hamburg.

8 Several Norwegian NGOs were involved: e.g. while Norwegian Church Aid got engaged with ERA, Norwegian People's Aid and the Development Fund supported REST. The organisations did not take sides – this was more a division of labour (see Lie 2006; de Carvalho and Lie 2014).

concerns (Liland and Kjerland 2003, Borchgrevink and Lie 2009, Vaughan 2015, McNeish and Lie 2010). Ethiopia has been among the largest recipients of international development aid since 1991. Over the past two decades, Ethiopia has received USD 26 billion in development aid from donor agencies;⁹ recently, it has been receiving approximately USD 3 billion in funds annually – more than a third of its annual budget (Dereje 2011). ‘The Ethiopia case is often quoted as paradigmatic of the role of international ODA in sustaining the authoritarian exercise of power’ (Fantini and Puddu 2016: 91). Any analysis of the Ethiopian political economy and the processes of state formation since the early 1990s must take into account the role and influence of the donor community. Despite the presence of international donors promoting interests and policies not always aligned with those at the receiving end, the Ethiopian government has not unambiguously followed suit. This does not mean that the donor community has not provided influence or successes, but rather that donors have encountered greater resistance in implementing their agenda than in other sub-Saharan countries. For instance, key sectors such as banking, energy and telecommunication remain under government control despite the World Bank’s push for structural reforms to liberalise and privatise these sectors (Sending and Lie 2009). Moreover, during the anti-government regional protests in 2015–2017, “...the donor community has largely kept quiet... [due to] ...constraints to fund policy dialogue and democratic government, in particular through civil society” (Norad 2018: 3), causing donors to “promote government ownership, rather than country ownership” (ibid.: 28–29, reiterating DFID 2009). This can be seen not only as an indication of Ethiopian national self-determination and the government’s ability of self-assertion, but also as a reflection

of a comparatively more equal relationship and as an important means of enhancing the local appropriation of externally-funded activities. As such, the government has been fairly successful in carving out its room for manoeuvre by accumulating a certain ‘negotiating capital’ (Whitfield 2009, Furtado and Smith 2009) vis-a-vis the donor community.

This negotiating capital rests on various, inter-linked aspects. The coming of age of the EPRDF, under the political and Marxist-Leninist ideological lead of the TPLF movement, which had been waging a revolutionary struggle for a decade and a half, has produced a strong-minded and self-determined government. Further, the later ideological softening of the EPRDF produced conditions favourable to attracting more international aid. The simultaneous shift in international aid, away from structural adjustment policies and towards poverty reduction, allowed for greater ideological confluence between the government and the donor community. In terms of international and regional security, Ethiopia has been a reliable and effective partner to Western geopolitics, sharing an interest in anti-terrorism activity and the global war on terror. Moreover, perceptions among many donor countries of the linkage between poverty, failed states and religious radicalisation in the context of terrorism have contributed to the scaling-up of aid to countries deemed vulnerable, such as Ethiopia.

This, coupled with the fact that, in a volatile region, Ethiopia has remained a fairly stable country with a consistent and predictable political government and state structure, has often led external actors to tolerate other concerns. Ethiopia has performed quite well on international indicators of poverty reduction, human development and the MDGs writ large. These results, combined with geopolitics and regional security concerns, seem to have warranted continuous external support despite the government’s less impressive performance on other areas central to the Western aid discourse, such as human rights, good governance and democratisation. For instance, in the World Bank’s CPIA instrument – which is integral to the its performance-based allocation

9 Main donors include the US Agency for International Development (USAID), the World Bank, the International Monetary Fund (IMF), the European Union, Britain’s Department for International Development (DFID), GIZ (Germany; GTZ until 2011), CIDA (Canada), Japan, the Netherlands and Italy.

mechanism – Ethiopia’s indicator scores relating to governance decreased from 2005 to 2009; yet, the World Bank has increased its funding to Ethiopia despite its unwillingness to comply with the structural reforms as advocated by the World Bank (Sending and Lie 2015).¹⁰ All this indicates that donor behaviour may be directed by other dimensions than strict policy adherence, and that the government has a strong sense of ideological conviction and ownership to externally funded policies – for instance, it has opted for less aid, rather than giving in to certain donor demands (Borchgrevink 2009).

However, despite growing international development assistance, the relationship between donors and the EPRDF government has not been frictionless, sometimes even erupting into open confrontation. Major issues of contestation concern the government’s ideological assertiveness, differences in setting development priorities, and challenges related to governance issues, human rights and restrictions on civil society. The EPRDF has officially disowned socialism and the government champions its own form of ‘revolutionary democracy’ (Dereje 2011) and a

‘developmental state’, “having an authority structure where decisions are made within the party and not in the ministries” (Borchgrevink 2008 referring to work later published as Furtado and Smith 2009). Such authority structures basically make the state equivalent to the EPRDF, reflect a continuity of the party’s Marxist-Leninist roots and help explain the regime authoritarian features – which occasionally and pragmatically hybridise with a conventional neoliberal logic (Fantini and Puddu 2013, Alemu 2009). Moreover, and despite economic growth, four-fifths of the population still struggle to eke out a living, whether from the ‘informal’ economic sector in the urban areas or from undersized land holdings in the countryside (Lefort 2015). The challenge of redistribution and the split between capital provinces and rural areas is reflected in the 2015 National Human Development Report (UNDP 2015), which classifies 9 of 11 Ethiopian regions¹¹ as having low human development. The Global Human Development Report ranks Ethiopia as no. 174 of 188 countries on its Human Development Index (HDR 2017).

10 Ethiopia’s CPIA score has improved significantly since 2011. See https://cpia.afdb.org/?page=results&subpage=profile&indicator_id=A-E_&country_id=ET&year=2015

11 Ethiopia has a federal democratic government system with nine autonomous regions and two chartered cities, collectively referred to as ‘regions’. This federal system is further outlined below.

3. Political system and situation

Ethiopia is a federal democratic republic where the federated units are defined according to ethnicity, in order to accommodate demands for regional autonomy and to manage ethnic tensions within the state. The supreme law of the land is the federal constitution, adopted in 1994; it determines the institutional structure of the Ethiopian state. When the EPRDF government came to power in 1991, it inherited a centralised, authoritarian state that had monopolised access to resources and decision-making, and the ruins of a command economy from its military, Marxist predecessor. The EPRDF, soon a coalition of four ethnically-defined organisations, publicly committed itself to three trajectories of fundamental reform: decentralisation of the state based on a system of 'ethnic' or 'multinational' federalism; democratisation of its politics under a multi-party electoral system; and liberalisation of the economy (Vaughan 2015).

A quarter of a century later, we observe continuity and discontinuity as to these trajectories vis-à-vis the previous system. Ethiopia's economy is booming, and sections of it have been opened up significantly. Federalism and decentralisation have had a profound impact on the architecture of the state and the services it provides, particularly to the poor and those living in peripheral areas. However, the continuities are also strong. The state still dominates and even monopolises strategic sectors of the economic and political realms, and the formal order and ideals of liberal democracy initially promoted two decades ago are far from realised. Central to this is the hybrid of two parallel political processes. On the one hand, there has been the adoption of a federal system granting regional governments and subsidiary bodies greater autonomy, with the right to self-governance and representation at the federal level, all

in a bottom-up political structure. On the other hand, there are the processes through which the federal government seeks to strengthen its control over the regions and beyond by creating satellite parties and including them within the centralised party structure (Aalen 2002, Furtado and Smith 2009). Further, a system of 'encadrement', where bureaucrats appointed by the federal government are strategically positioned at sub-regional levels, assists the central government in consolidating its power and administrative control over the periphery (Clapham 2002, Tronvoll and Hagmann 2012). Adopting the language of decentralisation used by foreign donors, the EPRDF has built a local administrative structure heavily dependent on the party apparatus, in effect extending the authoritarian presence of the state to peripheral, rural areas (Chinigo 2013). It is within this system of decentralisation-cum-control, as well as its evolution, that today's political situation and federal system should be understood.

The result has been a developmental party state: the party is the state, and the TPLF, as the senior and seminal part of the EPRDF coalition, to a large extent is or defines the party. There are great discrepancies between the formal order of the political system and its realisation, where ethnic regionalism and processes of decentralisation have made possible new mechanisms for greater governmental control in and of the periphery, and where the political elites use the control over the party and thus the state to benefit their own home regions.

Overview of the formal political system

The federal constitution was promulgated by the Transitional Government of Ethiopia (TGE, 1991–1995) in December 1994; in May 1995

representatives were elected to the institutions of the new republic, which formally came into being in August 1995. Adopted in December 1994, the federal constitution provides for a federal government of nine ethnically based regions, governed by the bicameral Federal Parliamentary Assembly, consisting of the House of People's Representatives (Lower House, 547 members) and the House of the Federation (Upper House, currently 153 members). The number of upper-house members fluctuates: its composition is based on members representing individual groups, with the size of the house based on the formula of one representative for every million of a group population. Whereas the Lower House is elected from single-member districts in general elections, the House of Federation is indirectly elected by the councils of the nine regional states. It has important powers: interpreting the constitution, settling disputes between regions, and determining the division of federal and shared revenues among regions.

This federal system provides for a president – basically a ceremonial role – in which the approval of the nominee's candidacy needs a two-thirds majority vote by both houses of Parliament. Since October 2013, Mulatu Teshome has held this post. Actual executive power is vested in the Prime Minister and a Council of Ministers (the cabinet) headed by the prime minister, who is head of government with chief executive authority.

The prime minister is elected by a majority of the Lower House, and nominated in its capacity of chairing the majority party in the House of People's Representatives. The prime minister is then called upon by the president to form a government at the federal level and to exercise its powers. The prime minister nominates the cabinet ministers and leads the functioning and exercise of authority of the Government of Ethiopia. The prime minister is both *de jure* and *de facto* chief executive of Ethiopia: he is the commander-in-chief of the Ethiopian National Defence Force (ENDF), he schedules and attends parliamentary sessions, and represents the country in high-level meetings and international forums (Poupko 2015).

The current, acting,¹² prime minister, Hailemariam Desalegn, succeeded Meles Zenawi, who died in August 2012 following a longer period of illness. Hailemariam was previously Minister of Foreign Affairs and Deputy Prime Minister under Meles. He was first appointed as acting premier before becoming Prime Minister on 21 September 2012. Ethiopian politics and state formation are still, however, very much associated with Meles, who was the national and party leader for 21 years; before that, he was a central figure in the TPLF movement and the opposition against the Derg ever since 1975. During these years his position was largely uncontested as he gradually consolidated and strengthened his power base in a party-state structure. Tellingly, greatest contestation emerged within the ranks of his own party, the TPLF. After the war between Eritrea and Ethiopia (1998–2000) ended, a Tigrayan ultra-nationalist faction of the TPLF/ EPRDF regime had opposed Meles, because of his softer stand vis-à-vis Eritrea but also his ideological reorientation (Paulos 2001). In 2001 Meles undertook a high-level purge, stripping dissenters of their official functions – including the then-president Nagaso Gidada, who was expelled from the EPRDF – while sending others to prison.¹³ The split within the TPLF between hard- and soft-liners also involved ideological differences; and here Meles gradually took the bold step of following two distinct lines at the same time. This would become central to the formation of the contemporary Ethiopian developmental state, characterised by an authoritarian regime based on a strong central power and limited political freedoms, with the will and capacity to implement ambitious, macro-economic programmes based on the central capture of rents (Clapham 2017). Meles aimed to follow the ideological lines of capitalism and Marxist-Leninism simultaneously by employing freewheeling capitalist parlance as a palliative for the West and domestic

12 As noted above, Hailemariam Desalegn announced his resignation February 15, 2018, but fills the position until a new EPRDF chairperson and thus premier is appointed.

13 <http://www.irinnews.org/report/22561/ethiopia-president-expelled-ruling-party>

entrepreneurs, while remaining staunchly Marxist-Leninist in the developmental state formation process and when balancing the features of, e.g., party-owned vs. private enterprises, the free press, transparency, democracy, civil society and the role of the opposition.

Meles was a prominent figure who both shaped and controlled the political economy of Ethiopia, paving the way from revolutionary Marxism to state developmentalism. While his detractors would call him a dictator and a disaster for Ethiopia, his supporters saw him as visionary and a world-class leader (Prunier 2015). Thus, when this 'Big Man' of Ethiopian politics died in 2012, most observers not only feared but also predicted that Ethiopia would descend into chaos and collapse under destructive internal power struggles and external pressure. This did not materialise, indicating that the state system was more resilient and less dependent on Meles than first assumed. Instead of chaos, what ensued was a peaceful succession with Prime Minister Hailemariam Desalegn, in a process largely characterised by tranquillity and status quo (Aalen 2014). Hailemariam has stated his ideological affinities with Meles, adding that he represents more continuity than change with the established lines of both domestic and foreign affairs.¹⁴ In meeting Hailemariam, foreign officials have noted that he expresses a commitment to 'strengthen democracy in the country, allowing for greater pluralism and a freer civil society, to uphold the freedoms enshrined in the Ethiopian constitution'.¹⁵

Regions and federal entities

The Constitution established a system of ethnic-based federalism, thereby going counter to most other African countries in using ethnic difference as an explicit basis for political representation (Aalen 2011). Ethiopia's population is highly diverse, with over 80 different ethnic groups and 90 languages.¹⁶ The Constitution

calls for a strict separation between religion and state, with equal recognition of national languages, and divides Ethiopia into nine ethno-linguistically based regional states and the federal city of Addis Ababa. In 2004 Dire Dawa was approved as a chartered city. The nine states and two chartered cities are collectively referred to as regions. The assumedly homogeneous states are Amhara; Afar; Benishangul Gumuz; Gambella; Harari; Oromia; Somali; Tigray; and the Southern Nations, Nationalities and Peoples' Region (SNNPR). The degree of homogeneity differs: indeed, the SNNPR is a multi-ethnic region, an amalgam of the main homelands of over 45 indigenous ethnic groups. In addition there are the two chartered, multi-ethnic, federal cities of Addis Ababa and Dire Dawa. In this federal structure of ethnic sub-states, the regions are formally granted extensive autonomy, including the right to secession.

According to the latest (2007) census data, the total population of Ethiopia has reached 73 million, with a growth rate of 2.7%. If left unchecked, this growth will give Ethiopia 117 million people by 2025. It is estimated that the population passed 105 million in 2017. A new census is currently conducted, scheduled to be completed in March 2018.

Ethiopia's population is distributed among 80 ethnic groups, influenced by centuries of migration and interaction but with distinct traditions and languages. The largest ethnic group, the Oromo (about 35%) half of which are Sunni Muslim and a third are Ethiopian Orthodox Christian, is widely diffused in the central and southwestern parts. Members of the second-largest group, the Amhara (26%), live mainly in the northwest; over 80% are Ethiopian Orthodox Christian and 18% are Muslim. Tigrayans constitute about 6% of the population, living mainly in the Tigray region; they are predominantly Ethiopian Orthodox Christian.

According to the 2007 census, nearly 85 % of the population resides in rural areas; there are significant Muslim communities, with Christians and Muslims generally living in harmony. Home to the Horn of Africa's largest Muslim commu-

14 See https://www.africa-confidential.com/special-report/id/24/Interview_with_Hailemariam_Desalegn

15 See <http://capitalethiopia.com/2013/04/22/strengthening-franco-africa-relations/>

16 See <https://www.ethnologue.com/country/ET/languages>

nity,¹⁷ Ethiopia has largely remained untouched by inter-religious conflicts, with the exception of some tensions in the southeast and southwest. Ethiopian Muslims tend to identify primarily with their ethnic kin, and are geographically intermixed except for concentrations in Somali- and Afar-inhabited areas.

The regions have their own organs of government, with legislative councils, executive committees and judicial bodies adapted to their own regional constitutions. The state council is the most important organ in the regional structure. Elected for a term of five years, it serves as the highest regional authority. Each regional government has created administrative bureaus, which suffer from low technical knowledge and capacity. These bureaus operate as counterparts of sectoral ministries and commissions of the federal government. The regions are hierarchically structured into zones and then *woredas* (districts) while at the lowest level there is the *kebele* (ward).

The federal government identifies three sources of revenue for each region: revenues designated for its own income; those which it shares with the federal government; and grants from the federal government. Review of the responsibilities and resources of the regions indicates that the responsibilities far exceed the revenues that can be generated from the above sources. Revenues raised by regions cover only 20% to 30% of their annual budgets; the balance must be covered by transfers of federal grants, which makes the regions heavily dependent on the federal government.

In most parliamentary systems, monitoring of the government is left to the opposition political parties. In Ethiopia, however, this theory has limited value as the government and the party-state have consistently sought to keep the role of opposition marginal, particularly from the 2005 elections and onwards.

The federal model was aimed at making ethnic identity the basis for politics. It was devised

by the TPLF (and later refined by the EPRDF) representing the Tigray people, which, as noted, comprise only 6% of the country's population. The model recognises previously non-dominant groups, while the idea of a pan-Ethiopian identity is de-emphasised. Often described as a democratic experiment, two decades of TPLF/EPRDF rule have resulted in ethnicity becoming dominant in Ethiopian political rhetoric: ethnicity permeates daily life and appears to direct most political issues within and outside the government (Abbink 2011). While nominally conveying decentralised power and decision-making to various regional and sub-regional levels, the federal state – which at the formal level may appear highly decentralised – has a stronger administrative and political presence in the periphery compared to any other previous regime. Parallel to processes and the rhetoric of decentralisation, the current government has developed structures of central control and top-down rule that can be used to dwarf local initiatives and autonomy. This governance model recalls the features of the country's traditional hierarchical and autocratic political culture, and illustrates the continuity of the governing party's ideological roots (Pausawang et al. 2002).

Political parties

The legal basis for the establishment and operation of political parties is provided by various pieces of legislation and the federal constitution.¹⁸ The Transitional Charter of 1991, an interim constitution, recounted the words of the 1948 Universal Declaration of Human Rights; 'every individual shall have the right to engage in unrestricted political activity and to organise political parties without infringement upon the right of others'. This right has been reiterated later – including in the federal constitution, which guarantees that citizens are free to join any political party if they meet the relevant requirements. Following the 2015/2016 popular

17 About a third, some 35 million, of the Ethiopian population is Muslim – triple the size of neighbouring Somalia's predominantly Muslim community.

18 Major pieces of legislation: the Amended Electoral Law of Ethiopia (Proclamation no. 532 of 2007) and the Revised Political Parties Registration Proclamation (no. 573 of 2008).

protests (see below) there has been an ongoing dialogue between the EPRDF and opposition political parties regarding, *inter alia*, electoral laws and institutions; and the current laws may be amended as part of the renewed national political reform.

Ethiopia's political parties can be classified into three types: parties comprising the ruling party, the Ethiopian Peoples' Revolutionary Democratic Front (EPRDF); ethnically defined parties affiliated with the EPRDF; and opposition political parties, which are either national or ethnically defined parties.

The EPRDF was created in 1989 as a union between the Tigray People's Liberation Front (TPLF) and the Ethiopian People's Democratic Movement (EPDM), both long-time allies in the fight against the Derg regime. The TPLF was formed by Marxist-Leninist students who left civilian movements after the 1974 Revolution and launched a seemingly rural-based struggle in 1975. The party has been rife with factionalism, partly the inevitable result of long armed struggle and then office tenure. The EPDM was later transformed into an explicitly Amhara-based party, the Amhara National Democratic Movement (ANDM), later joined by the relatively weaker Oromo People's Democratic Organisation (OPDO) and the Southern Ethiopian People's Democratic Movement (SEPD). Today the EPRDF consists of four ethnic-based political parties, of which the TPLF, which was instrumental in its establishment, has always been the stronger part, providing ideological direction as well as much of the leadership. OPDO was formed by Oromo members of the TPLF, EPDM and EPLF.¹⁹ Because of its origin and affiliation with non-Oromo based groups, it has historically not enjoyed great support or legitimacy among the Oromo people.²⁰ The TPLF has generally served as the ideological gatekeeper of

EPRDF, and the EPRDF parties are often seen as ethnic-organised extensions and proxies of the TPLF into the various federal regions. In power since 1991, EPRDF has been central to the formation of the developmental party state, through which it has had unfettered access to and made use of state resources for party financing and consolidation of power (Vaughan 2011, Tadesse 2015b).

The EPRDF-affiliated parties are largely ethnically defined, fairly small and largely represent their respective ethnic groups. Most of these parties have been stimulated or supported by the EPRDF. In the current parliament EPRDF holds 500 seats, with the remaining 47 held by members of its affiliated parties. These include the Afar National Democratic Party (ANDP), the Somali People's Democratic Party (SPDP), the Harari National League (HNL), the Benishangul Gumuz Peoples Democratic Unity Front (BGPDUF), and the GPDP (Gambella Peoples Democratic Party).

The political opposition is very weak and fragmented. Since 1991, various weak and splintered opposition political parties have contested EPRDF dominance. Factors that have contributed to the emergence of opposition political parties include the widespread malaise among the more educated and cosmopolitan urban class, and the growth of an independent private press. Both before and after the general election in 2015, the opposition political parties failed to mount a strong and effective challenge to the EPRDF, largely due to their own lack of a robust and joint political culture, policies or platform. These parties are very weak in organisational capacity, numbers of militants and material and human resources. Moreover, and especially since the contested 2005 elections and onwards, the EPRDF has systematically foiled all attempts by opposition parties to gain equitable and proportional access to political power, by making it difficult for parties to open branches outside Addis Ababa, address supporters and organise (Tronvoll and Hagmann 2012).

According to the Constitution, it is easy to form political parties in post-1991 Ethiopia.

19 EPLF: the Eritrean People's Liberation Front, which fought together with TPLF and EPDM against the Derg.

20 OPDO's popular support may, however, be growing given its stance vis-à-vis its coalition partners on the issues underpinning the anti-government protests in the Oromia and Amhara regions since late 2014.

However, opposition political parties allege that they are subjected to continuous control, harassment and intimidation, especially from local government officials and ruling party cadres at the local level. Ordinarily, their activities are limited by government restrictions and practices. Their activities and supporters are largely confined to the major cities, and their leaders, members and supporters risk detention, even death, and because they are unable to raise significant funds.

At election time, opposition political parties are obstructed from conducting political mobilisation and electoral campaigns through widespread intimidation. Such practices have gradually proliferated ever since the contested 2005 election. The parties confront serious problems in presenting candidates for elections. Candidates are discouraged from running, and are intimidated by warnings and threats to their family members. Beyond such harassment, some signatures endorsing candidates can be refused and their candidacy thus cancelled. Suspension of candidates can also occur on grounds of bogus charges or claims that the candidate is under police investigation for an unspecified offence. Sometimes, last-minute shifts in regulations regarding the number of candidates to be fielded materialise. An additional method is the habitual closure of party offices, coupled with the arrest of actual and suspected party members and sympathisers.

Governing democracy – elections and the ebb and flow of political space

The Constitution provides for general, democratic elections every fifth year. According to Article 38, ‘every Ethiopian national, without any discrimination ... on the attainment of 18 years of age ... [has the right] to vote and be elected at periodic elections ... [which] shall be held by secret ballot, guaranteeing the free expression of the will of the electors’. A brief examination of the electoral pattern will show how the EPRDF has gradually consolidated its power while the political opposition has been correspondingly marginalised.

The first multiparty election was held in 1995, attracting international attention and observers to monitor democratic performance. The election process was peaceful with high turnout throughout the country, although some opposition parties boycotted. The EPRDF and its allied parties won 471 of the 547 seats, with the remaining 75 going to other parties, mainly from the peripheral ‘frontier regions’. In the 2000 elections the EPRDF further consolidated its position, but the burgeoning opposition was growing stronger and more vocal. The two first elections were both characterised as generally free and fair by international observers, with some irregularities due largely to administrative problems.

The 2005 elections marked a significant change: they were the country’s first genuinely contested ones, and were contested at both the regional and national levels (Tronvoll and Haggmann 2012). Whereas the EPRDF had won over 90% of the seats in the 2000 elections, in 2005 it won less than 60%, while the opposition increased its representation from 12 to an impressive 174 seats. The largest opposition party, the four-party Coalition for Unity and Democracy (CUD) took all but one seat in the Addis Ababa Council and all of Addis’ seats in the Lower House. The CUD also won 106 seats (36%) in the Amhara region, while opposition parties won 150 seats (27%) in the Oromo region and 77 seats in the Southern region (Gilkes 2015). These results came as a surprise to the government and the opposition alike, and were soon recognised as the first real test of the EPRDF’s commitment to democracy. The election process was generally characterised by open debate and a considerable opening of the political space for the opposition, although the government banned protests throughout the election period and some oppositional voices made allegations of substantial intimidation during the campaign including numerous arrests and random killings. The opposition’s financial support came primarily from the diaspora but also from international aid agencies operating in Ethiopia provided financial and material assistance to parties participating in the

election (Wondwosen 2009).²¹ As the opposition did not manage to present any joint or alternative programme, the campaigns were more about criticising the government than promoting a different vision.

Polling day was held without noteworthy incidents, although the opposition claimed massive irregularities – a critique that became muted once the results were out. The full final results were severely delayed: the election had been in mid-May, but the official results were not announced until 9 August. International observers criticised the National Election Board of Ethiopia (NEBE) for delaying and undermining the process, including post-election vote manipulation and voter intimidation in the 31 contested constituencies where elections were re-run in August. Those delays fuelled ongoing contestations, and riots erupted almost immediately. The CUD defied the ban and organised many public demonstrations. Student protests at Addis Ababa University evolved into stone-throwing demonstrations in the central Mercato area; security forces opened fire and killed nearly 40 protesters; there was a city-wide transport strike; restrictions were imposed on international and domestic media and journalists; and several opposition candidates were detained and put under house arrest (Gilkes 2015, Tronvoll and Hagmann 2012). In October 2006 it was reported that 193 civilians and six policemen had been killed (contrary to the official figures of 61 civilians and seven policemen) and almost 800 injured in the post-election turmoil.²² Members of the committee that produced the elections report said the government had tried to suppress the results when probing the EPRDF's commitment to democratic reform, and its vice-chairman – having fled the country after receiving death-threats

– said ‘This was a massacre ... These demonstrators were unarmed, yet the majority died from shots to the head. There is no doubt excessive force was used’.²³

If the election and what followed were a test of the EPRDF's commitment to democracy and the rule of law, the government failed miserably. However, the government drew the lesson that, in order to maintain control, it would need to impose new governance mechanisms to tighten its grip on political opposition, the free press, civil society and the involvement of international actors in Ethiopia (Fantini and Puddu 2016). The 2005 elections were undeniably critical to the formation of politics in Ethiopia.

In the 2010 elections, the EPRDF won a landslide, capturing 499 of the 547 parliamentary seats, with only two seats going to the opposition. International observers commented that the election was peaceful and well-organised, but was characterised by an uneven playing field as the EPRDF used state resources for its campaign.²⁴ During the run-up to the elections, observers claimed the government had taken decisive steps to ensure that it would be re-elected without protests or turmoil: political parties averred that their freedom to campaign had been curtailed and Human Rights Watch claimed that people had been intimidated into joining and voting for the EPRDF (HRW 2010).

In 2015 the premiership of Hailemariam Desalegn was reconfirmed in an election where the ruling EPRDF won with another landslide, taking 500 of the parliamentary seats, while EPRDF allies won the remaining 47 seats.²⁵ The 2015 elections follow a trajectory from 2005, with gradual narrowing of the political space and undermining of the political opposition; and although the violence of 2005 has not been repeated – although overt attacks on opposition leaders are frequent – political liberties and free-

21 International donors provided funding, via UNDP, to a party funding programme managed by the Electoral Reform International Service (ERIS). ERIS operated in collaboration with the National Electoral Board of Ethiopia (NEBE). ERIS provided funding political parties and independent candidates, including EPRDF (Wondwosen 2009).

22 *New York Times*, 19 October 2006: ‘Inquiry says Ethiopian troops killed 193 in ballot protests in ‘05’ <http://www.nytimes.com/2006/10/19/world/africa/19ethiopia.html?mcubz=0>

23 *Washington Post*, 18 October 2006: ‘193 protesters said killed in Ethiopia’ <http://www.washingtonpost.com/wp-dyn/content/article/2006/10/18/AR2006101800242.html>

24 <http://www.bbc.com/news/10153216>

25 In the regional elections of 2015, EPRDF and its allies took 1987 of 1990 seats.

doms are being eroded. In 2015 only 5.1% of the valid votes went to any of the opposition parties, none of which now has parliamentary representation. Official results show that the EPRDF gained all the contested seats in 2015, underscoring that Ethiopia has become a *de facto* one-party state. The political space is being incrementally narrowed: the passage of restrictive laws governing media, civil society and political funding has involved a deliberately broad definition of ‘terrorist’ groups that also includes non-violent political opponents (ECI 2017).

This narrowing of the political space intensified with the imposition of a six-month state of emergency in October 2016, later extended for four months, due to, *inter alia*, anti-government protests, popular discontent and ethnically driven unrest in the Oromo and Amhara regions. The unrest erupted first in Oromia in mid-2014 in response to the ‘Addis Ababa and Surrounding Oromia Special Zone Integrated Master Plan’, setting out the government’s plans for expanding the area of Addis Ababa into the Oromo region to make room for industrial parks, infrastructure development and large-scale agricultural projects. Oromo officials saw this as a land grab by the federal government in violation of federal borders, and argued that the Oromo identity was being subverted in the name of urban and industrial development. The plan was later dropped²⁶ – indeed, an unprecedented move on the part of the EPRDF. The official explanation was that the citizenry had not been properly consulted, but it was widely held that the reason was discord within the party, from the OPDO in particular.

Nevertheless, the plan had sparked demonstrations that tapped into deep-rooted anti-government sentiments among the Oromo people. Demonstrations later came to engulf also the Amhara region, following a dispute where the ethnic and regional borders between Tigray and Amhara did not correlate.²⁷ In both Oromia and

Amhara, the homelands of Ethiopia’s two largest ethnic groups, protesters expressed their opposition to the EPRDF rule and its plans. Protests intensified in late 2015 and early 2016, causing riots and the death of 669 people, including 63 policemen.²⁸ The government imposed the state of emergency in order to deal with the protests and civilian unrest. The state of emergency, which was ended in August 2017, made clear the government’s willingness to use force rather than reforms in its dealings with the political opposition and protests. During the state of emergency, the government’s power brought mass detentions (some 22,000 people, according to official figures), using military troops to quell protests, imposing politically motivated criminal charges and numerous restrictions on people’s movement and communications.²⁹ Even after the end of the state of emergency, thousands remained imprisoned without charge; and the politically motivated trials of key opposition leaders, artists, journalists and others continued.³⁰ In early 2018, the Premier announced the release of political prisoners.³¹ February 15 he announced his resignation, which was followed by a new state of emergency pending the election of a new prime minister.

The next parliamentary election is due in 2020. Given the narrowing of the political space, the EPRDF’s strategy of dwarfing perceived opponents and the splintered opposition group, it is highly unlikely that a thriving opposition with genuine chances of contending for power will emerge by then. Any challenges to the EPRDF leadership are more likely to emerge from within than from the outside, as witnessed

26 BBC, 18 January 2016: Why Ethiopia is making a historic ‘masterplan’ U-turn. <http://www.bbc.com/news/world-africa-35325536>

27 BBC, 22 August 2016: What is behind Ethiopia’s wave of protests? <http://www.bbc.com/news/world-africa-35325536>

28 BBC, 18 April 2017. Ethiopia rights body: ‘More than 600 protest deaths’. <http://www.bbc.com/news/world-africa-39619979>

29 *Al Jazeera*, 5 August 2017: Ethiopia lifts states of emergency imposed in October. <http://www.aljazeera.com/news/2017/08/ethiopia-lifts-state-emergency-imposed-october-170805044440548.html>

30 Human Right Watch, 7 August 2017: State of emergency ends in Ethiopia. <https://www.hrw.org/news/2017/08/07/state-emergency-ends-ethiopia>

31 *BBC* 3 January 2018: Ethiopia to release political prisoners, says prime minister. <http://www.bbc.com/news/world-africa-42552643>

by the OPDO's disagreement with the plan to extend the city borders of Addis Ababa. Although Hailemariam, originally from southern Ethiopia, increased Oromo representation in the cabinet with the November 2016 reshuffle, tensions within the EPRDF remain, reflecting broader concerns about the TPLF-dominated coalition. It is further rumoured that TPLF itself is increasingly divided between youthful technocrats and older politico-strategic and ideological heavyweights (ECI 2017).

These are among the reasons that the EPRDF is being referred to as an *authoritarian regime*. This is also reflected in its deteriorating score on the Democracy Index ranking, where Ethiopia in 2017 is ranked 129 out of 167.³² The post-1991 situation and particularly the challenges to democracy after 2005 indicate that Ethiopia has a one-party dominant system where the state and political system have become intrinsically intermeshed, through the successive electoral victories and the means and measures employed to ensure control – and thus has weak prospects of future change of government by democratic processes (see Southall 2005; Suttner 2006).

Civil society

The civil society is an aggregate term describing individual and collective actors not part of the public or private sector who voluntarily organise to manifest citizens' interests and will. As such, the civil society nominally holds an important role and function in any democracy. In Ethiopia, civil society organisations (CSOs) that are not part of the state or business sectors have become increasingly evident in the post-1991 political discourse. They include non-governmental organisations, advocacy organisations, professional associations, cooperatives, trade unions, religious organisations, business institutions and the independent press. The legal and institutional basis for the operation of CSOs in Ethiopia is provided by the rather restrictive Charities and Societies Proclamation, declared in 2009 (Proclamation no. 621 of 2009) as a direct response to the controversial elections in 2005.

The Proclamation outlines the rights and responsibilities of CSOs, classifying them into two broad groups: charities and societies. A *charity* is an institution established for exclusively charitable purposes and benefit to the public (Article 14 Section 1). A charity may be formed as a charitable endowment, a charitable institution, a charitable society or a charitable trust (Article 15 Section 1). As for the second group, a *society* is defined as an association of persons, organised on non-profit making and voluntary basis, to promote the rights and interests of its members and undertake other lawful purposes (Article 55 Section 1). The Proclamation bars charities that receive more than 10% of overseas funds from engaging in the promotion of mainly human rights – unrealistic for a country which is highly dependent on foreign aid and where local financing is negligible. The proclamation thus puts great restrictions on the CSOs, and is just one expression of the narrowing of the political space in Ethiopia since the 2005 elections.

Despite claims that this proclamation merely developed an enhanced legal and institutional environment for CSOs to operate in, the government has systematically imposed tighter methods of control to prevent them from influencing policy and legislation. This has dramatically altered Ethiopia's civil society landscape. Many Ethiopian CSOs today are operating in a very limited capacity, and their numbers have dwindled. Prominent CSOs, including the Ethiopian Human Rights Council (EHRCO), the Action Professionals Association for the People (APAP) and the Ethiopian Women Lawyers Association (EWLA), are unable to advance rights-based approaches, or to work on policy and advocacy and good governance. To accommodate the new law, APAP changed its objectives and registered itself as a resident charity in order to engage in service provision. The remaining CSOs are limited to implementing projects on the delivery of social services in rural and urban areas, especially in health, education and food-security activities.

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³² <https://www.eiu.com/topic/democracy-index>

Media

The media in Ethiopia are weak and have been ineffective in stimulating public debate on key political, social and economic issues. The state-run media have access to relevant government information: the *Ethiopia Broadcasting Corporation* (EBC) as a radio division reaching nearly an audience of 45 million people on medium wave; there is also the *Ethiopian News Agency*, firmly controlled by the EPRDF, which also operates *Dimtsi Woyane Tigray* (DWET), *Radio Fana* and *Walta Information Center*. All these assets provide the EPRDF with advantages in terms of managing the flow of information and public relations. In addition, the regions operate various broadcasting systems, including *Harari Radio*, *Radio Voice of the South* (RAVOS), the *Addis Ababa Mass Media Agency*, the *Tigray Mass Media Agency*, the *Oromia Mass Media Agency* and the *Amhara Mass Media Agency*; most of these have radio and television divisions. Further, the *Ethiopian Press Agency* owns four newspapers: the dailies *Addis Zemen* and *The Ethiopian Herald* and the weeklies *Al Alem* and *Berissa*. The Addis Ababa city administration also has an official organ, *Addis Lissan*.

And then there is the private press, with weekly newspapers publishing in Amharic (the most prominent of which are *Addis Admas* with average circulation of 25,000 copies, *The Reporter* and *Sendeq*) and in English (the most prominent of which are *The Daily Monitor* and *The Reporter*, with average circulation of 1,400 copies, *Fortune* and *Capital*).

Largely confined to the capital and other major cities, and openly critical to the EPRDF-led government, the private press supplies alternative sources of information to the public and disseminates the views of the oppositional political parties. It is regularly subjected to intense intimidation, persecution, targeted detention and deliberate disruption by the government. During elections, EPRDF officials, candidates, policies and positions on multiple issues get considerable coverage in the state-owned media. Only the private press tends to give sympathetic coverage to opposition political parties; these

parties have fewer opportunities and are otherwise virulently denounced.

After the 2005 elections and the ensuing violence, most newspapers opposed to the government were closed, either because their editors and journalists had been arrested or fled the country, or because the presses refused to print their pages. Several prominent journalists have been imprisoned on terrorism charges, but actually for reasons directly associated with their work. Ethiopia has amongst the highest number of exiled journalists in the world; according to Human Rights Watch, it is also among Africa's leading jailors of journalists and has little independent media.³³

Human rights

Ethiopia is a member of the United Nations and the African Union, and held the vice presidency of the UN Human Rights Council in 2016. Ethiopia has ratified several international and regional human rights conventions relating to these multilateral bodies and beyond.³⁴ As per the 1994 Constitution, all international agreements ratified by the Ethiopian Parliament are an integral part of the law of the land. The Parliament incorporates these instruments into national law through a ratification proclamation, identifying the international instrument which is the subject of ratification and declares that the instrument is ratified. Despite the formal institution and instruments are formally in place, the practical realisation of human rights in Ethiopia remain a concern to international actors.

33 Human Rights Watch, Ethiopia country brief: <https://www.hrw.org/africa/ethiopia>

34 These include international human rights conventions such as the International Covenant on Economic, Social and Cultural Rights of 1966; International Covenant on Civil and Political Rights of 1966; International Convention on the Elimination of All Forms of Discrimination Against Women of 1979; Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment of 1984; Convention on the Prevention and Punishment of the Crime of Genocide of 1948; Convention Relating to the Status of Refugees of 1951 and its Protocol of 1967; as well as regional human rights conventions (e.g. OAU Convention Governing the Specific Aspects of Refugee Problems in Africa of 1969; African Charter on the Rights of Welfare of the Child of 1990). For a full overview, see www.claiminghumanrights.org/ethiopia.html

In 2000, Ethiopia set up a national institution with primary responsibility for the promotion and protection of human rights, the Ethiopian Human Rights Commission (EHRC; Proclamation No. 210/2000).³⁵ The Commission has prepared two strategic plans for the periods 2006–2011 and 2012–2017. The mission statement in the former plan stipulates: ‘the Ethiopian Human Rights Commission will serve the citizens and peoples of the nation by promoting, protecting and enforcing the human and democratic rights of citizens and peoples as enshrined in the constitution and other laws of the land, as well as the international human rights conventions and instruments adopted by Ethiopia, and by ensuring that citizens and peoples can claim these rights.’³⁶

Approval of the EHRC budget is subject to consultations with the federal government, who provides the main part of this budget.³⁷ Supplemental funds also come from international actors such as the UNDP, UNICEF and selected Western embassies located in Addis Ababa, to counter the financial and manpower constraints that hamper the commission’s operations. This was addressed in the EHRC’s 2006–2011 strategic plan: ‘if the funding allocated to the Ethiopian Human Rights Commission by the parliament is insufficient, or conditional, or subject to control by interested parties, the commission will be hampered in its efforts to protect and promote human rights in Ethiopia.’³⁸ Despite some lack of experience, budgetary constraints and a narrow political space, the EHRC has made some notable achievements relating to e.g. human rights promotion and protection, human rights awareness creation, and complaint investigations.

Notwithstanding the ratification of international conventions, their inclusion in national law and the presence of a domestic human

rights commission, the human rights situation in Ethiopia gives rise to issues of critical concern. While promises and achievements were made when the current government came to power in 1991 and introduced democracy, the process of improving the human rights situation has deteriorated in recent years, especially since the 2005 elections. While Ethiopia has made major strides with regard to economic and social rights, there is consensus among the international community, particularly in Western countries, that political and civil rights are under extreme pressure. The conditions for freedom of expression and freedom of association have become much harder (see e.g. HRW 2017). In May 2014, in the second Universal Periodic Review of Ethiopia, members of the UN Human Rights Council addressed concerns related to political and civil rights, and the difficult conditions for civil society, the media and the political opposition. Freedom House ranks Ethiopia as ‘not free’, the result of a downward trend culminating in 2016 with the crackdown on anti-government protests in the Amhara and Oromia regions, leading to the state of emergency which further deprived civilians of their rights.³⁹

According to a comprehensive human rights report by the US Department of State (USDoS 2017), security forces – which at times acted independently and not under control of the civil authorities – used excessive force against protesters throughout 2016, killing hundreds and injuring many more.⁴⁰ More than 10,000 persons are believed to have been detained under the government-declared state of emergency, most of whom were never brought before a court, granted access to legal counsel or formally charged with any crime. Further, according to this 2017 report, the most significant human rights problems concern the excessive use of force by the security forces, arbitrary imprisonment of protesters, politically motivated prosecutions and

35 The EHRC is accredited by the Global Alliance of National Human Rights Institutions with B status, ‘partially compliant with the Paris Principles’. The latter are a set of international standards which frame and guide the work of National Human Rights Institutions (NHRIs).

36 Human Rights Commission, Strategic Plan, 2006, 7.

37 In 2014 the annual budget was Ethiopian Birr 18.2 million.

38 Human Rights Commission, Strategic Plan, 2006, 101.

39 <https://freedomhouse.org/report/freedom-world/2017/ethiopia>

40 Human Rights Watch reported an estimate that security forces killed more than 500 protesters, confirmed by the Prime Minister, who stated saying that the deaths in Oromia Region alone ‘could be more than 500’ (quoted in USDoS 2017: 1).

restrictions imposed on civil society and NGO activities (USDoS 2017).

The report lists a range of other human rights problems in Ethiopia. These include arbitrary killings, disappearances, torture, impunity and general concerns with the legal system and an overburdened judiciary subject to political influence; restrictions on freedoms related to speech, the press, assembly, association, movement, academia, internet and cultural events; violence and societal discrimination against women, persons with disabilities, discrimination on the basis of gender identity and sexual orientation, and persons with HIV/AIDS; and abuse of children, child labour and forced child labour (USDoS 2017).

There are some signs of possible improvement – and future uncertainties. In early 2018 Prime Minister Hailemariam Desalegn announced the release of political prisoners and the closure of a detention centre, allegedly used for torture, in order to ‘foster national reconciliation’.⁴¹ The statement should thus be seen in context of the

41 *BBC*, 3 January 2018: Ethiopia to release political prisoners, says prime minister. <http://www.bbc.com/news/world-africa-42552643>

anti-government protests peaking in 2016 and 2017 and as a way to signal an opening of the political space. It has also been seen as a way to curb foreign interference and to maintain international support for its regime and its projects, as e.g. the GERD.⁴² In January 2018 about 6,000 prisoners were freed, and in early February it was announced that yet another 746 prisoners would get their freedom,⁴³ including the prominent journalist Eskinder Nega and senior opposition candidate Andualem Arage serving respectively 18 years and life sentence on terrorist charges. 14 February these two, among others, was released from prison.⁴⁴ The day after, 15 February, Hailemariam Desalegn announced his resignation as prime minister, and pending the appointment of his successor, the government imposed a new state of emergency.

42 *Al Jazeera*, 9 January 2018: Why did Ethiopia decide to release political prisoners? <https://www.aljazeera.com/indepth/opinion/ethiopia-decide-release-political-prisoners-180108133518962.html>

43 *New York Times*, 8 February 2018: Ethiopia to free 746 prisoners <https://www.nytimes.com/2018/02/08/world/africa/ethiopia-prisoners.html>

44 *Deutsche Welle*: Ethiopia releases high profile political prisoners. <http://www.dw.com/en/ethiopia-releases-high-profile-political-prisoners/a-42590273>

4. The economy – structure, concerns and performance

The Ethiopian economy is hailed internationally as a ‘miracle’, and the government is celebrated for having ‘cracked the code’ of the East Asian Tigers and adopting their lessons as precepts for Ethiopia. Citing official statistics, the government repeatedly claims double-digit economic growth rates over the last decade. IMF and World Bank staff have not been able to confirm these figures, estimating instead a steady annual growth of 7–8% (IDA-IMF 2011). In September 2017 IMF estimated that GDP 2016/17 had increased by 9% since 2015/16.⁴⁵ Ethiopia’s economic progress is undeniable, but accurate quantitative measurement is difficult.

Impartial analysis of the Ethiopian economy is practically impossible, because of the difficulties in verifying basic data reported by the Ministry of Finance and Economic Cooperation (MoFEC)⁴⁶ and the Central Statistical Agency. This is due mainly to inadequate resources, limitations in methodologies, use of outdated data – and political factors. Further, government institutions are unable to obtain reliable information on the substantial informal sector, particularly regarding agricultural yields, despite the millions of small-scale establishments operating throughout Ethiopia (Evans 2012).

Ethiopia’s economic and development strategies are based on a hybrid model that links the concept of the developmental state with the neo-liberal logics of market liberalism (Fantini and

Puddu 2016). At the level of rhetoric, free-market principles are not contested by the government. Indeed, the overall framework of Ethiopian development is theoretically set to emerge within the context of free-market capitalism. In practice, however, free-market principles are considerably undermined because the overall political and economic system current under construction is designated as ‘revolutionary democratic’: the EPRDF is to serve as a vanguard party leading the people under the banner of the party representing the people. In this system, the revolutionary democratic government plays several proactive roles – in guiding and intervening in the market, filling gaps and undertaking infrastructure development (Lefort 2015).

The dichotomy between a developmental state and a market economy is not only ideological but reflects geographical pattern as well: in the Ethiopian highlands, concerns for egalitarian agricultural growth and food security guided the launch of the Agricultural Development-Led Industrialisation (ADLI) programme, based on the premise that labour-intensive, smallholder agriculture – backed by improvements in technology, market access, and state ownership of land – would raise yields and boost the economy. By contrast, in the lowlands where land is deemed idle if inefficiently exploited, the government has been undertaking massive investments in commercial agriculture to increase the production of raw material and food staples (Lavers 2013). ADLI is ultimately an industrialisation strategy aimed at increasingly agricultural productivity significantly. Agricultural growth and improvement in rural living standards were not defined or understood as the paramount objectives, but were seen

45 IMF 2017. IMF staff completes 2017 Article IV Visit to the Federal Republic of Ethiopia. September 2017. See www.imf.org/en/News/Articles/2017/09/26/pr17371-imf-staff-concludes-2017-visit-to-the-federal-republic-of-ethiopia

46 Previously the Ministry of Finance and Economic Development (MoFED).

as a by-product of ADLI, which was focused on industrialisation. Agricultural development was to lead to industrial development by providing raw materials for industrial development and by creating an ever-expanding market for industrial goods. Moreover, population pressures in rural areas and the consequent fragmentation of land would be relieved through employment opportunities in the growing industrial sector.

By being high-modernistic and authoritarian, combining the free market and developmentalism, the government aims to make Ethiopia a middle-income country by 2025, as set forth in its Growth and Transformation Plan II (GTP2). Achieving this objective will require boosting agricultural productivity, strengthening the industrial base and fostering export growth. The government has identified the energy sector, hydropower in particular, as central to this strategy for development and economic growth. Hydropower is also pivotal to the government's ambition of achieving a Climate-Resilient Green Economy (CRGE), with greenhouse gas emissions by 2030 limited to 2010 levels. While 2025 was the original CRGE target, 2030 has since been communicated to the UN Convention on Climate Change.

The government appears serious about achieving a green economy. It fully understands that climate change will directly intensify the frequency and severity of droughts in Ethiopia, setting back progress for years to come. It recognises that the agricultural sector has been putting increasing pressure on natural resources, as well as generating around 50% of greenhouse gas emissions in Ethiopia. The CRGE strategy, launched in 2011, sets ambitious objectives for streamlining climate through all relevant development sectors and for achieving carbon-neutral growth (Evans 2012). It rests on four pillars: expanding electricity generation from hydropower; improving crop and livestock production practices; protecting and re-establishing forests for their economic and ecosystem services; and leapfrogging to modern and energy-efficient technology in the transport and industrial sectors. The government advocates the use of alternative energy such as solar-

hydro- and windpower to mitigate the problems of deforestation, erosion and desertification prevalent in many parts of Ethiopia.

Transformation of the agricultural sector

As the main driver of the Ethiopian economy, agriculture greatly influences economic performance as well as future potential. Agriculture is the source of income for 85% of the total population; it generates about 90% of export earnings and supplies about 70% of the country's raw material requirements for industries. However, it is also the least developed sector. Ethiopian agriculture is still dominated by rain-fed subsistence production, and is highly vulnerable to variations in climate. Recurrent droughts continue to make food security a critical issue for millions of smallholder farming households. Moreover, the technologies used are resource-demanding and outdated, with heavy dependence on livestock power for most farming activities and peasants cultivating the land with hoes and ox-drawn steel-tipped ploughs.

The second Growth and Transformation Plan recognises agriculture as main driver of the economy, singling out smallholder agriculture as the priority area for the envisaged transformation: achieving sustainable increases in agricultural productivity and production, accelerating agricultural commercialisation and agro-industrial development (including value chains), reducing degradation, improving productivity in natural resources, achieving universal food security and protecting vulnerable households from natural disasters. The ultimate objective is an annual increase in agricultural production of approximately 8.1%. Agricultural extension programmes have been fairly successful in boosting agricultural productivity and improving food security (Kassahun 2012), but transforming Ethiopian agriculture is deeply entangled with the issue of land ownership.

Land scarcity and land rights are challenging and contentious issues, for the individual small-holder and the national economy alike. Of Ethiopia's total land area of c. 1.1 million km², about 66% or 73.6 million hectares is deemed

potentially suitable for agricultural production (Tsegaye 2016). Of the total land suitable for agriculture, currently cultivated land is estimated at 22% or 16.5 million hectares. About 96% of the cultivated land is farmed by small-holders who, lacking formal land ownership rights also lack the incentives to develop the land further. Most peasants are subsistence farmers, and only a small portion produce cash crops. The remaining 4% of the land is used for government and privately owned commercial farming. Rural areas are becoming increasingly vulnerable to the combined effects of factors like land scarcity, environmental and climate change, population growth, land acquisition for industrial agriculture, and a rural economy that offers limited opportunities for alternative non-agricultural income generation at household and national levels (Tsegaye 2016).

Despite considerable pressure from the IMF and Western governments, the government has not applied free market principles to land, which is an ideologically laden, highly politicised issue. Instead, the EPRDF reaffirmed the principle of the 1975 land reform, even enshrining it in the 1994 Constitution. Consequently, all land is owned by the state under the rationale that the people own the land, the government represents the people, and thus the government administers the land on behalf of the people. Herein lie the roots of the centralised state's control of and in the periphery, as government staff at the local level (*kebele* and *woreda*) are key figures in distributing and granting access to land.

A major point of controversy is the restrictive land tenure system, which provides farmers with few incentives to invest in vital improvements in productivity. The government has continued to resist calls to allow private ownership, arguing that privatisation will lead to the sale of land to speculators and encourage rural–urban migration. The government fears the spectre of millions of peasants migrating to cities that lack the capacity – jobs, housing and infrastructure – to accommodate such an influx.

Unemployment is among the more serious political problem and worrying economic issue

facing Ethiopia today. There are no reliable data on unemployment; and statistics produced by the Ministry of Labour and Social Affairs appear seriously incomplete – an effect of the vast informal and subsistence based economy. There is no official unemployment rate; actual unemployment among youth may be as high as 60%. Youth constitute the overwhelming majority of Ethiopia's population: 70% of the population is estimated to be under the age of 25. Essentially excluded from the mainstream economic and political discourse, youth are the most politically volatile group. They mounted the violent protests of 2016 and will undoubtedly instigate future social upheavals if their needs for jobs, income, social security, education, etc. are not met.

The marginal role of the private sector

The private sector is nominally and in theory accorded a prominent place in official policies, but this is not reflected in practice or in the government's revolutionary democratic vision (Alemayehu 2005, Peterson 2015). On the contrary, the private sector faces government restrictions that undermine its progress and role in the economy. Achieving an economic transition towards a market economy with increasing private ownership has been a major objective ever since the EPRDF came to power in the early 1990s. Soon after the turn of the millennium, the reform process had largely halted (SIDA 2004); progress since then has been limited, apparently due to lack of will on the part of the government. Its actions in legislation and policy revision are understood as largely paying lip service to the donor community, while donors have been urging urge the government to shift its public-sector-led growth strategy to a private-investment-led model, to sustain long-term economic growth.⁴⁷

Most of the current private sector is informal and oriented mainly towards the service sector. In terms of industrial establishments, there are few small-scale businesses. Some 80% of the

⁴⁷ *The Africa Report*, 19 June 2015: Ethiopia: The IMF urges private sector involvement in economy. <http://www.theafricareport.com/East-Horn-Africa/ethiopia-imf-urges-private-sector-involvement-in-economy.html>

larger private business sector is dominated by two interlocking conglomerates,⁴⁸ which enjoy preferential government treatment and have access to foreign currency – and are involved in cut-throat competition for greater power and resources.

This points to the importance of politics for understanding current economic development in Ethiopia. The predominance of politically connected companies in key economic sectors is bitterly resented by independent private entrepreneurs, some of whom have had to close down because they could not compete for government support. It is also resented by the general public, who see this as an ethnic-based system of deliberate economic domination and exploitation.

There is an evident lack of liberalisation in key sectors such as banking, energy, telecom and transport, although donors – the World Bank in particular – have been pushing for this (Sending and Lie 2009). For instance, Ethio Telecom has a monopoly of telecommunications and mobile phone operations. Only 3% of Ethiopians have Internet access, among the lowest figures for Africa, and even those fortunate Ethiopians struggle with unreliable or slow connectivity. There are no plans to remove restrictions on private participation and allow the private sector to compete with existing monopolies. The government has resisted international pressure to open up the banking sector, arguing that local institutions are not yet strong enough to compete with foreign banks.

In the banking sector, the government-owned Commercial Bank of Ethiopia (CBE) is the dominant market player. It is the only financial body able to finance long-term investment with the assistance of the National Bank of Ethiopia (NBE). The CBE has been regularly accused of corruption due to unregulated lending to government-owned companies, EFFORT, MIDROC

48 The one set of companies is the Endowment Fund for the Rehabilitation of Tigray (EFFORT), associated with the TPLF. The other set is Mohamed International Development Research Organization Companies (MIDROC), owned by Sheikh Mohamed Al-Amoudi, an entrepreneur of mixed Ethiopian–Saudi parentage and with strong Saudi Arabian financial connections.

and a select few with political connections or connections with bank officials. This has caused occasional internal fighting, as well as the imprisonment of several bank officials and client representatives.⁴⁹

Since the early 1990s, around 16 local private banks have been established.⁵⁰ They have taken an increasing share of business and account for about 30% of outstanding credit. Most of these private banks have recorded significant profit rises, reflecting growing activity in the economy. However, access to foreign exchange remains difficult for the private banks, because of the dominant position of the CBE. The status and independence of the NBE have also been questioned, as the government regularly uses it to intervene in the financial sector.

Structure and performance of the economy

Details on the structure and performance of the Ethiopian economy are rather limited, and the reliability of available data seems questionable, as the government controls both the production and dissemination of these statistics.⁵¹ The Ministry of Finance and Economic Cooperation (MoFEC) reported that the economic growth between 2005 and 2010 was at an average of 11%, apparently outperforming many other African economies. There is little doubt that the Ethiopian economy has been growing since 1991, although recent official figures on economic growth need further nuancing, and

49 Africa Business Communities, 11 August 2016: ‘Commercial Bank of Ethiopia staff charged with fraud as insider theft in banking sector rises’ <http://africabusinesscommunities.com/news/ethiopia-commercial-bank-of-ethiopia-staff-charged-with-fraud-as-insider-theft-in-banking-sector-rises.html?src=ilaw>; Africa News, 28 July 2017: ‘Ethiopia puts 37 people before court over high-level corruption’ <http://www.africanews.com/2017/07/28/ethiopia-puts-37-people-before-court-over-high-level-corruption/>

50 These include Dashen, Enat, Zemen, Buna International, Awash, Debut, Abyssinia, Wegagen, Lion International, NIB, Abay and United. No public study has been conducted of their performance over the past 20 years. <http://www.nbe-bank.com/financial/banks.html>

51 Much of the data in this section come from Ministry of Finance and Economic Development, *Survey of the Ethiopian Economy 2009/2010*, Addis Ababa, 2011.

should not be exaggerated (Lefort 2015). World Bank (2016) figures hold that the economy grew by 10.3% in 2014, 8.6% in 2015 and 8.5% in 2016. The African Development Bank Group holds that real GDP growth 2015–2017 was 8%, down from 10.4% in 2014/2015 due to global economic changes, market contraction in China (a key importer of Ethiopian products and the country's most important investor), the effects of the El Niño-induced drought and instability caused by public protests in the Amhara and Oromia regions.⁵² The overall growth can be ascribed to favourable climatic conditions, well-intentioned government policies, increased land under cultivation, expanded extension services and also greater use of improved seeds and fertilisers.

The economy has shifted slightly from agricultural dominance towards the service sector in terms of the contribution to GDP, in line with Ethiopia's Growth and Transformation Plans (GTP I, II). These GTPs have been underpinned by efforts to transform the country from an agricultural-based economy into a manufacturing hub (Bezu and Holden 2014). To this end, the government has focused on infrastructure development such as transport and energy facilities, investments in health and education, urban and rural development and creating industrial clusters (ECI 2017). Further, the government is investing in and subsidising the creation of industrial parks. These include the Hawassa Industrial Park, the largest in sub-Saharan Africa, opened in mid-2016 and centred on the export of textiles and garments; there are also the Kombolcha and Mekelle industrial parks, opened in early 2017 and built at an estimated cost of USD 250m. In January 2017 the government issued contracts worth USD 650m to Chinese contractors to build three more industrial parks.⁵³ One will be in Jimma, focusing on garments; the two others will be built adjacent to the capital, one focusing on clothing and the other on pharma-

ceuticals and medical equipment. These heavy investments in industrial parks demonstrate not only the government's ambition to reorient the economy, but also its inclination to developmental approaches and central dirigisme – resulting in a level of economic growth hardly imaginable a decade or two ago.

Export earnings surged continuously from a low level of USD 1 billion in 2005, but plummeted with the great recession of 2009 (Mishra 2011). Ethiopian exports averaged at USD 631 million from 2006 to 2017, peaking at USD 984 million in the second quarter of 2012.⁵⁴ The developments in export earnings have been disappointing over the past three years – the volume increase from 2014/2015 to 2015/2016 did not help mitigate lower export earnings due to lower prices (World Bank 2016). While the government insists on its economic performance, this estimated decline in growth and the observed decline in public expenditure and private consumption are expected to impact negatively on the incidence of poverty (Getnet 2010, Verick and Islam 2010). The main share of Ethiopia's export comes from primary agricultural commodities, but earnings remain vulnerable to price shifts in the international market. Coffee is still the largest earner of foreign exchange from exports (USD 745m, 31.6% of total export), followed by oilseeds (22%), live trees, plants and cut flowers (11%).⁵⁵ Coffee sustains the livelihoods of more than one million coffee-growing households, an estimated 15 million people in total (Petit 2007). Oilseeds have become valuable export items mainly because of high sales of sesame to China. Other growing export items include leather and leather products, live animals and meat, gold, pulses and horticultural products. Main export destinations are Germany, China, Saudi Arabia, the Netherlands, the USA, Sudan, Djibouti, Italy and Japan. Ethiopian exporters have established steady markets in the Netherlands, which is the main destination of Ethiopia's flowers; Djibouti and Somalia are the major importers of khat.

52 AfDBG. 2017. Ethiopia Economic Outlook. www.afdb.org/en/countries/east-africa/ethiopia/ethiopia-economic-outlook/

53 For a full list of industrial parks, see <http://www.ipdc.gov.et/index.php/en/industrial-parks>

54 <https://tradingeconomics.com/ethiopia/exports>

55 <http://www.worldstopexports.com/ethiopias-top-10-exports/>

Ethiopia's import needs are vast and rapidly rising, due to the expanding economy, higher purchases of capital equipment especially for donor-backed projects and new aircrafts for Ethiopian Airlines, private investment in manufacturing industries, increasing consumption demands, fluctuations in international oil prices and an overall increase in economic activities. Main trade imports are food, animals, machinery, transport equipment, textiles, cereals and fuel. China is Ethiopia's largest import partner, but Saudi Arabia, India, Italy and Japan also have significant shares. Owing to heavy imports, especially of petroleum products, but also weak international commodity prices, Ethiopia does not enjoy a favourable balance of trade: the import/export imbalance has reached nearly 20% of GDP (World Bank 2016). The current level of Ethiopia's net international reserves is 1.8 months of imports (IMF 2016). The government expects to address this low level of international reserves through growing export revenues, FDIs and continued support from the donor community.

Tax revenues constitute the bulk of Ethiopia's total revenues, amounting to Birr 43.3 billion in 2009/2010 and close to Birr 80 billion in 2014/2015.⁵⁶ However, tax collection from the informal and agriculture sectors remains poor and under-utilised. Although agriculture contributes more than 42% to GDP, it generates less than 2% of the government's tax revenues. The government has been making considerable efforts to restructure the tax system and amend the existing three tax categories. The low level of tax collection has made government financing of investments increasingly dependent on external loans and grants. External aid has become a steady source of income.

Tax-related issues are as sensitive as they are important, and call for trust and cooperation on the part of key actors in the economy. In early August 2017, investigators from the Revenues and Customs Authority (RCA) made a series of arrests, in hot pursuit of a ring of businessmen allegedly involved in massive tax evasion. Most of

the arrested individuals own small and fraudulent front companies, and are involved in transactions far larger than their disclosed turnovers. The RCA is also seeking to establish whether some of the suspects are loan-sharks, engaged in lending activity that can be licensed only by the NBE.

In 2015 the diaspora sent a record-high USD 3.7 billion into the Ethiopian economy. These remittances – up from USD 1.5 billion in 2011 – exceed the total contribution of foreign donors as well as the income realised from the export sector that year. Nearly two million Ethiopians live and work abroad, mainly in the USA, Europe and the Middle East. The government estimates that hundreds of millions of dollars are sent through illicit channels into Ethiopia.

Poverty, inequality and development

Despite the EPRDF government's performance in pursuit of its ambitious growth objectives, Ethiopia remains among the poorest countries in the world. The government's reiteration of double-digit economic growth based on its own figures and the impressive infrastructure development underway in central areas mask critical concerns in the hinterlands, also revealed when other data sources are consulted. The government's statistical indicators must be questioned, likewise the centralised performance of a strongly state/party-led economy that aims not only to control strategic sectors and material resources, but also to orient people's lives towards development (Prunier and Ficquet 2015). In working to make Ethiopia a middle-income country by 2025, it will be crucial to ensure that the measures undertaken are not limited to a favoured few, the urban areas or to indicators focused solely on macro-economic issues. It is widely felt – ever since the early 1990s and increasingly so, as witnessed by the demonstrations preceding the government's ten-month state of emergency that ended in August 2017 – that wealth and resources are unevenly distributed and that certain regions and groups receive preferential economic treatment and resources. While such sentiments tend to be officially refuted, they have resonance in statistics: according to the World Bank, in 1996

⁵⁶ Equivalent to roughly 1.6 and 2.9 billion USD respectively.

56% of the population in the regions of Tigray and Southern Nations, Nationalities and Peoples (SNNP) were living in poverty, compared to 36% in Oromia. Due to targeted government policies for boosting agricultural growth and basic services, poverty reduction has progressed more quickly in the regions where poverty was particularly high in 1996 – SNNP and Tigray thus indicating the priorities of the party-led state. The proportion of the population living beneath the national poverty line had converged to around one in three in nearly all regions by 2011 (World Bank 2015).

The government's budget is often hailed as being pro-poor, focusing on poverty reduction at an impressive pace compared to other African countries. The government has made headway in attaining the Millennium Development Goals (MDGs), particularly in gender parity in primary education, child mortality, HIV/ AIDS and malaria. With a GNI per capita of approximately USD 600 in 2015, Ethiopia is one of the poorest countries in the world.⁵⁷ However, government officials assert that the proportion of those living on less than USD 1.25 a day has dropped from 60% in 1995 to 30% in 2012. Moreover, thanks to considerable government spending on basic public services, households in many rural areas now have better access to access to education, health, clean water and infrastructure. They are also relatively less vulnerable to various shocks, as institutionalised coping mechanisms have been developed, including lending and safety net projects. Geography still matters for poverty alleviation and inequality. Four out of every five Ethiopians, estimated to pass the 105 million threshold in 2017, live in rural areas. Those living in remote locations are consistently poorer than those living near markets and services. Urban inequality rose from 1996 to 2006, but there has been a substantial decrease since then.

Progress is not without its problems Poverty remains widespread and the very poorest have not experienced the same improvements, which poses a challenge to achieving shared prosper-

ity in Ethiopia. Inequality measures focusing on poorer households show that national inequality has increased steadily from 2000 until 2011. Rates of educational enrolment, access to sanitation, and attended childbirths remain low. Some 80% of rural households and two-thirds of urban households still experience deprivation along at least one of these poverty dimensions (World Bank 2015).

Thousands migrate every year from rural to urban areas, whether in search of better work and living standards or forced out by land shortages. The result is greater urban unemployment. In urban areas, social aspirations also build up in the context of new high-rises, luxurious apartment complexes, fenced mansions and flashy cars owned by the richest. The latter are not only building immensely profitable empires: they also shun and look down on the poorest communities – an ominous sign that not much of the wealth being accumulated is trickling down. Such inequality runs counter to the prevailing narrative provided by the government, which has been seeking to achieve lower poverty levels through faster economic growth.

Ethiopia is experiencing growing inequalities despite strong economic growth and poverty reduction efforts. The government unfortunately underestimates the reality that an increasing number of urban households must survive on meagre incomes from petty trading or begging. Though data are lacking here, the problem is further compounded by the routine eviction of thousands of dwellers who must give way to the ever-expanding but unproductive development projects of the richest or foreign investors, with little consultation or compensation for the loss of their lands and properties. Even more seriously, young people, including thousands of school-leavers, cannot find government employment and struggle to support themselves and their families. The level of poverty can be gauged by the increasing number of extremely young women who enter the sex trade, lining the streets of Addis Ababa at night and crowding into restaurants, bars, hotels and nightclubs (Kefale 2012).

57 See <https://data.worldbank.org/country/Ethiopia>

Women, poverty and access to land

Political decision-making positions in Ethiopia have been largely off-limits to all but a handful of women. Women seem to be either excluded or marginalised from higher level political arrangements. The proportion of men elected and appointed as political leaders and decision-makers has remained highly skewed for the past 70 years (Gennet 2014).

In urban and rural areas alike, poverty places heavy burdens on women, who are denied access to and control over financial resources but must disproportionately bear responsibility for household management. Ethiopian peasant women are totally dependent on the income of their husbands with whom they labour under harsh conditions. Rural women work much longer days than men, spending 13 to 15 hours taking care of the children, animals, food processing and marketing (Hirut 2000). Similarly, in urban areas, the proportion of female workers in low- or no-skill jobs such as seasonal and short-term contract work is much higher than that of men. As a result, the average salaries of women are far less than those of men, who tend to occupy the high-paying managerial and professional positions (Ministry of Labour and Social Affairs 2014).

Historically, in Ethiopia, women have always been disadvantaged in the land tenure system.

Most areas were patriarchal mode, with the male as head of the family and in total control of land access and use. Until the end of the 20th century, land was distributed exclusively to men, leaving women without any legal rights, especially in case of divorce, inheritance and change of title deeds. A notable change came in 2000 with the revised federal family code (Proclamation No. 213/2000) which grants women (including widows and wives in polygamous marriages) equal rights in the management, transfer and ownership of property, also land. However, this family code has still not been fully implemented, because of entrenched customs such as polygamy as well as ignorance and mismanagement on the part of local government authorities. Moreover, different regions have adopted their own context-sensitive family codes.

What makes things worse is that land remains in the hands of the state: the government exercises total responsibility for how land is allocated and forbids the private sale of land. State ownership of land has undoubtedly further contributed to entrenching poverty and inequality, as men and women do not have full rights over the land and lack the motivation to invest in it. Finally, to maintain even nominal rights to land, households are required to show constant use, provide adequate maintenance and remain resident in the same area.

5. Regional foreign policy and relations to external actors

Ethiopia has an important and strategic geopolitical location at the heart of the Horn of Africa (Mesfin 2011). The country has for a long time been seen as an island of stability in a troubled region – a position which has offered both challenges and opportunities. The government knows how to capitalise on this. External threats and surrounding instability can provide space for domestic and regional policies, as international partners can be expected to be reluctant to react to the state's authoritarianism, for fear that regime change and instability in Ethiopia could have regional implications (Dereje 2011). As the seat of the African Union, Ethiopia has significant influence in Africa's international affairs. It also has the region's most powerful and best-equipped military.

Having by far the largest population in the Horn of Africa and being positioned at its centre, Ethiopia is the most influential country in the region. It might have become the hegemon on the Horn, ensuring regional stability. However, one reason that Ethiopia has not managed to forge a position as regional hegemon is that the country's and region's multi-ethnic character not only undermines domestic cohesion but also creates complex relations with surrounding states and nations. A further concern here relates to its geographical position as a fairly stable state surrounded by countries plagued by insecurity, fragility and collapse (Tadesse 2015a). This has caused unstable relations to neighbouring states, as conflicts in one country tend to spill over into others, assuming regional dimensions (Borchgrevink and Lie 2009).

Unlike some of its neighbours, Ethiopia has had a relatively stable political system, but the

EPRDF government has focused more on internal than regional stability. However, the country is interlinked with its surroundings, as shown by the continuing disputes related to access to the sea and the sharing of Nile waters (Borchgrevink and Lie 2009). These have remained critical issues for decades – if not centuries – defining Ethiopia's future and its place in the Horn of Africa. Ethiopia has been land-locked since 1993 when Eritrea gained independence following a referendum supported by Ethiopia. From initially cordial relations, the situation gradually deteriorated, partly due to Eritrea taxing Ethiopian port access. Conflicts ensuing from the loss of port access propelled the 1998–2000 war between Eritrea and Ethiopia (Negash and Tronvoll 2001, Lie 2009).

Ethiopia is the water-tower of Eastern Africa, controlling some 80% of the Nile waters after the Blue and White Niles merge in Khartoum. Increased usage of this water for irrigation and hydropower production has been hampered by international treaties and downstream countries' threats: particularly Egypt (but also, at times, Sudan) has seen Ethiopia's increasing use of the Nile's resources as a threat to its own security (Lie 2010). The government in Addis Ababa, however, has reassured downstream countries it will only halt the water and not deplete it through irrigation use. Nile resource usage nevertheless remains a regional concern, and Egypt sees it as a potential security threat. The Ethiopian government has international and strategic relations – as e.g. by supporting the US-led war on terror – though which it gains international support, boosting its regional negotiating power and enabling it to be more assertive *vis-à-vis* its

neighbours and donor-country demands (Dereje 2011).

The Grand Ethiopian Renaissance Dam (GERD) serves as a case in point. In 2011, when Egypt was occupied with pressing internal concerns, Ethiopia announced that it had decided to construct a large dam on the Blue Nile.⁵⁸ In April 2011 the late Prime Minister Meles laid the cornerstone of the dam, which is located about 20 kilometres from the Sudanese border and will, when finished, be the largest hydroelectric power-plant in Africa. With almost 6500 MW, the electricity produced will go both to internal use and export. As of late 2017, the dam was 62% completed; after completion, about a decade will be needed to fill the reservoir with water. Although the water will not be utilised and exhausted for irrigation purposes, it will be impeded – perhaps temporarily stopped – which is seen as a crucial concern for downstream countries: Egypt in particular is – or at least was – vehemently opposed, fearing that the dam will reduce its share of the Nile waters. The GERD not only reflects the Ethiopian government's developmental approach regarding the need for large-scale infrastructure development and the ambition to become a middle-income country – it also has significant domestic and international symbolic value, feeding into efforts to change the international image of Ethiopia as a famine-stricken place, as well as creating an internal sense of euphoria. It will make Ethiopia a regional power-house, as transmission lines are under planning or upgrading to export power to Sudan, Djibouti and Kenya.

Ethiopia shares with all states of the Horn of Africa porous borders that are very difficult to monitor fully. To the east, it borders on Djibouti (349 km), on Kenya to the south-east (861 km), to the north on Eritrea (912 km), to the south-west on Somalia (1 600 km); and in the west it borders on both Sudan and South Sudan (1 606 km) – the latter border stretching along six of Ethiopia's nine regions. With very little physically demarcated or settled borders, they are hard to

govern, and conflict in one area is likely to spill over to another – a potential security threat that the government uses to legitimise its resettlement programmes, as in the Gambella region (Feyissa 2005, Feyissa 2006, Lie and Borchgrevink 2012).

No part of the Horn of Africa is unaffected by Ethiopia's enduring presence and basic interests, which include securing its borders, containing external threats and ensuring political stability in the region. Ethiopia is arguably more affected by regional issues than any other state in the Horn of Africa. Historical experience has shown that this position has one significant disadvantage: the greater the number of states surrounding Ethiopia, the more it has had to deal with the variegated and often contradictory interests and claims of many states. For instance, the conflicts with Sudan (and Egypt) refer more to the historical and current usage of scarce Nile resources than to politics; also the Eritrea question appears less political and more connected to personal and historically evolving enmities with bitter rivalry (Negash and Tronvoll 2001).

Predicting whether these states will initiate active hostilities with Ethiopia, or whether hostile alliances will emerge, has never been easy. This, in turn, has meant that Ethiopian decision-makers have not been able to develop long-term policies and soberly measure possibilities. They can only react cautiously to circumstances as these arise: threats and opportunities change quickly in the Horn of Africa.

Prime Minister Hailemariam Desalegn represented a continuation of the foreign-policy line of the late Meles Zenawi. Hailemariam has not brought about any fundamental shifts in regional foreign policy, nor has he tried to overhaul the team who inform him on foreign affairs, which might account for him not having charted a course of his own. The National Security Council (NSC),⁵⁹ established in 2001, is instrumental in

58 According to the Italian construction company, Salina Impreglio, the work at the project site commenced in December 2010.

59 Members of the NSC: the Prime Minister, the Deputy Prime Minister, the Minister of Foreign Affairs, the Minister of Defence, the head of the National Intelligence and Security Service (NISS), the Minister of Federal Affairs and the Chief-of-Staff of the military. The head of the Office of the Prime Minister serves as Secretary to the NSC.

formulating, advising and supervising the implementation of all domestic, foreign and defence policies related to regional security. The NSC also assesses regional threats and makes recommendations to the Prime Minister on measures to be taken. Little is known about the inner workings of the NSC except that it is staffed only by a rudimentary administrative section.

Sudan

Historically, Ethiopia–Sudan relations have been problematic, marred by deeply embedded suspicion and rivalry. Already in 1959, Sudan signed a treaty with Egypt on the sharing of the Nile water resources that would impede Ethiopian usage for decades (Casção 2009, Arsano 2010). During the Derg era (1974–1991) tensions concerned ideological differences, support for rebel groups operating in each other's countries, and interference from external states using one country for cross-border operations into the other. A porous border and instability in the border region, notably on the Sudanese side, have resulted in massive migrations and refugee movement into Ethiopia. Sudan is also a transit country for migrants coming from or via Ethiopia.

Both Sudan and Ethiopia have invested considerable efforts aimed at normalising their relations after the 1998–2000 Ethiopian–Eritrean war. The war led both Ethiopia and Eritrea to solicit better relations with Sudan, which in turn wanted to come out of its international isolation and put an end to its southern conflict through the IGAD-led peace process.⁶⁰ Ethiopia and Sudan sought to enhance their economic and diplomatic relations mainly because of their interest in curbing Eritrean interests and ambitions.

There are around half a million Ethiopian refugees and migrants, mostly very young, living and working in Sudan, only 140,000 of whom have work permits (IOM 2011; 2017). They do not find it difficult to integrate and are mostly employed in manual, domestic and commercial occupations. However, they complain of police

harassment, exploitation by Sudanese employers and increasing competition for work.

The two states have signed several agreements as well as protocols and memorandums of understanding on transport and communication, oil supply, trade, water resources, port utilisation, harmonisation of standards, and investment. Ethiopia has been particularly interested in using Port Sudan, especially for production in its northern parts; after it lost access to Eritrean ports in 1998, almost all its foreign trade passes through the port of Djibouti. Sudan, for its part, imports products including cement, sesame, beans and fruits from Ethiopia and has become a major importer of Ethiopian products. Importantly, Ethiopia supplies electricity power to Sudan, thereby earning much-needed hard currency. With the completion of power projects with Djibouti and Kenya, the Ethiopia–Sudan interconnection could effectively establish the regional power market envisioned by Ethiopia, another milestone on the road towards regional integration (Verhoeven 2011).

Ethiopia has deployed thousands of peacekeeping forces in Sudan, fearing that a re-ignition of conflict would have massive repercussions on Ethiopia's security and its access to oil and export of electricity. This includes support to the AU/UN hybrid operation in Darfur (UNAMID)⁶¹ and the more recent UN mission in Abyei, the United Nations Interim Security Force for Abyei (UNISFA).⁶² Both should be seen in the context of Ethiopian ambitions to prevent conflict in the Sudan spilling over into Ethiopia. This has included the deployment of 4,200 Ethiopian troops to monitor the demilitarisation of the Abyei region, so that conflicts between Khartoum and Juba can be kept at a safe distance.

60 IGAD: Inter-Governmental Authority on Development, an eight-country trade bloc.

61 Reuters, 4 October 2007: Ethiopia pledges 5,000 peacekeepers to Darfur <http://www.reuters.com/article/us-sudan-darfur/ethiopia-pledges-5000-peacekeepers-to-darfur-idUSL0471002420071004>

62 *Sudan Tribune*, 15 January 2016: Ethiopian appointed force commander for UN mission in Abyei. <http://www.sudantribune.com/spip.php?article57706>

South Sudan

Ethiopia has been a natural close ally of South Sudan. The Sudan People's Liberation Movement (SPLM) originated within Ethiopia in 1983. However, it has avoided becoming directly embroiled in the South Sudanese crisis because of wider geopolitical and security considerations (Belachew 2013). At the risk of being perceived as insincere, given its many similar interventions in Somalia, Ethiopia holds that large-scale military intervention would be counterproductive in South Sudan. Ethiopia has encouraged Uganda to pull out its troops, even if they had entered at the request of the South Sudanese government. Ethiopia further believes that the military intervention on the part of Uganda has been deleterious to the regional dynamics and endangered the mediation efforts of IGAD. Ethiopia, however, has seen it as preferable and more efficient to make use of IGAD instead of unilateral action. Although it did not hold high expectations, and its capacity to 'punish' or 'reward' the two warring sides is less than that of Sudan or Uganda, Ethiopia has constantly sought to play a highly visible but balanced role in these mediation efforts (Angelo and McGuinness 2012).

The conflict in South Sudan presented Ethiopia with a political opportunity to demonstrate its diplomatic capacities, regional role and to prove itself a reliable partner of the international community, which has struggled to exert direct influence over events in South Sudan. Nevertheless, Ethiopia's strategic thinking concerning the South Sudan crisis has also been driven by important security concerns. First, the crisis has provoked an influx of large numbers of refugees into Ethiopia, which is currently struggling to accommodate the over 416,000 South Sudanese who have arrived since December 2013 (UNHCR 2017), largely Nuer women and children. Second, Ethiopia holds the crisis must be stopped before it develops into an irreparable ethnic conflict, complicating and further sharpening the political divide between the Nuer and Anuak ethnic groups living in Ethiopia's Gambella region. The Nuer are only the 26th largest ethnic group in Ethiopia, but are the second larg-

est in South Sudan (Dereje 2008, Dereje 2014). Third, the deteriorating security conditions on Ethiopia's long, porous and politically sensitive borders with both Sudan and South Sudan pose a direct security threat to Ethiopia. More than any other state in the Horn of Africa region and in the longer term, Ethiopia is concerned about maintaining the Dinka/Nuer balance in South Sudan. It seeks to prevent, at all costs, the total collapse of the South Sudanese government and a prolonged civil war.

Ethiopia also worries that a marginalised South Sudan could be used by Eritrea to destabilise Ethiopia, or that a new war between the two Sudans could further subvert its security. Ethiopia has involved itself actively in efforts by the African Union to broker high-level peace talks between South Sudan and Sudan, as well as between Sudan and the Sudan People's Liberation Movement-North (which is part of the Sudan Revolutionary Front (SRF)).

Eritrea

The strained relationship between Eritrea and Ethiopia has deep historical roots that frame the current situation. The two liberation movements, the Eritrean People's Liberation Front (EPLF) and the Tigray People's Liberation Front (TPLF), were very close partners during the armed struggle (1974–91) against the previous Ethiopian government: some have seen it as a natural kinship among groups sharing history, culture and ethno-linguistic features (Spears 2010). This relationship, however, has often been one of tension and hostility rather than cooperation, particularly regarding the distinct ideologies, military strategies and political and administrative systems of the liberation movements. These differences surfaced and escalated once the liberation movements in 1991 lost their common enemy after toppling the Derg regime, and were further exacerbated following Eritrea's independence-by-referendum in 1993 (Negash and Tronvoll 2001, Mulugeta 2011). With Eritrea's independence, Ethiopia lost direct access to the Eritrean port of Assab. Taxation on Ethiopia's port usage were imposed, land-locking Ethiopia

and curtailing its access to global markets. From amicable relations, exemplified by Ethiopia's acceptance of the referendum leading to Eritrean independence, tensions gradually rose.

A series of border contentions ensued between the two countries. The TPLF and the EPLF had agreed to settle the border issue after the end of the armed struggle, but the matter was not raised until 1997, when relations had already become strained. In 1997, Eritrea claimed that Ethiopian military forces had invaded Eritrean territories. Both states agreed to establish a joint border commission to settle the issue peacefully, but before they managed to reach an agreement, Eritrea in May 1998 moved militarily into Badme town and its environs along the non-defined border. Within a few months, what began as a small border dispute over a barren strip of land evolved into a full-scale, prolonged war (1998–2000), killing an estimated 70,000–100,000 people, displacing 1 million civilians – and squandering a generation of development opportunities.

In June 2000, Eritrea and Ethiopia signed a ceasefire agreement brokered by the Organisation of African Unity (OAU, precursor to the AU), agreeing to establish a Temporary Security Zone (TSZ) along the border, to be patrolled by UN peacekeepers – the United Nations Mission in Ethiopia and Eritrea (UNMEE) – from September 2000 to July 2008. In December 2000, the parties signed the Algiers Peace Accord, establishing the Eritrean–Ethiopian Border Commission (EEBC) to delimit and demarcate the border and the Eritrean–Ethiopian Claims Commission (EECC) to determine the *jus ad bellum*, whether entering into war was legally allowable. Both parties agreed that the decisions of these commissions would be final and binding.

The EECC ruled that Eritrea had broken international law and triggered the war by invading Ethiopia. The EEBC demarcated the border by coordinates, establishing the town of Badme as Eritrean. Ethiopia, however, maintained its claim over Badme (Shaw 2007, Tronvoll and Nystuen 2008), and refused to implement the EEBC decision. It later accepted the ruling in principle, while claiming it was both wrong

and unjust, and called for dialogue, which was rejected by Eritrea. Ethiopia's reluctance to abide with the EEBC ruling has been seen as a major reason for the current state of affairs regarding the border conflict (Pratt 2006: 339).

The EEBC was dissolved after handing down its decision, leaving UNMEE as the only international entity explicitly dealing with the border issue. Ethiopia never withdrew its formal consent to the UN mission, but gradually imposed restrictions on the mission's size and room for manoeuvre, thus undermining the mission ability to operate; that then led the UN Security Council to terminate the mission in July 2008 (Lie 2009). Following the withdrawal of UNMEE and termination of the TSZ, the unsettled border dispute between Ethiopia and Eritrea still looms in their diplomatic interface, intermittently erupting into small-scale fighting – as with the Battle of Tsorona in June 2016.⁶³

Today, more than 17 years after the end of the Ethiopian–Eritrean war, Eritrea clearly remains a primary source of concern for Ethiopia because of the nature of its militaristic and authoritarian regime, and because of the threat that Eritrea represents to regional stability. Eritrea has sent troops to northern Djibouti, and arguably supports rebel groups in Somalia and Djibouti. Ethiopia has consistently sought to expose what it sees as Eritrea's destabilising actions in order to garner regional support and reassert its dominant position in the Horn of Africa. It has succeeded in mobilising IGAD and the African Union, which supported the adoption of sanctions against Eritrea in May and July 2009, respectively.

Ethiopia has boosted its military presence along the Ethiopian–Eritrean border, including upgrading airfields, performing routine military training, regular reconnaissance missions, etc., in what seem calculated moves to deter Eritrea. In early 2017, there was movement of troops and heavy equipment along the Ethiopia–Eritrea border. Judging by official pronouncements,

63 AFP, 13 June 2016: 'Significant' casualties in Eritrea and Ethiopia border battle. <http://www.dailymail.co.uk/wires/afp/article-3639302/Significant-casualties-Eritrea-Ethiopia-clash-Ethiopia.html>

this was aimed at convincing Eritrea that Ethiopia would employ force if necessary and that its military actions could hurt Eritrea. On the other hand, Ethiopia also realises that Eritrea is aspiring to escape from its global diplomatic isolation through alliances with Saudi Arabia and the United Arab Emirates, who see Eritrea as important to their wide-ranging military operations in Yemen.

In spring 2017 it was announced that a new Ethiopian policy direction was in the pipeline and that Ethiopia would reorient its policy towards Eritrea to deal with the protracted 'no war no peace'-situation.⁶⁴ This new policy has not yet materialised. The Ethiopian 'open door' policy to refugees also extends to Eritreans.⁶⁵

Somalia and Somaliland

The prolonged absence of any functioning central government in Somalia since 1991 and the consistent struggle among rival groups represent a significant security threat to Ethiopia and the Horn of Africa in general. One key concern for Ethiopia is the spread of radical Islam from Somalia. Ethiopia's fairly large Muslim community has so far remained untouched by inter-religious conflicts and appears generally not receptive to Islamic fundamentalism as their identity is more related to their ethnic kin than religious aspects. They are geographically intermixed except for concentrations in the Oromo, Somali and Afar regions (Østebø 2008). However, should this Muslim community become politicised, there is an undeniable potential for radicalism and conflict. The Ethiopian government is thus aware about the rise of radical groups in Somalia as these could politicise Ethiopia's Muslims and thereby affect internal stability.

The Somali crisis has also directly impacted on Ethiopia's internal security. Somali terrorist groups have conducted several terrorist attacks

on Ethiopian territory, including assassination attempts and hotel bombings. In Ethiopia's Somali region, an area rich in energy resources, the Ogaden National Liberation Front (ONLF)⁶⁶ in 2007 attacked a Chinese oil exploration site, killing at least 74 people, including 65 Ethiopians and nine Chinese nationals. This attack forced the Ethiopian government to launch a series of counter-insurgency operations accompanied by the imposition of trade blockade, halting the flow of goods from Somalia to the areas seen as ONLF strongholds. These counter-insurgency operations ended up bringing the Ogaden issue under substantial international scrutiny.⁶⁷

In late 2011 Ethiopia redeployed military forces into Somalia. Unlike the 2006 intervention, this intervention proved decisive in weakening Al Shabab, playing a significant role in dislodging the movement from several regions and towns in south-central Somalia. In November 2013, Ethiopia joined the African Union Mission in Somalia (AMISOM), and contributes more than 4000 soldiers to AMISOM's 22,000-strong force in Somalia. The decision to join AMISOM was basically intended to reduce Ethiopia's military and financial burdens; Ethiopia has oriented its operations to the border areas in order to reduce its vulnerability, easing logistical burdens and creating ample opportunities to consolidate relative peace in these border areas. The high financial burden of maintaining forces in Somalia is largely borne by the international community.

The absence of a Somali government capable of establishing viable state structures in the

64 *The Reporter*, 22 April 2017: Ethiopia to reorient policy on Eritrea' <http://www.thereporterethiopia.com/content/ethiopia-reorient-policy-eritrea>

65 *Inter Press Service*, 22 June 2017: No wall for Ethiopia, rather an Open Door – even for its enemy. <http://www.ipsnews.net/2017/06/no-wall-ethiopia-rather-open-door-even-enemy/>

66 The ONLF is a separatist rebel group fighting for the self-determination of Somalis in Ethiopia's Somali region.

67 The Ogaden issue has dominated the history of relations between Ethiopia and Somalia, regardless of the groups attaining political power in both states. Two major wars were fought by the two states over the Ogaden in 1964 and 1977, with Ethiopia managing to retain the control of the area. Even after the Somali state (with a flag that featured a five-pointed star symbolising Somali irredentism) collapsed in 1990, Ethiopia has held that Al Itihad, the Union of Islamic Courts and Al Shabab will continue this quest to recover the Ogaden. Moreover, it is difficult for the Ethiopian government to imagine Somali Islamists capturing Puntland and Somaliland and then completing the unity of Somalia including all the other Somali-speaking areas of neighbouring Kenya, Ethiopia and Djibouti.

liberated areas and regional states constitute a huge concern for Ethiopia. The formation of regional administrations in Somalia have been hampered by political actors at the central level seeking to influence the form and content of these units. Ethiopia has, however, played an important role in supporting regional and local administrations in areas where it has interests and influence. Beyond its areas of operation, Ethiopia has mediated disputes between federal and regional actors. It was especially instrumental in resolving the crisis in Jubaland, promoting an agreement brokered by IGAD with Ethiopian support, thus preventing the conflict from escalating dangerously.⁶⁸

Somaliland and Puntland run their own affairs as *de facto* sovereign states independently of the Mogadishu-based Somalia Transitional Federal Government. Somaliland entered Horn of Africa politics immediately after declaring its independence from Somalia in May 1991. It is a *de facto* independent state, formally still part of Somalia as no other states have recognised its independence. The Somali National Movement (SNM) – a rebel group fighting the Mogadishu regime, and later influential in establishing Somaliland, its *de facto* state apparatus and declaring its independence – used Ethiopia as a sanctuary, to recruit personnel and restock supplies and as a base from which to conduct military operations. Ethiopia has forged strong historical connections, and now enjoys advantageous economic relations with Somaliland, making use of the port of Berbera to receive its imports and establishing banks near the common border. Ethiopia early established a diplomatic office in Hargeisa, a quasi-embassy, which in 2006 got upgraded to ambassadorial level.

68 The agreement concluded in 2013 endorsed the creation of an interim Jubaland administration under Ahmed Mohammed Islam (Sheikh Ahmed Madobe), leader of the Ras-Kombo-ni militia. The conflicting parties agreed to share power and resources and to integrate military militias into the national army. Sheikh Ahmed Madobe has established very close relations with Ethiopia; he remains in charge of Jubaland and the profitable port of Kismayu.

The European Union

The Delegation of the European Union to Ethiopia is mandated to promote political and economic relations, to monitor the implementation of their partnership and cooperation agreement, to advocate for EU and member-state concerns in Ethiopia and to participate in EU assistance programmes. Most EU development funding to Ethiopia is financed by the European Development Fund, which deals with the key challenges of food insecurity, population growth, environmental pressures and climate change, low industrial output and governance issues.

The European Union not a single or coherent actor. Its member states provide assistance both bilaterally and multilaterally, together representing Ethiopia's largest aid donor. As a result, the Ethiopian government wants to maintain cordial relations with the EU, despite the latter's criticism of the government's crackdown on opposition leaders, journalists and civilian protesters. Moreover, Ethiopia/ EU trade has been rather marginal, but has high potential. Ethiopia is the largest recipient of EU aid in Africa and seen by the EU as being strongly committed to development and as having the bureaucratic capacity to implement assistance programmes.

The European Union has diversified its support to partners beyond the government of Ethiopia, particularly with regard to governance, democracy and human rights, using, *inter alia*, its Instrument for Democracy and Human Rights (EIDHR). Of importance here is civil society support to promote political reform and human rights, and to expand the political space for democratic opposition parties. The EU's political strategy is aimed at improving economic and political integration in the Horn of Africa, also by building the capacity of the Inter-Governmental Authority on Development (IGAD) and the African Union.

The USA

The United States has one of its largest and most complex African portfolios in Ethiopia. It relies on its liaison relations with the intelligence services of Ethiopia, Djibouti and Kenya for infor-

mation on the security situation and the Islamist movements in Somalia. The USA sees Ethiopia as a front in the global war on terrorism and as a strategic regional actor, given its capacity as the leading military power in the Horn and its strategic position between Sudan and Somalia, which – due to their decades of civil strife and support for terrorists – are of considerable geopolitical interest to the USA. Good relations with Ethiopia are thus crucial to the USA, not least in view of the domestic political reluctance to re-engage militarily on land in conflict zones such as South Sudan and Somalia.

Giving priority to promoting its own short-term strategic security interests, Washington has been willing to overlook issues with the Ethiopian government on matters it otherwise holds high, such as unfettered democracy. The USA sees Ethiopia as crucial for its own involvement and the general stability of the Horn of Africa – a strategic relation that is reciprocated by the Ethiopian involvement in the war on terrorism.

In the development segment and in terms of financial assistance, the USA holds a position equivalent to the collective position of the bilateral donors who provide budget support. Whereas members of the donor community in general are fairly open towards each other and see the Ethiopian government as to their means and objectives of assistance, the USA appears more secretive and less interested in harmonising and coordinating with other donor agencies, preferring to use its influence cautiously and less openly.

China

The Ethiopian government's developmental state draws inspiration from the Chinese development model, particularly in the aspirations to develop an industrial economy able to produce both raw materials and manufactured goods based on access to a cheap labour force. The Ethiopian government sees China as a stable and dependable partner, not simply an alternative to the West. Unlike the case in many other African states where Chinese interests are concentrated in a single sector, in Ethiopia they are disbursed over a wide range of industries and sectors – infrastructure,

manufacturing, mining and agriculture. Chinese companies like Norinco and China Communications Construction Company (CCCC) are involved in diverse activities, from providing military equipment to civil engineering projects like infrastructure, housing, road and dam constructions. Financed by the Export–Import Bank of China, Norinco is constructing and supplying locomotives for the electrified Addis–Djibouti railway. Trade between Ethiopia and China was worth USD 1.2 billion in 2016, as Ethiopia's new factories can export goods to China under preferential trade terms. China has invested USD 2.5 billion in Ethiopia since 2013, mostly in infrastructure. Ethiopia has used Chinese loans to build the Gilgel Gibe dams (Gadzala 2013, 2015; Ziso 2017).

Since the early 1990s, Ethiopia and China have had advanced bilateral military cooperation in all fields. Ethiopia has bought military materiel from China, from aircraft to artillery and small arms. There are frequent visits of higher officials (civilian, intelligence and military), and the signing of several agreements between the two countries has considerably consolidated their bilateral relations in trade, investment, education, health and culture.

The Arab States

Ethiopian relations with the various Arab states differ, involving both cooperation and challenges within the segments of economy and security. The Arab League has pledged increased economic partnership with Ethiopia. Many Arab countries are dependent on food imports, and some – via private and parastatal companies – have begun to invest in large tracts of arable land in Ethiopia to produce food exclusively for export. Known as 'land grab', this involves the resettlement – or 'villagisation' as the government calls it – of those already living on or cultivating the land. Saudi Arabia, for instance, owns a 10,000-hectare plantation in the fertile Gambella region, where the rice produced is exported solely to the Middle East.

Although the Arab countries may be at loggerheads in many regards, some have been

fairly collaborative in spreading radical Islam in the Horn of Africa. Ethiopia is concerned at religious radicalisation and Gulf state support for the dissemination of the Wahhabi doctrine through state and private funds. Saudi Arabia in particular is seen as supporting the more rigid Wahhabi interpretation of Islam in the Horn of Africa.

Another concern for Ethiopia is that both Saudi Arabia and the United Arab Emirates have established military bases in Eritrea and Djibouti, ostensibly to contain their perceived enemy Iran and prevent it from expanding into the conflict in Yemen. This may antagonise Egypt, which has traditionally seen the Horn of Africa as its sphere of interest in the Arab world. Egypt's and Saudi Arabia's diverging views on the Syria crisis also impinge on their partnership and strategic interests in the Horn, which may be one reason why Egypt is strengthening its ties with Eritrea in an attempt to restrict Ethiopia from utilising more of the Nile resources – and, more fundamentally, from building the Grand Ethiopian Renaissance Dam (GERD). Although this is refuted by the Ethiopian government, reports in the Egyptian media state that both Saudi Arabia and Qatar are co-funding GERD.⁶⁹

To Ethiopia, the implications for the vast and competing Arab engagement in the Horn relate to Eritrea. Ethiopia still views Eritrea as its primary external threat, and fears that the growing Arab involvement with and in Eritrea may enable an embattled Eritrea to come out of its diplomatic isolation. Arab financial flows to selected political elites and Islamist groups in Somalia are also viewed as a growing concern. Overall, Ethiopia sees its own stability and peace as interrelated with the regional dimension. Hence, Arab proxy conflicts in the Horn, or Arab countries' attempts to strengthen or undermine Horn states, may affect not only regional security, but also national Ethiopian stability.

Concluding Remarks on Ethiopia's Regional Foreign Policy

Initially, after coming to power in 1991, the current EPRDF government built an idealistic foreign policy which basically hinged on the defining precept that peaceful and good relations should be established with all neighbouring states. Applying the policy of good-neighbourly relations in a region as turbulent as the Horn of Africa has proven not only challenging but also naïve, as the EPRDF came to realise from 1998 and onwards. Obscured by the seemingly unique and exemplary relations it thought it had developed with Eritrea, Ethiopia watched the latter strengthen its military, using it to attack without fears of Ethiopian reprisals. This proved conclusively that Ethiopia's pre-1998 foreign policy was idealistic and ineffective, as there was no military power to back it up. After 1998 and the highly destructive war with Eritrea, Ethiopia gradually expanded its military strength to become a basic and active component of foreign policy. This has helped Ethiopia to deal with Eritrea.

Thus, by containing Eritrea's offensive posture, improving its relations with Sudan, leading the South Sudan mediation process, taking active part in peacekeeping efforts in Somalia and furthering shared interests and expanding exchanges with Djibouti and Kenya, Ethiopia may have helped to provide solid foundations for regional stability. It might not be too bold to suggest that, well into the 21st century, Ethiopia will continue to serve as the sturdy guarantor of a more stable region.

Official rhetoric aside and given continued economic advances, during the next several years Ethiopia seems set to remain the Horn of Africa's central pillar of stability. Its ever-expanding role in the region is unlikely to be challenged by any other regional state or combination of states. Issues potentially undermining Ethiopia's regional aspirations and stabilising role are more likely to emerge from within the country and perhaps from within the coalition government parties than from neighbouring countries. Ethiopia lies between two states, Sudan and Somalia, previously its two most formidable, largest and

⁶⁹ <https://www.middleeastmonitor.com/20171124-ethiopia-denies-receiving-funding-from-qatar-to-build-renaissance-dam/>

most populous neighbouring rivals. Currently, both these states are simultaneously struggling to overcome decades of lethal conflicts and to adjust to territorial dismemberment. Ethiopia is also bordered by three states that lack the internal cohesion, political organisation and economic and military strength for effectively challenging its strategically critical role. The youngest and poorest, South Sudan, is grappling with its new national identity project vis-à-vis its northern neighbour. Djibouti is more economically dependent on Ethiopia than any other regional

state, and must rely on extra-regional military forces for its security. Ethiopia sees Eritrea as its major concern – especially because Eritrea, via its new relations to Arab states, is slowly emerging from its protracted diplomatic isolation. Finally, Ethiopia's healthiest bilateral relationship is undoubtedly that with the more economically advanced Kenya – known for its traditionally inward focus. Kenya is sensitive to Ethiopia's security concerns and even shares some of them. Relations are rooted in the problems faced by both states, especially with regard to Somalia.

6. Concluding remarks

This report has outlined historical and structural features pertaining to the Ethiopian political, economic and regional policy spheres. They should not be seen as compartmentalised although treated under separate headings, and their historical trajectories are central to the formation of contemporary Ethiopian political economy. The EPRDF government has been ruling since 1991 and has proved to be fairly stable and resilient to both domestic and external pressure despite the coalition party has experienced internal debates regarding its top leadership – both before and after Meles Zenawi’s death in 2012 and with greater intensity following Hailemariam Desalegn’s resignation as prime minister in February 2018. This indicates that the government and political structures are more than the top-leadership, which is not always the case under regimes with authoritarian features. Indeed, during nearly three decades of continuous rule as the vanguard party of a revolutionary democracy, great overlaps and opaque boundaries between the EPRDF and the state apparatus have been emerged. This has produced a strong central state apparatus that to a large extent share the ideas and vision of the ruling party: a developmental state based on central dirigisme prioritising macro-economic growth, economic development and poverty alleviation. Moreover, the revolutionary democracy has converted into limited attention to political reforms, human rights, democratisation and a widening of the political space, which also have enabled an entangled government, party and state apparatus to reproduce their position.

The complex entanglements of the government, the party and the state apparatus are central in understanding the regime’s power, the narrowing of the political space and the condi-

tions under which the regime is able not only to survive but also to reproduce itself amidst internal and external pressures of political and structural reforms. These conditions pertaining to the government’s control and definition of the political space are further supported by the country’s economic performance and its strategic position. Despite national inequalities and a distribution favouring the urban and central areas, the impressive economic growth over the last decade not only underpins the government’s faith in its developmental model. It also translates into greater leeway vis-à-vis domestic and external actors who might question the economic model and push for greater economic liberalisation and private sector involvement. While the political space has gradually narrowed since the contested 2005 election, the government’s economic performance and poverty reduction in the same period have helped the government warrant its own policies and probably limited internal and external pressures to open up the political space and the economy.

Human rights and processes of democratisation are contested issues in Ethiopia, but also issues which Western actors usually and elsewhere hold high. External pressure for reforms in these areas is often dwarfed by a confident government referring to the principle of national self-determination and achievements in other areas. Ethiopia’s strategic position in the Horn of Africa, being a fairly stable country in a volatile region and geopolitical alliances via its support to the US-led war on terror also contribute to the government’s bargaining power vis-à-vis external actors. Moreover, given the volatile regional situation, external actors seem to prefer a stable Ethiopian regime – despite its authoritarian features

– over pushing for reforms in fear of an uncertain future and the potential ramifications of a regime change to both the country and the region.

Because of the close links that exists between the governing party and the state structures, sudden reforms and regime change would probably affect these linkages and thus undermine the cohesion of existing state structures. Sudden reforms are, however, unlikely to happen because of the EPRDF government's control of the political space and its bargaining power in relation to external actors. Hence, it is more likely that changes and reforms in the immediate future

would emerge from within the coalition EPRDF party or either of its constituent parties than from the wider citizenry, civil society or external actors. Corollary to this, national and regional stability is probably more contingent on matters internal to the EPRDF than any other single issue. As a result there are great interests and expectations to who EPRDF will chose as its new chairperson and thus the next prime minister of Ethiopia and the extent to which this will facilitate regime continuity and national stability while simultaneously accommodating the concerns that have been driving the popular protests over the last three years.

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