

# A clash of nationalisms and the remaking of the Ethiopian State

The political economy of  
Ethiopia's transition

CRU Report

Jos Meester  
Guido Lanfranchi  
Tefera Negash Gebregziabher



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# Abstract

In the first elections following the loss of power by the Tigray People's Liberation Front (TPLF), Abiy Ahmed's Prosperity Party (PP) won a landslide victory ushering in a new stage in Ethiopia's political transition. Yet ethnic tensions are rising, as are: media censorship, the arrest of opposition politicians, political purges across state institutions, and civil war spilling from Tigray region. This report explores the major organisational and structural changes occurring in Ethiopia's state and parastatal organisations, in order to understand the political economic changes shaping Ethiopia's highly contested transition. It traces changes in the cabinet, the security sector, and the economic sector. The main conclusions are that politically Abiy's administration is attempting to move away from ethno-nationalism by (re)introducing pan-Ethiopian nationalism, although ethno-nationalism remains salient and ethnically defined federal states remain. Economically the administration is attempting to shift control over the economy from the party to the state. However, challenges remain as conflict with the now-marginalized TPLF has resulted in a civil war destabilising significant parts of the country and leading to vast numbers of casualties. Meanwhile, ethno-nationalist sentiments remain highly salient, especially within the ethnically defined federal states, at times in opposition to the PP's multi-ethnic set-up. Additionally, an economic downturn and dwindling foreign currency reserves threaten continued economic growth and job creation, a key legitimating factor under the PP platform. The report thus concludes that policymakers engaging with the region will have to develop a new modus operandi to engage with Ethiopia, reevaluate their regional security and development strategies, and carefully consider the humanitarian implications of economic measures used to pressure the Ethiopian government on the Tigray war.

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# Abbreviations

<b>ADP</b>	Amhara Democratic Party
<b>AGOA</b>	African Growth and Opportunity Act
<b>AMISOM</b>	African Union Mission in Somalia
<b>ANDM</b>	Amhara National Democratic Movement
<b>ANDP</b>	Afar National Democratic Party
<b>AU</b>	African Union
<b>CBE</b>	Central Bank of Ethiopia
<b>CEO</b>	Chief Executive Officer
<b>CRU</b>	Conflict Research Unit
<b>ECA</b>	Ethiopian Communications Authority
<b>EFFORT</b>	Endowment Fund for the Rehabilitation of Tigray
<b>EIC</b>	Ethiopian Investment Commission
<b>ENDF</b>	Ethiopian National Defence Forces
<b>EPRDF</b>	Ethiopian People's Revolutionary Democratic Front
<b>ESPDP</b>	Ethiopian Somali People's Democratic Party
<b>ETB</b>	Ethiopian Birr
<b>EU</b>	European Union
<b>EZEMA</b>	Ethiopian Citizens for Social Justice
<b>GDP</b>	Gross Domestic Product
<b>GERD</b>	Grand Ethiopian Renaissance Dam
<b>IEAC</b>	Independent Economic Advisory Council
<b>IGAD</b>	Intergovernmental Authority on Development
<b>IMF</b>	International Monetary Fund
<b>INSA</b>	Information Network Security Agency
<b>IPDC</b>	Industrial Parks Development Corporation
<b>LAMC</b>	Liability and Asset Management Corporation
<b>METEC</b>	Metals and Engineering Corporation
<b>MoF</b>	Ministry of Finance
<b>MoFA</b>	Ministry of Foreign Affairs
<b>MoPE</b>	Ministry of Public Enterprises
<b>NBE</b>	National Bank of Ethiopia
<b>NEBE</b>	National Election Board of Ethiopia
<b>NGO</b>	Non-Governmental Organisation
<b>NISS</b>	National Intelligence and Security Service
<b>NMC</b>	National Macroeconomic Committee
<b>ODP</b>	Oromo Democratic Party
<b>OFC</b>	Oromo Federalist Congress
<b>OLF</b>	Oromo Liberation Front

<b>OPDO</b>	Oromo People's Democratic Organisation
<b>PAC</b>	Privatisation Advisory Council
<b>PEHAA</b>	Public Enterprises Holding and Administration Agency
<b>PFEA</b>	Public Financial Enterprises Agency
<b>PM</b>	Prime Minister
<b>PP</b>	Prosperity Party
<b>SDP</b>	Somali Democratic Party
<b>SEPDM</b>	Southern Ethiopian People's Democratic Movement
<b>SLM</b>	Sidama Liberation Movement
<b>SNNPR</b>	Southern Nations, Nationalities, and People's Region
<b>SOE</b>	State-Owned Enterprise
<b>TDF</b>	Tigray Defence Forces
<b>TPLF</b>	Tigray People's Liberation Front
<b>UAE</b>	United Arab Emirates
<b>UN</b>	United Nations
<b>UNMISS</b>	United Nations Mission in South Sudan
<b>US</b>	United States
<b>USD</b>	United States dollar

# Executive summary

- This report explores the major organisational and structural changes occurring in the transition in Ethiopia, in order to elucidate the political economic changes taking place.
- The Abiy administration came into office on a platform of popular dissatisfaction with EPRDF policy, but faced a party-state with EPRDF party structures deeply interwoven with state institutions.
- **The administration's efforts to take control of the state led to the appointment of new officials, the implementation of organisational changes, and reforms of financing arrangements, particularly in:**
  - The cabinet, where the new administration has built its political base by appointing new ministers and empowering ministries controlled by allies of the PM.
  - The security sector, where the administration's reforms and the eruption of the Tigray conflict have resulted in a drastic reduction of the TPLF's influence, but also weakened the armed forces.
  - The economic sector, where the administration has sought to streamline the state's involvement in the economy, while also weakening the structures of control relied upon by its predecessors.
- **Politically, Abiy's administration attempted to move away from ethno-nationalism by (re)introducing pan-Ethiopian nationalism.**
  - A single multi-ethnic political party, the Prosperity Party, has brought the peripheral regions and their politicians to the center of Ethiopian politics, although ethno-nationalism remains salient and ethnically defined federal states remain.
  - Reorganizations of state institutions and changes in recruitment practices are reinforcing the primacy of the state over the party.
- **Economically, Abiy's administration shifted control over the economy from the party to the state.**
  - The administration has sought to end some 'party businesses' by bringing party endowment companies under the state.
  - The administration has streamlined the state-owned enterprises sector and implemented an accountability drive aiming to curtail political finance networks built by the previous ruling elites.
- **Yet, challenges remain:**
  - Conflict with the former governing party, the TPLF, has resulted in a civil war destabilising significant parts of the country and leading to vast numbers of casualties.

- Ethno-nationalist sentiments remain highly salient, especially within the ethnically defined federal states, at times in opposition to the PP's multi-ethnic structure.
- An economic downturn and dwindling foreign currency reserves threaten continued economic growth and job creation, a key legitimating factor under the PP platform.
- **Recommendations:**
  - Policymakers need to reevaluate their regional security and development strategy for Ethiopia and the Horn of Africa, because they have lost a key partner underpinning these strategies.
  - Policymakers implementing economic pressure should consider the humanitarian implications, because: (a) the civil war has directly led to large-scale human suffering as a direct consequence; and (b) the indirect effects of the economic impacts have hurt the livelihoods of many individuals across the country.
  - Donors need to develop a new modus operandi for Ethiopia, reflecting the country's weakened negotiating position due to its internal fault lines and weakened legitimacy, which is allowing donors to push back on the Ethiopian state's political usage of aid programming.

# 1 Introduction

## 1.1 Introduction

On June 21, 2021, Ethiopia hosted its first national general election since the departure of Prime Minister (PM) Hailemariam Desalegn in 2018 and the coming to power of PM Abiy Ahmed. The new PM billed the elections as Ethiopia's "*first attempt at free and fair elections*," branding them as a shift away from Ethiopia's authoritarian past under the Ethiopian People's Revolutionary Democratic Front (EPRDF) and towards a more liberal future under his newly formed Prosperity Party (PP).<sup>1</sup> The Noble peace prize winning PM initiated a number of high-profile liberal reforms, such as a gender-balanced cabinet, curtailment of media censorship, the civil society proclamation, the release of political prisoners, the return of opposition figures from exile, and a peace deal with Eritrea. At the same time, however, significant tensions have risen in prominence under his leadership. Ethnic tensions have stoked significant intercommunal violence across Benishangul-Gumuz, Oromia, Amhara, and Somali regional states. These tensions have increasingly been accompanied by the reintroduction of media censorship, the arrest of opposition politicians, political purges across state institutions, the imposition of military control posts, and a civil war spilling from Tigray region that has embroiled the country in turmoil (see Figure 1).<sup>2</sup> As such, although the PP's landslide victory (securing 410 out of 436 seats in the federal parliament) was billed as legitimising PM Abiy Ahmed's current rule as well as a second term in office, such statements belie the major tensions currently at play in Ethiopia's transition in governance model.<sup>3</sup> Although high-profile events such as the elections, episodes of ethnic violence, and developments in the Tigrayan conflict maintain a degree of salience in the reporting of the media and

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1 Al Arabiya. 2021. 'Ethiopians vote in what PM Abiy Ahmed bills as first "free and fair elections"', 21 June (accessed 26 January 2022).

2 Human Rights Watch. 2019. 'Ethiopia: Abiy's First Year as Prime Minister, Review of Conflict and Internally Displaced Persons', 9 April, <https://www.hrw.org/news/2019/04/09/ethiopia-abiy-first-year-prime-minister-review-conflict-and-internally-displaced> (accessed 26 January 2022); Fick, M. 2021. 'In Abiy's Ethiopia, press freedom flourished then fear returned', Reuters, 28 May, <https://www.reuters.com/world/africa/abiy-ethiopia-press-freedom-flourished-then-fear-returned-2021-05-28/> (accessed 26 January 2022).

3 Endeshaw, D. 2021. 'Ethiopia PM Abiy's party wins landslide victory in election', Reuters, 10 July, <https://www.reuters.com/world/africa/ethiopia-pm-abiy-party-wins-landslide-victory-parliamentary-election-2021-07-10/> (accessed 26 January 2022); Yared, T. 2021. 'Ethiopia's election was peaceful but not competitive', Institute for Security Studies, 05 July, <https://issafrica.org/iss-today/ethiopias-election-was-peaceful-but-not-competitive> (accessed 26 January 2022).

international analysts, the more nuanced developments occurring in the power struggle over the Ethiopian state go largely unreported.<sup>4</sup>

The dissolution of the EPRDF party by the Abiy administration has led to a strong, coherent, and authoritarian party-state system exercising top-down control until the lowest administrative levels (the *kebele*) are fundamentally altered. Although the absence of the Tigray People's Liberation Front (TPLF) from the newly formed Prosperity Party (PP) may be a highly visible consequence of the transition, many other strong links tying the party, state apparatus, and a range of parastatal institutions together seem weakened. On the one hand, the weakening of the old party system has created space for (non) ethnically defined political actors to contest power in a political arena that was previously tightly controlled.<sup>5</sup> This has allowed long-standing questions regarding the future of the Ethiopian constitutional order, envisioned either in a pan-Ethiopian nationalist fashion or as an ethnically autonomous federal system, to rise to prominence.<sup>6</sup> On the other hand, for many Ethiopians, the transition may also have major consequences in terms of livelihoods, resources, and political finance in the short term. Therefore, control over the resources accessed through state institutions has since become a battleground across political levels, leading to corruption purges throughout parastatals, attacks on local businesses, and shifts in geo-political financing arrangements. Although the constitutional debate addresses several fundamental questions that may shape the future of the Ethiopian nation in the long term, the ongoing power struggles reflecting the realignment in the political settlement is likely to have far greater consequences in the lives of most Ethiopians in the near future.<sup>7</sup> As a result, this report aims to explore and map: (a) the changing organisational structure of the Ethiopian state; (b) how institutions and resources have become contested during Ethiopia's political transition; and (c) its implications for the state's political economy. The transition is thus understood as a shift in governing factions and the degree of realignment or continuity within the state and political settlement. Although constitutional reform or increasing popular representation may be desired elements for many, shifts from one governance system to another may well occur without meaningful reforms to popular representation. Hence, whenever the term "transition" is used throughout this report, it references the governance changes occurring within Ethiopia, not the constitutional debate.

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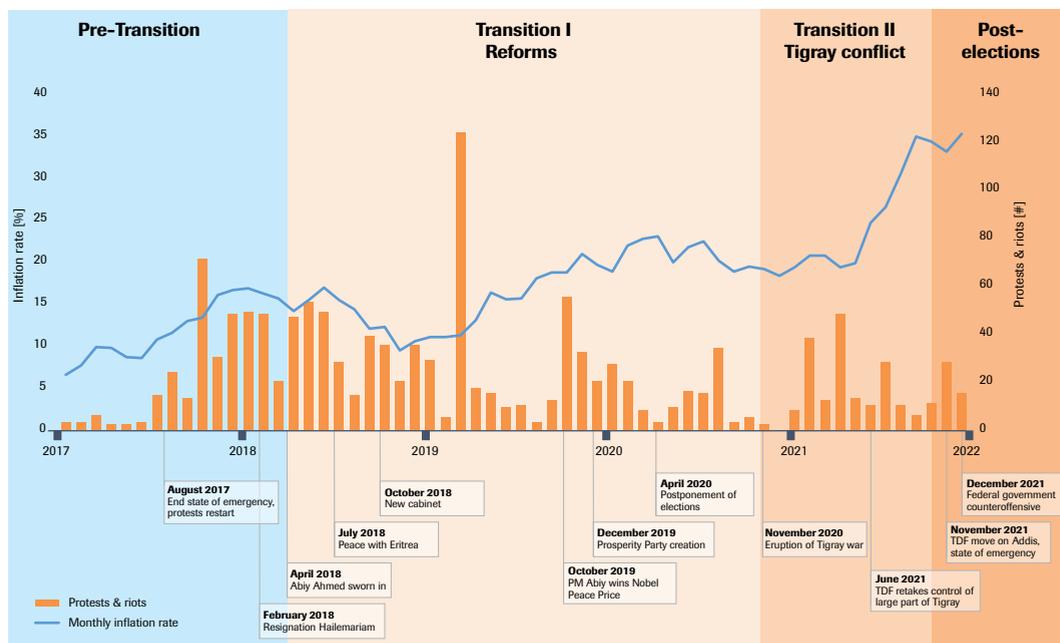
4 Note, however, that unreported does not mean under-researched. For an overview, see Bach, J. 2022. Routledge Handbook of the Horn of Africa. Oxon: Routledge.

5 Meester, J. and Ezzeddine, N. 2021. *A transition at work? The ethnicization of Ethiopia's informal sector*, CRU report, The Hague: Clingendael.

6 Ezega News. 2019. 'TPLF issues a strong statement criticizing Abiy Ahmed leadership', 17 February, <https://www.ezega.com/News/NewsDetails/6962/TPLF-Issues-a-Strong-Statement-Criticizing-Abiy-Ahmed-Leadership> (accessed 26 January 2022); Halakhe, A.B. 2020. 'Abiy's efforts to unify Ethiopia could lead to its disintegration', Al Jazeera, 7 December, <https://www.aljazeera.com/opinions/2020/12/7/abiy-efforts-to-unify-ethiopia-could-lead-to-its-disintegration> (accessed 26 January 2022).

7 Gudina, M. 2003. 'The elite and the quest for peace, democracy, and development in Ethiopia: Lessons to be learnt', *Northeast African Studies* 10(2), 141-164.

**Figure 1 Waxing and waning of protests and riots as inflation climbs during the transition<sup>8</sup>**



## 1.2 Research objective

Since PM Abiy Ahmed’s rise to power in 2018, a raft of larger and smaller changes have occurred in Ethiopian governance. These range from key appointments in the civil service, the redistribution of responsibilities across institutions, and changes in reporting and financing structures to the redistribution of assets across state-owned enterprises, the full or partial replacement of regional governments and party cadres, and the elimination of the previous regime’s officials. Cataloguing the full breadth and detail of such changes is an effort that is unlikely to be feasible for several years to come; however, a mapping and closer examination of the changes already apparent may be informative to clarify developments in Ethiopia’s ongoing transition. Although a range of changes may simply reflect the change in incumbency and an attempt to gain control over the state apparatus, other shifts may offer insights into broader policy shifts and

<sup>8</sup> Data drawn from Armed Conflict Location & Event Data Project (ACLED), <https://www.acleddata.com> and The Federal Democratic Republic of Ethiopia National Development Commission Central Statistical Agency monthly “Country and regional level consumer price indices (CPI)”.

the rebalancing of power following the TPLF's departure from the center. As such, this report seeks to explore the political economic changes in Ethiopia's transition. It does so by exploring how the organisational structure of the Ethiopian state is changing, and how this impacts the stability of governance. The changes in the organisational structure are approached by examining changes in high-level appointments, reporting lines, and financial flows across state institutions and other entities closely aligned to the state.

Through its scrutiny of apparent changes in the Ethiopian state structure, this report seeks to inform donor approaches towards Ethiopia. For decades, the Ethiopian government has been a key partner in development and stability efforts across the Horn region for most actors in Europe and the United States. The ongoing changes and instability within the Ethiopian state have raised major questions for many on how to interpret and approach Ethiopian actors. Three factors – the weak information position at which external actors find themselves, travel restrictions, and the substantial disinformation in the international debate – raise the risk for external actors of engaging with (sub-sections of) the Ethiopian state in a way that further aggravates instability.<sup>9</sup> The shifting political settlement coupled with the significant reorganisation of state structures has called into question many donors' long-established entry points and partnerships. Meanwhile, the conflation of democratisation and transition narratives to interpret ongoing changes in analysts' reporting obscures important developments signalling substantive policy and power shifts with longer-term idealized outcomes.<sup>10</sup>

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- 9 Office of the United Nations High Commissioner for Human Rights. 2020. 'Provide unhindered access to whole of Tigray to protect civilians, Bachelet urges Ethiopia', 22 December, <https://www.ohchr.org/en/NewsEvents/Pages/DisplayNews.aspx?NewsID=26623> (accessed 26 January 2021); France 24. 2021. 'Ethiopia's warring sides locked in disinformation battle', 22 December, <https://www.france24.com/en/live-news/20211222-ethiopia-s-warring-sides-locked-in-disinformation-battle> (accessed 26 January 2021); Abbink, J. 2020. 'History education in Ethiopia post-1991: rethinking the nation's history in the context of 'decolonization' debates', <https://www.ascleiden.nl/news/africa-2020-conference-africa-knows> (accessed 26 January 2022).
- 10 Huntington, S. P. 1991. 'Democracy's third wave', *Journal of Democracy* 2(2), 12-34; Linz, J. and Stepan, A. 1996. *Problems of Democratic Transition and Consolidation: Southern Europe, South America and Post-Communist Europe*, Baltimore: John Hopkins University Press; Ashine, Y. and Berhanu, K. 2021. 'Implications of protest and reform for domestic governance in Ethiopia', *Journal of Asian and African Studies* 56(5), 988-1006; Addis Standard. 2020. 'PM Abiy issues warning of decisive actions to protect the country, constitution; says gov't to stay put until elections', Addis Standard, 7 May, <https://addisstandard.com/news-pm-abiy-issues-warning-of-decisive-actions-to-protect-country-constitution-says-govt-to-stay-put-until-elections/> (accessed 26 January 2022); Mehari Maru, M. 2020. 'Waiting for Godot: pandemic and elections in Ethiopia', Addis Standard, 7 May, <https://addisstandard.com/in-depth-analysis-waiting-for-godot-pandemic-and-elections-in-ethiopia/> (accessed 26 January 2022); Ethiopia Insight. 2020. 'Opposition parties statement on election postponement', Ethiopia Insight, 4 May, <https://www.ethiopia-insight.com/2020/05/04/coalition-of-democratic-federalism-statement-on-election-postponement/> (accessed 26 January 2022).

With ethnic violence rising sharply and a deteriorating economic situation, the changing political relations – and therefore changing access to state-controlled resources – of different constituencies is likely to have a major impact on the livelihoods of individuals within Ethiopia and potentially in the wider region.

This report seeks to provide an initial indexation of the changes occurring during the ongoing transition in Ethiopia. Chapter 2 sets out Ethiopia's contemporary context and recent history, in order to trace some of the immediate drivers of the ongoing conflicts (including, but not limited to, the Tigrayan conflict) in recent developments. It also seeks to establish a conceptual distinction between the Ethiopian political leadership and state institutions, highlight a number of unique features of Ethiopian political developments, and separate ongoing developments from the longer-running democratisation ambitions. Chapters 3 and 4 map the main organisational changes that have taken place within Ethiopian state and parastatal institutions, so as to better understand the inner working dynamics of the emerging post-transition Ethiopian state. In order to assess these changes structurally, these chapters focus on three main ways in which political actors have sought to exercise control over Ethiopia's institutions, namely: appointing new officials in key positions; reorganizing reporting lines within and across institutions; and rearranging the allocation of financial resources. It tracks changes over time, analysing three different timeframes, namely: the late days of the EPRDF rule (between late 2017 and April 2018); the first phase of the transition, from Abiy's nomination as PM (April 2018) to the outbreak of the Tigray war (November 2020); and the latest phase of the transition, marked by the conflict in Tigray (after November 2020). Chapter 5 builds upon the identified patterns of change and continuity, and discusses the underpinning motivations as well as their societal impact. Chapter 6 summarises the report's findings and sets out several recommendations for more effective engagement during this period of transition within Ethiopia.

In order to map and interpret ongoing developments in Ethiopia, this report relies on a range of research methods including desk research, archival research, field work, and remote key informant interviews.<sup>11</sup> Nonetheless, it should be remembered that Ethiopia is highly diverse and that conditions across the country vary significantly.<sup>12</sup> As well, political contestation is rapidly changing in various ways across a range of locations. Consequently, dynamics described in this report cannot be expected to hold across Ethiopia, and extrapolations of such dynamics that do not take into account the local context may obscure important differences. From a sectoral perspective, this report focuses on the changes occurring within state and parastatal organisations, and does not do justice to the transition's significant impact within the informal economy, nor to

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11 For more information on the methodology, see the Appendix.

12 See Panhurst, A. and Dom, C. (eds.), 2019, *Rural Ethiopia in Transition: Selected discussion briefs, 2018*, Addis Ababa.

the lower levels of the security sector and the role of religious institutions.<sup>13</sup> Additional limitations are placed upon this research, given that an in-depth examination of the structural changes within the Ethiopian state is hampered by the sensitive nature of many changes and the poor documentation of various others as a consequence of rapid structural changes. Additionally, several respondents were hesitant or unwilling to fully express their views, while in other cases fieldwork sites were inaccessible due to ongoing tensions (limiting fieldwork largely to urban centers). Although data collection for this report attempted to account for such issues, no reporting on such sensitive and contested developments can claim to be exhaustive.

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13 For more details on the changes to the informal sector, see Meester, J. and Ezzeddine, N. 2021. *A transition at work? The ethnicization of Ethiopia's informal sector*, CRU report, The Hague: Clingendael. For details on the changes regarding the role of religious institutions, see Haustein, J. and Feyissa, D. 2022. 'The strains of 'Pente' Politics: Evangelicals and the Post-Orthodox State in Ethiopia' in Bach, J. (ed.) *Routledge Handbook of the Horn of Africa*, Oxon: Routledge.

# 2 Contemporary context and history

## 2.1 Introduction

This report explores the changing organisational structure of the Ethiopian state and its implications for the contestation over institutions and resources, in order to assess the implications for the state's political economy and stability. However, the changes occurring throughout Ethiopia's transition cannot be adequately understood and contextualised without an understanding of the foundations upon which the Ethiopian state has been built, and which various administrations have sought to contest over time. The Ethiopian state differs starkly from many other African states, due to the fact that its current structures and organising philosophy predates (de-)colonialisation by hundreds if not thousands of years.<sup>14</sup> As such, the Ethiopian state is a long-standing, strong, and value-infused institution, rather than a product heavily influenced by donor-driven state-building and democratisation projects.<sup>15</sup> Despite significant debate regarding the proper and legitimate role of the Ethiopian state and proper methods of representation (i.e., democratisation) of the popular will, especially since the fall of Emperor Haile Selassie, it is important to keep in mind that robust state institutions exist separately from the democratisation debate. Similarly, although state and government may at times align closely, the impact of strong state institutions has been known to vary. They may amplify a government's ability to act or form a major roadblock to meaningful policy shifts, as institutional inertia or strongly vested interests within state institutions prevent change. As such, this chapter begins by highlighting the relevant historic context, and briefly captures contemporary developments in relation to the identified socio-political cleavages. Resurfacing history and context in its own terms will help see what kinds of forces are at play and what debates get popular attention (or not) to sustain these socio-political cleavages. Note, however, that the nuances of Ethiopia's history and its historiography are complex and therefore cannot be comprehensively captured in this report.

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14 Zewde, B. *A History of Modern Ethiopia, 1855-1991*, Athens: Ohio University Press, 2002.

15 Rubenson, Sven. 1976. *The Survival of Ethiopian Independence*. London: Heinemann Educational Books.

## 2.2 Prelude to the transition

Ethiopia is an ancient state. Historians point out that, conventionally, the country's history began with the visit of the queen of Sheba of Ethiopia to Solomon, king of Israel. Also, historians argue that Ethiopia's history goes back to the prehistoric period on the basis of recent archaeological and linguistic research.<sup>16</sup> Before the state started to approximate its current form, various dynasties and kingdoms existed and contributed to Ethiopia's political history. The unification of Ethiopia as a centralised and codified political system under Emperor Tewodros II and Emperor Menelik II further expanded the state.<sup>17</sup> As Rubenson (1972) put it, "*for the first time in several generations, supreme authority in the Ethiopian state and factual military and political power were united in the same person*" in February 1855 when Emperor Tewodros was coronated. Subsequently, under Emperor Menelik II, the new capital Addis Ababa started to feature an increasingly centralised state and modernised bureaucracy.

Through the state's expansion and the urban centers' increasing contact, a national Ethiopian identity was formed and further cemented through the defeat of Italian forces at the battle of Adwa (1896).<sup>18</sup> This system was further consolidated and modernised over subsequent years under Haile Selassie with the abolition of slavery, the introduction of social services, and a written constitution.<sup>19</sup> Although modern in a number of respects, governance also became an increasingly exclusive affair.<sup>20</sup> The *Derg*-regime that deposed Haile Selassie (1974) sought to redress a number of grievances that had accrued under imperial rule through the nationalisation of land and abolition of feudal imperial practices, but largely maintained the bureaucratic structure and repressive apparatus set up by its imperial predecessor.<sup>21</sup> As such, when the TPLF swept to power following protracted guerrilla warfare (1991), it inherited a professional bureaucracy with a strong presence from Addis Ababa to the *kebele* level, dedicated to serving the Ethiopian nation regardless of the ideological background of its political elites. This allowed for a high degree of organisational continuity as the TPLF took office,

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16 Zewde, B. 1991. *A History of Modern Ethiopia, 1855-1991*. James Currey, Oxford.

17 *Ibid.*

18 Thompson, D. 2020. 'Capital of the imperial borderlands: urbanism, markets, and power on the Ethiopia-British Somaliland boundary, ca. 1890-1935', *Journal of Eastern African Studies* 14(3), 529-552.

19 Zewde, B. 1995. 'Hayla-Sellase: from progressive to reactionary', *Northeast African Studies* 2(2), 99-114.; Bahru Zewde. 2014. *The Quest For Socialist Utopia: The Ethiopian Student Movement, C. 1960-1974*. Suffolk: Boydell & Brewer Ltd.

20 Zewde, B. 1995. 'Hayla-Sellase: from progressive to reactionary', *Northeast African Studies* 2(2), 99-114.

21 Van der Beken, C. 2007. 'Ethiopia: From a centralized monarchy to a federal republic', *Afrika Focus* 20(1-2), 13-48.

exemplified by the fact that salary payments to civil servants continued throughout the transition without interruption, regardless of the changing incumbent.<sup>22</sup>

As the TPLF guerrilla movement swept to power on an ethno-nationalist political platform, mobilising Tigrayan resistance against the Derg regime, it needed to reinvent its ideological appeal in order to maintain its now- dominant position in a vast and multi-ethnic state such as Ethiopia.<sup>23</sup> It did so through the introduction of the idea of “ethnic self-determination”. Following Meles Zenawi’s speech in 1992 stating that “*The Tigreans had Axum, but what could that mean to the Gurague? The Agew had Lalibela, but what could that mean to the Oromo? The Gonderes had castles, but what could that mean to the Wolaita?*”, a relatively broadly accepted historical narrative was unpacked into grievance-driven narratives specific to each ethnic group.<sup>24</sup> This new organising principle seeking to get “buy-in” from all ethnic groups across the country into the new state system was subsequently enshrined in the revised constitution (1995). This new organising logic was reflected in the creation of ethnically defined regional states, in which centrally recognized “native” ethnic groups were politically organised and recognised as legitimate representatives of the state as a whole, while non-native, non-recognised, and numerically smaller ethnic groups were largely excluded from governance.<sup>25</sup> This new principle of political representation through the EPRDF’s ethnic sister-parties had two results: (1) it led to a significant hardening of ethnic identities in what were frequently mixed and intermarried communities; and (2) it removed incentives for inclusive governance, considering that recognition as the predominant ethnic group within a territory formed the key to political representation, access to state resources (including donor aid), and influence over issues such as land policy.<sup>26</sup> Although the constitution formally noted an aspiration to democracy and the right to secession for each regional state, such liberal rights to representation and self-determination were never fully developed nor implemented. Additionally, the new systems of representation created a range of new “minorities” in the individuals that primarily identify as Ethiopian especially amongst urban populations, individuals of mixed heritage, and newly created

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22 De Waal, A. 2013. ‘The theory and practice of Meles Zenawi’, *African Affairs*, 112(446), 148-155, 150.

23 Gebregziabher, T. 2019. ‘Ideology and power in TPLF’s Ethiopia: A historic reversal in the making?’, *African Affairs* 118(472), 463-484.

24 Abbink, J. 2020. ‘History education in Ethiopia post-1991: rethinking the nation’s history in the context of ‘decolonization’ debates’, *Africa Knows Draft Paper*, 1-28.

25 Mehretu, A. 2012. ‘Ethnic federalism and its potential to dismember the Ethiopian state’, *Progress in Development Studies* 12(2-3), 113-133. However, certain groups were included in governance by being recognised in specific zones (Yusuf, S. 2019. *What is driving Ethiopia’s ethnic conflict?*, ISS East Africa Report, Pretoria: South Africa). Also note that the appointment of ethnic territories was not necessarily a demand-driven process.

26 Yusuf, S. 2019. *What is driving Ethiopia’s ethnic conflict?*, ISS East Africa Report, Pretoria: South Africa; Interview with an Ethiopian academic, Addis Ababa, November, 2019.

new regional minorities. Both of these dynamics drove further grievances amongst a number of (newly created) constituencies against the EPRDF regime.<sup>27</sup>

Although the explicit political recognition of Ethiopia's diverse ethnic composition in the federal structure – and in the EPRDF's ethnic sister-parties – can be seen as an attempt to recognise ethnic grievances and build support from previously marginalised ethnic groups, it should be remembered that in practice the central components of the EPRDF regime dominated the devolved administrations.<sup>28</sup> Initially, this may have been due to the weak capacity of the newly set-up regional organizations; however, the centralising tendencies and top-down policymaking procedures associated with the EPRDF's rule also directly undercut regional autonomy and limited the space for bottom-up initiatives from the regions.<sup>29</sup> The heavy-handed intervention of central state institutions in regional politics and land governance, as well as the use of ethnic divide-and-rule strategies by local and central officials, further reinforced ethnic grievances against the central state.<sup>30</sup> A dissatisfaction brewed, due to the use of ethnic divide-and-rule tactics within the population. It is particularly interesting to witness the level of support and legitimacy accorded to Team Lemma, a faction that emerged within the ranks of the EPRDF coalition party. It attracted support in favour of the Ethiopianist ethos that the group brought up, in contrast to the unpopular ethno-nationalist praxis pushed by the EPRDF. The reformist group, initially led by Lemma Megersa (an Oromo politician) and later taken over by Abiy, has effectively brought about the return of Ethiopian nationalism. Drawing on both nationalist sentiments and religious convictions (i.e., both Christian and Muslim groupings view Ethiopia as a sacred land), Abiy's Medemer platform forms a conjugation of political actors around an Ethiopian nationalist conception (although

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27 According to Meles Zenawi: *Let's be clear what we mean when we talk about democracy: it must be a democracy of real choices. If we allow unfettered political competition today, the rent-seekers will be able to offer far more to the voters than a developmental party can. [...] That kind of democracy isn't offering real choices. What would be a real choice is between different path to value-creating development. WE could have a dominant party system, as we have today, with different views expressed within the party. Or we could have competition between two parties, each of them subscribing to a hegemonic developmentalism, so that when they rotate in and out of office, the fundamentals of the national project aren't in dispute.* Quoted in De Waal, A. 2018. 'The Future of Ethiopia: Developmental State or Political Marketplace?', Somerville, Massachusetts: World Peace Foundation.

28 De Waal, A. 2018. *The Future of Ethiopia: Developmental state or political marketplace?*, Somerville, Massachusetts: World Peace Foundation; Abbink, J. 2009. 'The Ethiopian Second Republic and the fragile "Social Contract"', *Africa Spectrum*, 44(2), 3-28, 22.

29 Van der Beken, C. 2018. 'The Challenge of Reform within Ethiopia's Constitutional', *Rift Valley Institute Briefing Paper*.

30 Abbink, J. 2011. 'Ethnic-based federalism and ethnicity in Ethiopia: reassessing the experiment after 20 years', *Journal of Eastern African Studies* 5(4), 596-618.

without overcoming the different conceptions and motives the different groups attribute to Ethiopian nationalism).<sup>31</sup>

The authoritarian rule under the EPRDF regime seemed to give way for a degree of hope in 2005, when the regime promised a credible democratic election. However, results from the election were immediately curbed and delegitimised by state actors after the election period. The national elections of 2005 were characterised by a relatively liberal election period and a strong performance of opposition candidates, but a subsequent violent crackdown on opposition and popular dissent cemented centralised authoritarian measures.<sup>32</sup> The EPRDF maintained control over state power and stayed on. Throughout the 2005 election period, the EPRDF regime not only utilised its security and state apparatus for domination but also conveniently used different ideological claims in different times to fit its total control of politics and society.<sup>33</sup> The democratic developmental state model was one of the ideological instruments used in search of a new basis for the regime's legitimacy. Borrowing from Chinese, South Korean, and Taiwanese (authoritarian) experiences which favoured economic development over democratic reform, the Ethiopian developmental state model featuring a dominant vanguard party was expanded.<sup>34</sup> The party and the state increasingly integrated, as the government maintained an ever-growing large array of auxiliary organisations in order to build a political base that supported the parties' aims (especially in the urban centers).<sup>35</sup> The wide range of organisations effectively allowed the EPRDF to crowd out other forms of (non-EPRDF) civic debate. For example, in the 2008 local elections, the EPRDF was the only party able to field sufficient candidates to cover the vastly expanded

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31 For Muslims, Ethiopia is a country of the first Hijra (the followers of Prophet Mohammad travelled from Mecca to Ethiopia on the advice of the Prophet) where the followers were given refuge, and the practical effect of which is that Ethiopia is not seen as a target of Jihad (Abbink, J. 1998. 'An historical-anthropological approach to Islam in Ethiopia: issues of identity and politics'. *Journal of African Cultural Studies*. Vol. 11, Number 2, 109-124). For Christians, Ethiopia is a holy land – a nation of covenant, a country cited more than 40 times in the Holy Bible and claiming to host the Ark of the Covenant, and a country that accepted Christianity as a state religion for centuries (see Girma, M.A. 2010, *The Interplay between Religion and Society in Ethiopia: Towards a Hermeneutic of Covenant*, PhD Dissertation, Vrije Universiteit and Hausteijn, J. and Feyissa, D. 2022. 'The strains of 'Pente' Politics: Evangelicals and the Post-Orthodox State in Ethiopia' in Bach, J. (ed.) *Routledge Handbook of the Horn of Africa*, Oxon: Routledge.

32 Abbink, J. 2006. 'Discomfiture of democracy? The 2005 election crisis in Ethiopia and its aftermath', *African Affairs* 105(419), 173-199.

33 The EPRDF as a coalition party espoused ideological claims such as Ethno-nationalism, Marxism-Leninism, Revolutionary Democracy, and Democratic Developmental State (see Gebregziabher, 2019. *Ideology and power in TPLF's Ethiopia: A historic reversal in the making?* *African Affairs*, Vol. 118, issue 472, 463-484).

34 Fouriej, E. 2015. 'China's example for Meles' Ethiopia: when development 'models' land', *The Journal of Modern African Studies* 53(3), 289-316.

35 Gebremariam, E. 2017. 'The Politics of Developmentalism, Citizenship and Urban Youth in Addis Ababa, Ethiopia', PhD Philosophy (Political Science) dissertation. University of Manchester, United Kingdom, 108.

number of local council seats (approximately 3.5 million), thus reasserting control over the local level. These members were to a considerable extent drawn from the Addis Ababa Youth Forum, a youth organisation established by the EPRDF in 2006. The Forum grew rapidly as the EPRDF offered loyal members various enticements: recognition, access to Micro and Small Enterprise programmes, housing, and job opportunities in government positions.<sup>36</sup> Additional measures to reinforce the tie between individuals' livelihoods and at least a marginal expression of support towards the state were implemented; these included job creation programmes, small enterprise development programmes (often run with aid funds), and the registration of cooperatives (reliant on government contracts and licensing) as well as the youth and women leagues.<sup>37</sup> As well, registration and memberships structures allowed for a significant degree of co-optation given the state's strong administrative capabilities, making it possible to trade a range of benefits for professed loyalty to the regime on the individual level.<sup>38</sup> The ongoing co-optation of civil society organisations and the private sector by regime elites allowed the party to reinforce its hold over formally non-state spaces, further weakening potential countervailing societal pressures.<sup>39</sup> Finally, two practices – the reinforcement of surveillance practices (at times in partnership with both Western states as well as China for access to technology) and the instrumental use of foreign investment to displace local communities in order to control remote areas – further reinforced central state control.<sup>40</sup> As a consequence, the Ethiopian developmental narrative – which placed a premium on livelihood security, food subsidies, social services, and job creation – became key to local legitimacy (effectively the securitisation of poverty), but could not prevent grievances against TPLF and central state dominance from arising.

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- 36 Vaughan, S. 2011. 'Revolutionary democratic state-building: party, state and people in the EPRDF's Ethiopia', *Journal of Eastern African Studies*, 5(4), 619-640; Aalen, L. and Tronvoll, K. 2009. 'The End of Democracy? Curtailing Political and Civil Rights in Ethiopia', *Review of African Political Economy*, 36(120), 203.
- 37 Gebremariam, E. 2017, 'The Politics of Developmentalism, Citizenship and Urban Youth in Addis Ababa, Ethiopia', PhD Philosophy (Political Science) dissertation. University of Manchester, United Kingdom. Note that this also imported a degree of opposition into the EPRDF, as individuals sympathising with opposition parties joined EPRDF parties (such as OPDO).
- 38 Arriola, L. and Lyons, T. 2016. 'The 100% Election', *Journal of Democracy*, 27(1), 76-88.
- 39 Abbink, J. 2009. 'The Ethiopian second republic and the fragile "social contract"', *Africa Spectrum*, 44(2), 3-28.; Gebregziabher, T. and Hout, W. 'The rise of oligarchy in Ethiopia: The case of wealth creation since 1991', *Review of African Political Economy* 45, 157 (2018), 501-510.
- 40 Turse, N. 2017. 'How The NSA Built A Secret Surveillance Network For Ethiopia', *The Intercept*, 13 September, <https://theintercept.com/2017/09/13/nsa-ethiopia-surveillance-human-rights/> (accessed 5 October 2020); Human Rights Watch. 2014. *'They Know Everything We Do': Telecom and Internet Surveillance in Ethiopia*, HRW Reports; Meester, J. 2021. 'Designed in Ethiopia' and 'Made in China', The Hague: Clingendael; Abbink, J. 2009, 'The Ethiopian second republic and the fragile "social contract"', *Africa Spectrum*, 44(2), 3-28; Abbink, J. 2011. 'Ethnic-based federalism and ethnicity in Ethiopia: reassessing the experiment after 20 years', *Journal of Eastern African Studies* 5(4), 596-618.

## 2.3 Transition and continuity

Ethiopia is in transition. The political economic conditions are changing. The often-referred immediate cause of the changes is the social unrest that preceded the change of leadership within the ruling EPRDF coalition. A major grievance raised throughout the protests was the inability of the TPLF-dominated coalitions to maintain sufficient livelihoods for the growing population.<sup>41</sup> Some argue that changing demographic conditions, urbanisation, and rising education levels opened up a range of old and new fault lines in the final years of EPRDF rule, including within the party and within state institutions.<sup>42</sup> As for the political process, observers of Ethiopian politics argue that two processes have contributed to the power shift within the EPRDF. The first process is the popular protest, mainly by Oromo and Amhara youth, for about three years against the TPLF's political and economic dominance in Ethiopia's political landscape. The second and related process has been a power struggle within the coalition that forced the TPLF to give way to the other junior political party in the EPRDF coalition, i.e., the Oromo People's Democratic Organization (OPDO) – renamed the Oromo Democratic Party (ODP) and finally subsumed within the Prosperity Party (functioning as Oromia-PP).<sup>43</sup>

From the OPDO side of the coalition, Abiy Ahmed emerged in 2018. He initially built an image as an Oromo-nationalist within the ruling coalition, noting that *“The Oromo people have granted us a great opportunity, and we have to use the opportunity and address the demands of the Oromo people by working day and night.”*<sup>44</sup> Yet, Abiy is more known for his speeches about Ethiopia's glorious past, as well as his unequivocal love for the country and its future potential. His famous words at his inaugural speech in 2018 – *“we are Ethiopians while alive and Ethiopia when we die”* – starkly contrasted with his previous emphasis on ethnicity and excited many in the parliament and beyond.<sup>45</sup>

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41 Gebregziabher, T. 2019, 'The party that consumes the state: The rise of oligarchy in post-1991 Ethiopia', PhD dissertation, Erasmus University Rotterdam.

42 Yibeltal, K. 2014. 'Addis Abeba's proposed Master Plan sparks nationwide university students' protest', *Addis Standard*, 2 May, <https://addisstandard.com/addis-abebas-proposed-master-plan-sparks-nationwide-university-students-protest/> (accessed 24 February 2022); International Crisis Group. 2019. *Managing Ethiopia's Unsettled Transition*, ICG Africa Report n. 269, Brussels: Belgium, 2-11; Yusuf, S. 2019. *What is driving Ethiopia's ethnic conflict?*, ISS East Africa Report, Pretoria: South Africa. Interview with an Ethiopian academic, Addis Ababa, November, 2019.

43 Gebregziabher, T. 2019, 'The party that consumes the state: The rise of oligarchy in post-1991 Ethiopia', PhD dissertation, Erasmus University Rotterdam.

44 Tasfaya. E. 2021. 'EIEP: Prosperity Party's win is a loss for Oromia—and Ethiopia', *Ethiopia Insight*, 19 August, <https://www.ethiopia-insight.com/2021/08/19/eiep-prosperity-partys-win-is-a-loss-for-romia-and-ethiopia/> (accessed 26 January 2022).

45 Gebregziabher, T. 2019, 'Ideology and power in TPLF's Ethiopia: A historic reversal in the making?' In *The Party That Consumes the State: The Rise of Oligarchy in Post-1991 Ethiopia*, PhD dissertation, Erasmus University Rotterdam.

Following an initially relatively smooth handover between administrations, including the former ruling party acknowledging the new administration, the renegotiation of power within the political settlement did not run smoothly. The new administration branded the entire EPRDF period as the 'dark years', and some TPLF elements attempted to maintain their hold over power in the new situation. Major parts of the Ethiopian state apparatus were still controlled by Tigrayan officials. Many such officials were subsequently selectively purged from state institutions as well as parastatal organizations, especially following the assassination attempt on the PM on June 23, 2018.<sup>46</sup> In addition to the removal of TPLF officials, a range of other measures were also perceived as means to break the TPLF's power. These measures included the peace-deal with Eritrea (viewed as opening a second front against the TPLF) and the demonetisation of old currency notes (wiping out unofficial reserves of actors without the access to exchange them for new notes).<sup>47</sup> Although such measures may have curbed the TPLF's hold over the state apparatus, it also allowed the party to: (1) rebrand itself from a weakened authoritarian party into an ethno-nationalist bulwark within the Tigrayan regional state; and (2) effectively contest the EPRDF's absorption into the PP.<sup>48</sup>

Yet, other than the evident differences with the previous regime, a remarkable range on continuity could also be observed. The new administration's economic platform largely maintained the EPRDF's focus on economic growth and job creation as a key legitimating factor underpinning the regime and outreach to international financial institutions.<sup>49</sup> Additionally, in a stark contrast to his Oromo nationalist credentials, the new prime minister stated that "*Oromo nationalism reduced this great nation to a*

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46 At least two people died and 156 were wounded in the grenade attack. See the full story at Girma, M. 2018. 'Explosion at rally proves that Ethiopia isn't out of the woods yet' *The Conversation*, 25 June, <https://theconversation.com/explosion-at-rally-proves-that-ethiopia-isnt-out-of-the-woods-yet-98839> (accessed 20 February 2022).

47 Note, however, that PM Abiy Ahmed received the Nobel Peace Prize for the peace deal with Eritrea, following a policy of pushing for punitive sanctions on Eritrea by the TPLF-EPRDF government. With the Nobel Peace Prize being awarded for what was effectively an important pillar under the war in Tigray, Abiy became the first Nobel Laureate to be reminded of his responsibilities associated with the prize; Assefa, W. 2020. 'Ethiopia's Demonetization - Possible Causes and Effects', *AllAfrica*, 24 September, <https://allafrica.com/stories/202009240666.html> (accessed 26 January 2022). It is not clear whether targeting the TPLF's "black money" was among the aims of the federal government. However, regardless of the intention, such an operation is likely to have this effect; Eritrea Hub. 2020. 'Jailed Oromo leader Jawar Mohammed, calls for peaceful end to the Tigray war', Eritrea Hub, 01 December, <https://eritreahub.org/jailed-oromo-leader-jawar-mohammed-calls-for-a-peaceful-end-to-the-tigray-war> (accessed 20 February 2022).

48 Paravicini, G. 2020. 'Regional party wins vote in Ethiopia's Tigray, challenging federal government', *Reuters*, 11 September, <https://www.reuters.com/article/us-ethiopia-politics-idUSKBN2622LA> (accessed 20 February 2022).

49 Meester, J., and Ezzeddine, N. 2021. *A transition at work? The ethnicization of Ethiopia's informal sector*, CRU report, The Hague: Clingendael.

*local community*” in a speech to Amhara supporters shortly after coming into office.<sup>50</sup> Although these and similar popular appeals did allow the PM to consolidate power, in the longer run it generated significant distrust from both Amhara and Oromo groupings. PM Abiy also reinstated or maintained military control posts and other repressive measures throughout Oromia (and in Amhara and the Southern regions), as well as internet black-outs and measures restricting media freedom.<sup>51</sup> Following the abolition of the EPRDF party structure and its absorption in the PP on a Ethiopian Nationalist platform, the 2021 election period saw a range of changes to the electoral law and the entire political process. A crackdown on opposition politicians made campaigning difficult, leading one opposition party – the Oromo Federalist Congress (OFC) – to announce “*that it was unable to participate in the election because so many of its leaders were in jail*”.<sup>52</sup> In Oromia, the Prosperity Party contested all 170 seats, and ended up running uncontested in 103 of them.<sup>53</sup> In most regions, the regional PP branches held significant advantages over opposition parties in financing, recruitment, and name recognition. Coupled with varying degrees of administrative irregularities and repression across regions, the PP won the vast majority of seats in each region. Acquisitions of repressive tactics were reported for Gambella, Amhara, SNNPR (Southern Nations, Nationalities, and People’s Region), Benishangul-Gumuz, and Somali region. In other regions, some reports cite the impact of the co-option and absorption of the major opposition party within the PP (Sidama) and exceptionally high voter turnout (97% turnout, nearly fully in favour of the PP, in Afar).<sup>54</sup> For many, the choice at the polls was not simply one for their preferred candidate, but also a question regarding the political instability that a non-PP victory might generate. Although the opposition parties were weak and deeply divided in many regions, and hence likely unable to mobilise a large turnout, the landslide victory the party won across Ethiopia (securing 410 out of 436 seats in the federal parliament) was not viewed as a clear show of support for the PP by many constituencies across the country. Yet, other groups previously excluded from the EPRDF sister-party structure saw newfound gains within the PP party. For example, representatives from the Afar National Democratic Party (ANDP) and the Ethiopian Somali People’s Democratic Party (ESPDP) managed to acquire significant positions within the new government. As well, the previously somewhat excluded sister-

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50 Tasfaya. E. 2021. ‘EIEP: Prosperity Party’s win is a loss for Oromia—and Ethiopia’, Ethiopia Insight, 19 August, <https://www.ethiopia-insight.com/2021/08/19/eiep-prosperity-partys-win-is-a-loss-for-romia-and-ethiopia/> (accessed 26 January 2022).

51 Amnesty International, 2020. *Beyond Law Enforcement: Human Rights Violations By Ethiopian Security Forces in Amhara and Oromia*, London: Amnesty International Ltd.

52 *Ibid.*

53 *Ibid.*

54 Ethiopia Insight. 2021. ‘EIEP: Lust for power trumped reformist zeal in Ethiopia’s election’, Ethiopia Insight, 21 September, <https://www.ethiopia-insight.com/2021/09/21/eiep-lust-for-power-trumped-reformist-zeal-in-ethiopia-s-election/> (accessed 26 January 2022).

parties managed to take on a more central position (see section 4.2).<sup>55</sup> Thus, political contestation appears to remain largely confined within the (new) ruling party.

## 2.4 Conclusion

The Ethiopian state is an old, strong, and value-infused institution, rather than a product influenced by donor-driven state-building and democratisation projects. The Abiy administration swept to power on a platform of popular dissatisfaction with EPRDF policy and TPLF control. Although the popular debate may be driven by concerns over democratisation and the future of (ethno)federalism, the implementation of such changes entails a significant reorganisation of state structures in order to establish control and reorient them towards a new political order. Rather than assuming that a new political actor can set a new course, the political conflict for control of the state apparatus following the extensive integration of state and (EPRDF) party structure forms a major part of political contestation. Although this chapter explicates the context in which state structures were adapted under EPRDF rule, the next chapter sets out to map the changes made to this structure as the new administration assumes control. The identified changes may serve as important markers for the practical implementation of the PP platform as well as indications of the state of contestation between various political actors.

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55 Gebreluel. G., 2019. 'Ethiopia's prime minister wants to change the ruling coalition. Who's getting left out?', The Washington Post, 23 December, <https://www.washingtonpost.com/politics/2019/12/23/ethiopia-president-wants-change-ruling-coalition-whos-getting-left-out/> (accessed 26 January 2022).

# 3 Taking control of the Ethiopian state

## 3.1 Introduction

As a country transitions away from an old political settlement towards a new one, the incumbent political forces managing the transition are bound to face a considerable challenge, namely, establishing effective control over state institutions that used to operate under the previous system. Even in a best-case scenario, the incumbents are likely to struggle with institutional inertia: despite changes in leadership, well-developed organisations tend to keep working in the way they are used to, thus making it difficult to implement substantial changes.<sup>56</sup> In the worst-case scenario for the incumbents, former ruling elites may even retain a significant degree of control over institutions – if not via the leadership, which is often replaced during a transition, at least via the presence of mid-level officials and engrained procedures affiliated with the former rulers. The persistence of these networks can make it extremely difficult for the new incumbents to exert their control, as it allows the former rulers to sabotage the transition from within.

The aim of this chapter is to map the main organisational changes through which the new administration has sought to take control of the Ethiopian state. To do so, the chapter focuses on three main ways in which the new administration has sought to expand its control over the country's statal and parastatal institutions,<sup>57</sup> namely: (1) appointing new officials in key positions; (2) reorganizing reporting lines within and across institutions; and (3) rearranging the allocation of financial resources and the responsibility over their management. To track these changes over time, this chapter analyses appointments, reporting lines, and financing arrangements in four different timeframes, namely: (i) the late days of the EPRDF rule (between late 2017 and April 2018); (ii) the first phase of the transition (April 2018 – November 2020), from Abiy's nomination as PM to the outbreak of the Tigray war; (iii) the second phase of the

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56 Powell, Walter and Paul J. Dimaggio, eds. *The New Institutionalism in Organisational Analysis*, Chicago: Chicago Press, 2012.

57 The definition of 'statal and parastatal institutions' include entities such as ministries, commissions, agencies, and state-owned enterprises. Given the close relation between the state and the party in the EPRDF's Ethiopia, one may also consider including the business conglomerates (known as endowment funds) owned by the EPRDF's regional branches in Tigray, Amhara, Oromia, and SNNPR.

transition (November 2020 – September 2021), from the outbreak of the Tigray war to the conclusion of the 2021 electoral process; and (iv) the latest and current phase of the transition (since October 2021), marked by the establishment of a new post-election cabinet.

### 3.2 Appointing new officials

One major strategy that a new ruling coalition can use to gain control over key institutions is to appoint new officials, particularly in leadership positions. These new appointments can serve different purposes. First, replacing officials with strong ties to the previous regime can allow the incumbents to break (or at least significantly weaken) the networks through which their predecessors used to control relevant institutions. Second, a wave of new appointments can also give the incumbents an opportunity to build up their own networks of control, most notably by filling leadership positions either with loyalists (if the main aim is to strengthen political control over state structures) or with experts (if the main aim is to achieve a new policy goal).<sup>58</sup> Third, appointments can build political coalitions by rewarding allied political forces with attractive positions. In certain cases, these different considerations can and do coexist. For instance, some appointees may both be experts and have (or develop) ties to the party. Moreover, technocratic or political appointees may become loyalists over time, as their careers become dependent on their political patrons.

Throughout Ethiopia's transition, the new ruling coalition has relied significantly on the appointment of new officials. During the three years and a half of transition, for instance, ministerial positions have been reshuffled seven times, the security sector's top leadership three times, 9 out of 12 major state-owned enterprises (SOEs) have changed their Chief Executive Officer (CEO) at least once, and the Ethiopian Investment Commission (EIC) has changed commissioner four times.<sup>59</sup> These figures are particularly striking if compared to the slow pace of turnover typical of the EPRDF rule, whereby high-level appointees would often maintain their position for several years, if not at times for decades. For instance, Fitsum Arega, EIC's head in 2018, had occupied the position since 2013.<sup>60</sup> Such long stints were not uncommon in other positions too, especially for

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58 The choice of whether to appoint a loyalist or an expert can involve difficult trade-offs. Appointing a loyalist may be helpful in ensuring control over an institution. However, to achieve satisfactory policy outputs, it may be necessary to rely on someone with expertise – and experts often tend to have their own ideas. For an exploration of this phenomenon, see: Ray, Dennis. 1970. "Red and expert" and China's cultural revolution', *Pacific Affairs* 43(1), 22-33.

59 For a more detailed account of these changes, see Chapter 4.

60 Addis Fortune. 2018. 'Investment Commission Gets New Head', *Addis Fortune*, 28 April, <https://addisfortune.net/articles/investment-commission-gets-new-head/> (accessed 20 February 2022).

key roles in the economic sector (Teklewold Atnafu led the National Bank of Ethiopia from 2006 to 2018), as well as in the security sector (Siraj Fegessa was defence minister from 2008 to 2018, while Samora Younis and Getachew Assefa were head of the armed forces and of intelligence respectively for almost two decades).<sup>61</sup>

The appointment strategy of the Ethiopian administration has arguably reflected the multiple purposes and patterns outlined above. In a number of cases, the new administration appears to have prioritised competence by appointing technocrats.<sup>62</sup> This trend has been particularly pronounced in the economic sector, where councils of experts (e.g., the Independent Economic Advisory Council and the Privatization Advisory Council) have been created, and experienced foreign-educated economists have been appointed to important policymaking positions.<sup>63</sup> In other cases, political loyalty may have played a more prominent role in shaping appointments, as the new administration sought to ensure that its programmes would be implemented. In the early stages of the transition, for instance, important institutions such as the Attorney General's office and the Ministry of Revenue were put in the hands of officials such as Berhanu Tsegaye and Adanech Abebe, seen by observers as close to PM Abiy.<sup>64</sup> The Prime Minister has also dispatched some of his former chiefs of staff (Fitsum Arega, Shumete Gizaw) to lead key institutions such as the Ethiopian Investment Commission and the Information Network Security Agency.<sup>65</sup> In other cases, appointments have also arguably served the purpose of coalition-building. For instance, throughout the transition, leaders of previously marginalised ethno-political forces have been awarded high-level ministerial positions, such as those of Minister of Peace (Muferiat Kamil, Southern Ethiopian People's Democratic Movement – SEPDM), Minister of Finance (Ahmed Shide, ESPDP),

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61 Yewondwossen, M. 2018. 'EBA says goodbye to long time leaders', *Capital Ethiopia*, 23 July, <https://www.capitalethiopia.com/capital/eba-says-goodbye-long-time-leaders/> (accessed 20 February 2022); Global Security. N.a. 'Siraj Fegessa', <https://www.globalsecurity.org/military/world/ethiopia/siraj.htm> (accessed 20 February 2022); Tesfa News. 2018. 'Ethiopia: Army and Intelligence Chiefs Replaced', *Tesfa News*, 8 June, <https://www.tesfanews.net/ethiopia-army-intelligence-chiefs-replaced/> (accessed 20 February 2022).

62 Interview with a senior Ethiopian official in the economic sector, Addis Ababa, December 2021; Interview with a scholar of Ethiopian politics, Addis Ababa, November 2021; Interview with an economic official in the economic sector, Addis Ababa, December 2021.

63 However, it should be noted that these councils were soon reportedly mired in political disputes. Moreover, issues of political (and ethnic) affiliation cannot be ruled out in the appointments of educated technocrats.

64 Mandefro, H. 2019. 'Old habits die hard', *Ethiopia Insight*, 04 July, <https://www.ethiopia-insight.com/2019/07/04/old-habits-die-hard/> (accessed 20 February 2022).

65 Addis Standard. 2018. 'Fitsum Arega moving back to head investment commission', Addis Standard, 27 October, <https://addisstandard.com/breaking-fitsum-arega-moving-back-to-head-investment-commission/> (accessed 20 February 2022); *Africa News*. 2020. 'Abiy's chief of staff new head of Ethiopia's cyber security outfit', *Africa News*, 06 February, <https://www.africanews.com/2020/02/06/abiy-s-chief-of-staff-new-head-of-ethiopia-s-cyber-security-outfit/> (accessed 20 February 2022).

and Minister of Defence (Aisha Mohammed Mussa, ANDP), thus consolidating these forces' support to the new administration.<sup>66</sup> This coalition-building logic may have also underpinned the decision to retain Demeke Mekonnen as a deputy to PM Abiy Ahmed, which cemented Amhara support to the new governing coalition.<sup>67</sup>

### 3.3 Reorganising reporting lines

Gaining control over key positions and offices through the appointment of new officials can help the incumbents to break existing power structures and to create new ones. However, achieving the capacity to fully implement desired policies may prove considerably more difficult for the new ruling elites.<sup>68</sup> Although leadership changes can provide considerable impetus for change within an institution, such impetus is likely to meet significant resistance. To begin with, well-developed institutions have the tendency to continue operating in the way in which they are used to, thus stifling potential change coming from the top. Moreover, the appointment of a loyal figure as leader of an institution does not automatically ensure the loyalty of the institution itself, as mid-/low-level officials with links to the former ruling elite may well uphold their past allegiances and stifle their new leaders' push for change.<sup>69</sup>

New incumbent political forces aiming to gain full control over policymaking may thus resort to the implementation of more structural changes, including a wider reorganization of the state's institutional set-up. This can entail shortening reporting lines to particularly important institutions, bringing them under more direct control of the political leadership. For instance, to strengthen control over a sensitive institution, the PM may decide to bring it under the direct supervision of the PM's office, or at least under the purview of an institution that the PM controls tightly (e.g., a specific ministry or agency led by a loyalist). In addition, structural organisational changes can entail a redistribution of existing responsibilities across different institutions. For instance, particularly sensitive issues may be moved under the purview of existing institutions that are trusted by the political leadership, or under new institutions created for this specific purpose.

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66 As part of the third reshuffling of the Cabinet by PM Abiy Ahmed, Aisha was later moved to Ministry of Construction and Urban Development.

67 Within the party's structures, Demeke was also elected as Deputy Chairman of the EPRDF, and as Vice-President of the Prosperity Party after its creation.

68 For further reference on the debate between office seeking and policy seeking, see: Budge, I. and Michael Laver. 1986. 'Office Seeking and Policy Pursuit in Coalition Theory', *Legislative Studies Quarterly* 11(4), 485-506.

69 Powell, Walter and Paul J. Dimaggio, eds. *The New Institutionalism in Organisational Analysis*, Chicago: Chicago Press, 2012.

Throughout Ethiopia's transition, the new administration has implemented a wide range of organizational changes.<sup>70</sup> These changes have served different purposes. On the one hand, their declared aim has been to improve the effectiveness of the state and streamline its organisation. On the other hand, however, these changes have also reconfigured existing structures of control and power within the Ethiopian state, most often in a way that would allow the new administration to shore up its position vis-à-vis that of the former rulers. An example of such dynamics lies in the new administration's reform of the country's state-owned enterprises (SOEs), a crucial source of power in Ethiopia, reportedly accounting for approximately 15% of the country's economy.<sup>71</sup> In order to streamline the management of Ethiopia's SOEs, the new administration has brought them under the oversight of a single institution, the Public Enterprises Holdings and Administration Agency (PEHAA, successor of the Ministry of Public Enterprises), operating under the oversight of the Ministry of Finance. As often stressed by officials from the new administration, this change does have the potential to improve coordination in the management of Ethiopia's SOEs.<sup>72</sup> At the same time, however, it can also allow the new administration to increase its control over a key source of economic power by centralising previously dispersed management structures.

Other changes implemented in the economic sector may reflect a similar pattern. For instance, in 2018, the new administration transferred responsibility for the Industrial Parks Development Corporation (IPDC, the SOE tasked with spearheading industrialisation and economic development) from the Ministry of Industry to the Ethiopian Investment Commission (EIC).<sup>73</sup> The following year, the administration also transferred a wide range of responsibilities in the strategic telecommunication sector from the Ministry of Information and Technology to the newly created Ethiopian Communications Authority (ECA).<sup>74</sup> In addition to their potential gains in terms of efficiency, these moves also increased the relevance of two entities reporting directly to the PM's office (the EIC and the ECA), while taking responsibility away from two ministries that had been under the TPLF's strong influence (the Ministry of Industry was at the time headed by the TPLF's Fetlework Gebregziabher, while the Ministry of

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70 Federal Democratic Republic of Ethiopia. Federal Negarit Gazette. 2018. *Definition of Powers and Duties of the Executive Organs of the Federal Democratic Republic of Ethiopia Proclamation No. 1097/2018*; Federal Democratic Republic of Ethiopia. Federal Negarit Gazette. 2021. *Definition of Powers and Duties of the Executive Organs of the Federal Democratic Republic of Ethiopia Proclamation No. 1263/2021*.

71 Interview with a senior Ethiopian official in the economic sector, Addis Ababa, December 2021.

72 Interview with a senior Ethiopian official in the economic sector, Addis Ababa, December 2021; Interview with an economic official in the economic sector, Addis Ababa, December 2021.

73 Federal Democratic Republic of Ethiopia. Federal Negarit Gazette. 2018. *Definition of Powers and Duties of the Executive Organs of the Federal Democratic Republic of Ethiopia Proclamation No. 1097/2018*

74 Federal Democratic Republic of Ethiopia. Federal Negarit Gazette. 2019. *Communications Service Proclamation No.1148/2019*.

Information and Technology had been led for several years by TPLF leader Debretsion Gebremichael).

Finally, in some cases the new administration has more explicitly leveraged the reorganisation of reporting lines to shift strategic portfolios away from TPLF-controlled institutions. For instance, in the wake of the 2018 Meskel Square attack, the protection of Ethiopia's top politicians (including PM Abiy) was entrusted to the newly created Republican Guard. This shift removed a particularly sensitive task from the portfolio of the National Intelligence and Security Service (NISS), traditionally a TPLF stronghold, and shifted it to a new body reporting directly to the PM's office and led by an Oromo commander.<sup>75</sup>

### 3.4 Rearranging financing

Besides appointing new officials and reorganising existing reporting lines, the new incumbents' efforts to exert control over state structures may focus on another crucial issue: the allocation of financial resources across institutions. First and foremost, the new rulers have the power to shift funds across different institutions, thus (dis)empowering specific ministries or agencies according to their own agenda. For instance, the incumbents may increase funding to ministries controlled by political allies, or in policy areas that they deem particularly important, either for their agenda or for their political stability. Conversely, they may withdraw funding from institutions that do not fulfil these criteria. Moreover, on a more structural level, the new rulers can modify the system through which funds are allocated by changing financing lines, i.e., by redefining where different institutions source their funds from, as well as where they deposit potential revenues. For instance, an SOE's funding may come from the Ministry of Finance, from the entity in charge of public enterprises, or from the relevant sectoral ministry, and the company's profits may similarly flow to any of these institutions. By changing these financing lines, the new incumbents can alter the institutional set-up so as to shore up their own position within state structures.

Throughout Ethiopia's transition, the new administration has altered financing arrangements in ways that have to an extent reflected its political and reform agenda. For instance, the Ministry of Peace (MoP) has witnessed a major increase in the budget allocated for its recurrent expenditures (which increased by a factor of four

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75 Federal Democratic Republic of Ethiopia. Federal Negarit Gazette. 2018. *Republican Guard Establishment Council of Ministers Regulation No. 426/2018*.

in 2019-21 as compared to 2015-17).<sup>76</sup> This increase has reflected the importance that the MoP has assumed throughout Ethiopia's transition. In addition to the already significant responsibilities inherited from the former Ministry of Federal Affairs, in 2018 the MoP was tasked with supporting peacebuilding efforts, as well as overseeing Ethiopia's intelligence agencies (although this latter task was removed from the MoP's portfolio after the 2021 elections).<sup>77</sup> Moreover, until the 2021 elections, the MoP arguably played a role in the new administration's coalition-building strategy, as the post of minister was awarded to SEPDM head Muferiat Kamil. Budget allocations to the Ministry of Foreign Affairs, in contrast, have decreased throughout the transition. Between 2015-17 and 2019-21, the budget share allocated to the Ministry's recurrent expenditures has decreased by 20%, and the new administration has recently ordered the closure or resizing of approximately 30 diplomatic missions around the world (including very relevant ones such as that in Egypt) in an effort to reduce expenditures and foreign exchange losses.<sup>78</sup> This budget reduction has been paralleled by the new administration's tendency to conduct its foreign policy through personalised high-level networks, often running through the PM's office (see, for instance, Abiy's direct involvement in peace negotiations with Eritrea and in shaping Ethiopia's relationship with the United Arab Emirates – UAE).<sup>79</sup> Ethiopia's intelligence agencies have also witnessed

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76 Federal Democratic Republic of Ethiopia. Ministry of Finance. 2015. *2008 E.C Budget Year Federal Budget Proclamation*; Federal Democratic Republic of Ethiopia. Ministry of Finance. 2019. *2012 E.C Budget Year Federal Budget Proclamation*.

77 Alfa Shaban, A.R. 2018. 'Ethiopia's Minister of Peace: the country's most powerful woman?', *Africa News*, 17 October, <https://www.africanews.com/2018/10/17/muferiat-kamil-ethiopia-s-historic-speaker-now-first-peace-minister/> (accessed 20 February 2022); Addis Standard. 2021. 'PM Abiy forms new govt'; adds 20 institutions including NISS, INSA, investment & financial security accountable to his office', Addis Standard, 06 October, <https://addisstandard.com/news-pm-abiy-forms-new-govt-adds-20-institutions-including-niss-insa-investment-financial-security-accountable-to-his-office/> (accessed 20 February 2022).

78 Addis Standard. 2021. 'Ethiopia recalls dozens of diplomats, closes consulates in various countries', Addis Standard, 08 July, <https://addisstandard.com/breaking-ethiopia-recalls-dozens-of-diplomats-closes-consulates-in-various-countries/> (accessed 20 February 2022). Budget data from: Ethiopian Ministry of Finance. 2021. 'Budget Resources', <https://www.mofed.gov.et/resources/budget/> (accessed 20 November 2021); Additional documents obtained via a senior Ethiopian official in the economic sector. Elaboration by the authors.

79 Agence France Press. 2018. 'Ethiopia and Eritrea leaders end decades of war after signing joint declaration at historic meeting', *South China Morning Post*, 9 July, <https://www.scmp.com/news/world/africa/article/2154397/ethiopia-and-eritrea-agree-normalise-relations-embrace-end-decades> (accessed 20 February 2022); Fick, M. and Cornwell, A. 2018. 'In peace between Ethiopia and Eritrea, UAE lends a helping hand', *Reuters*, 8 August, <https://www.reuters.com/article/us-ethiopia-eritrea-emirates-insight-idUSKBN1KT1QX> (accessed 20 February 2022); The National. 2019. 'Ethiopia's prime minister arrives in Abu Dhabi', *The National*, 20 March, <https://www.thenationalnews.com/uae/government/ethiopia-s-prime-minister-arrives-in-abu-dhabi-1.839386> (accessed 20 February 2022); *Africa News*. 2022. 'Ethiopia's PM Abiy in the United Arab Emirates on state visit', *Africa News*, 30 January, <https://www.africanews.com/2022/01/30/ethiopia-s-pm-abiy-in-the-united-arab-emirates-on-state-visit/> (accessed 20 February 2022).

a relative decrease in funding, particularly during the first phase of the transition. The budget share allocated to the NISS in the 2019 budget, for instance, was 40% lower than the previous year – potentially reflecting the new administration’s scepticism towards an institution traditionally controlled by the TPLF.<sup>80</sup>

The change in financing patterns has also affected the subsidies transferred by the federal government to Ethiopia’s regions. For instance, the share of subsidies received by Tigray has fallen by 10% during the transition, while the share received by the Somali region has increased by 12%.<sup>81</sup> This trend has arguably mirrored the new administration’s wish to rebalance the distribution of resources in the country away from Tigray and towards some of the previously marginalised regions. This has been particularly true for the Somali region, whose political profile in Ethiopia has significantly increased during the transition, as reflected by the prominent role of ESPDP leader Ahmed Shide. However, it should be noted that other historically marginalised regions have not benefited from any increase in transfers – to the contrary, the share of subsidies flowing to Benishangul-Gumuz and Gambela has further decreased.<sup>82</sup>

In terms of financing lines, the new administration has seemingly sought to centralise the management of the country’s resources. For instance, as part of its reorganisation of Ethiopia’s public enterprises, the administration has sought to strengthen the control exercised by the Ministry of Finance (MoF) over the resources generated by the country’s SOEs. This has entailed establishing clearer rules with respect to the financial management of these enterprises.<sup>83</sup> Under the previous management system, different SOEs were at times accountable to different entities (most notably MoPE or relevant line ministries); however, under the current system almost all SOEs are supposed to answer to PEHAA, including financially. After the payment of taxes to the competent authority, each SOE is supposed to transfer 80% of its dividend to a single account managed by PEHAA under the MoF’s supervision.<sup>84</sup> A share of this sum may be retransferred to the SOE to fund expansion activities, in agreement with PEHAA and the MoF. This arrangement leaves PEHAA and the MoF fully in charge of the management of the SOEs’ resources. Further adding to this centralisation trend, after the beginning of the Tigray conflict, the federal government has reportedly taken control over 34 companies previously managed by the Endowment Fund for the Rehabilitation of Tigray (EFFORT),

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80 Budget data from: Ethiopian Ministry of Finance. 2021. ‘Budget Resources’, <https://www.mofed.gov.et/resources/budget/> (accessed 20 November 2021); Additional documents obtained via senior Ethiopian official in the economic sector. Elaboration by the authors.

81 *Ibid.*

82 *Ibid.* The allocation to SNNPR has remained unchanged.

83 Interview with senior Ethiopian official in the economic sector, Addis Ababa, December 2021.

84 Addis Fortune. 2020. ‘EFFORT Gets Board of Trustees’, *Addis Fortune*, 26 December, <https://addisfortune.news/effort-gets-board-of-trustees/> (accessed 20 February 2022).

the powerful endowment fund run by the TPLF and active in a wide range of economic activities across Ethiopia.<sup>85</sup> Similarly, TIRET – the endowment fund under control of the Amhara branch of the ruling party – has been rebranded (under the new name of Nigat) and reorganized under an increased oversight by the Amhara regional state administration.<sup>86</sup> These moves have the potential to further centralise the management of the country's economic resources, notably by moving several large companies away from the control of ruling parties, and under the control of state institutions.

### 3.5 Elements of continuity

Although transitions can be extremely momentous and bring about significant change, such change is rarely all-encompassing. As noted above, institutional inertia and the persisting presence of elements linked to the previous ruling elites tend to make change particularly difficult. In addition, although the new incumbents may want to call for a clear break with the past, structural constraints are likely to restrict the options available to them in implementing change. On some occasions, as the transition moves forward, the new incumbents may also gain new insights or develop new interests that can call into question the desirability of some of their earlier proposals. As a result of these phenomena, transitions can feature a significant degree of continuity.

Ethiopia's transition is no exception to this pattern. To be sure, the pace of change in the country since 2018 has been tremendous, as proved by the developments related to the conflict in Tigray, as well as by the momentous shifts outlined above. At the same time, however, what has often gone less noticed in the public discourse is the significant extent of continuity that has characterised Ethiopia's transition. Many of the informants interviewed for this report have stressed that the new administration has embarked on a reformist project rather than a revolutionary one, particularly in terms of economic policy. For instance, although the new administration has put much more focus than its predecessor on the importance of the private sector, Ethiopia's economy continues to feature a strong involvement of the state. Similarly, despite the promise to privatise several of Ethiopia's SOEs, progress on this front has been rather slow. The sale of 40% of Ethio Telecom's stakes – the only concrete project in the pipeline so far – has

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85 Interview with a senior Ethiopian official in the economic sector, Addis Ababa, December 2021. For a background on EFFORT, see Vaughan, S. and Gebremichael, D. 2011. *Rethinking business and politics in Ethiopia: The role of EFFORT, the Endowment Fund for the Rehabilitation of Tigray*, Africa Power and Politics Report, London: UK Aid, Irish Aid.

86 Endale, A. 2022. 'New breed regional conglomerates replicating EFFORT', *The Reporter Ethiopia*, 12 March, <https://www.thereporterethiopia.com/article/new-breed-regional-conglomerates-replicating-effort> (accessed 20 February 2022). A senior Ethiopian official in the economic sector noted that this reorganization has transformed the party-owned conglomerate into a regional SOE.

recently been suspended by the Ministry of Finance.<sup>87</sup> Moreover, Ethiopian officials with knowledge of the matter have informally acknowledged that the administration's privatisation drive has been actually slowed down, casting doubts on the prospects for future progress on this front (for more information, see section 4.4).<sup>88</sup>

Some of the new administration's appointments further highlight how Ethiopia's transition has featured a remarkable degree of continuity. At the top levels of the government, for instance, Demeke Mekonnen has retained his position as deputy PM, in order to cement the support of the Amhara National Democratic Movement (ANDM)/Amhara Democratic Party (ADP) to the new administration.<sup>89</sup> Another relevant case is that of Seleshi Bekele, Minister of Water, Irrigation and Energy in both the old and the new administration, and recently appointed chief negotiator and advisor on transboundary rivers and the Grand Ethiopian Renaissance Dam (GERD).<sup>90</sup> This continuity may be motivated by a desire to provide stability to the management of a crucial project such as the GERD, which falls under the Ministry's remit. Other examples of prominent officials retaining an important role throughout the transition are those of Girma Birru (former cabinet member and ambassador to the United States (US) during the EPRDF times, later appointed to advise PM Abiy on macro-economic issues and to chair the boards of different Ethiopian SOEs), Abadula Gameda (former defence minister and speaker of the House of People's Representatives, who has reportedly retained an important role as informal adviser to the PM), as well as Tewolde Gebremariam (long-

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87 Tadesse, F. 2022. 'Ethiopia Suspends Sale of Telecom Firm's Stake Sought by Orange', *Bloomberg*, 18 March, <https://www.bloomberg.com/news/articles/2022-03-18/ethiopia-suspends-sale-of-telecom-firm-s-stake-sought-by-orange> (accessed 18 March 2022).

88 Interview with a senior Ethiopian official in the economic sector, Addis Ababa, December 2021.

89 Addis Standard. 2013, 'PM Hailemariam reshuffles his cabinet', Addis Standard, 04 July, <https://addisstandard.com/pm-hailemariam-reshuffles-his-cabinet/> (accessed 20 February 2022); Addis Standard. 2021. 'PM Abiy forms new gov't; adds 20 institutions including NISS, INSA, investment & financial security accountable to his office', Addis Standard, 06 October, <https://addisstandard.com/news-pm-abiy-forms-new-govt-adds-20-institutions-including-niss-insa-investment-financial-security-accountable-to-his-office/> (accessed 20 February 2022).

90 BBC Amharic. 2021. "'The Lawyer of the GERD': Who is Dr. Eng. Sileshi Bekele?", BBC Amharic, 13 July, <https://www.bbc.com/amharic/news-57714395> (accessed 20 February 2022); Addis Standard. 2021. 'PM Abiy appoints Seleshi Bekele as chief negotiator & advisor on GERD, transboundary rivers', Addis Standard, 07 October, <https://addisstandard.com/news-pm-abiy-appoints-seleshi-bekele-as-chief-negotiator-advisor-on-gerd-transboundary-rivers/> (accessed 20 February 2022).

standing CEO of Ethiopian Airlines).<sup>91</sup> It should also be noted that, in the early stages of the transition, Abiy's first pick as a new Chief of Staff of the Ethiopian National Defence Forces (ENDF) was Gen. Seare Mekonnen, a former TPLF fighter. The assassination of Gen. Seare in June 2019, however, has put an end to this continuity, as former ANDM official Adem Mohammad was named to fill the position.<sup>92</sup>

### 3.6 Conclusion

The transition taking place in Ethiopia has triggered a struggle within the country's state institutions, as the new ruling coalition has sought to consolidate its own position, while weakening that of its predecessors. In order to assert its control over the state, the new administration has relied on a variety of strategies. First, it has reshuffled the leadership of Ethiopia's ministries, agencies, and SOEs, by appointing a mix of experts, loyalists, and political allies. Second, the new ruling coalition has implemented a wide range of organisational changes, which have provided some openings for improving the state's effectiveness, while at the same time helping the new rulers to weaken the networks of control established by their predecessors. Third, the new administration has also changed financing arrangements in a way that has reflected its priorities, increasing budget allocations to a number of key ministries (most notably the Ministry of Peace), while also centralising its control over political finance streams. Although the impact of Ethiopia's transition on the country's institutions has entailed somewhat more continuity than reflected in the international public discourse, the shifts described above have significantly altered the inner functioning of the Ethiopian state. The next chapter delves more in depth on the changes taking place in three key areas of the Ethiopian state.

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91 Addis Fortune. 2020. 'Prime Minister Appoints Girma Birru to Chair Ethio telecom's Board', *Addis Fortune*, 26 February, <https://addisfortune.news/news-alert/prime-minister-appoints-girma-birru-to-chair-ethio-telecoms-board/> (accessed 20 February 2022); Africa Intelligence. 2021. 'Abiy Ahmed Ali's parallel government', *Africa Intelligence*, 29 January, [https://www.africaintelligence.com/eastern-and-southern-africa\\_politics/2021/01/29/abiy-ahmed-ali-s-parallel-government.109638745-ar2](https://www.africaintelligence.com/eastern-and-southern-africa_politics/2021/01/29/abiy-ahmed-ali-s-parallel-government.109638745-ar2) (accessed 20 February 2022); Ethiopian Airlines. N.a. 'Meet the Winning Team', <https://corporate.ethiopianairlines.com/AboutEthiopian/ExecutiveProfile> (accessed 20 February 2022).

92 Ezega. 2019. 'Adem Mohammed Appointed Army Chief, Demelash Gebremichael Security Chief', Ezega, 28 June, <https://www.ezega.com/News/NewsDetails/7148/Adem-Mohammed-Appointed-Army-Chief-Demelash-Gebremichael-Security-Chief> (accessed 20 February 2022).

# 4 Controlling the commanding heights

## 4.1 Introduction

Although Ethiopia's political transition has led to significant changes across the board, particularly deep and consequential shifts have taken place in three areas of the Ethiopian state: the cabinet, the security sector, and the economic sector. The cabinet – a key representative organ in Ethiopia's executive power structure – has become a natural battleground, where political forces have sought to consolidate a new ruling coalition, as well as to increase their own power by gaining control over ministries, agencies, and policy areas. The struggles taking place in the security and economic sectors have also been particularly consequential, given that control over these two sectors allows political forces to exercise power through the legitimate use of force and the distribution of resources respectively. During the EPRDF times, both sectors had been key in underpinning the ruling coalition's strategy of political control over Ethiopia.<sup>93</sup> With the fall of the EPRDF, these sectors were suddenly opened for contestation, with different political forces vying for control over these crucial levers of power. The aim of this chapter is to map the changes taking place in these three areas.

## 4.2 The cabinet: Building coalitions and rebalancing powers

The political transition taking place since April 2018 in Ethiopia has had a major impact on the cabinet's make-up. On the one hand, the ever-shifting composition of the Ethiopian cabinet since April 2018 (see Figure 2) has reflected a protracted effort by the country's political forces to build a new ruling coalition. This coalition has been largely based around an Oromo-Amhara alliance, with contributions from smaller ethnic groups (most notably Southern and Somali), and with a markedly reduced Tigrayan presence as compared to the EPRDF times. This new set-up has been grounded in the years-long protests that preceded the transition, which saw Oromo and Amhara youth protest against the EPRDF's Tigrayan-led political order.<sup>94</sup> At the transition's outset, this alliance was consolidated at the cabinet level through the appointment of OPDO's Abiy Ahmed

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93 Gebregziabher, T. 2019, 'The party that consumes the state: The rise of oligarchy in post-1991 Ethiopia', PhD dissertation, Erasmus University Rotterdam.

94 Yusuf, S. 2019. *What is driving Ethiopia's ethnic conflict?*, ISS East Africa Report, Pretoria: South Africa.

as PM and ANDM's Demeke Mekonnen as deputy PM.<sup>95</sup> Moreover, throughout the transition, major ministries were awarded to politicians from these two blocs: Oromo officials controlled the defence, agriculture, and justice portfolios, while Amhara officials controlled foreign affairs, trade and industry, and transport (see Figure 2).

The new administration has also featured an increased presence of figures from previously marginalised ethno-political forces. The most prominent examples have been the appointments of Muferiat Kamil (Southern) and Ahmed Shide (Somali) to the powerful Ministries of Peace and Finance respectively.<sup>96</sup> Other cases have included the appointment of Aisha Mohammed Mussa (Afar), first to the Ministry of Defence and later to the Ministry of Urban Development and Construction.<sup>97</sup> These choices have been consistent with the new administration's declared wish to broaden the ruling coalition's ethno-political base. Yet, the extent to which a true political inclusion has actually taken place remains disputed: the appointment of individual politicians from certain ethnic groups has not necessarily satisfied the demands of representation brought forward by their constituencies, who have at times criticized their representatives in Addis for not representing their interests adequately.<sup>98</sup> At the same time, however, these appointments have been instrumental in building up support for the administration among a wider group of ethno-political forces, as shown most prominently in the case of the Somali region.<sup>99</sup>

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- 95 The same scheme was later also applied to the newly created Prosperity Party, of which Abiy is the president and Demeke the deputy.
- 96 Alfa Shaban, A.R. 2018. 'Ethiopia's Minister of Peace: the country's most powerful woman?', *Africa News*, 17 October, <https://www.africanews.com/2018/10/17/muferiat-kamil-ethiopia-s-historic-speaker-now-first-peace-minister/> (accessed 20 February 2022); Reuters. 2018. 'Ethiopia's PM names Ahmed Shide as new finance minister', Reuters, 16 October, <https://www.reuters.com/article/ethiopia-politics-idAFL8N1WW1IQ> (accessed 20 February 2022).
- 97 Ezega. 2018. 'Ethiopia Names First Female Defense Minister, Downsizes Cabinet', Ezega, 16 October, <https://www.ezega.com/News/NewsDetails/6703/Ethiopia-Names-First-Female-Defense-Minister-Downsizes-Cabinet> (accessed 20 February 2022).; *Africa News*. 2019. 'Ethiopia Appoints New Defense and Foreign Ministers', *Africa News*, 19 April, <https://www.africanews.com/2019/04/19/ethiopia-appoints-new-defense-and-foreign-ministers/> (accessed 20 February 2022).
- 98 Addis Standard. 2022. 'ONLF responds to Somali region accusations, blames regional govt of disinformation, downplaying drought effects', *Addis Standard*, 17 February, <https://addisstandard.com/news-onlf-responds-to-somali-region-accusations-blames-regional-govt-of-disinformation-downplaying-drought-effects/> (accessed 20 February 2022).; Mohammed, D. 2021. 'Abiy's Prosperity yields few dividends for Ethiopia's Afar', *Ethiopia Insight*, 21 July, <https://www.ethiopia-insight.com/2021/07/21/abiys-prosperity-yields-few-dividends-for-ethiopias-afar-region/> (accessed 20 February 2022).
- 99 See the claim of Somali region president Mustafa Omer who – after the election of Ethiopian Somali politician Adan Farah as vice president of the Prosperity Party – claimed: "We [Ethiopian Somalis] are at the center" (Garowe Online. 2022. 'Ethiopia's PM Ahmed coronated as ruling party's president', *Garowe Online*, 13 March, <https://www.garoweonline.com/en/world/africa/ethiopia-s-pm-ahmed-coronated-as-ruling-party-s-president> (accessed 12 March 2022).

**Figure 2 Party affiliation of cabinet members throughout the transition<sup>100</sup>**

	Pre-Transition		Transition I Reforms		Transition II Tigray conflict	Post-elections	
	2017	2018	2019	2020	2021	2022	
Prime Minister	Hailemariam Desalegn		Abiy Ahmed				
Deputy Prime Minister	Demeke Mekonnen						
Federal Affairs/Peace	Kebede Chane		Muferiat Kamil				Binalf Andualem
Defence	Siraj Fegessa	Motuma Mekassa	Aisha Mohammed	Lemma Megersa	Kenea Yadeta	Abraham Belay	
Foreign Affairs	Workneh Gebeyehu		Gedu Andargachew		Demeke Mekonnen		
Attorney General / Justice	Getachew Ambaye		Berhanu Tsegaye		Adanech Abebe	Gedion Timotewos	
Finance (& Economic Coop.)	Abraham Tekeste		Ahmed Shide				
Public Enterprises / PEHAA	Girma Amente	Teshome Toga	Habtmamu Hailemichael				
Planning & Development	Yinager Dessie		Fitsum Assefa				
Agriculture & Natural Resources	Eyasu Abraha	Shiferaw Shigute	Umer Hussen				
Livestock & Fisheries	Fekadu Beyene						
Trade (& Regional Integration)	Bekele Bulado	Melaku Alebel	Fetlework Gebregziabher		Melaku Alebel		
Industry	Ahmed Abitew	Ambachew Mekonnen					
Labor & Social Affairs	Abdulfetah Abdullah	Hirut Woldemariam	Ergoge Tesfaye				Split
Women & Social Affairs	<i>Women portfolio under Women, Children &amp; Youth; Social Affairs portfolio under Labor &amp; Social Affairs</i>					Ergoge Tesfaye	
Jobs & Skills	<i>Under Labor &amp; Social Affairs</i>					Muferiat Kamil	
Mines (& Petroleum/Resources)	Motuma Mekassa	Meles Alemu	Samuel Urkato		Takele Uma Banti		
Water, Irrigation & Electricity	Sileshi Bekele					Split into two ministries	
Water & Energy	<i>Under Water, Irrigation &amp; Electricity</i>					Habtmamu Itafa	
Irrigation & Low Land	<i>Under Water, Irrigation &amp; Electricity</i>					Aisha Mohammed	
Transport (& Logistics)	Ahmed Shide	Siraj Fegessa	Dagmawit Moges				
Revenues	Moges Balcha	Umer Hussen	Adanech Abebe	Lake Ayalew			
Communication/Innovation & Tech	Debretson Gebremichael	Uba Mohammed	Getahun Mekuria	Abraham Belay		Ad interim	
Science & Technology	Getahun Mekuria	<i>Duties transferred to Ministry of Innovation and Technology and Ministry of Science and Higher Education</i>					
Science & Higher Education	<i>Not yet established</i>		Hirut Woldemariam		Samuel Urkato	To Ministry of Education	
Education	Tilaye Gete		Getahun Mekuria		Birhanu Nega		
Health	Yifru Berhane	Amir Aman Hagos		Liya Tadesse			
Urban Development & Housing	Ambachew Mekonnen	Jantiray Abay		Aisha Mohammed			
Construction / Infrastructure	Aisha Mohammed			Aisha Mohammed			
Women & Children	Demitu Hambissa Bonsa	Yalem Tsegay Asfaw		Filsan Abdullahi		To Ministry of Women & Social Affairs	
Youth & Sports	Ritsu Yirdaw						
Culture & Tourism	Hirut Woldemariam	Fozia Amin	Hirut Kassaw				Split
Culture & Sport	<i>Culture portfolio under Culture &amp; Tourism</i>					Kejela Merdasa Tulu	
Tourism	<i>Tourism portfolio under Culture &amp; Tourism</i>					Nasisse Chalie	

<b>Legend:</b>	Tigray-PP	OPDO/ODP/Oromia-PP	ANDM/ADP/Amhara-PP	SEPDM/SNPPR-PP	ESDP/SDP/Somali-PP	ANDP/Afar-PP
<b>Party affiliation</b>	TPLF	OLF-Ararsa Bikila	NaMA	EZEMA	Weak/no party background	Transfer of portfolio

100 Sources: Ethiopian and international media outlets. The affiliations of certain individuals can be more complex than reported in this graph. For instance, some of the individuals appointed due to their technocratic background have later joined the Prosperity Party (e.g., Liya Tadesse, Fitsum Assefa). Yet, they have been coded under 'Weak/no party background' because their appointment was largely due to their technocratic background. Some individuals who did not have a high-profile party background were still coded as affiliated to a certain party due to their previous work in a certain regional state during the pre-transition phase, which generally signals a degree of affiliation with the local branch of the ruling party.

Throughout the transition, the increased representation of the Oromo, Amhara, and other ethnic groups in the Ethiopian cabinet has been accompanied by a gradual but steady resizing in the influence wielded by Tigrayan politicians. Although the cabinet was not formerly one of the institutions where the TPLF's domination was most visible, during the EPRDF's times TPLF officials did oversee important ministerial portfolios, such as those of finance and economic cooperation, communications and information technology, and farming and natural resources.<sup>101</sup> With the advent of the transition, however, the TPLF's presence in the cabinet was gradually but steadily eroded. A first cabinet reshuffle in October 2018 left the TPLF in control of only two ministries: one powerful (trade and industry) and one less so (women, children, and youth).<sup>102</sup> Yet, as relations between the TPLF and other political forces soured after the creation of the Prosperity Party, in spring 2020 the new PM decided to dispose of the last two TPLF ministers, thus leading to a fully 'TPLF-free' cabinet – an unprecedented development in post-1991 Ethiopia.<sup>103</sup> However, since then, the cabinet has included former TPLF members, most notably Abraham Belay (as Minister of Innovation and Technology first and Defence later) and Zadiq Abraha (as Minister in charge of Democratization).<sup>104</sup> The appointment of Tigrayans without affiliation to the TPLF has helped the new administration to curtail the previous rulers' influence, while at the same time deflecting accusations of discriminating against Tigrayans in general.

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101 As of early 2018, only 3 out of 30 cabinet positions were occupied by TPLF officials. Rather, the TPLF's control over the Ethiopian state was more evident in its domination of the security and economic sectors, which are dealt with in the following sub-sections.

102 DW. 2018. 'Ethiopia: Women take half of ministerial roles in cabinet reshuffle', DW, 17 October, <https://www.dw.com/en/ethiopia-women-take-half-of-ministerial-roles-in-cabinet-reshuffle/a-45929485> (accessed 20 February 2022).

103 Addis Standard. 2020. 'Despite objections PM Abiy removes one of the remaining two TPLF members from his cabinet', Addis Standard, 22 January, <https://addisstandard.com/news-despite-objections-pm-abiy-removes-one-of-the-remaining-two-tplf-members-from-his-cabinet/> (accessed 20 February 2022); Addis Standard. 2020. 'Parliament to swear in new Attorney General, Ministers of Health; Women & Children; and Revenue', Addis Standard, 12 March, <https://addisstandard.com/news-parliament-to-swear-in-new-attorney-general-ministers-of-health-women-and-revenue/> (accessed 20 February 2022).

104 Borkena. 2021. 'Abraham Belay named Head of Tigray region administration', Borkena, 05 May, <https://borkena.com/2021/05/05/abraham-belay-named-head-of-tigray-region-administration/> (accessed 20 February 2022); Addis Standard. 2021. 'PM Abiy forms new gov't; adds 20 institutions including NISS, INSA, investment & financial security accountable to his office', Addis Standard, 06 October, <https://addisstandard.com/news-pm-abiy-forms-new-govt-adds-20-institutions-including-niss-insa-investment-financial-security-accountable-to-his-office/> (accessed 20 February 2022); Perelman, M. 2020. 'Ethiopian minister accuses 'external forces' of involvement in recent deadly unrest', *France24*, 10 July, <https://www.france24.com/en/africa/20200710-interview-ethiopian-minister-accuses-external-forces-of-involvement-in-recent-deadly-unrest> (accessed 20 February 2022).

In addition to these shifts in ethno-political representation, Ethiopia's transition has also allowed individuals with weaker ties to the ruling coalition to find space in the country's cabinet. During the EPRDF era, ministerial positions were usually allocated to high-level members of the various parties composing the ruling coalition.<sup>105</sup> Although this pattern has broadly continued after the transition, there has been increasing space for individuals without a strong party background, such as Attorney General Gedion Timotewos, Health Minister Liya Tadesse, and Planning and Development Commissioner Fitsum Assefa.<sup>106</sup> The appointment of these figures has allowed the administration to tap into fresh expertise, while also building new networks of control, as some of these individuals have been reported to be close to Abiy or have since been assimilated into the Prosperity Party's structures.<sup>107</sup> Moreover, the latest cabinet inaugurated by Abiy Ahmed in October 2021 has included three members of the opposition, who have been granted control over the ministries of education (Birhanu Nega of EZEMA – Ethiopian Citizens for Social Justice), Innovation and Technology (Belete Molla of NaMA – National Movement of Amhara) and Culture and Sport (Kejela Merdasa of OLF – Oromo Liberation Front).<sup>108</sup> In the latter case, however, it should be noted that Kejela represents only a splinter faction of the OLF; the main OLF group remains opposed to the ruling coalition.<sup>109</sup>

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105 Milkias, P. 2010. 'Authoritarianism and the Ethiopian Body Politic Dissonance between Democratization and Elite Political subculture', in *Proceedings of the 16th International Conference of Ethiopian Studies*, edited by S. Ege et al., Trondheim, 363.

106 Central European University. 2015. 'Hessebon, Gedion Timothewos', <https://legal.ceu.edu/article/2015-09-28/hessebon-gedion-timothewos> (accessed 20 February 2022); Health Data. 2022. 'Lia Tadesse Gebremedhin', <https://www.healthdata.org/about/lia-tadesse-gebremedhin> (accessed 20 February 2022); Tadesse, F. 2018. 'Competence, Gender Constitute' Cabinet', *Addis Fortune*, 20 October, <https://addisfortune.net/articles/competence-gender-constitute-cabinet/> (accessed 20 February 2022); Addis Zeybe. 2020. 'Attorney General Gedion Timothewos Hessebon: A technocrat or another instrument for Abiy's executive branch?', *Addis Zeybe*, 25 September, <https://addiszeybe.com/news/currentaffairs/attorney-general-gedion-timothewos> (accessed 20 February 2022).

107 For instance, Gedion has been seen by some observers as close to Abiy, while Fitsum has been elected as a member of the PP's Executive Committee. Addis Zeybe. 2020. 'Attorney General Gedion Timothewos Hessebon: A technocrat or another instrument for Abiy's executive branch?', *Addis Zeybe*, 25 September, <https://addiszeybe.com/news/currentaffairs/attorney-general-gedion-timothewos> (accessed 20 February 2022); Kichuu Info. 2022. '45 Members of the Executive Committee of Prosperity Party (PP)', *Kichuu Info*, 13 March, <https://kichuu.com/45-members-of-the-executive-committee-of-prosperity-partypp/> (accessed 21 March 2022).

108 Mengistu, T. 2021. 'PM Abiy Nominates three Members of Opposition Parties for Ministerial Position', *Waltainfo*, 06 October, <https://waltainfo.com/pm-abiy-nominates-three-members-of-opposition-parties-for-ministerial-position/> (accessed 20 February 2022).

109 Ekubamichael, M. 2020. 'Schism threatens oldest Oromo political party, once again. Can latest electoral board decision right the wrong?', *Addis Standard*, 30 December, <https://addisstandard.com/in-depth-analysis-schism-threatens-oldest-oromo-political-party-once-again-can-latest-electoral-board-decision-right-the-wrong/> (accessed 20 February 2022).

In addition to this raft of new appointments, throughout the transition the cabinet has also witnessed organisational changes that have altered its internal balance of power. The most significant trend in this regard has arguably been the increasing concentration of decision-making powers in the hands of the PM and his office's staff, who have taken direct responsibility on an increasingly wide portfolio including both domestic and foreign policy issues. On the domestic front, for instance, the PM's office has taken a particularly prominent role on politically sensitive economic issues, such as Abiy's own promises in terms of economic reform, privatization, and job creation (further details in section 4.4).<sup>110</sup> On the foreign policy front, since early in the transition, Abiy Ahmed himself has taken an activist approach, most notably by brokering a historic peace deal with Eritrea and managing high-level contacts with Arab Gulf countries.<sup>111</sup> Although the PM also was a crucial figure during the EPRDF times, during the transition the importance of the PM Office has been further institutionalized, and a significant amount of power has been reportedly concentrated in the hands of a restricted group of officials with direct ties to the PM himself.<sup>112</sup>

In addition to the increasing role of the PM's office, organizational changes within the cabinet have also increased the importance of two key ministries: the Ministry of Peace and the Ministry of Finance. The Ministry of Peace – successor of the Ministry of Federal Affairs – has added to its portfolio the control over Ethiopia's powerful intelligence agencies, thus becoming the key reference point on matters of internal security (although recently the intelligence portfolio has been moved back under the direct oversight of the PM's office; see further details in section 4.3).<sup>113</sup> The Ministry of Finance has also added new major responsibilities to its portfolio (e.g., control over Ethiopia's SOEs via the supervision of PEHAA, and a role in the newly established privatisation processes), thus becoming – together with the PM's office – a key center of power for

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110 For instance, the PM is the chairman of the National Macroeconomic Committee and has assumed direct responsibility over several relevant institutions, including the two councils of experts in charge of policymaking and privatization, as well as the Job Creation Commission.

111 Agence France Press. 2018. 'Ethiopia and Eritrea leaders end decades of war after signing joint declaration at historic meeting', *South China Morning Post*, 9 July, <https://www.scmp.com/news/world/africa/article/2154397/ethiopia-and-eritrea-agree-normalise-relations-embrace-end-decades> (accessed 20 February 2022); Africa News. 2022. 'Ethiopia's PM Abiy in the United Arab Emirates on state visit', *Africa News*, 30 January, <https://www.africanews.com/2022/01/30/ethiopia-s-pm-abiy-in-the-united-arab-emirates-on-state-visit/> (accessed 20 February 2022).

112 Africa Intelligence. 2021. 'Abiy Ahmed Ali's parallel government', *Africa Intelligence*, 29 January, [https://www.africaintelligence.com/eastern-and-southern-africa\\_politics/2021/01/29/abiy-ahmed-ali-s-parallel-government\\_109638745-ar2](https://www.africaintelligence.com/eastern-and-southern-africa_politics/2021/01/29/abiy-ahmed-ali-s-parallel-government_109638745-ar2) (accessed 20 February 2022).

113 Alfa Shaban, A.R. 2018. 'Ethiopia's Minister of Peace: the country's most powerful woman?', *Africa News*, 17 October, <https://www.africanews.com/2018/10/17/muferiat-kamil-ethiopia-s-historic-speaker-now-first-peace-minister/> (accessed 20 February 2022).

economic policymaking (see further details in section 4.4).<sup>114</sup> In contrast, since the outset of the transition, the Ministry of Foreign Affairs seems to have lost some of its power. As noted above, the new PM himself has taken the lead in the most high-profile foreign policy enterprises. Moreover, in the wake of the November 2020 cabinet reshuffling, the post of foreign minister has been taken up by deputy PM Demeke Mekonnen, rather than by a new full-time minister.<sup>115</sup> Finally, as the conflict in Tigray has escalated, the new administration has sought to reduce costs and foreign exchange expenditures by dramatically downsizing Ethiopia's diplomatic presence abroad (with over 30 diplomatic outposts set to shut down), thus weakening the country's traditionally strong diplomatic capacity.<sup>116</sup>

### 4.3 The security sector: Breaking into the TPLF's stronghold

Since the advent to power of the EPRDF in the early 1990s, the security sector had been a key stronghold of the TPLF, which enjoyed a deep control over the armed forces (the Ethiopian National Defence Forces, ENDF) and the two main intelligence agencies: the National Intelligence and Security Service (NISS) and the Information Network Security Agency (INSA).<sup>117</sup> For decades, Tigrayan officials occupied all top leadership positions in these institutions, such as the chief of staff of the ENDF (Samora Younis), as well as the heads of NISS (Getachew Assefa) and INSA (Tekleberhan Woldearegay). Moreover, Tigrayan officials reportedly also held a majority of mid-level positions; in 2014, according to the opposition movement Ginbot 7, more than 90% of top- and mid-level officials in the ENDF were of Tigrayan ethnicity.<sup>118</sup> This dominance had its roots in the early stages of the EPRDF's times, when the new rulers had decided to demobilise the old Ethiopian army and replace it with the EPRDF's own armed forces, in which the TPLF enjoyed a prominent position.<sup>119</sup>

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114 Interview with a senior Ethiopian official in the economic sector, Addis Ababa, December 2021.

115 Addis Standard. 2020. 'News Alert: Unprecedented move by PM Abiy sees new leadership in entire security sector, foreign ministry', *Addis Standard*, 8 November, <https://addisstandard.com/news-alert-unprecedented-move-by-pm-abiy-sees-new-leadership-in-entire-security-sector-foreign-ministry/> (accessed 20 February 2022).

116 Addis Standard. 2021. 'Ethiopia recalls dozens of diplomats, closes consulates in various countries', *Addis Standard*, 08 July, <https://addisstandard.com/breaking-ethiopia-recalls-dozens-of-diplomats-closes-consulates-in-various-countries/> (accessed 20 February 2022).

117 Van Veen, E. 2016. *Perpetuating power: Ethiopia's political settlement and the organization of security*, CRU Report, The Hague: Clingendael.

118 Ginbot 7. 2014. 'TPLF's Minority Ethnic Monopoly of the Armed forces in Ethiopia', *Ethio Reference*, 6 October, [https://ethioreference.com/amharic/Revised\\_Ethnic\\_Diversity\\_in\\_The\\_Ethiopian\\_Armed\\_Forces.pdf](https://ethioreference.com/amharic/Revised_Ethnic_Diversity_in_The_Ethiopian_Armed_Forces.pdf) (accessed 20 February 2022).

119 Gebregziabher, T.N. 2019. 'Soldiers in business: the pitfalls of METEC's projects in the context of Ethiopia's civil-military relations', *Review of African Political Economy*, 46(160), 261-278.

Given the importance of the security forces in ensuring the TPLF’s control over the country, it may not be surprising that the current transition has quickly turned the security sector into a political battleground, as the new incumbent political forces have sought to shore up their position vis-à-vis that of the former rulers. Most prominently, this has entailed the replacement of the security sector’s top leadership (see Figure 3). Although this process had started relatively mildly (the first ENDF chief of staff appointed by the new administration was a former TPLF general, Seare Mekonnen), several high-level assassinations in June 2019 and the steady deterioration of the relations between the TPLF and its former sister-parties over the following months led to new reshuffles, which resulted in the complete removal of Tigrayan officers from all top security leadership positions by early 2020.<sup>120</sup> Over time, these positions have been taken over mostly by Oromo and Amhara officers, as well as by close affiliates of the new PM. For instance, an Oromo general (Birhanu Jula) is now the ENDF’s chief of staff, an Amhara politician close to Abiy (Temesgen Tiruneh) has taken up the leadership of NISS, Abiy’s former chief of staff (Shumete Gizaw) has become INSA director, while an Oromo security official (Demelash Gebremichael) has been appointed Federal Police Commissioner.<sup>121</sup>

**Figure 3 Party affiliation of top security officials throughout the transition<sup>122</sup>**

	Pre-Transition		Transition I Reforms		Transition II Tigray conflict	Post-elections
	2017	2018	2019	2020	2021	2022
<b>ENDF</b>	Samora Younis	Seare Mekonnen	Adem Mohammed		Birhanu Jula	
<b>Agazi Special Force</b>	Gebremehdin Fekadu		<i>Reportedly disbanded</i>			
<b>Republican Guard</b>	<i>Not yet established</i>		Birhanu Bekele			
<b>NISS</b>	Getachew Assefa	Adem Mohammed	Demelash Gebremichael		Temesgen Tiruneh	
<b>INSA</b>	Tekleberhan Woldearegay	Temesgen Tiruneh	Itrah Ali Muse		Shumete Gizaw	
<b>Federal Police</b>	Assefa Abju	Zeynu Jamal	Endeshaw Tasew		Demelash Gebremichael	
<b>Federal Prisons</b>	Gebreyesus Gebreziagbher	Jamal Abesso				

Legend:	Tigray-PP	OPDO/ODP/Oromia-PP	ANDM/ADP/Amhara-PP	SEPDM/SP/PPR-PP	ESPO/SDP/Somali-PP	ANDP/Asir-PP
Party affiliation	TPLF	OLF-Ancso Bikita	NuMA	EZEMA	Weak/no party background	Transfer of portfolio

120 Ezega. 2019. 'Adem Mohammed Appointed Army Chief, Demelash Gebremichael Security Chief', Ezega, 28 June, <https://www.ezega.com/News/NewsDetails/7148/Adem-Mohammed-Appointed-Army-Chief-Demelash-Gebremichael-Security-Chief> (accessed 20 February 2022).

121 Ibid.

122 Sources: Ethiopian and international media outlets. In the case of the security sector, the affiliation of officials to specific parties can be more blurred than in the case of the cabinet. Some officials have a clear party affiliation (e.g. Adem Mohammed was a member of ANDM/ADP and Demelash Gebremichael was a member of OPDO/ODP). The affiliation of other officials was not as direct, but still relevant (e.g. Seare Mekonnen was not reported to be a TPLF member, but was a TPLF veteran). Other officials do not have clear party affiliation (e.g. Birhanu Jula and Birhanu Bekele are both ethnic Oromos, but they do not have a defined political affiliation with OPDO/ODP/Oromia-PP).

In addition to this raft of new appointments, the new administration has embarked on a broader reorganisation of the security sector. As for internal security matters, the new administration has seemingly sought to centralise previously dispersed powers into a single institution. In the early stage of the transition, the internal security portfolio was placed under the powerful Ministry of Peace, the successor of the Ministry of Federal Affairs.<sup>123</sup> In addition to its predecessor's responsibilities, the new ministry was granted supervising powers over Ethiopia's main intelligence agencies, the NISS and the INSA, which had previously been directly supervised by the PM's office. The Ministry also took the lead in the sensitive efforts to regulate the functioning of the various special forces and militias operating in Ethiopia's regions.<sup>124</sup> In the wake of the 2021 general elections, however, the new administration has moved both intelligence agencies back under the PM's direct oversight, together with the Federal Police Commission (which had so far been under the MoFA/MoP).<sup>125</sup> This has put the PM in direct control of the most relevant entities working on internal security, although it leaves the MoP in charge of the sensitive issue of managing the federal government's relations with the regions.

According to a security adviser of the PM, the reforms enacted by the new administration have been aimed at professionalising the security sector, aligning its mission and structure with Ethiopia's national interests and with international standards, rather than with the political agenda of the ruling coalition.<sup>126</sup> The TPLF, however, has seen some of these changes as part of a strategy against Tigray. For instance, the federal government's decision in early 2019 to relocate heavy military equipment away from the Northern Command in Tigray and towards other regions proved to be a bone of contention.<sup>127</sup> Although the federal government wanted to redistribute military hardware away from the Eritrean border in the wake of the peace deal signed with Asmara, the TPLF opposed such a move.<sup>128</sup> Security sector reforms thus became a contested issue up until the last days before the eruption of the Tigray conflict, as the federal government

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123 Alfa Shaban, A.R. 2018. 'Ethiopia's Minister of Peace: the country's most powerful woman?', *Africa News*, 17 October, <https://www.africanews.com/2018/10/17/muferiat-kamil-ethiopia-s-historic-speaker-now-first-peace-minister/> (accessed 20 February 2022).

124 Sahlu, S. 'HPR labels peace efforts by Ministry as futile', *The Reporter Ethiopia*, 5 December 2020, <https://www.thereporterethiopia.com/article/hpr-labels-peace-efforts-ministry-futile> (accessed 20 February 2022).

125 Federal Democratic Republic of Ethiopia. Federal Negarit Gazette. 2021. *Definition of Powers and Duties of the Executive Organs of the Federal Democratic Republic of Ethiopia Proclamation No. 1263/2021*.

126 Addis Zemen. 2019. 'The security and intelligence sectors are undergoing re-organization based on national interest', *Addis Zemen*, 28 December.

127 *Africa News*. 2018. 'Ethiopia restructures military, set to revive naval force - State Media', *Africa News*, 13 December, <https://www.africanews.com/2018/12/13/ethiopia-restructures-military-set-to-revive-naval-force-state-media/> (accessed 20 February 2022); International Crisis Group. 2020. *Toward an End to Ethiopia's Federal-Tigray Feud*, ICG Africa Report n. 160, Addis Ababa/Nairobi/Brussels, 9 (note 44).

128 Ibid.

and the TPLF battled over the appointment of new military leaders for the ENDF's Northern Command.<sup>129</sup>

Over the past year and a half, the unfolding of the Tigray conflict has radically changed Ethiopia's security sector. First, the security forces – and particularly the ENDF – have reportedly suffered a significant loss of capacity. At the outset of the conflict on November 4, 2020, a large number of Tigrayan soldiers (half of the Northern Command's fighters, according to some reports) defected from the ENDF to join the TPLF, taking with them a sizable share of the ENDF's arsenal (over half of the ENDF's military hardware was reportedly stocked in the Northern Command, as a legacy of the long border war with neighbouring Eritrea).<sup>130</sup> This defection has not only significantly reduced the ENDF's capacity, but it has also created mistrust towards Tigrayan members of the security forces, triggering efforts to remove those suspected of links with the TPLF from their positions, both at home and abroad. For instance, Tigrayan security personnel have reportedly been asked to hand over their weapons.<sup>131</sup> Second, the federal government has successfully pressed the African Union into firing its security chief, Ethiopian General Gebregziabher Mebratu Melese, on account of suspected links with the TPLF, while Tigrayan officials participating in United Nations (UN) peacekeeping missions in Somalia and South Sudan have reportedly been disarmed and pressured to return to Ethiopia.<sup>132</sup> These removals, coupled with the significant losses incurred during the conflict in Tigray, have further weakened the capacity of Ethiopia's security forces. The federal government has sought to compensate for such losses by stepping up its recruitment efforts.<sup>133</sup>

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129 Mekonnen, S. 2020. 'Analysis: "Crisis staring" Tigray, Federal governments "in the eye" as army is caught in the mix, relations plummet to new low', *Addis Standard*, 31 October, <https://addisstandard.com/analysis-crisis-staring-tigray-federal-governments-in-the-eye-as-army-is-caught-in-the-mix-relations-plummet-to-new-low/> (accessed 20 February 2022).

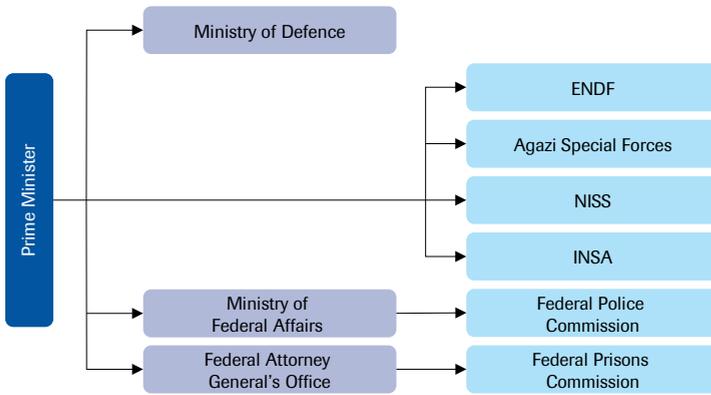
130 Manek, N. and Omer, M.K. 2020. 'Sudan Will Decide the Outcome of the Ethiopian Civil War', *Foreign Policy*, 14 November, <https://foreignpolicy.com/2020/11/14/sudan-will-decide-outcome-ethiopian-civil-war-abiy-tigray/> (accessed 20 February 2022).

131 BBC. 2020. 'Ethiopia's Tigray crisis: Fears of ethnic profiling stalk conflict', November 25, <https://www.bbc.com/news/world-africa-55043373> (accessed 20 February 2022).

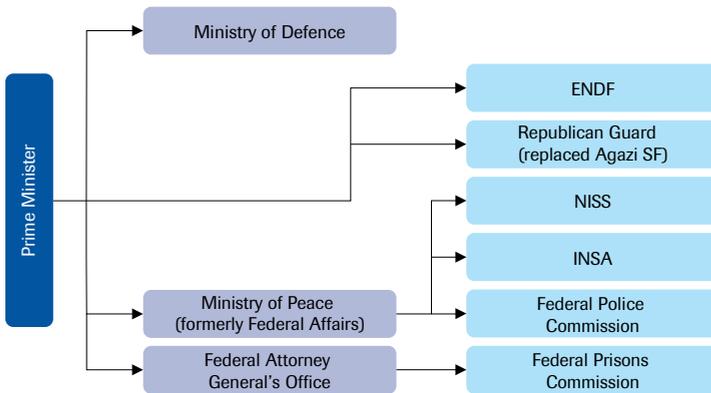
132 Mutambo, A. 2020. 'AU fires security chief after Ethiopia accuses him of undermining Addis Ababa', *The East African*, 13 November, <https://www.theeastafrican.co.ke/tea/rest-of-africa/au-fires-security-chief-after-ethiopia-accuses-him-of-undermining-addis-ababa-3020530> (accessed 20 February 2022); Houreld, K. 2020. 'Exclusive: Ethiopia says disarms Tigrayan peacekeepers in Somalia over security', *Reuters*, 18 November, <https://www.reuters.com/article/uk-ethiopia-conflict-somalia-exclusive-idUKKBN27Y1HZ> (accessed 20 February 2022).

133 Tekla, T.A. 2021. 'Ethiopia's Abiy calls on civilians to join war effort against TPLF', *The East African*, 11 August, <https://www.theeastafrican.co.ke/tea/rest-of-africa/ethiopia-pm-calls-on-civilians-to-join-war-effort-against-tplf-3507088> (accessed 20 February 2022).

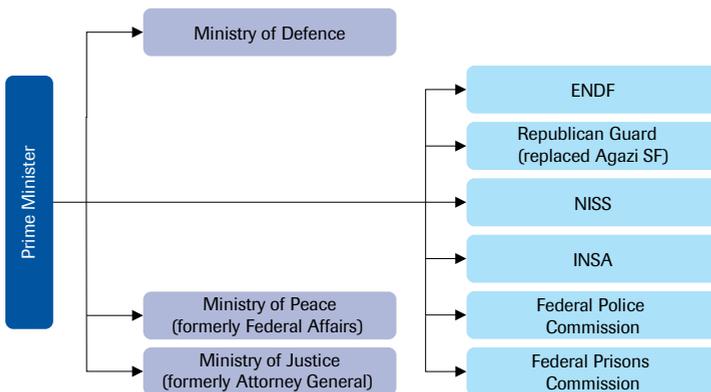
**Figure 4 Organisational structure of the security sector in early 2018**



**Figure 5 Organisational structure of the security sector as of November 2020**



**Figure 6 Organisational structure of the security sector since October 2021**



In addition to the reduced capacity, the Tigray conflict has increased the level of fragmentation of Ethiopia's security sector. A trend towards fragmentation had already been visible before the conflict, as Ethiopia witnessed the emergence of powerful regional special forces falling under the control of various regional administrations.<sup>134</sup> Born in Somali region as a counter-insurgency tool, these forces had quickly spread to most other regions (while Tigray, Amhara, and Oromia developed particularly powerful forces, smaller regional states also developed their own special units).<sup>135</sup> This development had created a number of sub-national armed groups with an unclear relation to the federal government's command structures, thus increasing fragmentation in Ethiopia's security sector. Even before the eruption of the Tigray conflict, these forces already had been involved in a number of inter-Ethiopian armed clashes, both between different regional states (e.g., Somali and Oromia), and between regional states and the federal government (e.g., in Somali state).<sup>136</sup> The war in Tigray has given an even more prominent role to these forces: Tigray's own special force has been engaged in a direct confrontation with the ENDF, which in turn has widely relied on the support of allied regional special forces (most notably from the neighbouring Amhara and Afar regions, but also from other distant regions).<sup>137</sup> To further complicate the picture, informal youth militias (most notably the *Fano* in Amhara region) have been empowered by their significant contribution to the war effort, thus adding an extra layer of fragmentation to the composition of Ethiopia's security sector. The federal government has subsequently attempted some (cautious) moves towards reining in the power of these armed groups, for instance by labelling regional special forces as unconstitutional and by suggesting

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134 Tsegay, B. 2021. 'Regional Special Forces Pose Threat to Peace and Security in Ethiopia', *IPI Global Observatory*, 22 February, <https://theglobalobservatory.org/2021/02/regional-special-forces-pose-threat-to-peace-and-security-ethiopia/> (accessed 20 February 2022); Abdu, B. 2021. 'Regional Special Forces: threats or safeties?', *The Reporter Ethiopia*, 2 January, <https://www.thereporterethiopia.com/article/regional-special-forces-threats-or-safeties> (accessed 20 February 2022).

135 Within two months of its creation, Sidama regional state had already inaugurated its first batch of special forces (ibid.).

136 Tsegay, B. 2021. 'Regional Special Forces Pose Threat to Peace and Security in Ethiopia', *IPI Global Observatory*, 22 February, <https://theglobalobservatory.org/2021/02/regional-special-forces-pose-threat-to-peace-and-security-ethiopia/> (accessed 20 February 2022); Gardner, T. 2017. 'Ethiopia's tense ethnic federalism is being tested again', *Quartz Africa*, 15 September, <https://qz.com/africa/1078628/oromos-and-somalis-clash-in-ethiopia-testing-its-federal-alliance/> (accessed 20 February 2022).

137 Tsegay, B. 2021. 'Regional Special Forces Pose Threat to Peace and Security in Ethiopia', *IPI Global Observatory*, 22 February, <https://theglobalobservatory.org/2021/02/regional-special-forces-pose-threat-to-peace-and-security-ethiopia/> (accessed 20 February 2022); Endeshaw, D. 2021. 'Three more regions reinforce Ethiopia army, Amhara against Tigray forces', *Reuters*, 16 July, <https://www.reuters.com/world/africa/three-more-regions-reinforce-ethiopia-army-amhara-against-tigray-forces-2021-07-16/> (accessed 20 February 2022).

the need to deal with irregular armed groups.<sup>138</sup> Yet, the growing influence of these forces – and the ENDF's dependence on them in the current war efforts – looks set to make it difficult for the federal government to exert its full authority over them.

#### 4.4 The economy: Professionalisation and centralisation

Throughout the transition, Ethiopia's economy has turned into a key arena where the new administration has sought to implement significant changes. Improving the performance of the country's economy to deliver prosperity to the population has been a key pledge of the new rulers since the early stages of the transition.<sup>139</sup> As a result, economic reforms have quickly become a key priority for the new administration, which has sought to increase the state's capacity to deliver economic benefits to its citizens. At the same time, however, the changes taking place in the economic sector have also carried important political implications. During the EPRDF era, political elites from the ruling EPRDF coalition (and particularly from the TPLF, which enjoyed a prominent position in it) had leveraged their control over the economic sector to expand their own political power.<sup>140</sup> In this context, the implementation of deep economic reforms has also offered a chance to the new administration to disentangle the complex networks of control built by its predecessor, while at the same time consolidating its own position within the Ethiopian state structures.

For instance, as part of its effort to improve the state's capacity to deliver on its promise to the population, the new administration has sought to professionalise economic policymaking. Criticising the EPRDF's traditional way of handling appointments as excessively based on political considerations, the new administration has pledged to increase the importance of expertise, rather than party connections, when selecting new officials in the economic sector. This has entailed, for instance, the appointment to key positions of experienced economists without relevant party background (e.g., Eyob Tekalign as state minister of finance, Mamo Mihretu as senior policy advisor to the PM), as well as the increasing reliance on advisory councils – the Independent Economic Advisory

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138 Sahlu, S. 'HPR labels peace efforts by Ministry as futile', *The Reporter Ethiopia*, 5 December 2020, <https://www.thereporterethiopia.com/article/hpr-labels-peace-efforts-ministry-futile> (accessed 20 February 2022); Addis Standard. 2022. 'News: Gov't 'organizes, not disarm' Fano members who fought for survival of country: Amhara state', *Addis Standard*, January 17, <https://addisstandard.com/news-govt-organizes-not-disarm-fano-members-who-fought-for-survival-of-country-amhara-state/> (accessed 20 February 2022).

139 Dibié Ike, M. 2019. 'Ethiopia Homegrown Economic Reforms', *Africa News*, 18 December, <https://www.africanews.com/2019/12/18/ethiopia-homegrown-economic-reforms/> (accessed 20 February 2022).

140 Gebregziabher, T. 2019, 'The party that consumes the state: The rise of oligarchy in post-1991 Ethiopia', PhD dissertation, Erasmus University Rotterdam.

Council (IEAC) and the Privatisation Advisory Council (PAC) – made of experts without formal party affiliation.<sup>141</sup> Moreover, the criteria adopted for the appointment of the CEOs of Ethiopia's SOEs have reportedly placed more emphasis than in the past on management expertise and on performance reviews, rather than on political connections.<sup>142</sup>

This tendency towards professionalisation, however, has not left the new administration's approach to the economy devoid of political elements. Political considerations have remained crucial in shaping key appointments, as shown by the choice of a key political ally of the PM, Ahmed Shide of the Ethiopian Somali People's Democratic Party (ESDP)/Somali Democratic Party (SDP), to lead the powerful Ministry of Finance. Moreover, even supposedly apolitical entities such as the advisory councils established by the PM have reportedly come to be marred by political disputes.<sup>143</sup> In addition, regardless of the criteria used to choose new CEOs for Ethiopia's SOEs, the decision to replace the old generation of CEOs with a new one has had a strong political dimension. Throughout the transition, the new administration has replaced the leadership of 9 out of 12 major SOEs, showing a clear willingness to break with previous management structures, considered by many as too close to the TPLF.<sup>144</sup> In some cases, the old leaders were arrested and charged with corruption.<sup>145</sup>

In addition to the changes taking place in terms of appointments, the new administration's efforts to reform Ethiopia's economy have entailed a rearrangement of the country's economic policymaking structures. Since early in the transition, the new administration

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141 Addis Standard. 2018. 'Updated: PM Abiy Ahmed appoints 55 state ministers today', *Addis Standard*, 22 October, <https://addisstandard.com/news-pm-abiy-ahmed-appoint-state-ministers-today/> (accessed 20 February 2022); Addis Fortune. 2018. 'PM Abiy Appoints Senior Adviser on Policy Reforms', *Addis Fortune*, 30 August, <https://addisfortune.net/breaking-news/ethiopia-appoints-new-trade-negotiator/> (accessed 20 February 2022); Reuters Staff. 2018. 'Ethiopia's PM Abiy sets up team to advise on privatization', *Reuters*, 4 August, <https://www.reuters.com/article/us-ethiopia-investment-idUKKBN1KP06M> (accessed 20 February 2022); Ethiopian Monitor. 2020. 'Gov't Forms Council of Economic Advisors, Reveals Members' Names', *Ethiopian Monitor*, 15 December, <https://ethiopianmonitor.com/2020/12/15/govt-forms-council-of-economic-advisors-reveals-members-names/> (accessed 20 February 2022).

142 Interview with Ethiopian officials in the economic sector, Addis Ababa, December 2021.

143 See, for instance, the dynamics reported by former member Yonas Biru, partly available here: Biru, Y. 2022. 'The Unmaking of Ethiopia's Thinking Class and the Dumbing Down of a Nation', *Borkena*, 20 January, <https://borkena.com/2022/01/20/ethiopias-thinking-class-and-the-dumbing-down-of-a-nation/> (accessed 20 February 2022).

144 The entities that have changed leadership at least once are the following: Commercial Bank of Ethiopia, Development Bank of Ethiopia, Ethio-Telecom, Industrial Parks Development Corporation, Ethiopian Railway Corporation, Ethiopian Sugar Corporation, Metal and Engineering Corporation, Ethiopian Electric Power, Ethiopian Electric Utility. The ones that have kept the same leadership are the following: Ethiopian Airlines, Ethiopian Insurance Corporation, Ethiopian Shipping and Logistics Services Enterprise. Sources: Ethiopian and international media outlets.

145 This was the case, for instance, for the leaders of METEC and EEP.

has empowered a new entity, the National Macroeconomic Committee (NMC), to coordinate and lead economic policymaking efforts.<sup>146</sup> The Committee, chaired by the PM himself, has brought together all relevant entities in charge of economic policy, i.e., the Ministry of Finance (MoF), the National Bank of Ethiopia (NBE), the National Planning Commission/Ministry, and the PM's office. In this new structure, the PM has acquired a particularly relevant role. As well as his chairmanship of the NMC, the PM has sought to exercise direct control over some of the policy areas related to the promises made in the early phases of the transition, most notably in terms of job creation and economic liberalisation. This has entailed the establishment of new ad hoc institutions under the PM's direct supervision, including the Job Creation Commission, two advisory councils (the Independent Economic Advisory Council, IEAC; and the Privatization Advisory Council, PAC), as well as the Ethiopian Communications Authority (ECA, which has been playing a key role in the privatisation of Ethio Telecom).

In addition to the PM, the Ministry of Finance has also strengthened its profile, most notably by streamlining its control over Ethiopia's public enterprises. Before the transition, Ethiopia's SOEs used to be under the oversight of different entities. Although the MoF was ultimately responsible for all SOEs, their management was entrusted either to the Ministry of Public Enterprises (MoPE) or to their specific line ministry (i.e., the ministry in charge of the relevant sector, e.g. Ministry of Transport for Ethiopian Airlines).<sup>147</sup> Moreover, the SOEs operating in the financial sector (e.g., Development Bank of Ethiopia, Commercial Bank of Ethiopia, Ethio Insurance) were supervised by the Public Financial Enterprises Agency (PFEA), which reported directly to the PM.<sup>148</sup> The new administration's reforms, in contrast, have brought all of Ethiopia's SOEs under the direct oversight of a single institution, the Public Enterprises Holdings and Administration Agency (PEHAA, formerly the MoPE), in turn accountable to the MoF.<sup>149</sup> The newly established Liability and Asset Management Corporation (LAMC), a public enterprise tasked with managing the debt of Ethiopia's SOEs, has also been placed under the MoF's direct supervision.<sup>150</sup> As a result, in the words of an Ethiopian government official, this reorganisation has left the MoF as a 'super ministry', with increased powers to coordinate Ethiopia's federal-level SOEs, which reportedly account for approximately 15% of the country's economy.<sup>151</sup>

The changes brought about in the management of Ethiopia's SOEs have been a particularly important element of the economic reforms implemented by the new administration.

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146 Interview with an Ethiopian official in the economic sector, Addis Ababa, December 2021.

147 Interview with Ethiopian officials in the economic sector, Addis Ababa, December 2021.

148 Federal Democratic Republic of Ethiopia. Federal Negarit Gazette. 2004. *Financial Public Enterprises Agency Establishment Council of Ministers Regulation Proclamation No. 98/2004*.

149 Interview with a senior Ethiopian official in the economic sector, Addis Ababa, December 2021.

150 Federal Democratic Republic of Ethiopia. Federal Negarit Gazette. 2021. *Liability and Asset Management Corporation Establishment Council of Ministers Regulations No. 483/2021*.

151 Interview with Ethiopian officials in the economic sector, Addis Ababa, December 2021.

On the one hand, the centralisation of responsibilities around the MoF has provided an opening for improving coordination and coherence across Ethiopia's public enterprises. On the other hand, however, these changes have also helped the new administration to disrupt the control networks that had allowed the TPLF to control Ethiopia's political economy. This latter impact has been reinforced by the new administration's decision to dismantle some of the strongholds of the TPLF's power within Ethiopia's economy. Most notably, this was the case for the Metals and Engineering Corporation (METEC), a large military-industrial conglomerate traditionally controlled by the TPLF.<sup>152</sup> Throughout the transition, METEC has witnessed the arrest of its leadership (including TPLF-affiliated CEO Kifle Dagnew) on corruption charges and the cancellation of major state contracts (including on the GERD). Subsequently, the federal government has split the conglomerate into two branches (one military and one civilian), thus dramatically decreasing its standing within Ethiopia's economy.<sup>153</sup> These measures have been part of a broader effort to reduce the amount of political finance available to the TPLF by curbing its control over SOEs, party-affiliated businesses, and federal subsidies.<sup>154</sup>

The new administration's efforts to reform Ethiopia's economy have also involved, at least in rhetoric, the privatisation of a number of SOEs – a central pledge of the new PM in the early phases of the transition.<sup>155</sup> The rationale behind these privatisation pledges has been manifold. To an extent, they have been a political signal of a shift away from the EPRDF/TPLF's ideological framework of the developmental state, towards a more liberal economic model. Yet, a degree of privatisation had already been proposed and implemented during the rule of Meles, Abiy's pledges represented a significant step-up in this regard. Moreover, privatisation has been seen as a way to attract money from abroad, with the double aim of plugging budgetary gaps and replenishing the country's foreign exchange reserves. Finally, the administration's commitment to privatisation has helped the government to captivate not only its domestic electors, but also international financial institutions and Western governments, resulting in a significant wave of political and financial support (e.g., a USD 2.9 billion financing package by the International Monetary Fund (IMF) in December 2019).<sup>156</sup>

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152 Gebregziabher, T.N. 2019. 'Soldiers in business: the pitfalls of METEC's projects in the context of Ethiopia's civil-military relations', *Review of African Political Economy*, 46(160), 261-278.

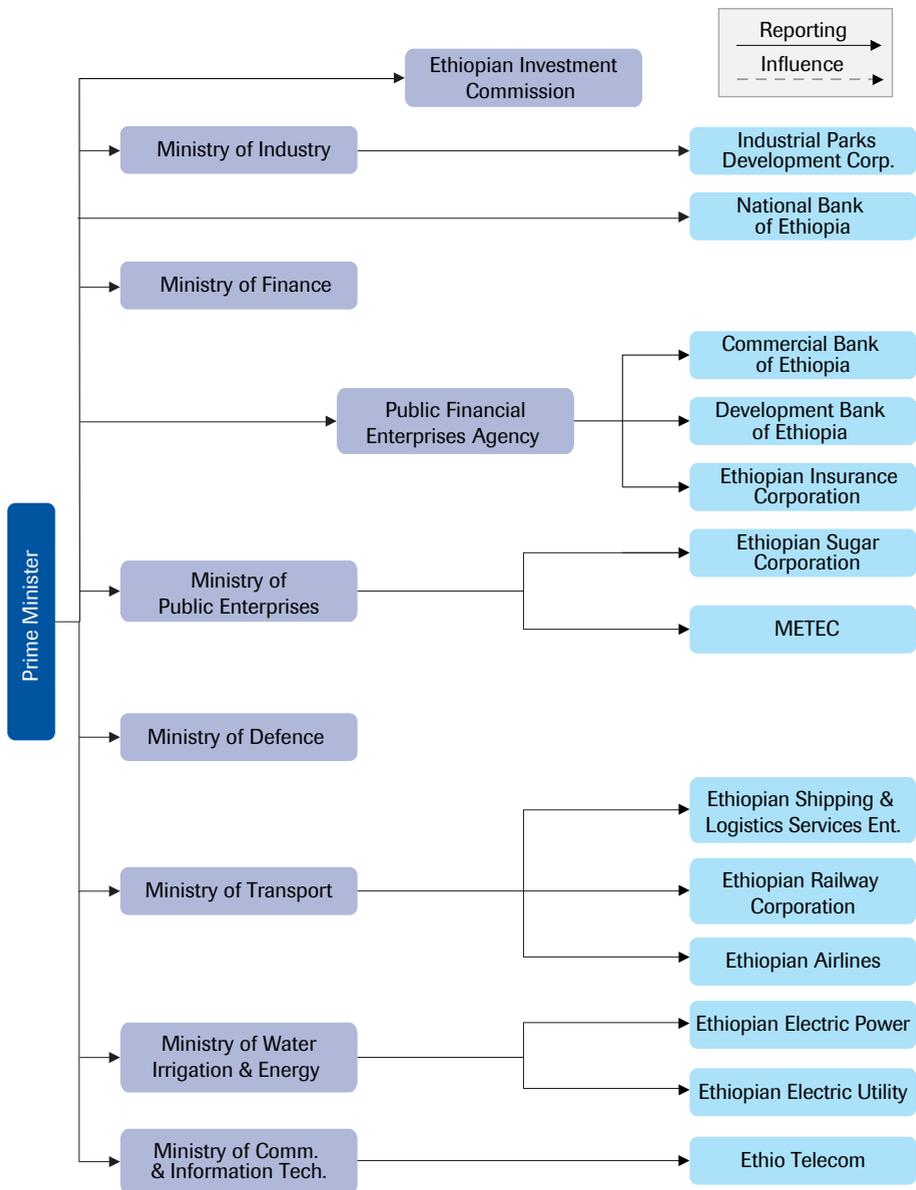
153 Tadesse, F. 2018. 'MetEC to Start Afresh with New Name', *Addis Fortune*, 13 October, <https://addisfortune.net/articles/metec-to-start-afresh-with-new-name/> (accessed 20 February 2022).

154 Meester, J. and Lanfranchi, G. 2021. 'Playing for keeps: The struggle over political finance in Ethiopia's transition', *Clingendael*, 3 February, <https://www.clingendael.org/publication/struggle-over-political-finance-ethiopia-transition> (accessed 20 February 2022).

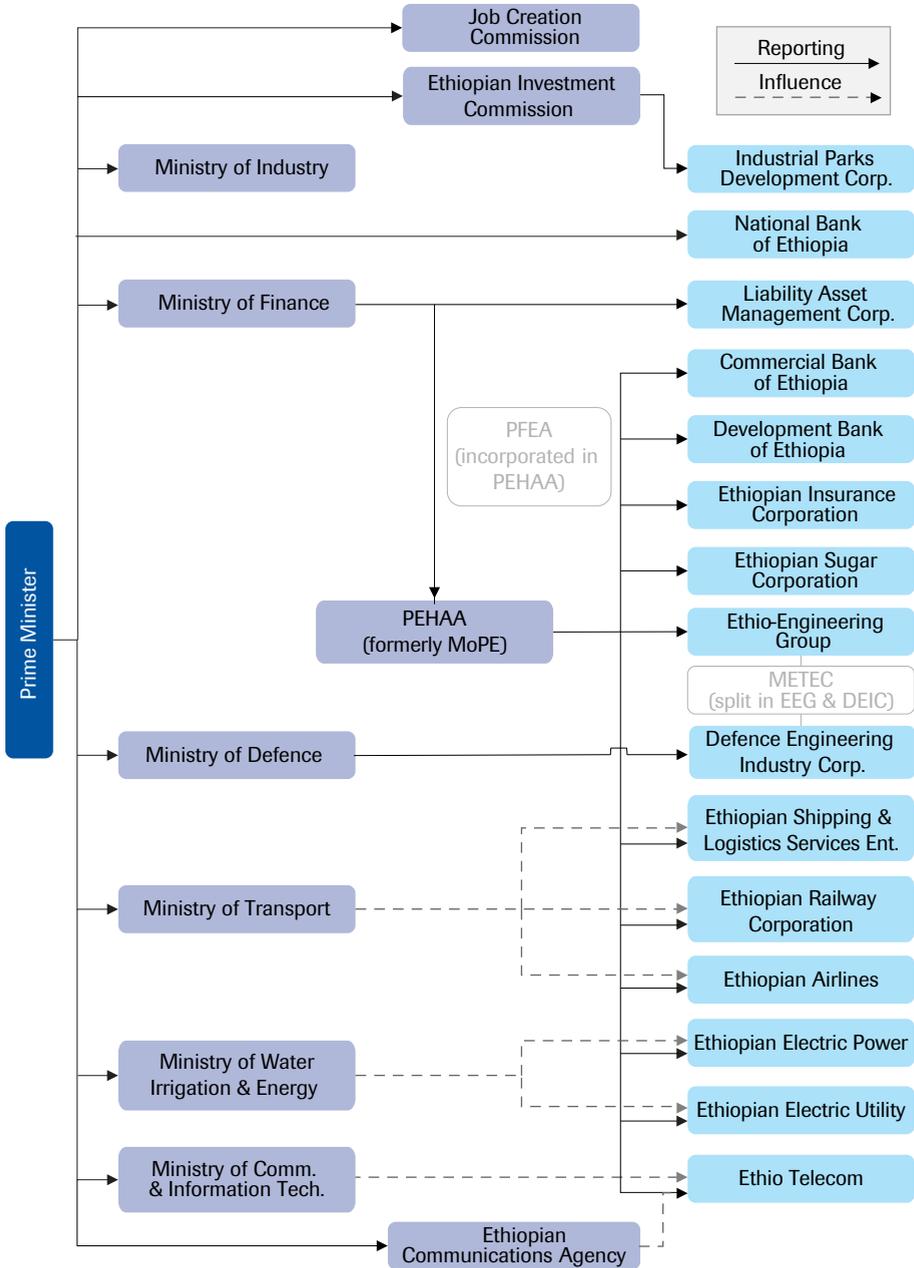
155 Meseret, E. 2018. 'Momentous days in Ethiopia as new PM pledges major reforms', *Associated Press*, 9 June, <https://apnews.com/article/5bb38a9e5e1a477188d3f38517904817> (accessed 20 February 2022).

156 International Monetary Fund. 2019. 'Six Things to Know about Ethiopia's New Program', *IMF News*, 23 December, <https://www.imf.org/en/News/Articles/2019/12/23/na122319-six-things-to-know-about-ethiopia-new-program> (accessed 20 February 2022).

**Figure 7 Organisational structure of the economic sector in early 2018**



**Figure 8 Organisational structure of the economic sector in January 2022**



In terms of effective progress, however, Ethiopia's privatisation programme has not matched the rhetoric surrounding it. To be sure, the administration has achieved some progress in terms of laying the ground for the privatisation process. For instance, the parliament passed a proclamation on the privatisation of public enterprises in 2019, and the government has established an independent Privatization Advisory Council to support the process.<sup>157</sup> Moreover, the administration has for the first time awarded a telecom license to a private business (a consortium led by Kenya's Safaricom), and it has revealed its intention to allow foreign banks to operate in Ethiopia – moves unseen in the EPRDF's Ethiopia.<sup>158</sup> At the same time, however, the federal government has recently suspended further progress towards the privatisation of the telecom sector (most notably the issuing of a second telecom license, as well as the sale of 40% of Ethio Telecom's stakes), citing as reasons the impact of the Tigray conflict and the deteriorating macro-economic situation.<sup>159</sup> The eruption of the Tigray conflict in November 2020 has added a particular layer of complexity to the privatisation programme, as foreign investors have been reportedly discouraged by the deteriorating security situation and by the sanctions imposed by the United States.<sup>160</sup> Regardless of the conflict's impact, however, Ethiopian officials have noted off-the-record that the administration has reconsidered its previous pledges on privatisation, and that meaningful progress is expected to take place mostly, if not only, in the telecommunication sector (where the government is, however, still planning to retain a degree of control).<sup>161</sup>

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157 Kedir, A.M., and Bedasso, B. 2020. *Privatisation for sustainable growth in Ethiopia: A review*, International Growth Centre Report, November 2020, 24-26.

158 Addis Frotune. 2021. 'Ethiopia Awards Safaricom First Telecom License', *Addis Fortune*, 22 May, <https://addisfortune.news/breaking-news/safaricom-wins-telecom-license/> (accessed 20 February 2022); Benson, E.A. 2022. 'Prime Minister Abiy Ahmed said Ethiopia is currently amending its laws to allow foreign banks to operate in the country', *Business Insider Africa*, 23 February, <https://africa.businessinsider.com/local/markets/prime-minister-abiy-ahmed-said-ethiopia-is-currently-amending-its-laws-to-allow/tjm56gc> (accessed 18 March 2022).

159 The Reporter. 2021. 'Ethiopia suspends bidding process for second telecom license', *The Reporter Ethiopia*, 23 December, <https://www.thereporterethiopia.com/article/ethiopia-suspends-bidding-process-second-telecom-license> (accessed 20 February 2022); Tadesse, F. 2022. 'Ethiopia Suspends Sale of Telecom Firm's Stake Sought by Orange', *Bloomberg*, 18 March, <https://www.bloomberg.com/news/articles/2022-03-18/ethiopia-suspends-sale-of-telecom-firm-s-stake-sought-by-orange> (accessed 18 March 2022).

160 Oluwole, V. 2021. 'MTN pulls out of race for second Ethiopian telecoms licence due to ongoing conflict in the north of the country', *Business Insider Africa*, 17 August, <https://africa.businessinsider.com/local/markets/mtn-pulls-out-of-race-for-second-ethiopian-telecoms-licence-due-to-ongoing-conflict/9c9yk9q> (accessed 20 February 2022).

161 Interview with senior Ethiopian official in the economic sector, Addis Ababa, December 2021.

### Box 1 Foreign financing and Ethiopia's transition

The new administration's effort to access political finance has not been limited to the domestic level; rather, it has extended to sources of finance coming from abroad. During the EPRDF's times, the Ethiopian government cultivated particularly strong ties with China, which starting in the mid-2000s became a major partner for Ethiopia, especially in terms of investment.<sup>162</sup> Such ties, underpinned by a strong party-to-party cooperation between the EPRDF and the Chinese Communist Party, gradually become well institutionalised (the Ethiopian Ministry of Finance has a directorate dedicated to development cooperation with China). In addition, this is being compounded by high-level personal connections (top-level Ethiopian officials such as Mulatu Teshome, Seyoum Mesfin, and Berhane Gebrechristos have lived and/or served as ambassadors in China).

With the start of the transition, patterns of foreign financing to Ethiopia shifted markedly. On the one hand, Addis Ababa's ties with China deteriorated rather quickly, as reflected by Abiy's public questioning of Beijing's credential as a creditor, and especially by the declining financial flows from China to Ethiopia (e.g., the average figure of yearly investment fell from USD 2 billion in 2010–2018 to only USD 400 million in 2018–2020).<sup>163</sup> On the other hand, however, the new Ethiopian administration developed stronger ties with Western governments and with Arab Gulf countries, particularly the UAE and Saudi Arabia. These new partnerships resulted in a considerable new influx of foreign money, most notably a USD 3 billion package of aid and investment from the UAE in June 2018, and a USD 2.9 billion financing package from the IMF in December 2019.<sup>164</sup> Although relations with the IMF have been managed primarily through institutional channels (mostly via the Ministry of Finance), ties with the UAE and Saudi Arabia have been cultivated in a more personalised fashion, with key decisions often taken during high-level diplomatic engagements, often involving Abiy himself.<sup>165</sup>

162 Meester, J. and Lanfranchi, G. 2021. 'A careful foot can step anywhere': *The UAE and China in the Horn of Africa*, CRU Policy Brief, The Hague: Clingendael.

163 Ibid.

164 Maasho, A. 2018. 'UAE to give Ethiopia \$3 billion in aid and investments', *Reuters*, 16 June, <https://www.reuters.com/article/ozabs-uk-ethiopia-emirates-idAFKBN1JC07G-OZABS> (accessed 20 February 2022); Reuters Staff. 2019. 'IMF approves \$2.9 bln financing package for Ethiopia', *Reuters*, 21 December, <https://www.reuters.com/article/imf-ethiopia-idUSL1N28V003> (accessed 20 February 2022).

165 Interview with an Ethiopian official involved in foreign policy, Addis Ababa, December 2021; *Africa News*. 2022. 'Ethiopia's PM Abiy in the United Arab Emirates on state visit', *Africa News*, 30 January, <https://www.africanews.com/2022/01/30/ethiopia-s-pm-abiy-in-the-united-arab-emirates-on-state-visit/> (accessed 20 February 2022); Mumbere, D. 2018. 'Ethiopian PM secures release of prisoners in Saudi Arabia', *Africa News*, 19 May, <https://www.africanews.com/2018/05/19/ethiopian-pm-secures-release-of-prisoners-in-saudi-arabia/> (accessed 20 February 2022).

Recent developments, however, have generated some strain between the Ethiopian government and its new partners. The escalation of the conflict in Tigray has prompted several Western players to suspend or reduce their engagement with Ethiopia. For instance, the US administration has suspended Ethiopia's duty-free access to the US market under the AGOA (*African Growth and Opportunity Act*) scheme, while the European Union (EU) has frozen nearly EUR 90 million of aid.<sup>166</sup> As a result, Ethiopia's relations have tilted towards the East, featuring an increased engagement with China and Russia, which have both provided their support to the federal government in the context of the Tigray conflict.<sup>167</sup> In parallel, the persisting diplomatic impasse over the GERD and the escalating border dispute in the al-Fashaga region have strained Ethiopia's ties with Egypt and Sudan. This has the potential to have a negative impact on Addis Ababa's relations with the UAE and Saudi Arabia, which are key backers of both Cairo and Khartoum.<sup>168</sup> The impact of such developments in the medium-term, however, is still unclear.

#### 4.5 Conclusion

Although Ethiopia's political transition has led to significant changes across the board, particularly deep and consequential shifts have taken place in three areas of the Ethiopian state: the cabinet, the security sector, and the economic sector. The cabinet has witnessed a raft of new appointments, which have reflected the administration's efforts to consolidate its political base, while also providing more space to figures with weaker ties to the ruling party. As well, the transition has altered the balance of

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166 Thomas, D. 2021. 'Biden suspends Ethiopia, Guinea and Mali from AGOA', *African Business*, 2 November, <https://african.business/2021/11/trade-investment/biden-suspends-ethiopia-guinea-and-mali-from-agoa/> (accessed 20 February 2022); Marks, S. 2020. 'EU suspends nearly €0M in aid to Ethiopia over internal conflict', *Politico*, 16 December, <https://www.politico.eu/article/eu-commission-suspends-nearly-90-million-euros-in-aid-to-ethiopia-over-internal-conflict/> (accessed 20 February 2022);

167 Hassan, K. 2021. 'China's support for Ethiopian government complicates ties with Egypt', *al-Monitor*, 21 December, <https://www.al-monitor.com/originals/2021/12/chinas-support-ethiopian-government-complicates-ties-egypt> (accessed 20 February 2022); TASS. 2021. 'Ethiopia grateful to Russia for its position on Tigray crisis, Ambassador to Moscow says', *TASS*, 23 August, <https://tass.com/world/1329199> (accessed 20 February 2022); Anadolu. 2021. 'Russia, Ethiopia ink military cooperation agreement', *Anadolu Agency*, 12 July, <https://www.aa.com.tr/en/africa/russia-ethiopia-ink-military-cooperation-agreement/2302337> (accessed 20 February 2022).

168 al-Monitor. 2021. 'UAE balances ties with Egypt, Ethiopia in Nile Dam Crisis', *al-Monitor*, 22 April, <https://www.al-monitor.com/originals/2021/04/uae-balances-ties-egypt-ethiopia-nile-dam-crisis> (accessed 20 February 2022); Ramani, S. 2021. 'Saudi-Ethiopian relations strained by Nile dam dispute', *al-Monitor*, 15 July, <https://www.al-monitor.com/originals/2021/07/saudi-ethiopian-relations-strained-nile-dam-dispute> (accessed 20 February 2022).

power within the cabinet, particularly by empowering the PM's office and the Ministry of Finance. Changes in the security sector have included a significant resizing of the TPLF's influence and a (temporary) centralisation of internal security matters in the hands of the Ministry of Peace. More recently, the Tigray war has significantly damaged Ethiopia's armed forces, reducing their capacity and increasing their fragmentation. In the economic sector, although the new administration has increased its reliance on experts with less-pronounced political associations, political considerations have continued to play a significant role in shaping economic policymaking. Although the new administration has implemented significant reforms in the management of Ethiopia's SOEs, its privatisation programme has shown limited progress, and has been put on hold.

Although Ethiopia's transition has featured somewhat more continuity than reflected in the public discourse (most notably in terms of state involvement in the economy and the importance of ethnicity in the political sphere), the shifts described above have engendered significant change within the Ethiopian state. The next chapter explores the repercussions of these changes, both for Ethiopia and for the external actors willing to engage with the country.

# 5 The remaking of the Ethiopian state

## 5.1 Introduction

The complex political and economic history that witnessed the “maturing” of Ethiopian politics into a form of ethnic politics, the marriage between party and the state, as well as between economy and ethnicity, went into a transition in 2018. This transition opened a kind of Pandora’s box that was previously kept closed by a dominant party state. With that model under reform, the transition raises various questions about the organising principles of the Ethiopian state. Is Ethiopia transitioning away from ethno-nationalism? Is the Ethiopian state detaching itself from the complex political financing web that both nurtured the richest political party in Africa and built clientelistic ties between endowment funds and a coalition party? Or will similar organising principles be adapted to benefit a different network of political actors?<sup>169</sup> Although no definitive assessments can be presented in response to these questions, as the transition is still ongoing, we explore the impact of ongoing changes in the state structure, economic policymaking, political finance, and party politics.

The ongoing transition witnessed organisational changes that were made to allow the new incumbent to forcefully break the welding of state and party, and to take control of the country’s state institutions. The reorganisation of reporting lines and tinkering with the finances of state institutions are indications of the ways in which the political economy of Ethiopia is changing. This chapter examines the impacts of such changes (identified in Chapters 3 and 4) on stability of governance. The chapter is divided into four sections: (1) state structure, considering the changes in the federal arrangements and the emergence of new institutions; (2) the economy, discussing centralisation of decision-making and reorganisation of the principles driving economic policy; (3) state-owned enterprises, and how their reporting structure is being streamlined and put under new accountability structures; and (4) people and political power, considering the impact of the dissolution of the EPRDF and the changing position of the periphery.

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169 Abegaz, B. 2011. ‘Political Parties in Business’, working paper, [https://economics.wm.edu/wp/cwm\\_wp113.pdf](https://economics.wm.edu/wp/cwm_wp113.pdf) (accessed 20 February 2022).

## 5.2 Is ethno-nationalism still at the center?

Within the Ethiopian political scientific debate, some scholars argue that “*Most of the historical political complexities experienced in the course of the advent of the modern state or as a result of the distorted federal design anchored in authoritarian political culture caused conflicts.*”<sup>170</sup> Formally, the Abiy regime created a number of institutions with the stated aim of addressing such conflicts as a result of formalisation into state structures. These institutions included the Ministry of Peace, the Reconciliation Commission, and the Administrative Boundary and Identity Affairs Commission.<sup>171</sup> Yet, the main shifts in the state structure throughout the transition are the adaptations to the ethnic federal state structure, a structure originally developed under the now-defunct EPRDF and partially maintained but shifted to the detriment of the TPLF. This should be seen in the contexts of the popular demand expressed in protests that formed the impetus for the transition. These demands were not limited to demands for liberal democracy, but rather aimed at the transformation of the state in order to reshape societal life in response to the marginalisation of many of ethnic groups.<sup>172</sup> The transformation of the state should thus be understood as an attempt to address unsettled issues arising out of the federal arrangement; these issues include internal demarcation, the constitution, and ethnic relations as well as wider political economic issues.

Another important change observed during the transition occurred in the political field through the establishment of the Prosperity Party (PP) which absorbed the parties within the EPRDF (except for the TPLF). The emergence of the PP has brought about two changes.

First, it removed members of the TPLF who used to dominate both federal and regional power structures. The consequence, underscored by several regional presidents and other politicians, is that lower tiers of government are now controlled de-centrally instead of being under the direct and indirect control of the TPLF. According to one respondent, “*there is a desire to bring an end to the undue and undeserved domination of the state by TPLF, in which state officials were drawn from a single Tigrayan speaking political group [...] and the main driver of change is the attempt to leave the hitherto dominated state institutions by individuals and elites from the single region.*”<sup>173</sup> The executive has historically been the dominant organ of the Ethiopian state, and has now almost fully been taken over by the PP. The Prosperity Party is made up of individuals from a more diverse range of groups (of less unequal political weight).

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170 Ashine, Y. and Berhanu, K. 2021. ‘Implications of Protest and Reform for Domestic Governance in Ethiopia’, *Journal of Asian and African Studies*, Vol. 56(6), 999.

171 Ibid.

172 Ibid.

173 Interview with a scholar of Ethiopian politics, Addis Ababa, November 2021.

The second change brought along by the PP's emergence is in ethnic politics. The PP introduced a new platform of pan-Ethiopian nationalism, rather than the party itself acting as a site of ethnic balancing. The PP has attempted to integrate the leadership from a more diverse range of ethnic backgrounds under one national platform. Most notably, one remarkable accomplishment was "*ironically enough, the effort by the reform regime to include what were previously considered peripheral regions of the country into the new political system*".<sup>174</sup> Yet, due to the principle of proportional representation, the large Oromo and Amhara groups still predominate. Members of the new PP leadership are still in charge of ethnically defined regions. Discussions regarding the rearrangement of regional structures are still ongoing in both the public debate and elite circles, yet two regions (Sidama Region and Southwest Ethiopia Region) have already been created out of the SNNPR during Abiy's administration.

When we look at the emergence of the PP and the ideas it espouses, we see that the party aims to shift away from dividing up the state between ethnic groups to a situation in which regions contest over civic issues. The PP's manifesto stipulates the equivalence between individual rights and (ethnic)groups' rights, and calls for a federal arrangement that strengthens the multinational unity of the country.<sup>175</sup> Although the dynamics of political competition may have shifted somewhat away from a solely ethnically based competition, it is important to underline the reappearance of a second political cleavage between pan-Ethiopian nationalism and dissident/ethno-nationalism that is rising in salience. The contestation of ethno-nationalism and pan-Ethiopian nationalism has persisted for quite some time in Ethiopian politics, especially starting from around the end of the imperial period but losing some salience under EPRDF rule.<sup>176</sup> This cleavage may form an important factor shaping political developments in the country. Additionally, although competition may have shifted somewhat with the reintroduction of a second political cleavage, the Ethiopian party system still features a highly contentious interplay between ethno-nationalist forces.<sup>177</sup> The currently dominant Oromo-Amhara alliance, in particular, is seeing fierce internal competition between the two ethnic groups.

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174 Interview with a scholar of Ethiopian politics, Addis Ababa, November 2021.

175 A measure opposed by Oromo nationalists for being too centrist, and by Amhara nationalists for failing to dismantle the ethnic federal system.

176 Ethno-nationalism means 'nationalism based on ethnic identity in a specific country'. See Yusuf, S. 2019. *What is driving Ethiopia's ethnic conflict?*, ISS East Africa Report, Pretoria: South Africa.

177 Ashine, Y. and Berhanu, K. 2021. 'Implications of Protest and Reform for Domestic Governance in Ethiopia', *Journal of Asian and African Studies*, Vol. 56(6), 1000.

### 5.3 Centering peripheries and co-opting many

Significant changes also occurred within party politics. Notable changes include the metamorphosis of the ruling coalition, the integration of the peripheries, and the changes to the people and power in Ethiopia's body politic.

First and foremost, is the metamorphosis of the EPRDF (a coalition dominated by the TPLF). The internal contradiction within the EPRDF coalition, a formal commitment to ethnic self-determination through a federal ethno-regional structure rendered inoperable due to top-down authoritarian governance, sustained the TPLF's dominance within the party and in the country in general. During the transition, the EPRDF coalition party was largely absorbed into a single party, i.e., the Prosperity Party. Although the PP inherited a number of characteristics and institutions from the TPLF, its internal dynamics changed. "*Self-determination of nations and nationalities up to secession*" is removed from the now-established PP party programme in contravention of the (multi)ethnic federalist ideology spearheaded by the TPLF and enshrined in the federal constitution.<sup>178</sup> The TPLF did not accept the merger of the parties into a single party, noting it as a unitarist move by the PP (as opposed to federalist ethos) which did not follow due legal processes, while PP officials claim a continued multi-ethnic party character.<sup>179</sup> The new configuration hence excludes its former political core (the TPLF), which changed competition within the overarching party. Effectively, the PP's emergence ushered in the end of the (ethnic)divide and rule that characterised the EPRDF period, during which most regional presidents were ethnic figure heads co-opted by the center to keep their regions compliant.<sup>180</sup> The stated aim for the adapted PP structure is the emergence of a form of federalism where ethnic groups handle their own region's political economy, although the jury remains out as to what extent this is implemented in practice.

The second noticeable change ushered in by the unification of the parties into the PP is the relegation of the idea of sister (and sometimes called '*agar*' or allied) parties from the so-called peripheral regions in the country. The PP has integrated some of the peripheries, not only by providing power to some regional governments but also by inviting politicians of several peripheral regions to take up prominent positions in the

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178 Interview with Asmelash Woldesellase by Addis Zemen, 8 January 2020. Asmelash was the executive committee member of the TPLF and a parliamentarian at the time of the interview by Addis Zemen.

179 Addis Zemen, 29 December 2012, EC (8 January 2020).

180 According to Awelu Abdi (at the time, PP's Public and External Relations sector coordinator), the EPRDF regime witnessed the reign of tutelage administration. Except for Tigray region, civil and military personnel were assigned to all regional governments that possessed real powers. He points out that it was colonels who used to administer Afar, Somali, Hareri, Gambella, and Benishangul regional state. See Addis Zemen (The Amharic Daily), 08 January 2020.

federal government. For instance, the head of the PP's party office is from the previously peripheralised Somali ethnic group, as is the Minister of Finance.<sup>181</sup> One of the most prominent politicians in the PP is the Somali regional president Mustafe Omer.<sup>182</sup> As well as increasing the integration of politicians from the periphery, the establishment of the PP led to high turnover in party membership in some regions.<sup>183</sup> Old cadres and mid-level party members were replaced with new blood drawn from various sections of the society. Such changes might result in an increased sense of belonging for the people and elites of communities across the country, but may equally lead to the detachment of the newly integrated politicians from their regions hence hurting the legitimacy of the new governance arrangement. Because political parties also function as training and socialising bodies of new politicians, the integration of the peripheries and high turnover might also bring new faces and ideas to the body politic. This may be influential in breaking previously entrenched political networks that are considered to be adversely affecting socio-political developments in the country.

A third development can be found in the "politics of personalities". The Abiy administration has drawn from various pools for its elite recruitment, rather than appointing party cadres as occurred frequently under the EPRDF. The administration has used multiple mechanisms, including bringing in apolitical professionals, co-opting opposition politicians, and assigning academics and other prominent opposition members to various boards and leadership positions. As such, the transition has seen appointments (or returns) of experienced professionals and representatives of previously excluded groups to state institutions, aiming to reestablish trust in state institutions. Examples include the National Electoral Board of Ethiopia, the Ethiopian Human Rights Commission, the Supreme Court, the Policy Study Institute, the Attorney General's Office, and many more state agencies. These appointments might suggest a shift in political culture aiming to establish stronger state institutions and reinforcing the primacy of the state over the party. On the other hand, however, a considerable number of people appointed have come under criticism for lacking impartiality. Key examples include: the resignation of a number of experts from the economic advisory council due to party-political concerns; accusations voiced at the National Election Board of Ethiopia (NEBE) for regulations and verdicts excluding opposition parties from the electoral process; and criticism of the Sidama Liberation Movement (SLM) for losing its autonomy

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181 The Finance Minister, Ahmed Shide, is considered by our respondents as a serious professional who knows the sector very well. In addition to his studies in economics in a number of universities abroad, he served the Ministry of Finance as a state-minister for a number of years before assuming the ministerial position.

182 Mustefe Omer is vocal and positively viewed in Ethiopia's media landscape since the early days of the transition.

183 For a counter-trend in the Afar region, see: Mohammed, D. 2021. 'Abiy's Prosperity yields few dividends for Ethiopia's Afar', *Ethiopia Insight*, 21 July, <https://www.ethiopia-insight.com/2021/07/21/abiys-prosperity-yields-few-dividends-for-ethiopias-afar-region/> (accessed 20 February 2022).

following co-option by and merger into the PP.<sup>184</sup> In practice, significant continuity can be observed in governance methods from the EPRDF times in spite of promising reforms.

The co-option of leading personalities from the opposition and placing them in government positions is also a novel phenomenon under the new administration.<sup>185</sup> Unlike the EPRDF period, the Abiy administration gave ministerial positions to leaders of opposition parties. Following the 2021 election, the administration appointed three ministers, three state-ministers, and a number of other officials in regions and city administrations from opposition parties.<sup>186</sup> Such appointments have ensured support for the PP from key sections of society, and again reinforces the idea of the prominence of the state over party. Yet, the administration was not only characterised by the inclusion of people and ideas from across the aisle, but also the sidelining (and arrest) of prominent opposition members.<sup>187</sup> The ethos of serving the Ethiopian state and the hyper-nationalism that has at times characterised the transition period has especially intensified during the conflict in Tigray. The public support for, and allegiance to, the Ethiopian state could have limited the space for some opposition voices.

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184 Ethiopia Insight. 2021. 'EIEP: While Prosperity Party shines, authoritarian stain remains', *Ethiopia Insight*, 10 September, <https://www.ethiopia-insight.com/2021/09/10/eiep-while-prosperity-party-shines-authoritarian-stain-remains/> (accessed 20 February 2022); Biru, Y. 2022. 'The Unmaking of Ethiopia's Thinking Class and the Dumbing Down of a Nation', *Borkena*, 20 January, <https://borkena.com/2022/01/20/ethiopias-thinking-class-and-the-dumbing-down-of-a-nation/> (accessed 20 February 2022); Ekubamichael, M. 2020. 'News Analysis: Following purge of political parties for "failing to meet requirements" and amid complaints of opposition crackdown Electoral Board to unveil election draft timetable', *Addis Standard*, 25 December, <https://addisstandard.com/news-analysis-following-purge-of-political-parties-for-failing-to-meet-requirements-and-amid-complaints-of-opposition-crackdown-electoral-board-to-unveil-election-draft-timetable/> (accessed 20 February 2022).

185 The co-optation might be understood as a political collaboration from the perspective of the opposition.

186 The Prosperity Party won 410 seats of the 436-seat parliament. Other seats were taken by (amongst others): 5 NaMA candidates, 4 Ezema candidates, 2 candidates from Gedeo People's Democratic Party, and 4 independent candidates. One especially unusual appointment was that of an opposition party OLF member given a ministerial post without having contended in the elections. It should be noted, however, that the official belongs to a splinter faction of the OLF, with the main branch of the party still opposing the cabinet inaugurated by Abiy Ahmed in October 2021. See: Ekubamichael, M. 2020. 'In-depth Analysis: Schism threatens oldest Oromo political party, once again. Can latest electoral board decision right the wrong?', *Addis Standard*, 29 December, <https://addisstandard.com/in-depth-analysis-schism-threatens-oldest-oromo-political-party-once-again-can-latest-electoral-board-decision-right-the-wrong/> (accessed 20 February 2022).

187 See reports by human right organisations and others. For example: Human Rights Watch. 2020. 'Ethiopia: Opposition Figures Held Without Charge', *HRW News*, 15 August, <https://www.hrw.org/news/2020/08/15/ethiopia-opposition-figures-held-without-charge> (accessed 20 February 2022).

## 5.4 Bringing the economy back in

Following the demands expressed in previous years of unemployed (and often excluded) youth, one of the priorities of Abiy's administration has been economic reform. Although the EPRDF regime also prioritised economic growth according to its developmental state model, economic measures of that era featured as a method of control and as a way to sustain the extensive military apparatus. Under the Abiy regime, attempts have been made to disentangle key economic sectors, policies, and assets from ruling party structures and to return them under state supervision. A number of initiatives of Abiy's administration show an attempt to end party businesses, and thus shift responsibilities and control from the party to the state. Similarly, attempts also appear to be made to "unify" the economy by ending exclusionary ethnic-party control over specific sectors and policies.

Two interrelated tendencies can be observed in the efforts to reestablish state (not party) control over the economy. First, a professionalisation drive is ongoing as party officials in technical or business roles are replaced by experienced and appropriately educated professionals. As such, office holders increasingly move within an institution or sector, rather than between a wider range of state-controlled entities based on their political ties. Increasing professionalisation can also be observed in the reorganisation of the state-controlled economy, with economic rather than political principles as points of departure (as stipulated in the home-grown reform agenda). Additional examples can be found in a number of studies commissioned by PEHAA (the Public Enterprises Holding and Administration Agency, located under the Ministry of Finance) on various issues, including appropriate forms for the capital market and the implementation of corporate governance measures in the SOE sector.

The second dynamic, centralisation, occurs predominantly through the centralisation of economic policymaking under the prime minister's office (especially through the establishment of the macro-economic team) and the reallocation of all national SOEs under PEHAA. The latter could be especially significant, considering that the state-owned enterprises previously functioned as an important source of political finance, but might now be asked to report and account for business-oriented results.<sup>188</sup> The endowment companies that belonged to the EPRDF are being transformed into public enterprises, as the current status of companies formerly owned by ANDM (Amhara National Democratic Movement) illustrates. Fundamentally, this transformation involves returning the economic activities that were captured by the political party to the state. Beyond endowment companies, the economic reform impacted how state-owned enterprises operate. The typical example here is the removal of Metals and Engineering Corporation (METEC) from its involvement in the Ethiopian Grand Renaissance Dam

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188 Interview with a senior Ethiopian official in the economic sector, Addis Ababa, December 2021.

(GERD). METEC implemented only 30% of its task in the GERD project by 2018 (though the plan was to finalize the work by 2014) and was replaced by fairly tendered expert companies when the Abiy administration took power.<sup>189</sup>

Centralisation is being implemented through the above-mentioned professionalisation of the economy in two ways: a shift towards experienced and educated professionals in operational roles; and practical experimentation with more effective methods of organizing the economy. Experts in the sector have been positive about the reforms implemented, especially the reduction of political interference due to reorganization of the state-owned enterprises (discussed below). Additionally, involved professionals underscore that the political leadership is more willing to consider expert suggestions on economic issues, rather than prioritising economic policymaking according to political incentives.<sup>190</sup> At the same time, however, this tendency towards professionalisation left the management of Ethiopia's economy immune from political elements. For example, the decision to replace officials tied to the previous ruling elite with new ones has played an important role in the political struggle between the current and the former ruling factions. Moreover, heated debates within the experts' committee advising the administration's economic policies have shown the persisting importance of political dynamics in economic policymaking.<sup>191</sup>

In terms of economic policy, features of both continuity and change can be observed. Although the economy is being brought back under state control, it is done pragmatically. Rather than fully breaking with EPRDF economic policy, the main policy drive aims at learning from the macro-economic instability brought on by the debt-fuelled developmental policies of the past, while at the same time retaining successful policies (for example, by continuing the public-private partnership approach with a renewed focus). Changes mainly relate to attempts to position the private sector as the main operator in the economy. This change can be seen in the liberalisation of resource allocation, in which new methods of market-oriented allocation have tilted the allocation of foreign exchange towards the private sector instead of politically controlled institutions. As a consequence of the investment programme that fuelled growth in Ethiopia in EPRDF times, it is noted that the "*share of CBE's [Central Bank of Ethiopia] credit to the SOEs sector had reached 87 percent in 2019, and about 90*

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189 See, for example: Gebregziabher, T.N. 2019. 'Soldiers in business: the pitfalls of METEC's projects in the context of Ethiopia's civil-military relations', *Review of African Political Economy*, 46(160), 261-278.

190 Interview with a senior Ethiopian official in the economic sector, Addis Ababa, December 2021.

191 Biru, Y. 2022. 'The Unmaking of Ethiopia's Thinking Class and the Dumbing Down of a Nation', *Borkena*, 20 January, <https://borkena.com/2022/01/20/ethiopias-thinking-class-and-the-dumbing-down-of-a-nation/> (accessed 20 February 2022).

*percent of deposits at CBE is lent to SOEs*".<sup>192</sup> The focus under the Abiy administration is on leveraging the hitherto growth for private investment and job creation rather than development, hence shifting the priority of credit allocation to the private sector.

Similarly, the reform in the state-owned enterprises is a pragmatic rather than an ideological shift.<sup>193</sup> Although some SOEs are being privatised, there is no aim to fully privatise all the SOEs in a neo-liberal fashion; rather, reforms aim to optimise portfolios.<sup>194</sup> On the macro level, observed changes include: a more prudent fiscal policy prioritising capital investment; the creation of a capital market; and the establishment of expert committees to monitor, discuss, challenge, and suggest new economic policies. Economic policy is now developed in committees under the macro-economic policy committee, which is chaired by the Prime Minister and comprises key policymakers from the macro-economic institutions (including the Ministry of Finance, the National Bank, and the Planning and Development Ministry).<sup>195</sup> As one expert put it, "*there is still top-down (with a bit of bottom-up balancing) decision making and strong organization of the economy*".<sup>196</sup>

The shift in economic policy could be a double-edged sword. The centralising measures are freeing up finance for a new approach oriented to the private sector and simultaneously disentangling the economic sector from EPRDF's political influences. Yet, centralising assets might make certain sectors an easy target for political capture or paralyse them due to political competition between regional governments over the sectors. Additionally, one of the main arguments advanced in EPRDF times for the government to maintain a leading role in the economy was to combat private-sector capture of the state for corrupt proceeds: "*Ethiopia (and indeed Africa as a whole) lacked comparative advantage in any productive field. [...] In these circumstances, the best way to make money is through rent: natural resource rent, aid rent, policy rent. So the private sector will be rent-seeking not value creating, it will go for the easy way and make money through rent*".<sup>197</sup> As such, if the actual shift towards the private sector indeed occurs, a new segment of stakeholders and interests may be empowered in the longer term.

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192 Federal Democratic Republic of Ethiopia. Ministry of Finance. 2021. *Macro-Fiscal Performance in Ethiopia and Recent Fiscal Policy Developments*, Addis Ababa, October 2021, Report number 04/2021.

193 Interview with an Ethiopian official in the economic sector, Addis Ababa, December 2021.

194 The regime's interest in some of the state-owned enterprises has been focused on increasing the efficiency and the business structure of the SOEs to better equip them for, and be viable to, the market (interview with a senior Ethiopian official in the economic sector, Addis Ababa, December 2021).

195 Interview with an Ethiopian official in the economic sector, Addis Ababa, December 2021.

196 Ibid.

197 De Waal, A. 2013. 'The Theory and Practice of Meles Zenawi', *African Affairs*, 112:446, 148-155.

## 5.5 The demise of political finance as we know it?

The state-owned enterprises and party businesses were a major source of political finance during the EPRDF period. The SOEs sector consists of large and strategic enterprises such as telecom, transportation, logistics, railway, and energy, which may function as catalysts to economic development in Ethiopia. The political motivations underpinning otherwise major business decisions are seen as one of the causes of a range of economic issues, as “*poor project feasibility analysis and implementation, particularly by state owned enterprises, have led to serious macroeconomic imbalances such as debt burden and high inflation*”.<sup>198</sup> The reform of the SOEs sector is one of the flagship areas of the regime’s homegrown economic reform agenda. The Ethiopian government aims to improve the competitiveness of the enterprises in the economy as well as ensure the efficiency of public finance/public assets and improve macro-economic stability in the country.<sup>199</sup> It aims for those enterprises with a developmental nature (those that provide public goods) to continue a developmental function, but to push those with a commercial nature into privatisation with shares held in an Ethiopian investment holding company (akin to a government wealth fund).

The reallocation of 42 SOEs (reportedly, jointly contributing approximately 15% of GDP) to PEHAA entails a major shift in terms of transparency and accountability.<sup>200</sup> The enterprises brought under the administration of PEHAA are to be managed according to a range of performance indicators and formal policy, rather than managed according to political imperatives.<sup>201</sup> A system of accountability and responsibility is being created, separating state interest (represented by PEHAA) and CEO responsibilities and establishing a supervisory board. Additional elements being implemented include a corporate code, Key Performance Indicators,<sup>202</sup> a corporate score card, quarterly evaluations, and external audits.<sup>203</sup> Furthermore, a state dividend (of 80% of income) is being established, potentially further changing opportunities to siphon off proceeds for political purposes.<sup>204</sup> For example, it may shift the EPRDF-era personalised clientelistic networks into a competition over disbursements between federal and regional entities over centralised resources (which may still be disbursed onwards towards pork-barrel projects on lower administrative levels). Such an arrangement, as

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198 Federal Democratic Republic of Ethiopia. Ministry of Finance. 2021. *Macro-Fiscal Performance in Ethiopia and Recent Fiscal Policy Developments*, Addis Ababa, October 2021, Report number 04/2021.

199 Interview with an Ethiopian official in the economic sector, Addis Ababa, December 2021.

200 Ibid.

201 Interview with a senior Ethiopian official in the economic sector, Addis Ababa, December 2021.

202 These are KPIs on operations, finance, corporate governance, reform, and project implementation.

203 Interview with a senior Ethiopian official in the economic sector, Addis Ababa, December 2021.

204 Ibid.

in the case of the centralisation of economic decision-making, emboldens the state (mainly the executive) rather than party structures in political financing arrangements.

## 5.6 Conclusion

Following the early months of the transition characterized by significant liberalisations and an “*Abiymania*” throughout the country and beyond, major shifts have happened with regard to the organization of the political sphere and the economy. Politically, Abiy’s administration attempted to move away from dissident ethno-nationalism by (re)introducing pan-Ethiopian nationalism into the political debate and attempting to separate party and state. The creation of a single multi-ethnic political party brought the peripheral regions and their politicians to the center of Ethiopian politics. Reorganisations of state institutions and changed recruitment practices have sought to reinforce primacy of the state over the party and seems aimed at building stronger state institutions.

Economically, steps taken during the transition have brought primacy over the economy back from the party to the state in two major ways. First, the administration sought the demise of ‘party businesses’, which returned party endowment companies to the state. Second, the administration streamlined the state-owned enterprises sector and implemented an accountability drive through the sector aiming to curtail past practices of political finance. In a nutshell, the political economy changes that have been implemented seem to de-emphasise the party in comparison to the state. These processes have reshaped political rent-seeking and affected the hitherto influential political finance arrangements.

Yet, significant resistance has also challenged the reform process. Resistance from the former dominant governing party, the TPLF, has resulted in a civil war destabilising significant parts of the country and leading to vast numbers of casualties. Within the political arena, ethno-nationalist sentiments remain highly salient, while several liberalising reforms and appointment of non-party politicians have come under criticism. Finally, following significant interventions in the economy next to armed conflict, the foreign currency reserves have dwindled; this threatens continued economic growth and job creation, a key legitimating factor under the PP platform.

## 6 Conclusion and recommendations

This report provides an initial indexation of the changes occurring in the transition in Ethiopia. Although the popular debate focuses mainly on democratisation and the future of ethno-federalism, a deeper understanding of the Ethiopian transition process requires an in-depth look into the competition over state institutions and the resources mobilised through them. As well, although it is not yet feasible to catalogue the full breadth and detail of the changes that have occurred over the past few years, this report explores the major organisational and structural changes apparent so far in order to elucidate the political economic changes occurring in Ethiopia's transition.

The Ethiopian state is an old, strong, and value-infused institution, rather than a product heavily influenced by donor-driven state-building and democratisation projects. The Abiy administration came into office on a platform of popular dissatisfaction with EPRDF policy, TPLF control, and lack of improvements in livelihoods of the people. As it has come into power, the administration has faced a party-state, in which the EPRDF party structures were deeply interwoven with state institutions. The administration has set out to break such structures through the reorganization of state institutions, the reeling in of SOEs, and the creation of the Prosperity Party (PP).

The administration's efforts to take control over Ethiopia's state institution have involved the appointment of new officials, the implementation of wide-ranging organisational changes, as well as the reform of financing arrangements. Particularly significant changes have taken place in three areas of the Ethiopian state. In the cabinet, the new administration has built its political base by appointing new ministers and empowering ministries controlled by allies of the PM. In the security sector, the administration's reforms and the eruption of the Tigray conflict have resulted in a drastic reduction of the TPLF's influence, but also in the weakening of the country's armed forces. In the economic sector, the administration has sought to streamline the state's involvement in the economy, while also weakening the structures of control relied upon by its predecessors.

Major shifts have occurred in the political sphere and the economy. Politically, Abiy's administration has attempted to move away from ethno-nationalism by (re)introducing pan-Ethiopian nationalism into the political debate. The creation of the PP, a single multi-ethnic political party, has brought the so-called peripheral regions and their politicians to the center of Ethiopian politics. Reorganisations of state institutions and changes in

recruitment practices have sought to reinforce primacy of the state over the party and seem aimed at building stronger state institutions.

Economically, the steps taken so far have tried to shift control over the economy from the party to the state. Firstly, the administration has sought to end 'party businesses', bringing party endowment companies under the state. Second, the administration has streamlined the state-owned enterprises sector and implemented an accountability drive aiming to curtail past practices of political finance. These changes seem to de-emphasise the role of the party in comparison to the state.

Significant resistance challenges to the reform process are present in the country. Resistance from the former dominant governing party, the TPLF, has resulted in a civil war destabilising significant parts of the country and leading to vast numbers of casualties. Meanwhile, ethno-nationalist sentiments remain highly salient, especially within the ethnically defined federal states, at times in opposition to the PP's multi-ethnic construction. Finally, an economic downturn and dwindling foreign currency reserves threaten continued economic growth and job creation, a key legitimating factor under the PP platform.

Since the commencement of the conflict between Tigrayan forces and the forces aligned with the Federal Government of Ethiopia, the country has featured more prominently on the agenda of the international community. Following reports of major human rights violations and obstructions to the delivery of aid, most budgetary support to the Ethiopian state has halted and additional Due Diligence measures have been implemented on pooled funds. As well, next to broadly supported diplomatic pressure, the US has set up a sanctions regime and removed Ethiopia from the *African Growth and Opportunity Act* (this act is designed to allow duty-free imports to the US). Other geo-political actors have so far proven hesitant to come out in support of the Abiy administration, leaving the country relatively isolated. Nonetheless, the international community's push for mediation between federal and Tigrayan leadership has seen limited success. Most development programming in Ethiopia has been halted and is unlikely to resume in the near future, while diplomatic contact has narrowed its focus on the conflict in Tigray. Therefore, the recommendations presented here focus on the reevaluation of the relation of Western governments with Ethiopia, rather than on practical entry points for programming – as the latter is unlikely to be politically feasible in the near term. Thus, in order to improve the effectiveness of future engagement, policymakers seeking to engage with the Ethiopian transition and its regional fallout should consider the following analysis and recommendations.

## Recommendation 1

### **Policymakers need to reevaluate their regional security and development strategy related to Ethiopia and the wider Horn of Africa**

For years, Ethiopia has portrayed itself as the primary security actor and regional hegemon, and positioned itself as an important pillar underpinning many donors' security strategies in the region. Ethiopia has been an active and fundamental partner in various peace missions – e.g., African Union Mission in Somalia (AMISOM), United Nations Mission in South Sudan (UNMISS) – and counter-terrorism efforts (mostly targeting Al Shabaab). As well, it has been a relevant actor in mediation (e.g., the Sudan Constitutional Declaration of August 2019) and several regional multilateral organisations, e.g., Intergovernmental Authority on Development (IGAD), African Union (AU).<sup>205</sup>

With the onset of the civil conflict in Ethiopia, the security context in the country and Horn of Africa region has dramatically changed. In recent months, Ethiopia has withdrawn peacekeeping forces, faced clashes between ethnic groups within its own armed forces, become more confrontational towards regional multilateral institutions seeking to mediate in its civil conflict, and come under sanction from the US (its main counter-terrorism partner). At the same time, emboldened ethno-nationalist groupings have reignited long-standing disputes with neighbouring states (notably with Sudan over al-Fashqa).<sup>206</sup> Further externalised impacts may be expected, but are hard to predict as the political settlement within Ethiopia and its federal states is still in flux. As a consequence, many donors active in the region – including the EU and its member-states, the US, and China – have lost a key partner underpinning their regional security and development strategies. Simultaneously, geo-political actors active in the Horn

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205 Dhaysane, M. 2021. 'Somalia, Ethiopia to strengthen security cooperation', *Anadolu Agency*, 24 August, <https://www.aa.com.tr/en/africa/somalia-ethiopia-to-strengthen-security-cooperation/2344093> (accessed 20 February 2022); United Nations. 2022. 'Ethiopia: A leading contributor to UN peacekeeping efforts', *UN News*, <https://news.un.org/en/gallery/529832> (accessed 20 February 2022); Radio Dabanga. 2019. 'AU mediation: Sudan junta-opposition talks to continue this week', *Radio Dabanga*, 29 July, <https://www.dabangasudan.org/en/all-news/article/au-mediation-sudan-junta-opposition-talks-to-continue-this-week> (accessed 20 February 2022).

206 Xinhua. 2022. 'Sudan: UN agrees to replace Ethiopian forces within UNISFA', *The East African*, 20 January, <https://www.theeastafican.co.ke/tea/rest-of-africa/un-agrees-to-replace-ethiopian-forces-within-unisfa-3688112> (accessed 20 February 2022); Thomas, D. 2021. 'Biden suspends Ethiopia, Guinea and Mali from AGOA', *African Business*, 2 November, <https://african.business/2021/11/trade-investment/biden-suspends-ethiopia-guinea-and-mali-from-agoa/> (accessed 20 February 2022); International Crisis Group. 2021. 'Containing the Volatile Sudan-Ethiopia Border Dispute', ICG Africa Report n. 173, Khartoum/Nairobi/Brussels.

are likely to ratchet up their efforts to explore the new opportunities created by the developing conflict, as can be seen for instance in the renewed Egyptian and Turkish efforts.<sup>207</sup>

The changes outlined above result in a rapidly changing and unstable political economic context, both within Ethiopia but also impacting the states surrounding it. Hence, donors active in the region would do well to reevaluate their regional security strategy, as well as their development approach to the extent it relies on a modicum of (Ethiopian-supported) stability (for instance in Somalia and South Sudan). While doing so, it is key to avoid viewing the civil conflict in Ethiopia as a conflict solely between federal and Tigrayan interests, that could potentially be resolved through bilateral mediation. As shown in the previous chapters, the political transition ongoing in Addis Ababa involves a rebalancing of power between a wider range of ethnic groupings as well as pan-Ethiopianist groupings, and is leading to tensions in many areas across the country as well as over state institutions. The resolution of this situation requires a renegotiation of the political settlement between a wide range of groups, and is likely to require significant efforts even if hostilities between the Tigrayan forces and the Federal aligned forces cease. Additionally, if dwindling resources are increasingly used to maintain the political coalition in the center, increasing fragmentation in the periphery may be expected as state services decline. This may hamper a sustainable renegotiation of the political settlement.

## Recommendation 2

### **Policymakers implementing economic pressure should consider the humanitarian implications of such measures**

The Abiy administration is facing significant pressures from a variety of sides. The administration has gone ahead proactively to break up EPRDF-era clientelistic networks in order to gain control of the state apparatus and secure space to make and implement its own policies and overcome significant pushback. Yet, the core grievance which played a key role ushering in the transition of power, i.e., insufficient growth in livelihoods for the growing population and exclusions from the benefits of the economic growth achieved, remains highly relevant today. Although Abiy's homegrown economic reform agenda has sought to rebalance Ethiopia's economy to

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207 The Arab Weekly. 2021. 'Egypt's president visits Djibouti in push to build alliances in Horn of Africa', *The Arab Weekly*, 28 May, <https://theArabweekly.com/egypts-president-visits-djibouti-push-build-alliances-horn-africa> (accessed 20 February 2022); Mosley, J. 2021. *Turkey and the Gulf states in the Horn of Africa*, Rift Valley Institute Report; Meester, J. and Lanfranchi, G. 2021. 'A careful foot can step anywhere': *The UAE and China in the Horn of Africa*, CRU Policy Brief, The Hague: Clingendael.

promote further job growth, in practice the administration is facing a severe economic crisis, major expenditures related to the civil war – and therefore a dramatic cut in foreign investment, aid inflows, and reduced trade, leading to sliding exchange rates and significant inflation. The civil war has led to large-scale human suffering as a direct consequence, but also indirectly as the economic impacts have hurt livelihoods of individuals across the country. The Ethiopian government has sought to implement significant budget cuts across the board, delayed the privatization process of several SOEs, and is struggling to restructure its debts.<sup>208</sup> In this situation, job creation and improving livelihoods as popularly demanded is a far-off prospect at best.

Given the dire economic straits the Abiy administration finds itself in, economic measures may prove an effective pressure point for the international community. Some steps have been taken in this regard, including the US sanctions regime, the cutting of budgetary support, the removal of Ethiopia from the *African Growth and Opportunity Act*, and the stalling of discussion surrounding debt restructuring. Yet, the humanitarian costs of implementing significant economic pressure may be severe. Ethiopia has been heavily reliant on aid and subsidising imported food in order to ensure food security for decades, not just in the areas affected by the civil conflict but across large sections of the country.<sup>209</sup> In 2018, food imports equalled about 2 billion USD per annum, a significant expenditure for the Ethiopian government.<sup>210</sup> These expenditures are likely to rise sharply, given expected price rises on wheat following the Russian invasion of Ukraine. Economic pressure is hence likely to significantly affect livelihoods across the country. Although some attempts have been made to implement humanitarian exceptions in for instance the US sanctions regime on Ethiopia,<sup>211</sup> it should be kept in mind that any measure driving a further slide in Ethiopia's foreign exchange or restricting trading opportunities of commercial food imports will still have a substantial humanitarian impact. Thus, policymakers considering economic sanctions on the country should carefully consider the humanitarian impact of these measures before their implementation, and should not limit their humanitarian considerations to the delivery of aid in the areas affected by the civil conflict alone.

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208 Seleshie, L. 2021. 'Can Ethiopia restructure its debt in the midst of civil war?', *The Africa Report*, 2 August, <https://www.theafricareport.com/113429/can-ethiopia-restructure-its-debt-in-the-midst-of-civil-war/> (accessed 20 February 2022).

209 Admassie, A. 2014. 'The Political Economy of Food Price Policy in Ethiopia', in Pinstrup-Andersen, P. *Food Price Policy in an Era of Market Instability: A Political Economy Analysis*, Oxford University Press.

210 USDA/Foreign Agricultural Service. 2020. Food and Agricultural Import Regulations and Standards Country Report.

211 Felbab-Brown. 2021. 'The exemplary U.S. sanctions regime for Ethiopia's Tigray conflict and its limitations', *Brookings*, 1 October, <https://www.brookings.edu/blog/order-from-chaos/2021/10/01/the-exemplary-u-s-sanctions-regime-for-ethiopia-s-tigray-conflict-and-its-limitations/> (accessed 20 February 2022).

### Recommendation 3

#### Developing a new *modus operandi* for Ethiopia

Under the EPRDF regime, Ethiopia functioned as an important hub in many donors' aid and development programming. The Ethiopian state was able to absorb significant volumes of aid, implement programming in a reliable way on short notice, and present respectable results in terms of developmental indices and GDP growth.<sup>212</sup> As a result, many donors' development aid policies have come to rely to varying degrees on the Ethiopian state's implementation capacity in order to meet their own internal institutional goals and targets (e.g., volumes spent, beneficiaries reached, timely implementation).<sup>213</sup> This dynamic largely ignored the fact that the Ethiopian state maintained strict control over the scope of aid programming, including the disbursement of benefits as well as the selection of beneficiaries, and implemented programmes solely through state-controlled channels. Effectively, this allowed the EPRDF administration to leverage aid in its internal political financing dynamics.<sup>214</sup> Such dynamics have been reported since the politicized famine relief efforts in the 1980s across various regimes.<sup>215</sup>

With the change in administration, control over the resources of the state has become an important point of contestation; this includes aid rents.<sup>216</sup> Additionally, the eruption of the civil war and ensuing aid blockages have made the topic far more controversial for donors as well. Meanwhile, administrative structures internal to donors' and multilaterals' administration favouring disbursement through the Ethiopian state remain, in defiance of changing political imperatives. In a telling anecdote, one policymaker related blocking a project by an inter-governmental organisation seeking to implement a COVID-19 vaccination drive in Tigray, as the project had selected the ENDF as its logistical partner citing its access and efficiency.<sup>217</sup> Examples such as these show the need for a new *modus operandi* in engaging with the Ethiopian state for humanitarian and aid programming still ongoing or potentially resuming. The recalibration of this relationship between donors and the Ethiopian state should reflect the weakened

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212 Chery, F, and Rekiso, Z. S. 2019. 'Ethiopia's 'Economic Diplomacy' and Regional Integration'. In *The Oxford Handbook of the Ethiopian Economy*, Oxford: Oxford University Press

213 Manyazewal, M. 2019. 'Financing Ethiopia's Development'. In *The Oxford Handbook of the Ethiopian Economy*, Oxford: Oxford University Press.

214 Human Rights Watch. 2010. *Development without Freedom: How Aid Underwrites Repression in Ethiopia*, HRW Report.

215 Waal, de A. 1997. *Famine Crimes: Politics and the disaster relief industry in Africa*, Indiana: Bloomington.

216 Melesse, K. 2020. 'Tigray's War Against Ethiopia Isn't About Autonomy. It's About Economic Power', *Foreign Policy*, 19 November, <https://foreignpolicy.com/2020/11/19/tigray-tplf-war-against-ethiopia-abi-ahmed-isnt-about-autonomy-its-about-economic-power/> (accessed 20 February 2022).

217 Interview with a European civil servant, December 2021.

negotiating position of the Ethiopian government due to its internal fault lines and weakened international legitimacy, allowing donors to push back on the state's political usage of aid programming. This raises the dilemma to what extent donors are willing to disburse aid through the Ethiopian state, thereby reinforcing centralised power structures, or if they opt to implement outside state structures potentially reinforcing the fragmentation in Ethiopia. On the donor side, efforts should be made to realign institutional and administrative reliance on the Ethiopian state for major segments of aid disbursement and implementation.

# Appendix: Methodology

This study has been conducted in accordance with the Conflict Research Unit's political economy analysis framework, thus focusing on power arrangements. By analysing changes in arrangements of power, one can understand: why decisions are made, what incentives play a role, how alliances form or break, and what narratives dominate. In turn, such understanding is key to identifying feasible approaches to conflict resolution. Examining shifts in arrangements of power enables the simultaneous exploration of the perspectives of those who govern and those who are being governed, as power is always relational. Doing so requires the use of three lenses: (1) the power networks and relationships between conflict actors; (2) the power practices and exchanges between them; and (3) contextual factors, such as institutions and ideology, that affect the power distribution underlying the conflict.<sup>218</sup>

The framework combines traditional conflict analysis with elements from social network and power analysis, and draws on recent research across a range of disciplines, namely, new political economy, new institutional economics, and conflict studies. It thus brings to the surface the politics and power dynamics that may facilitate or hamper proposed interventions in conflict-affected situations. In this way, it uncovers: hidden stakeholders, the practices and exchanges that facilitate the main actors' relation to power, and the written and unwritten rules and structures that form the silent backdrop of these relations. This identification of arrangements of power helps to identify potential spoilers and entry points for action by showing which structures might be amenable to changes and which structures might be used to the policymaker's advantage.

This report supports conflict-sensitive programming, by recognising that “[t]he success of most development efforts, including efforts to strengthen the state and build institutions of public accountability, rises or falls according to the degree to which these efforts are aligned with – or at least do not fundamentally threaten – the interests of powerful national and local actors who are in a position to thwart or co-opt those efforts”.<sup>219</sup> The analysis recognises that “many times well-intentioned interventions become ineffective because

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218 For further details, see: Clingendael. 2019. *Our methodology for political-economy analysis*, The Hague: Clingendael Institute.

219 Parks, T. and Cole, W. 2010. *Political Settlements: Implications for International Development Policy and Practice*, San Francisco: The Asia Foundation.

*they reinforce an equilibrium that sustains the outcome the intervention attempted to change. These situations can arise from interventions that do not take into account the existing power balance”.*<sup>220</sup>

Relevant information for this report has been gathered through a mix of desk research and key informant interviews, conducted between July 2021 and January 2022. These consulted sources have included: media content (e.g., articles from Ethiopian and international media), both online and in physical archives; governmental documents (e.g., budget documents and data, government proclamations, policy documents, and material on the organisational structure of various ministries, etc.), retrieved both from online open-access sources and through interviews with policymakers; interviews with key informants from a diverse range of backgrounds (e.g., officials involved in relevant reform processes, academics following the developments in the country); and various open access online sources (e.g., Armed Conflict Location & Event Data Project on riots and protests). Sources in both English and Amharic have been consulted.

Regardless of the efforts undertaken to cover the breadth and depth of Ethiopia’s transition, ongoing hostilities and travel restrictions due to COVID-19 have at times hindered fieldwork, and may have prevented certain groups of potential interviewees from responding. Additionally, it should be kept in mind that because hostilities and purges are ongoing, several respondents were reluctant to discuss topics related to political finance. Therefore, two points should be kept in mind: additional research might provide further insights; and the transition is still ongoing. Although the account presented in this report may highlight a number of aspects of the transition, it is impossible to present a comprehensive and final picture at this moment.

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220 World Bank. 2017. *World Development Report 2017: Governance and the Law*, Washington, DC: World Bank Group, 27.