

AFTER MELES: IMPLICATIONS FOR ETHIOPIA'S DEVELOPMENT

The death of Meles Zenawi in August 2012 has raised a number of questions about Ethiopia's political stability and development trajectory. Meles built up a complex web of relationships that conjoined domestic political forces with foreign investors, leading the country towards impressive rates of growth and substantial achievement of some development indicators. Under his rule Ethiopia's national image began a slow transformation from famine-plagued nation to a fast-growing country which was at the heart of a new global realpolitik in Africa. The challenge now is whether Ethiopia's institutions, dominated at all levels by a single party, can transition to greater pluralism and, if so, will this enable the country to approach middle-income status by 2025 – a much-vaunted goal of the late Prime Minister.

Introduction

Meles Zenawi passed away on 21 August 2012, 21 years after the Tigrayan People's Liberation Front's (TPLF) victory over the regime of Megistu Haile Mariam. He subsequently became Prime Minister in 1995, leading the Ethiopian People's Revolutionary Democratic Front (EPRDF) coalition in which the TPLF was and remains the dominant force. Meles avidly promoted a 'developmental statist' vision. He admired China's economic growth 'miracle' and sought to replicate the same within Ethiopia. To his detractors the result became 'developmental authoritarianism' with basic human rights ignored and civil society development openly thwarted. Foreign donors, though critical of his policies, remained relatively quiescent as Meles provided a bulwark against militant Islam in Somalia and was a powerful voice for Africa on issues including climate change. His astute geopolitical game-playing used Western strategic concerns to balance pressures for greater 'glasnost' at home. Debate now focuses on how Ethiopia's complex and still volatile political and social mix will shape up without the vision, guidance and singular authority of Meles Zenawi. Will the country continue to post sustained economic growth and achieve a remarkable transformation to middle-income status by 2025 or will there be a resurgence of ethnic regional violence against central authority and the continued dominance of the EPRDF?

Politics of transition: Searching for new purpose

An immediate focus is on the internal party political machine. Meles shrewdly manipulated rivalries between and within the EPRDF's four parties while concentrating state power around himself. Post-Meles, new actors within the EPRDF may seek to exploit the perceived advantage of a leadership vacuum to advance ethnic and other political causes and strengthen their political constituencies, particularly at the regional level. Meles' successor, Hailemariam Dessalegn is from Wollaita – a part of the Southern Nations, Nationalities and People's Region (SNNPR). He is not a member of the TPLF and is seen as a non-divisive figure for that reason. At the same time he is regarded by many as weak precisely through lack of association with Tigray and the TPLF. Whilst this may suggest that the real power remains hidden behind him, there is also a possibility that through his regional affiliation a more pluralistic ethnic make-up within the governing system could emerge, reducing the orthodoxy of rule from the 'North'.

While Hailemariam's appointment has been welcomed by Southerners within Ethiopia, representation of SNNPR in the military and federal command structure is minimal or absent altogether. The TPLF maintains control over the National Intelligence and Security Services, as well as the all-powerful federal police, who have the capacity to crush political protest. Although internal TPLF discussions around the succession are hermetically sealed from the wider public, it is widely thought to have been only half-backed by TPLF stalwarts. Many senior party members regard themselves as the only legitimate leaders of the country by virtue of the overthrow of Mengistu. They are not willing to share power, which is at the crux of the future political faultline.

Continued Tigrayan domination of key security establishments was emphasised by the promotion to the ranks of brigadier general and major general of 22 Tigrayans out of a list of 37 a week before the selection of a new party chairman. This raises questions about how far any new Prime Minister can reshape the political landscape and has led to open speculation that Hailemariam's appointment is a calculated political move by and for the TPLF, allowing them to maintain de facto political authority behind a cloak of ethnic pluralism.

Meles' death exposes the dangers of a state built around one man, but he also leaves behind a formidable political machine. For Hailemariam the challenge is whether and how he can manage the machine. Members of competing elites may fight for control of this machine and ethnic movements on the periphery could be emboldened to exploit a perceived power vacuum. Eritrea might also sense an opportunity to destabilise its neighbour. The question is whether perceived economic development and prosperity will willingly be traded for political instability – even by those at loggerheads with the central state.

Geopolitics

External pressures on Ethiopia are relentless, shaped by wider global confrontations including the so-called 'War on Terror', a massive strategic push by China into Africa, and the 'winds of change' blowing in from authoritarian states to the north, where calls for democracy are leading to a resurgence of Islamist parties. Without the steadying hand of a practised and seasoned global player, Ethiopia's presence and capacity for global influence may well have diminished.

China's largesse is visible across the dramatic skyline that is the African Union's new headquarters in Addis Ababa, a deal Meles brokered. However, there is already scepticism in some circles about the quality of Chinese investment (versus the quantity), and the implications of over-reliance. Ethiopia has also reached out to other non-conventional donors such as Turkey, Brazil and India but has also opened its doors to U.S. geostrategic interests, through positioning drones at Arba Minch, which enables greater U.S. geostrategic reach in and around Somalia.

In the immediate neighbourhood, Meles was also careful to cultivate relations with both old and new Sudan(s), and with Kenya and Djibouti, not least because of continued dependence on existing and potential future port facilities in these two countries. Ethiopia's bilateral ties with Egypt are strained, in part due to the championing by Meles of a caucus of upstream states on the Nile which has signed the Nile Cooperation Framework, whilst Cairo and Khartoum had demurred. Ethiopia's Grand Millennium Dam project on the Blue Nile is also a source of some tension. A wider concern is that Egypt's foreign relations in the Greater Horn of Africa under President Mohammed Morsi will adopt a more Islamist approach, aligning interests in Sudan, Somalia and Egypt with Muslim communities in Ethiopia. There are many in the Ethiopian establishment who fear a Muslim Brotherhood-led Egypt is capable of exploiting simmering tensions between Ethiopia's government and its large Muslim population (officially about 30 per cent of the population).

The Ethiopian military has played a significant regional role in Somalia, Sudan, Rwanda, Burundi and Liberia. Ethiopia's regional role has increased particularly after forging a strong alliance with the U.S. in the 'War on Terror' and currently the Ethiopian military controls a number of key strategic areas in south-central Somalia. Ethiopia has for many years been deeply involved in Somalia and will continue to be the most important foreign country determining the future of various processes to strengthen the country's security and governance.

A contingent of Ethiopians troops is also based near the troubled border of Abyei between the Sudan and the Republic of South Sudan under a United Nations mandate. This is testament to the respect Meles commanded in both Khartoum and Juba, navigating the complex politics of peace negotiations between the two countries and supporting African Union negotiations under Thabo Mbeki, which culminated in a partial agreement in late September to create a demilitarised zone and resume oil exports.

Meles championed regional economic integration and was deeply engaged in the Lamu-South Sudan-Ethiopia Transport project (LAPSSET) as well as several hydroelectric schemes under which Ethiopia sought to position itself as a regional energy exporter. Work was completed in March 2012 on a new 296km transmission line between Ethiopia and Sudan and Ethiopia will provide Sudan with up to 100mw of power. Electricity is also being exported to Djibouti and there are hopes to export to Kenya as well. While Meles' death creates new complications in existing relations, it will not upset these processes, which are likely to intensify and strengthen the economy in the long term, steering the trade sector away from an over-dependence on agricultural exports.

Economy: Growth without transformation?

Ethiopia's economic challenges are dominated by the need to find secure livelihoods for what is now the second largest population in Africa and by the acute vulnerability of its major economic sector - rainfed agriculture which is dominated by small plots that are leased by the government. Most private businesses are similarly small-scale. Excluding smallholder agriculture, informal livestock and contraband trades, two thirds of the economy is controlled by government through nationalised and 'para-statal' enterprises, including banks, insurance companies, telecommunications, transport and other industry. Many of these are TPLF-dominated. How this centralised and politicised control over the economy evolves ways of creating a more productive economic model that can provide employment for the growing population will be a major factor in determining the future state-society relationship and the balance of powers within and between different political structures in the country.

Meles is credited with steering Ethiopia onto a path of impressive economic growth over the past decade. Ethiopia is Africa's fastest-growing non-energy economy with annual GDP growth averaging nearly 10 per cent between 2006 and 2011, though some question the government's economic data. Addis projects the economy to grow at double digit rates in the coming years - which would make it the world's third fastest-growing economy after China and India in the period 2010-2015. However, the International Monetary Fund (IMF) estimates that growth in 2012 has continued at a pace of about 7 per cent and will slow to 6.5 per cent in 2012/13 and over the medium term.

The service sector has accounted for nearly half of GDP growth since 2004. Yet agriculture remains the cornerstone of Ethiopia's economy, accounting for more than 40 per cent of GDP, 75 per cent of exports and more than 80 per cent of employment. Coffee provided approximately 30.6 per cent of Ethiopia's foreign exchange earnings in 2010/2011, down from 65 per cent a decade earlier because of increases in other exports, including leather goods, pulses, oilseeds and khat. In 2009/2010, Ethiopia collected US\$125 million in export revenue from live animals and meat exports - a three-fold increase compared to 2005/2006. The economic drivers are slowly changing, but a shift to a more urbanised economy with less reliance on climatic vagaries and commodity prices remains some way off.

At the same time, Ethiopia has made important progress in reducing poverty. The country's headcount poverty ratio fell from 55 per cent in 2000 to 39 per cent in 2005, outpacing poverty reduction in sub-Saharan Africa as a whole. The incidence of income poverty declined from 38.7 per cent in 2004/5 to 29.6 per cent in 2010/11. The food poverty head count index declined from 38 per cent to 28.2 per cent over the same period. Yet, helping the very poorest 10 per cent (more than 7 million) remains a challenge for those governing the country because of the acute vulnerability of the poorest.

Hailemariam therefore inherits considerable economic challenges with big structural issues concerning land policy, the fiscal economy and the cost of living. Ethiopia's economy will only support major socio-economic transformation if real incomes rise and the provision of education to the masses leads to increasingly non-agrarian-specific careers or other job opportunities. A structural transformation from rainfall-dependent smallholder farming to urbanised economies requiring a more highly skilled urban workforce is needed, and many support factors including a more accessible and open banking system will be necessary to help small businesses to grow.

The current picture is mixed: economic vibrancy is apparent in Addis Ababa and other major cities as construction booms and the consumption economy grows. Yet rising unemployment is a problem. Between 2005 and 2008, employment grew by 2.2 per cent while unemployment grew by 4.4 per cent. Unemployment is most acute in urban areas, and particularly for young people arriving from rural areas where employment options are dwindling. Nationally, urban employment for all ages is 17.5 per cent. Youth unemployment between 15-19 years is 21.6 per cent nationally rising to 29.6 per cent for the 20-24 years age group. In Addis, youth unemployment is 22.3 per cent for the 15-19 year-olds and 34.2 per cent for those aged 20-24.

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Meles' death exposes the dangers of a state built around one man. For Hailemariam the challenge is whether he can manage the machine.

The high cost of living is another significant challenge. Between 2007 and 2009, annual inflation in Ethiopia averaged 26 per cent, the third highest in Africa, and was 20 per cent in July 2012. Rapid economic growth and improving prospects for some has come with rising urban income inequality and surging inflation. The Gini coefficient – a measure of income distribution – declined only slightly from 0.30 to 0.298 between 2004/5 and 2010/11. Inequality continues to be high in urban areas (as high as 0.47 per cent) where unemployment is higher compared to rural areas (0.27 per cent). Between 2000 and 2005, the share of people living below the urban poverty line remained almost unchanged, but numbers increased in real terms.

Balancing the complex interrelations between transformations in agriculture, urbanisation, employment generation and maintaining a reasonable cost of living is the challenge facing the new Prime Minister. Other countries like Cameroon have made greater strides in reducing poverty, despite smaller per capita income growth, by significantly improving income distribution. Ethiopia has yet to achieve a suitable formula, largely because the economy is so skewed by the political landscape. Decoupling political decision-making from economic policy will be a critical challenge for the new leadership.

Conclusions

There are a range of views regarding Ethiopia's future after Meles along the pessimist-optimist continuum. With the appointment of Hailemariam, the EPRDF regime remains entrenched and the current opposition is too divided, disorganised and lacking its own clear objectives to pose a credible challenge. The pessimists may see a perceived power vacuum being exploited by other groups in the country or surrounding states which could lead to rising political instability, and that Hailemariam will have to compromise with the power centres within the EPRDF and security forces, which remain under the control of a Tigrayan core. Optimists may say that a stronger, more consensus-oriented politics might impede Meles-style strongman decision-making and require the new PM to reach out to a broader constituency.

However, beyond the competence of Hailemariam lies the bigger question of the viability of the machine put in place since 1991, engineered to allow a semblance of autonomy whilst ensuring that control remains strong at the centre. A new political pluralism would challenge this system to the core, forcing change or retrenchment based on insiders' careful calculations as to whether they can hold onto the economic reins whilst loosening their grip on the political sphere.

Meles and the EPRDF placed their faith in economic development as the perfect antidote to political involvement. They hoped that economic growth would satisfy the needs of a growing and youthful population and remove much of its dissatisfaction and potential for political action. However, this strategy may risk accelerating increasing social frustrations as it raises expectations faster than it delivers results. A shift to greater economic liberalisation and political 'glasnost' may not be in the offing in policy circles, but the EPRDF may come to appreciate that its survival will increasingly rest in detaching the economy from political interests that capture benefits and control access to the economic levers. In that sense, the Meles machine may be about to adapt to survive.

Further reading

<http://ethiopolitics.com/>

<http://nazret.com/blog/index.php/2012/09/30/ethiopia-ethiopian-opposition-at-the-dawn-of-democracy?blog=15>

<http://danielberhane.com/2012/09/30/the-arduous-road-ahead-for-pm-hailemariam-desalegne/>

www.aigaforum.com

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