

**BEYOND THE FRAGILE PEACE BETWEEN
ETHIOPIA AND ERITREA: AVERTING NEW WAR**

Africa Report N°141 – 17 June 2008

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BEYOND THE FRAGILE PEACE BETWEEN ETHIOPIA AND ERITREA: AVERTING NEW WAR

EXECUTIVE SUMMARY AND RECOMMENDATIONS

The Ethiopia-Eritrea impasse carries serious risk of a new war and is a major source of instability in the Horn of Africa, most critically for Somalia. Following Ethiopia's refusal to accept virtual demarcation of the border by the now disbanded Ethiopia-Eritrea Boundary Commission (EEBC), Asmara unilaterally implemented it and forced out the UN peacekeepers (UNMEE), significantly raising the stakes and shattering the status quo. Its insistence on recovering territory the Commission awarded it – Badme in particular – could lead to unilateral military action by either side but is only one of several war scenarios. The Security Council and key individual states (the U.S., in particular) must recognise the dangers of their inaction and advance a reconfigured political process with new determination if there is to be a change in the calculations of the parties, who appear to be dangerously content with trying to maintain a level of simmering but unpredictable hostility.

The 2000 Algiers agreements, which provided a ceasefire and the institutional mechanisms to resolve the border dispute, have not been fully implemented. The EEBC was unable to bring Ethiopia to accept the physical demarcation foreseen in Algiers, leading to political stalemate. In the absence of adequate support from Security Council members, the EEBC dissolved itself on 30 November 2007, after providing a demarcation by coordinates. Its disappearance removed an important forum where, even if they disagreed, the parties exchanged views regularly before a third-party arbiter.

In January 2008, Eritrea began deploying its army in the Temporary Security Zone (TSZ) and forcing UNMEE off its territory by blocking fuel supplies. It considers the EEBC's virtual demarcation the end of the border dispute and argues that the continued presence of UNMEE or Ethiopian troops on its territory is tantamount to occupation. Furious at the lack of international support for the EEBC ruling, Eritrea tried to provoke a reaction by expelling UNMEE. Ethiopia views the EEBC's virtual demarcation as "legal nonsense" and continues to insist on the need for a dialogue on normalisation of relations ahead of physical

demarcation. Asmara in turn perceives dialogue and normalisation of relations as Ethiopian stratagems to undermine the EEBC ruling and, ultimately, its sovereignty.

Ethiopia and Eritrea have had no incentive to resolve the frozen border conflict. Indeed, both regimes have used it as an excuse to enhance their domestic power at the expense of democracy and economic growth, thus reducing the attractiveness to them of diplomatic compromise. They support the other's domestic rebels, and each is convinced that the fall of the other's regime is imminent and the only real solution to the border dispute. At the same time, the key international actors have allowed this situation to remain frozen because of overriding concerns, such as Washington's concentration on its counter-terrorism priorities. However, the significance of the bilateral dispute has been magnified by its impact on the region, especially the conflict in Somalia, where insurgents backed by Eritrea battle Ethiopian troops that support the Transitional Federal Government (TFG).

The departure from the scene of the EEBC and the de facto expulsion of UNMEE have made this conflict much more dangerous, removing the means of continuing dialogue between the parties and its "brake lining". A miscalculation on either side could lead to a disastrous return to conflict. The likely alternative to a solution to the border dispute and other bilateral issues is not continued frozen conflict but a war that would produce chaos in the region and quite possibly result in the loss of power of both contestants' leaders (President Isaias Afwerki of Eritrea and Prime Minister Meles Zenawi of Ethiopia).

The international community urgently needs to take a number of steps, including acceptance by the Security Council of the virtual demarcation of the border; transformation of UNMEE into a more mobile, faster-reacting tripwire mechanism with a lighter footprint patterned after one of several models that worked well in Sudan in the 2002-2005 period; and appointment by the UN of a senior and widely respected special negotiator to set up and manage an alternative forum

for dialogue. The immediate priority is to persuade Ethiopia to withdraw its troops from all land the EEBC awarded Eritrea and for Eritrea to pull its army back from the TSZ. Dialogue on normalisation of relations should start in parallel with progressive border demarcation. This would be consistent with past Council resolutions, which demanded both Ethiopian acceptance and implementation of EEBC decisions and the start of a bilateral normalisation dialogue.

The basic goals remain to get Ethiopia to accept the border, Eritrea to accept the need for dialogue and the international community to provide the carrots and sticks needed to press the parties, including financing for trans-border development. Overcoming so many contrary predilections, even in the Security Council and major capitals, but especially in Addis Ababa and Asmara, will be hard. But there are some objective considerations that might attract both sides to the process recommended below. Eritrea wants to consolidate its independence, prefers physical border demarcation to virtual demarcation, seeks Ethiopian withdrawal from Badme in particular and desires better relations with the West. Building a reconfigured progress on the EEBC's conclusions about the border should give it enough to be open to a wide-ranging dialogue. Prospective access to Eritrean ports and essentially an end to internal armed insurgencies should be meaningful incentives for Ethiopia.

Regardless of the obstacles, the attempt must be made. The consequences of renewed war for everyone's interests are too serious to permit anything less.

RECOMMENDATIONS

To the United Nations Security Council:

1. Endorse formally the EEBC's virtual demarcation of the border and declare it legally binding.
2. Appoint a high-profile special envoy to launch a comprehensive dialogue process on:
 - (a) disengagement of troops from the border, including withdrawal of Ethiopian troops to behind the EEBC line and withdrawal of Eritrean troops from the TSZ;
 - (b) normalisation of bilateral diplomatic, political and economic relations;
 - (c) an end to each country's support for the other's opposition groups;
 - (d) promotion of internationally supported cross-border development projects; and
 - (e) physical demarcation of the EEBC border coordinates, except where pragmatic adjustments are mutually agreed as necessary, with

full implementation of the outcome of the dialogue process contingent on completion.

3. Reconfigure UNMEE into a smaller, lighter, more mobile mission to monitor redeployments and alert the Council to incidents risking escalation to full-fledged war and troop concentrations threatening peace and security.
4. Maintain a de-mining and demarcation team in the region to support eventual physical border demarcation.

To the Governments of Ethiopia and Eritrea:

5. Accept the EEBC's virtual demarcation decision and promptly withdraw forces north of the TSZ (Eritrea) and south of the new border line (Ethiopia).
6. Agree to take part in parallel in a newly invigorated political process led by a UN special envoy mandated to negotiate establishment of a mobile border monitoring mechanism, the pace of physical demarcation according to the EEBC coordinates, except for mutually agreed adjustments, and the terms for normalisation of bilateral relations.
7. End support for the other's armed opposition and other proxies and conclude a bilateral pact of non-aggression.

To the U.S. and EU:

8. Support actively the UN special envoy and engage with both parties to gain their acceptance of the EEBC decision on virtual demarcation and UNMEE reconfiguration and their constructive participation in the comprehensive dialogue process.
9. Make clear that any party that breaks the ceasefire and reignites war will pay a heavy price, and alert Addis Ababa that its strategic partnership with the U.S. will suffer a devastating blow if it moves militarily against Eritrea.

To the Donor Community:

10. Provide financial support for implementation of the cross-border development projects agreed within the framework of the new dialogue and coordinated with the European Commission's Horn of Africa Strategy for Peace, including post-conflict reconstruction projects for populations displaced from the border, demobilisation and reintegration programs and initiatives to promote increased cross-border trade, communications and social exchanges.

Nairobi/Brussels, 17 June 2008

BEYOND THE FRAGILE PEACE BETWEEN ETHIOPIA AND ERITREA: AVERTING NEW WAR

I. INTRODUCTION

Tensions on the border are as high as they have ever been since Ethiopia and Eritrea signed the ceasefire that ended their 1998-2000 war. Eritrea moved troops into the Temporary Security Zone (TSZ) in 2007 and is restricting the UN peacekeeping operation (UN-MEE) along the border to protest the international community's failure to ensure Ethiopia's unconditional acceptance and implementation of the Boundary Commission (EEBC) decision.¹ Ethiopia also moved troops into areas adjacent to the border and insisted it could not implement the Commission's 2002 decision until Eritrea withdrew from the TSZ.

In November 2007 the Commission abandoned efforts to coax Ethiopia to cooperate in demarcating the boundary on the ground and instead, before dissolving itself, presented a final map that was described as "virtual demarcation" by coordinates. In December 2007, Eritrea started to unilaterally implement the EEBC ruling by cutting off fuel for UNMEE, so as to force the mission from the TSZ, which it rightly considers its sovereign territory.² Although the ceasefire has held, other provisions of the Algiers agreements, which ended the fighting, have been only partially implemented.

The stalemate has thus far held because neither Asmara nor Addis Ababa has had a compelling incentive to break the ceasefire, though small border incidents could tip the balance in favour of renewed conflict. Eritrea insists that the international community compel Ethiopia to comply with the final and binding provisions of the Algiers agreements. Ethiopia feels

no need to alter the status quo, since the ceasefire left it in physical control of the disputed village of Badme and the UN on the Eritrean side of the line. It argues that the Security Council should condemn Eritrean incursions into the TSZ as grave violations of the ceasefire agreement that potentially undermine the entire Algiers framework. Meanwhile, the conflict has expanded, from one over a frozen border into one in which the two sides increasingly give political, financial and military support to each other's opposition movements and exacerbate the war in Somalia.

The unilateral Eritrean actions and withdrawal of UNMEE from the TSZ advance the likelihood that a small incident could lead to resumption of direct warfare. The international community must establish a new mechanism to contain the situation and craft a strategy that tackles the deeper issues blocking peace. Its engagement has been inconsistent thus far. Indeed, the Security Council's tepid support for UNMEE and the Algiers Agreements is in large part to blame for the current situation.

¹ For more background, see Appendix C below and Crisis Group Africa Reports N°68, *Ethiopia and Eritrea: War or Peace?*, 24 September 2003; and N°101, *Ethiopia and Eritrea: Preventing War*, 22 December 2005; and Crisis Group Africa Briefing N°48, *Ethiopia and Eritrea: Stopping the Slide to War*, 5 November 2007.

² "Special Report of the Secretary-General on the United Nations Mission in Ethiopia and Eritrea", S/2008/1453, March 2008.

II. A COSTLY STALEMATE

A. WHY ALGIERS IS FAILING

In the context of possible further war that would have been brutal for both sides and destabilising for the region, the Algiers negotiators included what they could, dropped provisions that were unacceptable to one or the other party, accepted ambiguity in order to stop the fighting in which as many as 100,000 people had died and took the first steps toward building peace. The Algiers agreements were simultaneously flawed and the best that could be achieved in 2000.³ More than seven years after their signature, however, it is necessary to reconsider some of the fundamental components of that deal in order to understand why it has not succeeded and what is required to develop new and more effective policies that have a chance to build regional peace.

1. Weaknesses of the Algiers process

The Algiers agreements gave priority to two fundamental issues: a ceasefire and a process to settle the border issue. The ceasefire was a precondition for progress on other substantive issues. It required each side to return to pre-war positions and established a UN-monitored demilitarised zone. The emphasis on the border avoided a too broad scope and was appropriate because it was a border skirmish that had ignited the war. Both parties wanted to focus on that proximate issue, and neither was willing to discuss other issues.⁴ Furthermore, without settlement of the border issue, their relations would remain hostile, making movement on other issues critical to regional peacebuilding unlikely.

The focus on border demarcation and even more narrowly the symbolically important village of Badme, however, has left other important issues unaddressed or deferred. Some of these were consequences of the war, such as resettlement of forcibly displaced populations, lack of direct communications and highly militarised regional relationships. They have made implementation of the Algiers agreements more difficult. In addition, the priority given to the border issue has made it hard to build on the potential for regional

peace inherent in the economic interdependence and close family and cultural ties of the two peoples. Breaking the initial stalemate could allow a broader peace process to address demobilisation and regional confidence-building mechanisms, explore ways to build mutually beneficial economic relations (regional electricity, access to ports) and promote cross-border links.⁵

Border disputes are difficult to settle to mutual satisfaction by any formula that focuses narrowly on zero-sum territorial divisions. The International Court of Justice (ICJ) has a good record for gaining acceptance of its decisions when the parties have agreed to its adjudication, but these have not normally involved the resolution of a shooting war. A peace process built upon a binding arbitration process without an enforcement mechanism is a more uncertain process. In theory, Chapter VII of the UN Charter can guarantee compliance, but the last years have demonstrated the danger of relying on it when there is insufficient political will in the Security Council.⁶

Regardless of the advisability of recourse to the EEBC in the context of the 2000 negotiations, it is clearly not possible to create an alternative demarcation mechanism at this time. Ethiopia and Eritrea signed the Algiers Agreements voluntarily and should abide by their provisions. The international community, through the guarantees that were given by the UN, the African Union (AU) and the “Witnesses to the Algiers agreements” pledged to support implementation.⁷ Allowing a party to opt out of such commitments because it does not like a subsequent outcome would be a harmful precedent for any future peace process. And certainly Eritrea will not accept a reopening of the 2002 border delimitation.

A key weakness of the Algiers process was that it did not take into account the wider dimensions of the Ethiopia-Eritrea conflict. No single agreement or set of agreements could settle all problems in a region as conflicted as the Horn of Africa. Algiers concentrated

³ For details on how difficult these negotiations were and how coordinated international pressure was necessary to reach agreement, see John Prendergast, “U.S. Leadership in Resolving African Conflict: The Case of Ethiopia-Eritrea”, United States Institute for Peace Special Report no. 74, 7 September 2001.

⁴ Ibid.

⁵ Elizabeth Blunt, “Tigrayans Want End to Border Row,” BBC News, 20 December 2007.

⁶ For other criticisms of the EEBC mechanism from an academic at Durham University’s International Boundaries Research Unit, including that the time frame was too rapid, the mandate too narrow, the proceedings insufficiently transparent, and the Commission lacked sufficient participation by trained geographers, see Martin Pratt, “A Terminal Crisis? Examining the Breakdown of the Eritrea-Ethiopia Boundary Dispute Resolution Process”, *Conflict Management and Peace Science*, vol. 23, no. 4 (2006), pp. 329-341.

⁷ The “Witnesses” were the AU, Algeria, the European Union (EU) and the U.S.

on a critical component, the Ethiopia-Eritrea border issue, but supportive and interlinked initiatives to promote regional peacebuilding were and still are missing. Border demarcation is part of a larger set of issues relating to relations between the two states (economic, social, political and strategic), and those bilateral issues are in turn linked to conflicts in Somalia and Sudan, as well as to internal political processes.

2. The end of the boundary commission

On 30 November 2007, the Eritrea-Ethiopia Boundary Commission (EEBC) dissolved itself, though it had been unable to demarcate the border on the ground. "Until such time as the boundary is finally demarcated, the delimitation decision of 13 April 2002 continues as the only valid legal description of the boundary", it proclaimed.⁸ This action followed through on the Commission's 2006 commitment to dissolve in November 2007 if the two parties did not cooperate to place demarcation pillars on the ground. Without further progress, it had said, "the boundary will automatically stand as demarcated by the boundary points listed in the Annex hereto and ... the mandate of the Commission can be regarded as fulfilled".⁹

In an effort to break the deadlock, the EEBC held a final meeting with the two states in September 2007, at the end of which Sir Elihu Lauterpacht, its president, stated:

Needless to say we greatly regret that we could not take our work through to its full conclusion but at least we leave with a line that is operable. It is up to you to work out how to implement it. It is up to you to consider such devices as open boundaries so that some of what you identify as manifest absurdities because a line cuts a village or a road several times can be overcome by allowing the boundary to be open and nationals to pass freely from one side to the other or even to cultivate their fields on the other side.¹⁰

Neither side initially regarded demarcation by coordinates as permissible under Algiers. Ethiopia insisted final demarcation required consultations that had not been completed. The Field Liaison Officers (FLOs) offered an opportunity for such a process within the

framework of the Demarcation Directions,¹¹ but Ethiopia refused to appoint FLOs and blocked ground demarcation, in turn leading Eritrea to put more restrictions on UNMEE and violate the TSZ. Both sides' actions exasperated the EEBC, causing it to opt for virtual demarcation.

Ethiopian officials described the EEBC as a creation of but not a signatory to the Algiers agreements and so not competent to alter them unilaterally. It argued that "the charade of an imaginary demarcation process by the Commission cannot create a legally valid boundary demarcation".¹² It maintained that the viability of the ceasefire and the TSZ and continued deployment of UNMEE are all based on carrying the Algiers process through to final demarcation on the ground but did not acknowledge that those issues arose as a consequence of its prior disregard of a core provision of the peace process. As the EEBC shut its doors, Prime Minister Meles Zenawi said, "I have heard well-respected diplomats and lawyers describe it [virtual demarcation] as a 'legal nonsense'. Our lawyers agree with such characterisation. Until the boundary is demarcated on the ground, it is not demarcated".¹³

The Ethiopians clashed with the Commission immediately after the 2002 border ruling, which Addis Ababa called illegal and unjust, and the relationship remained contentious. Officials regarded the EEBC as self-absorbed and proud, unwilling to recognise the political implications of its actions. In a letter to President Lauterpacht, the foreign minister wrote that Ethiopia "respects the Commission's decision" to end its work,¹⁴ but Addis Ababa had lost confidence in it long before it closed its doors.¹⁵

Eritrea holds that the EEBC's end concludes the border issue and that the virtual demarcation it submitted to the parties is now the internationally recognised

⁸ "Ethiopia-Eritrea Commission Ends, Border Unresolved", Reuters, 30 November 2007.

⁹ Ethiopia-Eritrea Boundary Commission statement, 27 November 2006.

¹⁰ "25th Report of the Eritrea-Ethiopia Boundary Commission", 28 September 2007. Crisis Group Briefing, *Stopping the Slide to War*, op. cit.

¹¹ See "Delimitation of the Border (Eritrea-Ethiopia): Demarcation of the Eritrea/Ethiopia Boundary Directions", 8 July 2002 at http://untreaty.un.org/cod/riaa/cases/vol_XXV/207-215.pdf.

¹² Aide memoire, Ethiopian foreign ministry, September 2007.

¹³ Peter Heinlein, "Meles Predicts Ethiopia-Eritrea Boundary Deadline to Pass Without Incident", Voice of America (VOA), 30 November 2007.

¹⁴ "UN Secretary-General Writes to Prime Minister Meles and President Isaias", Ethiopian foreign ministry, 30 November 2007, at www.mfa.gov.et/Press_Section/Week_Horn_Africa_Nov_30_2007.htm. Ethiopia further expressed regret at the death of Sir Arthur Watts, one of the commissioners it had appointed, and said it did not intend to name a replacement.

¹⁵ Crisis Group interviews, Addis Ababa, October 2007.

border.¹⁶ It looks to the international community (particularly the UN) to compel Ethiopia to demarcate on the ground and leave Badme and other key areas. In October 2007, for example, Asmara expressed its hope that the “Security Council would use its influence and wisdom in moving forward the demarcation process consistent with the final and binding delimitation of 13 April 2002”.¹⁷ It regards the Algiers agreements as remaining valid¹⁸ and considers that its de facto expulsion of UNMEE – whose mandate multiple Security Council resolutions tied directly to border demarcation – was consistent with and legally justified by its unilateral implementation of the EEBC decision.

3. Closure of the TSZ and UNMEE’s expulsion

In his January 2008 report, the UN Secretary-General characterised the military situation in the TSZ and adjacent areas as “tense...[Eritrea] maintained troops and heavy military equipment, including tanks, in the Zone [which] constitute direct violations of the Algiers Agreement”. During the same period, Ethiopia had reinforced its defences and carried out exercises in areas adjacent to the Zone, activities not prohibited by Algiers but that heightened tension.¹⁹ Military manoeuvres demonstrating Ethiopia’s ability to move quickly were conducted in full view of UNMEE, with the apparent intention of signalling high military preparedness.²⁰ Ethiopian and Eritrean troops were separated by little more than 70 to 80 metres in places.²¹ By October 2007, frequent reports that one side had fired were replaced by reports of exchanges of fire, an alarming development even if on a small scale, and Ban Ki-moon issued a statement noting his particular concern regarding “recent shooting incidents”.²²

Eritrea officially denied that it moved troops into the TSZ. Armed forces in the Zone are always referred to as militia or police (allowed under Algiers), and movements of armed men are explained as deploy-

ments to harvest crops or engage in development projects. Officials in Asmara, however, point out that the Zone was designed to be temporary and that a significant part of their small country is included in this 25-km-wide swath along the 1,000-km border. If Eritrea had known the TSZ would last so long, they said, it would not have agreed to its establishment in the first place. Officials also emphasised that there had never been consent to a long UN military presence.²³

Ethiopia stressed that it would not have agreed to withdraw its troops from the areas it occupied in 2000 without the guarantee of a UN-monitored demilitarised zone. Its forces suffered substantial casualties in pushing Eritrea back from the border and needed the TSZ if they were to return to pre-war positions. A senior official insisted that “our dignity is on that ground”, and the sacrifices of Ethiopian soldiers would be “dishonoured” if Eritrea was allowed to violate the TSZ.²⁴ UNMEE’s forced withdrawal from the TSZ removed the minimal international tripwire between the two armies. The mission is unlikely to return in its previous form.

The UN set up UNMEE in September 2000, on the basis of the Agreement on Cessation of Hostilities signed in June of that year and in anticipation of the final Algiers Agreement signed in December 2000. The initial mission was authorised at 4,200 military personnel, including 230 observers, to monitor the ceasefire and ensure observance of security commitments. Following its failure to persuade Eritrea to lift its restrictions on UNMEE, the Security Council reduced the military component to 2,300 in May 2006 and to 1,700 in January 2007. The mission has offices in both capitals and has been led by a special representative of the Secretary-General (SRSG). That position is now vacant because the parties have been unable to agree on a new occupant. In 2004 Kofi Annan appointed former Canadian foreign minister Lloyd Axworthy as his special envoy to Ethiopia and Eritrea. Officials in Asmara refused to meet him, arguing that his mission was outside the Algiers framework, and no further talks were needed to implement the 2002 border demarcation decision.²⁵

The Security Council was scheduled to review the Secretary-General’s periodic report on UNMEE and

¹⁶ Letter to the president of the Security Council, from Eritrea’s Permanent UN Mission, 29 January 2008, at www.embassyeritrea.org/press_statements.

¹⁷ Letter from the Eritrea’s UN ambassador, Araya Desta, 23 October 2007.

¹⁸ Crisis Group interviews, Asmara, October 2007.

¹⁹ Report of the Secretary-General on Ethiopia and Eritrea, S/2007/645, 1 November 2007.

²⁰ Crisis Group interviews, UNMEE official, Ethiopia and Eritrea, October 2007.

²¹ “Ethiopia Says Its Army ‘Metres Apart’ from Eritreans”, Reuters, 10 September 2007. Crisis Group interviews, UNMEE official, Addis Ababa, October 2007.

²² “Ethiopia, Eritrea Tensions Rise – Restraint Urged”, UN press release, 12 October 2007.

²³ Crisis Group interviews, Asmara, October 2007.

²⁴ Crisis Group interview, Addis Ababa, October 2007.

²⁵ Axworthy noted that: “There is no doubt that having access to the leadership of Eritrea would have made this process easier. I may be flying with one wing but I am still flying”. “Ethiopia-Eritrea: Conflict Hampering Fight Against Poverty - UN Envoy”, IRIN, 17 January 2005.

renew its mandate in January 2008, at the same time Eritrea's most recent restriction – a complete stoppage of diesel fuel deliveries – was threatening the sustainability of the mission, whose stocks were due to expire in early March. Numerous Secretariat demarches produced no positive signal from Asmara. In advance of the report's release, Ban Ki-moon sent a 21 January letter of "last resort" requesting President Isaias Afwerki to facilitate the immediate resumption of fuel supplies. That letter (and a parallel letter to the Council) noted the restrictions imposed on the mission since September 2006 and said they could "cause the Mission's operations to come to a complete halt in the coming few weeks".²⁶

There was no reply, and on 25 January, acting SRSO Azouz Ennifar presented the report of the Secretary-General, recommending a one-month technical roll-over of the mandate. In the interim, Ban committed to review the "challenges facing UNMEE, and prepare specific recommendations on the future direction of the Mission, including possible withdrawal or relocation".²⁷ Five days later, the Council adopted Resolution 1798, authorising a regular six-month renewal, to 31 July 2008, presumably a message to Eritrea that the future of UNMEE would not be subject to pressure. The resolution's demand that the parties "complete the process launched by the Peace Agreement of 12 December 2000 by enabling physical demarcation" implied that the Council was not comfortable endorsing virtual demarcation alone.²⁸

Prior to adoption of the resolution, Eritrea's UN mission sent a letter reiterating its view that the final and binding process of demarcation was complete, urging the Council to focus on Ethiopia's withdrawal from sovereign Eritrean territory and protesting the continued participation of Ennifar, but making no mention of the fuel restrictions.²⁹ After further unsuccessful demarches, the Secretary-General informed the Council that he had set a 6 February deadline for Eritrean cooperation, after which he would begin relocating UNMEE personnel "to avoid total immobilisation of the Mission and endangerment of the safety and security of United Nations personnel".³⁰

In his 7 April 2008 report, the Secretary-General outlined four options for UNMEE's future: a) Eritrea could resume fuel supplies and reinstate the mission; b) termination; c) deployment of a small observer mission in the border area; and d) stationing of liaison offices in Asmara and Addis Ababa. The Secretariat briefing at a subsequent closed-door Council session strongly suggested that termination of the mission was the only feasible course. Lack of will on both sides and Eritrean refusal to permit any deployment on its territory, the argument went, made both a small observer mission and liaison offices impractical. Belgium, which has the Council lead on the Ethiopia-Eritrea crisis, circulated a concept paper to Council members in May on the options for UNMEE that complemented and added detail to Ban's analysis.³¹

The Security Council is currently considering options ahead of UNMEE's 31 July 2008 expiration date, and consultations with the Ethiopian and Eritrean missions continue. Further progress with the parties regarding possibilities for more pro-active UN engagement – either a border implementation task force or a UN Special Envoy tasked to address the border issue as well as normalisation of relations – requires changes of attitudes on the part of both the parties and the Council that will be difficult to achieve. The Council may consequently decide on a minimalist approach, to terminate UNMEE's mandate and replace it with either a UN observer mission on the Ethiopian side of the border only or liaison offices in both Asmara and Addis Ababa.³² As one diplomat put it, "the Council wants to appear as if it is taking action, even though it isn't doing much of anything".

4. Lack of international support

The UN and major powers have failed with a range of incentives and threatened sanctions to persuade Addis Ababa to cooperate in implementation of the border decision and Asmara to lift its restrictions on UNMEE and remove its troops from the TSZ. Until the Council shied away from virtual demarcation, its resolutions and statements had regularly recognised the EEBC decision as the only basis for border demarcation but without imposing costs on Ethiopia for non-implementation. Nor have sanctions been imposed on Eritrea for refusing to remove restrictions on UNMEE, despite threats as early as in Resolution 1640 (December 2005). Both sides called the Council's bluff in late 2005 without penalty, and though

²⁶ Secretary-General's letter to the Security Council, 21 January 2008.

²⁷ Report of the Secretary-General, S/2008/40, 23 January 2008.

²⁸ Security Council Resolution 1798, S/RES/1798 (2008), 30 January 2008.

²⁹ Letter to the Security Council President from Tesfa Alem Seyoum, Eritrea's chargé d'affaires, S/2008/54, 29 January 2008.

³⁰ Secretary-General's letter to the Security Council, S/2008/66, 1 February 2008.

³¹ Belgian concept paper on UNMEE, 8 May 2008, made available to Crisis Group.

³² Crisis Group interviews, UNSC member-state diplomats, 23 May 2008.

UNMEE's size was reduced in May 2006 and Kofi Annan warned of potential disaster if the "untenable" stalemate was not resolved, UNMEE has been re-authorised every six months.

The Algiers peace process is failing mainly because it has had neither a minimum of goodwill from the parties nor – particularly between the 2002 EEBC decision on the border and late 2005, when Eritrean restrictions on UNMEE led to fears of a new war – serious international support. This inattention appears to have been at least partially linked to the U.S. pre-occupation with Iraq, the counter-terror operations Washington undertook in Somalia and its concerns in Sudan with Darfur. All these led to increased reliance on Ethiopian support for its policies and, as a consequence, a disinclination to press for implementation of the EEBC decision.³³ Meles Zenawi had reason to interpret Washington's sharp criticism of Eritrea for support of rebel groups in Somalia and missed opportunities to implement the peace agreement as further indications that he was being given a pass on border demarcation.

Meles's November 2004 five-point plan may have been another missed opportunity. It did not accept the EEBC decision unconditionally but could have been used as an opening to engage with Ethiopia on it. By 2006, however, the parties' mutual distrust, escalating conflict in Somalia and the Ogaden, the post-electoral crisis in Ethiopia and Washington's increasing counter-terrorism interests in the region had complicated any initiative's prospects. Today terrorism, state collapse in Somalia, massive humanitarian crises there and in the Ogaden, troubled politics and lack of basic human rights in both countries and the potential for further conflict in Sudan all compete with the border issue on the global agenda. Nevertheless, the international community should increase support for the Algiers peace process. If the border conflict were resolved, the proxy war dynamics in Somalia would be reduced. Ethiopian politics could become less violent if Eritrea were not using the Ogaden National Liberation Front (ONLF) and the Oromo Liberation Front (OLF) to undermine the regime. Asmara could less easily ignore democracy and human rights issues if the Ethiopia threat were removed.

B. COST OF THE STALEMATE AND RISKS OF ESCALATION

Ethiopia is sufficiently comfortable with the status quo that it is unlikely to force change militarily. Meles said on 29 November 2007 that he would "never, ever" go to war unless Eritrea attacked.³⁴ Washington's support remains firm. The costs of fighting in Somalia and the Ogaden are significant, but manageable at current levels. Even if popular dissatisfaction with the Somalia war grew, it would be unlikely to influence policy. Ethiopia regards the regime in Asmara as a totalitarian clique overseeing coerced mobilisation and an economy in free fall and so likely to collapse soon.³⁵ It also believes U.S. pressure on that regime may increase substantially. Top officials, therefore, consider that they can win the conflict with their neighbour by being patient and do not need to use force.³⁶

While Eritrea engages in brinkmanship, it ultimately looks to the international community to implement the EEBC border decision. It is unlikely Eritrea could drive Ethiopian troops back from their current positions and hold the territory for any significant time. It also regards the regime in Addis Ababa as a narrow junta that stole the 2005 elections and can only stay in power through U.S. military support.³⁷ Top officials anticipate that the 2009 U.S. political transition may create more distance between Washington and Addis Ababa, another reason for patience.³⁸

Nevertheless, while both armies are fully under the control of political leaders, and any decision to escalate would be made at the highest levels, the troops face each other often at less than a football pitch's distance and now without UNMEE to serve as a buffer and help defuse the constant shooting incidents and other tense episodes.³⁹ It is always possible that a border skirmish or accidental incursion could spark a wider conflict that might become full-fledged war.

³³ Crisis Group interviews, various U.S. officials over five years, Washington DC, Nairobi, Addis Ababa and Asmara.

³⁴ Heinlein, op. cit.

³⁵ Crisis Group interviews, Ethiopian official, Addis Ababa, October 2007.

³⁶ Crisis Group interviews, Ethiopian officials, Addis Ababa and Washington DC, 2007-2008.

³⁷ Crisis Group interviews, Eritrean official, Asmara, October 2007. Officials in both capitals argue that the other regime maintains the stalemate on the border for domestic political purposes.

³⁸ Crisis Group interviews, Asmara, October 2007.

³⁹ The latest incident was explosion of a passenger bus near the border, "Blast on Ethiopia-Eritrea Border", BBC, 13 March 2008.

The risk of accidental war merits international attention, but of even greater concern is the potential that a significant escalation of regional pressures could create turbulence that would disrupt the border stalemate. Somalia is becoming ever more troubled, and the challenges have been made marginally worse to date by Eritrea's support for the Islamic opposition to the Transitional Federal Government (TFG). Ethiopia seems to have imposed a military order in the Ogaden in the short run, albeit at a terrible humanitarian cost and with the risk of more violence in the future. Meles claimed in late 2007 that he had defeated Isaias's proxy war to undermine Ethiopia:

Eritrea's intention was that when rebels and terrorists it supports penetrate into Ethiopian territory from Somalia and create confusion, it was planning to invade the country from the north. But we have crushed the rebel groups who were fighting a proxy war for Eritrea and as such its plans to invade us fizzled out.⁴⁰

Current military threats are not sufficient to compel Ethiopia to change its strategic calculus. It has the capability to continue to manage the fallout from its campaigns in Somalia and the Ogaden while keeping a robust force along the Eritrean border. Its military is large enough to handle the several responsibilities, and the levels of casualties are unlikely to produce significant popular dissent in the short term. Command and control capabilities, however, would be stretched by need to fight simultaneously along the Eritrean border as well as in Somalia and the Ogaden.

If the conflict in Somalia were to spread to areas in Puntland or Somaliland, it could have destabilising implications for Ethiopia. The fierce military campaign in the Ogaden has limited the ONLF's military threat, at least for the short term, while other domestic insurgents groups like the OLF and Ethiopian People's Patriotic Front (EPPF) have not been able to pose a significant challenge to the regime's grip on power. If conflict encouraged by Asmara were to escalate to the point where the regime felt its fundamental interests endangered, however, a new war between the two states would become much more likely. Such an escalation could take the form of bombings in Ethiopia's major cities or attacks targeting foreign investment in a way that harmed economic growth.

The international community should make it clear that there would be high costs if Ethiopia broke the Algiers agreements and launched a war because of its

objections to border demarcation. Meles has said it would only go back to war with Eritrea if there was "a full-scale invasion. Not any old provocation. Full-scale invasion. That is the only condition that would force us to fight Eritrea".⁴¹ If large-scale conflict does erupt again, however, military observers in Addis Ababa and Washington expect Ethiopia would move quickly to attempt overthrow of the regime in Asmara. Some suggest it would be able to reach the city in four to six weeks,⁴² though the Eritrean army is dug in and would likely fiercely resist its historical enemy, particularly around the capital. A protracted conflict, however, would likely prove as destabilising for the current Ethiopian regime as one did for the regimes of Haile Selassie and Mengistu in the 1970s and 1980s respectively.

Ethiopia might be given further pause by concern that a military strike that removed Isaias Afwerki would result in a power vacuum. Authorities in Addis Ababa encourage the opposition Eritrean Democratic Alliance to coalesce, but the many factions of that group remain divided and isolated within the country. Any opposition group perceived as an agent of Ethiopia would be illegitimate in the eyes of Eritreans. Ethiopia's experience with the TFG in Somalia shows how difficult it is for a regional rival to establish and keep in power even a coalition that has some measure of international legitimacy and the participation of a broad array of political constituencies.

At least two further uncertainties relate to rumours (and misinformation) about potential U.S. policy shifts, which are prominent features of discussions among officials in Addis Ababa, Asmara and Washington.⁴³ The first is whether Washington will put Eritrea on its list of state sponsors of terrorism. This is unlikely, but if it were to happen, many in Addis Ababa (and Asmara) would view it as a green light for Ethiopia to intervene militarily. The review conducted before the State Department made its annual report on 30 April 2008 concluded that the intelligence basis was insufficient and that much of Eritrea's support was for more moderate elements in the Somali Islamic Courts as well as Ethiopian opposition groups like the ONLF and OLF that Washington has not designated as terrorist.⁴⁴ Nevertheless, the U.S. expressed its unhappiness with the Isaias regime in

⁴⁰ Quoted in Tsegaye Tadesse, "Ethiopia Plays Down War Talk Ahead of Border Deadline", Reuters, 27 November 2007.

⁴¹ Heinlein, *op. cit.*

⁴² Crisis Group interviews, 2007-2008.

⁴³ Crisis Group interviews, Addis Ababa and Asmara, October 2007 and May 2008.

⁴⁴ Crisis Group interviews, U.S. government official, Washington DC, December 2007.

the report,⁴⁵ and two weeks later it included Eritrea among states “not cooperating fully” with U.S. counter-terrorism efforts.⁴⁶

The second is whether the U.S. Congress might force the Bush administration to reduce its support for the Ethiopian regime. A draft Ethiopian Democracy and Accountability Act (discussed below) passed the House of Representatives in 2007 but has been bottled up in the Senate for nearly a year and is opposed by the administration. It is unlikely to pass without amendment, but Ethiopian officials cannot be certain.

A scenario whereby Eritrea surprised Ethiopia militarily, took control of significant territory, including Badme, and then was able to hold its gains until an internationally sponsored ceasefire was put in place is difficult to imagine. Asmara’s strategy remains one of achieving its goals by provoking greater international engagement rather than risking unilateral military moves at the border. If it were to escalate the conflict militarily, it would more likely do so in Somalia or through Ethiopian insurgent groups based in Asmara, though this, as noted above, would have its own serious risks.

In January 2008, Eritrea began to argue that the EEBC’s virtual demarcation had “resolved” the basic problem over the border, so that ending Ethiopia’s occupation was the next imperative. It continued to insist that it would pursue legal remedies but said that if these failed, “then the Eritrean people have other internationally approved choices”. By implication these included use of force.⁴⁷ Some in the Eritrean diaspora and related websites have pursued this effort to reframe the issue from Ethiopia’s failure to honour its Algiers commitments to illegal occupation of another state’s sovereign territory. It is too early to say whether the argument will find an echo in international public opinion sufficient to produce a practical effect on the border standoff.

Officials in both capitals say time is on their side, and there is no short-term urgency to act militarily,⁴⁸ but even if the stalemate is likely to endure for some time, it should compel international attention because it is costly in other arenas. Toleration of Ethiopia’s refusal to implement binding provisions of a treaty guaranteed by the UN and the AU and witnessed by a number of important states weakens international law. The rivalry between Ethiopia and Eritrea is complicating the search for peace and stability in Somalia. Both states (Eritrea in particular) use the dispute to justify limits on political participation and human rights. Scarce resources are employed to militarise the border, and the comparative advantages of economic cooperation are lost. And looming over all is the daily risk of a security incident that could escalate all too quickly in the absence of a neutral monitor.

⁴⁵ U.S. State Department announcement, 30 April 2008, at www.state.gov/s/ct/rls/crt/2007/; Crisis Group interviews, U.S. government official, Washington DC, May 2008.

⁴⁶ Crisis Group telephone interview, State Department official, Washington DC, 21 May 2008. Eritrea’s inclusion among states “not cooperating fully” was in a communication by Deputy Secretary of State John Negroponte on 14 May (see below), published in the Federal Register on 20 May, vol. 73, no. 98, p. 29,172. Others were Cuba, Iran, North Korea, Syria and Venezuela.

⁴⁷ Quotes from *Eritrean Profile*, a state-run biweekly newspaper published in Asmara, cited in “Eritrea Accepts ‘Virtual’ Border with Ethiopia”, Reuters, 16 January 2008.

⁴⁸ Crisis Group interviews, Addis Ababa, Asmara, and Washington DC, October 2007.

III. BEYOND THE BORDER

Implementing the Algiers agreements, including compliance with the border decision, is essential but made more difficult because the issue is only one manifestation of a protracted conflict that is both more deeply rooted and more regional in its scope. The relationship between Ethiopia and Eritrea involves many other unresolved political, economic and social questions. If demarcation can lead to normalisation of relations, it could pave the way for resolution of the other outstanding issues, for example, access to the sea, trade and claims for compensation by citizens of both states.

A. THE BORDER STALEMATE AND AUTHORITARIANISM

The stalemate on the border feeds and, in turn, is fed by growing authoritarianism in both states. The ruling regimes rely on military power and restrictions on civil liberties to retain their dominant positions. Both responded to political challenges following the Algiers agreements by repressing dissent and restricting political space. The most recent opening in Ethiopia, the 2005 elections, ended with violence and the arrests of many opposition leaders. The recent local elections did not expand participation, and the next national elections are unlikely to do so. Eritrea uses the Ethiopian threat to justify its suspension of political and civil rights. To challenge leaders in war time is to risk being labelled treasonous and to face harsh repression. Both regimes have an interest in keeping the conflict at a low simmer rather than resolving it.

The initial fighting in 1998 led to spontaneous mobilisation to support the homeland, but ten years on war weariness is the dominant characteristic. More democratic and accountable regimes would likely face pressures to reduce military spending and end high levels of military conscription (particularly in Eritrea), but the leaders in Asmara and Addis Ababa feel little need to respond to popular pressures, as long as they can use the border issue and threats to the homeland to justify restrictions on political activity. If the border issue were removed, there would be new opportunities to promote political reform in both states, and both regimes have concerns whether they would survive such a political opening.

1. Eritrea

The year after formal independence in 1993, the ruling EPLF relaunched itself as the People's Front for Democracy and Justice (PFDJ), the sole legal political party. The 1993 referendum on independence had been well conducted and was a moment of historic unity. Thereafter, though there were early indications of human rights deficiencies, there was an extended and extensive process of consultations over a national charter, macro-economic policy and a new constitution, all of which produced considerable optimism that Eritrea would deliver on the promises of the armed struggle: liberation, democracy, justice, development and prosperity. The outbreak of war in 1998, however, immediately halted political and economic development. The urgency of mobilising for defence with the survival of the nation at risk overwhelmed everything else. While the war raged, discussion of political alternatives was suspended.

In March 2001, shortly after Algiers, fifteen members of the PFDJ Central Council (known as the G-15) signed a letter calling on President Isaias to convene the Central Council to debate national policy and check his increasingly personalised and authoritarian leadership. Eleven signatories and scores of supporters were arrested in September and have since been held incommunicado, without charges. This crackdown was followed by the closing of the private press, arrests of journalists, students and other critical voices, indefinite postponement of elections and expulsion of most international humanitarian organisations. There are no independent political parties, newspapers or civil society organisations. International human rights groups, monitors of religious persecution and media watchdogs all place Eritrea high among repressive regimes.⁴⁹

The importance of the border and the support for national independence are two of the few remaining unifying elements among Eritreans. The ruling party has used the threat Ethiopia would destroy the country to give Eritrea one of the world's highest percentages for population under arms. Isaias has made Ethiopia's re-

⁴⁹ The Committee to Protect Journalists labelled Eritrea "one of the world's worst jailers of journalists" in 2006. Reporters without Borders ranked Eritrea 166th of 168 countries in its 2006 "Worldwide Press Freedom Index". Freedom House designated it "not free" in its 2007 report. The U.S. Department of State's "International Religious Freedom Report 2007" said the government "continued to harass, arrest, and detain members of independent evangelical groups, Pentecostals, Jehovah's Witnesses, and a reform movement within the Eritrean Orthodox Church and sought greater control over the four approved religious groups".

fusal to honour the Algiers agreements and international collusion in that refusal the principal theme of his speeches throughout the decade. National service (originally six months of military training and twelve months of work for the government's development program) has become open ended; an estimated 320,000 men and women, some 35 per cent of the productive population, are in the armed forces.⁵⁰ The parents of a youth who tries to avoid conscription can be held under arrest until the youth returns or a \$3,500 fine is paid. Despite these harsh penalties, an increasing number of young people are refusing to serve and fleeing the country.⁵¹

The government is fragile and its institutions very weak. The leading PFDJ bodies – the Executive Committee and the Central Council – and key state organs such as the legislature and the judiciary have been deliberately undermined and/or sidelined and remain dysfunctional. Some individuals, such as Petros Solomon (former defence minister and foreign minister, currently in prison) and Haile Woldensae (former finance minister and foreign minister), once could challenge Isaias on policy issues. But with the arrest and detention of them and others in 2001, the leadership circle has been crippled, so that he presently rules without consultations, formal or informal.⁵² Nevertheless, experience in both Eritrea and Ethiopia suggests that the image of what appears to be a strong, cohesive regime from the outside likely conceals multiple factions held together or kept quiescent by pragmatic accommodation. If the dominant institutions and leaders were to stumble and appear vulnerable, acquiescence could quickly transform into violent dissent.⁵³

Already postponed since 1998, elections are unlikely to be held any time soon. Dissent is reportedly growing, and underground opposition cells are mobilising.⁵⁴ The attempted assassination of Colonel Simon Gebredingil, a senior internal security service official, in October 2007 raised additional questions about the coherence of the ruling party, though it appears to

have been linked mainly to high-level corruption.⁵⁵ Some opponents in the diaspora have increased their organisation and public profile, but overall the opposition remains weak, divided and compromised by its relations with Ethiopia.

The Eritrean Democratic Party (EDP), led by a former defence minister, Mesfin Hagos, and some ruling party dissidents, was born in exile in January 2002 and remains rooted in the diaspora, distant from domestic developments. In February 2005 another opposition group, the Eritrean Democratic Alliance (EDA), was formed in Khartoum.⁵⁶ It has been somewhat distant from Eritrea – quartered in Germany and Ethiopia – and its leaders' close association with the Addis Ababa regime has led many Eritreans to regard it as their enemy's tool. It held a congress in the Ethiopian capital in February 2007 but has been weakened by leadership struggles, resulting in two competing blocs within an already loose alliance.⁵⁷

Senior EDA leaders met in Addis Ababa in January and May 2008 in an effort to unify the opposition.⁵⁸ The Eritrean Islamic Jihad Movement, founded in Sudan in the 1980s, has engaged in occasional armed attacks.⁵⁹ It recast itself as the Islamic Salvation Movement in the late 1990s and split in the 2000s, with the larger faction, the Eritrean Islamic Party for Justice and Development, associating with the secular EDA.⁶⁰ It is now part of the broad coalition of Eritrean opposition groups, mentioned above, which broadcasts radio and television programs hostile to the Isaias regime.⁶¹

⁵⁰ "The Military Balance 2008", International Institute for Strategic Studies (IISS), estimated 200,000 troops plus 120,000 reservists.

⁵¹ "Eritrea: Over 500 Parents of Conscripts Arrested", Amnesty International, 21 December 2006.

⁵² Crisis Group interviews, diplomats, Asmara and Washington DC, October-November 2007.

⁵³ Richard Reid, "Caught in the Headlights of History: Eritrea, the EPLF, and the Post-War Nation-State", *Journal of Modern African Studies*, vol. 43, no. 3 (2005), pp. 467-488.

⁵⁴ According to one report, "at night, dissidents meet on dark streets to chat secretly in parked cars", Jeffrey Gettleman, "Resentment and Rations as Eritrea Nears a Crisis", *The New York Times*, 9 October 2007.

⁵⁵ Some in Asmara speculated that the attack resulted from internal conflict over the spoils of an increasingly corrupt political system; others suggested it was carried out by relatives of people recently arrested. Details remain unclear.

⁵⁶ Martin Plaut, "The Eritrean Opposition Moves toward Unity", *Review of African Political Economy*, vol. 32, no. 106 (December 2005), pp. 638-643.

⁵⁷ For a recent review on an opposition website of the latest splits and mergers among the Eritrean opposition, see Salah I. Jimi, "EDA Split: Implications for National Unity and Democracy", Awate.com, 5 December 2007.

⁵⁸ "Eritrean Opposition Organisations: New Push towards Alliance", Gedab news, 20 January 2008, available at www.awate.com; and "13 Eritrean Opposition Groups Agree on Joint Programme", *Sudan Tribune*, 14 May 2008.

⁵⁹ The Eritrean government blamed Islamic Jihad for the murder of a UK geologist in 2003. See "UK Geologist 'Killed by Eritrean Rebels'", BBC, 17 April 2003.

⁶⁰ For more information, see the Eritrea chapter in Dan Connell, "Countries at the Crossroads 2007", Freedom House, at www.freedomhouse.org/uploads/ccr/country-7173-8.pdf.

⁶¹ While there are no reliable statistics, the Eritrean population is believed to be approximately half Muslim.

The diaspora plays a critical role in supporting the regime in Asmara. If it were to challenge the regime or even shift its financial support significantly, Isaias might be in jeopardy, although he has managed the power factions for nearly two decades. Approximately one quarter of the Eritrean population lives outside the state, and Asmara is highly dependent on its remittances and tourism. Building on practices institutionalised during the period of the armed struggle, Eritrean embassies and consulates levy a tax on diaspora Eritreans of 2 per cent of their income.⁶² Given the history of the war of national liberation, the legitimacy the EPLF earned by leading that struggle and the risk of repercussions for non-compliance or dissent, the diaspora has been willing to pay and reluctant to criticise Isaias. The 1998-2000 war mobilised fresh support.

Since the political arrests of 2001, however, new questions have been raised, and some have started to try simultaneously to support their relatives at home and Eritrean sovereignty while criticising the regime. Some in the diaspora say they continue to pay the tax (necessary to receive consular and other services or to buy property in Eritrea) but that voluntary donations have fallen.⁶³ Fledgling initiatives to mobilise critical voices and institutions within the diaspora, however, have been largely disconnected from domestic dissent. Key diaspora organisations and leaders in the U.S. are divided over Washington's threats to place Eritrea on its terrorism list.

2. Ethiopia

The ruling EPRDF coalition went through its own challenges after Algiers, as the Political Bureau of the Tigray People's Liberation Front (TPLF, the dominant component and historically Meles's base) split into rival factions. With his support from the Tigray heartland at risk, Meles used his central position in the broader EPRDF coalition to outmanoeuvre his rivals, dismiss and arrest a number of senior officials and weather the storm. Dissatisfaction with his conduct of the war was among the issues behind the split and led to a significant hardening of the regime.⁶⁴

⁶² David Styan, "Discussion Paper: The Evolution, Uses, and Abuses of remittances in the Eritrean Economy", presented at "Eritrea's Economic Survival", a Royal Institute for International Affairs conference, 20 April 2007.

⁶³ Crisis Group interviews, Washington DC, 2007. See also David Styan, op. cit.

⁶⁴ Crisis Group, interview, Ethiopia analyst, Addis Ababa October 2007.

Criminalisation of the opposition

The next serious domestic challenge came with the 2005 parliamentary elections. In contrast to earlier polls, opposition parties did not boycott, instead competing vigorously across the main regions. Access to the media and the ability to organise mass demonstrations resulted in very high turn out and a sense that elections might take on real significance. A chaotic vote-counting process, however, generated controversy and violent protests. According to official results, opposition seats in parliament increased from twelve to 172 (31 per cent).⁶⁵ Key leaders of the Coalition for Unity and Democracy (CUD), the largest opposition grouping, refused to accept this outcome, and many boycotted the new parliament in October. Violence erupted in the first week of November, and most top CUD officials were arrested.⁶⁶ Some 131 opposition politicians, journalists, and civil society leaders were charged with crimes, including genocide and treason.

Those opposition members who took their seats have found it very difficult to play meaningful roles within the parliament. They have been harshly criticised and disowned by many in the diaspora and have lost key financial support. Restrictions on the media have made it difficult for them to communicate with their supporters, creating a vigorous rumour mill and fostering a culture where extreme views posted on inter-

⁶⁵ The credibility of the official results is hotly contested. The EU concluded that the counting process was "marred by irregular practices, confusion and a lack of transparency" but gave no views on winners and losers. "Ethiopia: Legislative Elections 2005: Final Report", European Union Election Observation Mission, at http://ec.europa.eu/external_relations/human_rights/eu_election_ass_observ/ethiopia/2005_final_report.pdf. The Carter Center called the post-election period "disappointing" and said the complaints review processes "lack credibility". The government frequently cites a different sentence from the report: "The majority of the constituency results based on the May 15 polling and tabulation are credible and reflect competitive conditions". That sentence, however, left open the possibility results in a perhaps decisive minority of constituencies may not have been credible. "Final Statement on The Carter Center Observation of the Ethiopia 2005 National Elections", The Carter Center, September 2005, at www.cartercenter.org/documents/2199.pdf.

⁶⁶ For details, see Terrence Lyons, "Ethiopia in 2005: The Beginning of the Transition?", *CSIS Africa Notes*, January 2006; Jon Abbink, "Discomfiture of Democracy? The 2005 Election Crisis in Ethiopia and Its Aftermath", *African Affairs*, vol. 105, no. 419 (April 2006); Abdi Ismail Samatar, "The Ethiopian Election of 2005: A Bombshell and Turning Point?", *Review of African Political Economy*, vol. 32, no. 104/5 (June/September 2005); and John W. Harbeson, "Ethiopia's Extended Transition", *Journal of Democracy*, vol. 16, no. 4 (October 2005), pp. 144-158.

net sites are the main form of political speech. Its supporters in the countryside have faced arrest and harassment, leaving the opposition unable to organise in its own constituencies. This seems to be particularly true for parties such as the Oromo Federal Democratic Movement and the Oromo National Congress.

While the opposition had been marginalised, the EPRDF faces fundamental challenges in relating to two large constituencies that are essential for any Ethiopian regime to govern successfully. First, despite seventeen years in the ruling coalition, its Oromo wing, the Oromo People's Democratic Organisation, has not developed significant support among the Oromo people and remains in power through intimidation and ever more pervasive systems to monitor the population.⁶⁷ The Oromo are 40 per cent of the population, and many remain loyal to the OLF despite its inability to organise openly within Ethiopia since 1993. Secondly, the May 2005 elections saw an almost complete sweep by the CUD in Addis Ababa and the other main cities.

Without support in the Oromo region or urban areas, the EPRDF's ability to govern is inherently precarious, reliant upon force, which in turn alienates more of the population. According to a 2007 Gallup poll, only 17 per cent of Ethiopians have confidence in the honesty of their elections, suggesting that few regard the 2005 outcome as legitimate.⁶⁸ The use of force has reestablished order in the short run but one that is unlikely to be sustainable. There are signs that dissent is growing in the military and among government officials. In August 2006, for example, Brigadier General Kemal Gelchu defected with some 100 troops to join the OLF in Eritrea, claiming that the only language the EPRDF understood "is force, and we're going to challenge them by force".⁶⁹ The steady flow of senior judges, officials and military officers into exile suggests an erosion of authority.

In July 2007, most major opposition political leaders arrested following the 2005 electoral crisis were pardoned after signing documents admitting responsibility for the violence. These releases created an opportunity to re-engage in electoral politics, but polarisation

and distrust remain high.⁷⁰ The released CUD leaders quickly left Ethiopia for an extended tour of North America and Europe to consult with the diaspora and raise money. That underlined the influence of the diaspora but alienated at least some domestic constituencies.⁷¹ The CUD that competed effectively in the 2005 elections was a quickly assembled, loose amalgam of parties united by opposition to the ruling party but lacking consensus on important leadership and policy issues.

The CUD failed to compete in the April 2008 local elections, due in large part to internal divisions, and those elections only proved the determination of the ruling circles to assert their authority. Almost all credible opposition was compelled to withdraw by intimidation and harassment.⁷² The EPRDF fielded an extraordinary some 3.7 million of the 3.8 million registered candidates. The electoral board claimed 95 per cent of the eligible population voted, but the opposition, backed by the diplomatic community, said the true figure was much lower.

Many Ethiopians believe Ethiopia won the war in 2000 but then lost the peace; some question Eritrea's independence or argue that the port of Assab should be given to Ethiopia. Officials and observers in Addis Ababa suggest that any move to concede the loss of Badme would provoke considerable dissent within both the opposition and the ruling coalition.⁷³ Meles, it is said, would risk losing power to factions that are more strident about the border, unless he could point to tangible peace dividends in return.⁷⁴ Since its seizure of power as the core of the EPRDF in 1991, the TPLF has pursued a dual strategy: embrace Ethiopian unity so long as it can retain power in Addis Ababa, and play the Tigrayan card when tactically useful, especially when its power at the centre is under threat. A new party led by disgruntled TPLF members offers the prospect for a heated campaign in the Tigray region during the 2010 general elections. The conduct of the 1998-2000 war is likely to be used as a power-

⁶⁷ "Suppressing Dissent: Human Rights Abuses and Political Repression in Ethiopia's Oromia Region", Human Rights Watch, May 2005.

⁶⁸ Magali Rheault, "Few Ethiopians Confident in Their Institutions", 30 January 2008, at www.gallup.com/poll/104029/Few-Ethiopians-Confident-Their-Institutions.aspx.

⁶⁹ Tsegaye Tadesse, "Ethiopia Says Killed 13 Rebels Crossing from Somalia", Reuters, 11 August 2006.

⁷⁰ Lahra Smith, "Political Violence and Democratic Uncertainty in Ethiopia", United States Institute of Peace Special Report, no. 192, Washington DC, August 2007.

⁷¹ Crisis Group interviews, Addis Ababa and Washington, October-November, 2007.

⁷² "Ethiopia: Repression Sets Stage for Non-Competitive Elections", Human Rights Watch, 11 April 2008.

⁷³ Former TPLF leaders, including an ex-Central Committee member and past president of Tigray state, Gebru Asrat, have formed an opposition party, emphasising the "loss" of Red Sea ports and blaming Meles for not protecting Ethiopian national interests.

⁷⁴ Crisis Group interview, diplomat, Addis Ababa, October 2007.

ful mobilisation tool against the regime and can badly weaken it in its own home base.

Conflict in the Ogaden

Intensified attacks from the rebel Ogaden National Liberation Front (ONLF) and search and destroy missions by the Ethiopian military and allied militias displaced much of the population of the Somali-inhabited region of Ethiopia in 2007.⁷⁵ The Ogaden has historically been a disorderly peripheral region where control from Addis Ababa has been sporadic, and links between the Somalis in Ethiopia and related clans across the border in Somalia have shaped politics. The ONLF was part of Ethiopia's initial transitional government in 1991 but advocated secession (constitutionally allowed) and was soon displaced by rival Somali parties with closer links to the EPRDF.

Escalation of the conflict between the ONLF and Addis Ababa in 2007 was fuelled by Ethiopia's intervention in Somalia and alleged links between the ONLF, OLF, and Eritrean agents operating in the areas of Somalia controlled by the Islamic Courts. Most dramatically, an ONLF attack on a Chinese oil exploration site at Abole in April claimed the lives of 74 civilians (including nine Chinese workers). The Ethiopian military then embarked on a brutal strategy of violence, collective punishment, restrictions on food aid and trade and forcing civilians into protected villages. By mid-year, a major humanitarian emergency had developed.⁷⁶

From the perspective of Addis Ababa there are two reasons why past patterns of neglect and tolerance for significant disorder are no longer acceptable, and harsh military control is imperative. First, the Ogaden

insurgents are considered part of a regional network of threats, including Eritrea, the Islamic Courts in Somalia and the Oromo Liberation Front. Firm military control is considered necessary to prevent this collection of foes – Eritrea in particular – from using the Ogaden as the weak link at which to attack the regime.

Secondly, concerns about oil and gas exploration have risen, as a result of the ONLF attack on the Chinese site and its warnings regarding “our people's natural resources”. In August 2007, Ethiopia and the Malaysian state oil firm Petronas signed a deal for further development of natural gas in the Ogaden basin.⁷⁷ The Swedish oil firm Lundin also has exploration rights there. To protect these contracts, the central government must control the region.

B. REGIONAL RIVALRY AND INSECURITY

Both Ethiopia and Eritrea are using proxy forces to undermine the other. Support for a neighbour's insurgency is a less risky way to pursue conflict than direct military confrontation and has a long history across the Horn of Africa. Such activity threatens to escalate unless the border and other underlying bilateral issues are resolved.

1. Support for the neighbour's insurgents

Armed Ethiopian insurgent groups such as the OLF, ONLF and EPPF have had offices in Asmara, some of which are still active. Eritrea has given them sanctuary, training and military aid and has sought to infiltrate fighters into Ethiopia via the common border, Sudan and, more importantly, Somalia. Ethiopia periodically accuses Eritrea of supporting terrorist groups, as when it attributed a series of 2006 bomb blasts against civilian targets in Addis Ababa and other cities to explosives provided by Eritrea.⁷⁸ Some of the relationships date from the years when the EPLF, TPLF, Ethiopian People's Democratic Movement (EPDM) and OLF cooperated in the struggle against Mengistu. OLF leader Daoud Ibsa has lived in Asmara for many years, and hundreds of OLF recruits are reportedly trained in a camp near Teseney, Eritrea.

⁷⁵ A *Newsweek* article suggested that people from 250 villages had fled their homes. Jason McLure, “Ethiopia's Dirty War”, 22 January 2008, at www.newsweek.com/id/98033. At the beginning of December 2007, John Holmes, the UN's Under Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator, said 4.5 million faced famine-like conditions in the region, at www.un.org/apps/news/story.asp?NewsID=24954&Cr=africa&Cr1.

⁷⁶ Human Rights Watch criticised the ONLF for killing suspected collaborators and using landmines and Ethiopian troops for using “scorched-earth tactics” to terrorise rural communities. “UN: Atrocities Fuel Worsening Crisis in Horn of Africa”, Human Rights Watch, 3 December 2007. The UN warned in October 2007 of a major crisis unless markets reopened and humanitarian organisations had access to the region. “Ethiopia: UN Warns of Humanitarian Crisis in Somali Region”, IRIN, 5 October 2007. There are no reliable figures on, for example, deaths, displacements and malnutrition in the region; the UN agencies, which have the widest access, provide only countrywide numbers.

⁷⁷ “Ethiopia signs Ogaden gas deal with Petronas”, Reuters, 13 August 2007.

⁷⁸ “Ethiopia Says Foils Eritrea-Sponsored Attacks”, Reuters, 15 August 2007.

The OLF allegedly also receives assistance from Libya through Eritrea.⁷⁹

Other regional insurgent groups, most notably from Somalia, Darfur and eastern Sudan, also have offices in Asmara. Many insurgent leaders complain that the regime deals with them in a heavy-handed manner and imposes its own agendas. Eritrea has sometimes used its relationships with these groups to mediate conflicts, as when it hosted talks between the Sudan government and the Eastern Front, and has offered such services on Darfur.

Ethiopia has supported fragments of the Eritrean Democratic Alliance, which held a widely publicised unification forum in Addis Ababa with other members of the diaspora opposition in May 2008, as well as the Eritrean Islamic Jihad/Islamic Salvation Movement, an Islamist group that was active in Eritrea with Sudanese support in the 1990s.⁸⁰

2. Involvement in Somalia and Sudan

Ethiopia and Eritrea acknowledge privately that in addition to supporting each other's insurgents and opposition movements, they compete against each other by helping rival parties in neighbouring states.⁸¹ Addis Ababa is the major backer of Abdullahi Yusuf and the TFG in Somalia. Consistent with a deeply ingrained pattern of giving support to the enemy of one's enemy, Eritrea has provided assistance to anti-Ethiopian forces in Somalia, hoping to tie the Ethiopian military down.⁸²

The Somalia conflict escalated in late 2006. After a rapid advance, Ethiopian troops supporting the TFG ousted the Islamic Courts and affiliated militias that

had controlled Mogadishu since June. The TFG continued to rely upon Ethiopian military aid to hold power and bring in key constituencies, notably powerful Hawiye clan leaders in Mogadishu, as well as many of the moderates within the diverse Islamic Courts. Ethiopian troops are often regarded as foreign occupiers by Somalis, however, and the extreme violence they have used has alienated many.⁸³ Hopes that an AU force would be deployed quickly, so the Ethiopians could withdraw, never materialised. Meles indicated in November 2007 his troops could not leave unless replaced by an effective international force and later said the UN was exaggerating humanitarian conditions in Mogadishu.⁸⁴ Eritrea continues to support Islamic Courts factions and helped create the Alliance for the Re-Liberation of Somalia (ARS) in Asmara in September 2007.

Key leaders within the Islamic Courts miscalculated, provoking Ethiopia into war in late 2006 by, among other things, advancing irredentist claims on the Ogaden. Those were likely mainly rhetorical, since the Courts lacked the means to force Ethiopia out of the region. Addis Ababa may not have been quite so confident, however. Elements within the Courts, notably Hassan Dahir Aweys, had led al-Itihaad al-Islami, a group responsible for attacks on hotels and markets in Ethiopia and attempted assassinations of Ethiopian officials. It was destroyed in the late 1990s by an Ethiopian-supported force led by Abdullahi Yusuf, now the TFG president. Moreover, from the perspective of Addis Ababa, the dangers emanating from the Courts and the urgency for acting were also linked to threats from Eritrea and internal Ethiopian insurgent groups such as the OLF and ONLF.

These regional and domestic adversaries had increased their military presence in areas controlled by the Courts. It was the potential that their actual threat would increase over time – rather than the Courts' ideology or al-Qaeda ties – that led Ethiopia to act pre-emptively, with U.S. support, by providing the military muscle to drive the Courts from Mogadishu, end safe havens for Ethiopia's enemies and bring the TFG to power in the Somali capital.

Ethiopia and Eritrea are inevitably linked to the insecurity in Somalia and to an extent in Sudan and have legitimate interests in both neighbouring states. In the mid-1990s, they cooperated against Sudan's Islamist

⁷⁹ "Asmara, The Magnet for Opponents", *Indian Ocean Newsletter*, December 2007; Crisis Group interviews, diplomat, Asmara, October 2007.

⁸⁰ "13 Eritrean Opposition Groups Agree on Joint Programme", *Sudan Tribune*, 14 May 2008.

⁸¹ Crisis Group interviews, Ethiopian and Eritrean officials, Addis Ababa and Asmara, May 2008.

⁸² An October 2006 UN report said diplomatic sources estimated 6,000 to 8,000 Ethiopian and 2,000 Eritrean troops were in Somalia supporting allies. "Report of the Monitoring Group on Somalia pursuant to Security Council Resolution 1676", October 2006; and Chris Tomlinson, "UN: Ethiopia, Eritrea Take Rivalry to Somalia", Associated Press, 28 October 2006. Its plausibility was questioned, however, and the claims regarding 2,000 Eritrean troops were not supported by developments following the Ethiopian intervention in 2006. It also generated controversy with dubious assertions that hundreds of Somali Islamic Court fighters went to Lebanon to fight with Hizbollah.

⁸³ Ken Menkhaus, "The Crisis in Somalia", *African Affairs*, vol. 106, no. 424 (2007); and "Shell Shocked: Civilians under Siege in Mogadishu", Human Rights Watch, August 2007.

⁸⁴ "Ethiopia PM attacks UN on Somalia", BBC News, 20 December 2007.

regime but since their war have sought Khartoum's support. However, they resent being characterised as pursuing cynical the-enemy-of-my-enemy-is-my-friend politics. Eritreans feel their long liberation struggle positions them to understand the aspirations of insurgent groups. They say their ties with Somali, Ethiopian, and Sudanese insurgents are morally justified and promote inclusive governments, thus regional stability. But Eritrea's domestic record increasingly undermines its claims to combat dictatorships. While it points to a lead role in brokering the October 2006 deal between Khartoum and the Eastern Front rebels as an example of its constructive efforts for regional peace, that initiative was at least in part an effort to improve relations with Sudan in preparation for a potential conflict with Ethiopia.

IV. INTERNATIONAL ENGAGEMENT

Eritrea's liberation movement received little international support during its independence struggle against Mengistu's Ethiopia. Self-reliance was a necessity and is now a matter of great pride. Donors initially responded with high levels of assistance for the independent country's reconstruction efforts. Over time, however, it became harder to maintain those levels, as Asmara's human rights record, limitations on NGOs and restrictions on diplomatic and other international officials resulted in many donors withdrawing or being expelled. The U.S., EU and others continue to press for political reform and give humanitarian aid but have little influence.

The regime in Ethiopia has received considerably more international support. After the dark period of violence, human rights abuse and humanitarian emergency under Mengistu, major donors welcomed the opportunity to work with a leadership that seemed pragmatic and ready to meet basic development goals. In the 1990s both Ethiopia and Eritrea received good marks from the Clinton administration in the U.S., which labelled Meles and Isaias (along with Ugandan President Museveni and Rwandan President Kagame) a "new generation of leaders" in Africa. Washington's policies to support the Sudan People's Liberation Movement/Army (SPLM/A) in its struggle with the Sudanese government coincided with Ethiopian and Eritrean interests.

A. DEMOCRACY AND HUMAN RIGHTS

Donor relations with Ethiopia faced a major challenge following the 2005 electoral crisis. At first the major donors responded with criticism and significant aid suspension. The Development Assistance Group (DAG) for Ethiopia, which includes major bilateral and multilateral donors, stated: "These disturbances weaken the environment for aid effectiveness and poverty reduction....As a result of the situation, the DAG is collectively reviewing development cooperation modalities to Ethiopia".⁸⁵ In December, donors put \$375 million in budget support on hold, sending a clear message there would not be business as usual. In January 2006, the U.S. State Department noted:

⁸⁵ Statement by the Development Assistance Group, Addis Ababa, 11 November 2005.

“Steps that appear to criminalise dissent impede progress on democratisation”.⁸⁶

The government, however, was unmoved, repeatedly insisting the elections were free and fair, the response of security forces to demonstrations was appropriate, and charges against opposition politicians, journalists, and civil society leaders were based on solid evidence and law. Ethiopian intransigence led donor-country diplomats ultimately to accept a status quo they concluded would not change and to get on with other business. In May 2006, the World Bank approved the Protection of Basic Services Program, which channelled \$215 million to local governments.⁸⁷ Although it emphasised improved governance and decentralisation, the release of funds through regional authorities mostly controlled by the EPRDF bolstered the regime’s authority.

While the Bush administration developed closer links to the regime, key members of the U.S. Congress advanced a different policy. Effective lobbying by the Ethiopian diaspora encouraged a bipartisan group of representatives to introduce the Ethiopian Democracy and Accountability Act of 2007 (HR 2003). This proposed to limit security assistance, restrict visas for anyone involved in killing demonstrators and authorise \$20 million over two years to assist political prisoners, human rights organisations and rule-of-law programs. Regime critics, many stimulated by the violent aftermath of the 2005 elections, found effective entry points into the policymaking process through members of Congress with large diaspora communities and by forming alliances with human rights groups.

The House of Representatives passed the bill on 2 October 2007, to the public annoyance of the Ethiopian authorities and the U.S. State Department. The Ethiopian ambassador, Samuel Assefa, said that if the “irresponsible” bill “becomes law, [it] would create fresh obstacles to Ethiopia’s bold efforts towards comprehensive democratic reforms [and] undermine regional stability in the Horn of Africa by jeopardising vital security cooperation between the United States and Ethiopia....It is baffling that the House would allow itself to be used in this way”.⁸⁸ The bill’s

prospects in the Senate and the White House’s prospective ability to waive its restrictions on national security grounds make it more symbolic than substantive, but Ethiopia must still take the Congressional process into account as it weighs the potential costs of a major intervention in Eritrea.

In December 2007, Secretary of State Condoleezza Rice’s statement to the press after meeting Meles in Addis Ababa “urged the Prime Minister to avoid any acts that might heighten friction between Eritrea and Ethiopia and to take concrete steps to lessen tensions on the border. There must not be a resumption of hostilities initiated by either side”.⁸⁹ The State Department reiterated that U.S. policy “is and has been for both governments to respect commitments in the Algiers Agreements, comply with relevant Resolutions of the UNSC, and engage directly to implement the Eritrea-Ethiopia Boundary Commission’s (EEBC) delimitation decision and address issues that divide them”.⁹⁰

Ethiopia also faced criticism in Europe. Several members kept pressure in the European Parliament high. Ana Gomez, the Portuguese member who had led the EU election observation delegation in 2005, was a high-profile, controversial figure advocating aid cuts. Norway cut assistance in 2007 after Ethiopia expelled diplomats. Somewhat in contrast to Washington, the European Commission has pursued aid and trade initiatives with Eritrea in an effort to develop influence and constructive contacts.

B. GLOBAL WAR ON TERRORISM AND SOMALIA

1. Ethiopia

Local conflicts in the Horn of Africa have been given broader implications by both Washington’s “Global War on Terrorism” and al-Qaeda’s calls for jihad against Ethiopian troops in Somalia. The U.S. views Ethiopia as a “key strategic partner” that shares “a commitment to address threats by transnational extremist groups”.⁹¹ Ayman al-Zawahiri, number two in al-Qaeda, has called on Somalis to use “ambushes, mines, and martyrdom-seeking raids to devour [the

⁸⁶ “Political Dissent and Due Process in Ethiopia”, U.S. Department of State, press statement, 6 January 2006.

⁸⁷ Visiting World Bank President Paul D. Wolfowitz said Ethiopia had been through a difficult period, but “there is more reason to feel confident that people are learning the right lessons from the experiences of the last year”. “World Bank Resumes Aid to Ethiopia”, Reuters, 12 July 2006.

⁸⁸ “Statement by the Embassy of Ethiopia on House Passage of H.R. 2003”, 2 October 2007.

⁸⁹ Sue Fleming, “Rice Tells Ethiopia to Ease Tensions with Eritrea”, Reuters, 5 December 2007.

⁹⁰ “Ethiopia-Eritrea: U.S. Policy On Border Dispute”, U.S. State Department, press release, 8 December 2007.

⁹¹ James Swan, Deputy Assistant Secretary for African Affairs, “U.S. Policy in the Horn of Africa”, address to the fourth International Conference on Ethiopian Development Studies, Kalamazoo, Michigan, 4 August 2007.

Ethiopians] as lions devour their prey”.⁹² Washington and Addis Ababa both opposed the Islamic Courts in Somalia, but for different reasons. The former had concerns regarding links to al-Qaeda and other extremist groups. Ethiopia’s focused on how elements within the Courts threatened its security by cooperating with Eritrea and the OLF and ONLF.

In late November 2006, then-U.S. Ambassador to the UN John Bolton circulated a draft Security Council resolution authorising Ethiopia to send troops into Somalia to help the TFG. Though Resolution 1725 ultimately excluded participation of neighbouring states, the initial version showed Washington had no objections to an Ethiopian intervention.⁹³ In December Assistant Secretary of State Jendayi Frazer called the Islamist leadership “extremist to the core” and “controlled by al-Qaeda cell individuals”.⁹⁴ Many see Ethiopia’s subsequent actions in Somalia as an example of the U.S. subcontracting to a regional ally. The U.S. has given indications of working closely with Ethiopia in Somalia: for example, its military, operating on “actionable intelligence” that several senior al-Qaeda operatives were moving toward the Kenyan border, used AC-130 planes to attack a convoy in January 2007⁹⁵ and as late as May 2008 carried out missile attacks on suspected terrorist targets “linked to al-Qaeda”.⁹⁶

Some U.S. officials maintain they receive valuable intelligence from Ethiopia, though others say most of it is suspect because Ethiopia has its own security agenda in the region. Regardless, the U.S. is identified with Addis Ababa in ways that limit its access to other actors in the Horn of Africa. During her December 2007 trip to Addis Ababa, however, Secretary of State Rice emphasised humanitarian, not counter-terrorism concerns in the Ogaden and publicly urged the regime to pay more attention to those issues.⁹⁷ Recently Washington has called for talks between the Islamic Courts and the TFG and between the Ethio-

pian government and the OLF and ONLF,⁹⁸ groups which, unlike Addis Ababa, it does not describe as “terrorist”.

2. Eritrea

Washington’s relations with Asmara fell to new lows in 2007. State Department officials characterised the regime as one that “openly abuses its population and serves as a destabilising force in the region”.⁹⁹ In August Assistant Secretary Frazer suggested the U.S. was “looking into” whether to add Eritrea to its list of state sponsors of terrorism,¹⁰⁰ a designation triggering economic sanctions but which would be largely symbolic in the case of Eritrea, since most non-humanitarian economic ties have already been cut. The U.S. might attempt to freeze assets of the regime-owned Red Sea Trading Company or deny Eritrea access to diaspora remittances, but informal mechanisms for transferring money are difficult to capture. Nevertheless, such a designation would be deeply offensive to Eritrea, which considers it was the first country to clash with al-Qaeda-sponsored terrorism, when it fought the Eritrean Islamic Jihad in the mid-1990s.

U.S. diplomats in Asmara and Washington insist the designation question depends on specific actions regarding groups and individuals Washington regards as terrorists, including Aweys (also on the UN list)

⁹² Audio tape by Ayman al-Zawahiri, 5 January 2007, cited in Menkhaus, op. cit.

⁹³ “Somalia Conflict Risk Alert”, Crisis Group, 27 November 2006.

⁹⁴ David Gollust, “US Says el-Qaeda Elements Running Somali Islamic Movement”, VOA, 14 December 2006.

⁹⁵ Menkhaus, op. cit. The attack did not kill its intended targets.

⁹⁶ “Al-Qaeda Leader Reported Killed in Somalia”, *The New York Times*, 2 May 2008.

⁹⁷ “We’ve worked very, very diligently to try and help relief agencies, non-governmental agencies to be able to deal with the humanitarian situation there, and we need the cooperation of the Ethiopian Government”, “Interview with Tefera Ghedamu of Ethiopia TV”, 5 December 2007.

⁹⁸ In the last quarter of 2006, after the collapse of the U.S. counter-terrorism alliance in Somalia, Frazer urged the TFG to meet with the Courts in Arab League talks in Khartoum and seek a power-sharing arrangement. Over the past fifteen years, Washington has from time to time promoted talks between the Ethiopian government and the OLF. The U.S. military cooperated with the ONLF as recently as 2006 to monitor Islamist groups in East Africa. Both the OLF and ONLF were members of the EPRDF-dominated Ethiopian Transitional Government in the early 1990s.

⁹⁹ James Swan, op. cit. He called President Isaias “increasingly tyrannical and megalomaniacal” and said, “the Eritrean Government has fabricated a national mythology by demonising neighbouring Ethiopia, for the central purpose of garnering complete compliance with his autocratic domestic policies. By channelling Eritrean patriotism into hostility toward Ethiopia, the government ensures that [it] can rule as it likes, without public opposition”. Assistant Secretary Frazer said Eritrea was “playing a very negative role”, interview with VOA, 22 November 2007, while James Knight, office director for East Africa, said it was pursuing “expensive and dangerous adventurism” that encourages “unending violence.” “U.S. Policy in the Horn of Africa”, remarks from the conference “Working toward a Lasting Peace in the Ogaden”, University of San Diego, 7 December 2007.

¹⁰⁰ Jendayi Frazer, “Briefing on U.S.-Eritrea Relations”, Washington DC, 17 August 2007.

and elements of Al-Shabaab, the former military wing of the Council of Islamic Courts in Somalia, now loosely linked to the new opposition grouping the Alliance for the Re-Liberation in Somalia which was born in Asmara, as well as those implicated in the 1998 embassy bombings in Kenya and Tanzania. Eritrean officials, however, regard it is part of the U.S. support for Ethiopia that, they say, contributes to the stalled implementation of the Algiers agreements. Their impression is fed by some of the rhetoric Washington has used, as when Frazer said one way for Eritrea to avoid being placed on the list was “a change of government”.¹⁰¹

While the U.S. has not put Eritrea on its state-sponsors list, the designation of it in May 2008 as “not cooperating fully” with anti-terrorism efforts was a clear warning to Asmara to be very careful about the groups and individuals it chooses to support. The formal consequences of that designation are minimal – restrictions on military and other defence-related transactions that were in any event improbable – but the inclusion of Eritrea with other countries Washington calls “pariahs” smarts in Asmara. It could also prove dangerous if it were to lead Ethiopia to believe it might act against Eritrea without harming its relations with the U.S. – almost certainly a misreading of current U.S. policy. If the U.S. eventually puts Eritrea on its state-sponsors list, there would be a further risk that Asmara might feel so cornered that it would move proactively against Ethiopia.

Until 2001, when the Eritrean regime arrested and held incommunicado two Eritreans working for the U.S. embassy, the Pentagon had urged better relations in order to get access to Eritrean Red Sea ports. Isaias was willing to provide the access, but the U.S. insisted that the embassy employees first be released or charged.¹⁰² Eritrea has subsequently become increasingly hostile to the U.S., which it blames for the lack of progress on border demarcation. It expelled the U.S. Agency for International Development (USAID) in 2005 and nearly all international humanitarian organisations in 2006. Relations with Washington deteriorated further in 2007, when the U.S. closed the Eritrean consulate in Oakland in response to a refusal to

allow U.S. diplomatic bags to go through customs unopened.¹⁰³

As relations with the U.S. have become hostile, Eritrea has actively developed diplomatic alternatives, reestablishing ties with Sudan and improving them with Yemen and Djibouti, though there are serious border tensions with the latter.¹⁰⁴ Its January 2003 application to become an observer at the Arab League remains pending, because the organisation’s charter does not envisage that status, but there are indications of close links with Libya. Eritrea has also been seeking new avenues for help with its deteriorating economy. In addition to taking up Saudi offers of cooperation, there have been meetings with Iranian officials and others who share Asmara’s distrust of the U.S.¹⁰⁵ Subsequent to the joint communiqué on 20 May 2008 about enhanced bilateral cooperation in all spheres that resulted from his official working visit to Tehran, Isaias said, “Iran has become exemplary to a number of countries for its steadfast and firm opposition to world domination”.¹⁰⁶

¹⁰¹ In January 2008 Frazer met with Mesfin Hagos, the former defence minister who leads the opposition Eritrean Democratic Party. “EDP’s Chairman, Mr Mesfin Hagos, Met with Honourable Assistant Secretary Jendayi Frazer”, EDP press release, at www.selfi-democracy.com.

¹⁰² They continue to be held in jail and incommunicado.

¹⁰³ Frazer, “Briefing”, op. cit.

¹⁰⁴ Eritrea’s confrontation with Djibouti in May 2008 is another example of its desire to attract international attention and force movement on the border crisis. On 5 May, the Security Council received a letter from the foreign minister of Djibouti claiming to document the build-up of Eritrean troops along the common border and asserting a series of failed diplomatic initiatives to resolve the dispute. The minister noted “a real danger of getting drawn into an unwarranted confrontation with Eritrea” and called on the Council to urgently deploy “all necessary measures toward preventing yet another conflict, under any guise, in a region long ravaged by mayhem, bloodshed, and destruction”. Letter to the president of the Security Council from Mahmoud Ali Youssouf, minister of foreign affairs, S/2008/294, 5 May 2008. The AU Peace and Security Council sent an investigative mission to Djibouti in early June 2008. In the most recent clash, nine Djibouti soldiers were reportedly killed and 60 wounded, Reuters, 12 June 2008.

¹⁰⁵ “Eritrea Sends Envoy to Open Ties with Iran”, Reuters, 15 December 2006.

¹⁰⁶ “Eritrea: Presidents Isaias and Ahmedi Nejad Agree to Enhance Eritrean-Iranian Relations and Cooperation in Different Domains”, Eritrean official website Shabait, 20 May 2008. On Isaias’s visit, also see above.

V. THE NEED FOR A NEW DIPLOMATIC INITIATIVE

The border stalemate, the potential for violent and chaotic political transitions in both countries and the ways these dangers are linked to wider challenges in the region and beyond indicate the need for a new, more comprehensive and coordinated initiative. Since the 2000 ceasefire, international policy has been reactive, episodic and largely unsuccessful. The Algiers agreements in 2000 (and the international push for the 2005 Comprehensive Peace Agreement in Sudan) nevertheless demonstrate that focused, high-level diplomatic attention, a willingness to take risks and accept costs and sustained work through broad, multi-lateral coalitions can produce results. Ethiopia's refusal to accept the EEBC decision and Eritrea's expulsion of UNMEE and its de facto unilateral implementation of the virtual demarcation of the border challenge the international community to come up with a strategy for sustainable peace in the region.

Since 2002, the debate over Ethiopia-Eritrea has been stuck in the realm of legal norms and principles, at the expense of the underlying political realities impeding both border demarcation and normalisation of relations. The international response must recognise these realities and create a process to address the deeper issues at play in the border dispute. That process should prioritise a separation of the armies to reduce the risk of war but must be sequenced to provide some guarantees up front to both parties. It should include several steps.

First, the Security Council and wider international community should unambiguously accept the EEBC's virtual demarcation. The EEBC's argument for the measure is legally sound and offers the best chance for returning the parties to the table with a new starting point. Physical demarcation should still be a desired and intended outcome. However, GPS systems have the ability to draw unambiguous borders based on coordinates.

UNMEE's failure is in large part that of the Security Council and the broader international community, which has not adequately pushed both parties to uphold their side of the Algiers deal. To correct its mistakes, the Council should request the Secretary-General to appoint a special envoy with significant personal stature, as well as Washington's support, so that he or she can have access to and engage on a basis of some trust with the ruling circles of the two regimes. The special envoy should be mandated to be-

gin the second phase of the process, a comprehensive dialogue on a range of outstanding issues, including:

- ❑ temporary withdrawal of Eritrean troops north of the TSZ¹⁰⁷ and withdrawal of Ethiopian troops south of the new border, so as to avoid escalation of incidents into major fighting and facilitate physical demarcation;
- ❑ practical steps leading to physical demarcation,¹⁰⁸ except where pragmatic adjustments are mutually agreed, and retention of an international de-mining and demarcation team in the region;
- ❑ precise modalities for normalising relations, including the ending by both regimes of support to the other's opposition and of attempts to foster regime change; Ethiopian access to Eritrean ports;¹⁰⁹ and restoration of normal diplomatic relations between both governments, with the ground work done for the U.S.-sponsored 2006 normalisation talks being available to help the special envoy craft agenda details; and
- ❑ cross-border economic development packages that support restoration of mutually beneficial economic ties, compensate communities displaced by border demarcation and increase trust between border populations. Such packages should incorporate the infrastructure, energy and communications projects identified in the European Commission's Horn of Africa Strategy for Peace.¹¹⁰

There is no guarantee, of course, that these measures, which Ethiopia and Eritrea have consistently refused, can be packaged and presented in a way that will persuade them to move from their entrenched diplomatic positions. The engagement of outside powers, both from the region and from among the permanent members of the Security Council – the U.S. in particular – and the EU in a more concerted, high-level and determined fashion than hitherto will be essential. This in turn will require a rethinking of interests, risks and benefits that, for example, an administration in its final stages like the one in Washington will find diffi-

¹⁰⁷ The withdrawal is described as temporary because the area involved is sovereign Eritrean territory.

¹⁰⁸ The EEBC has expressed willingness to reconvene and re-engage if a situation is created in which physical demarcation becomes possible.

¹⁰⁹ Assab is strategic to the Ethiopian hinterland; Massawa is vital to the Abyssinian heartlands of north-central Ethiopia.

¹¹⁰ "Communication from the Commission to the Council and the European Parliament. Strategy for Africa: An EU regional political partnership for peace, security and development in the Horn of Africa", Brussels, COM(2006) 601, 20 October 2006.

cult. However, the situation is grave enough to justify the effort to put the initiative together.

There are some tactical refinements that could help. Making full implementation of the agreement that is foreseen as the outcome of these discussions conditional on the conclusion of physical demarcation of the border, which should start as the talks begin, would keep discussions firmly grounded within the existing EEBC ruling – a core demand of Eritrea. It would also provide the substantive dialogue on normalisation and an end of support to the other's opposition that are core demands of Ethiopia. Initial stages of implementation might be agreed during the dialogue – exchange of lower-level diplomats, for example, or cross-border trade – in parallel with progressive physical demarcation.

It is urgent to separate the two armies at the outset and reinstate a third-party monitoring and verification mechanism to reduce the risk of war. This involves reconstituting the buffer zone pending physical demarcation and reconfiguring UNMEE as a light, mobile monitoring mechanism. Examples of unarmed mechanisms that were used successfully in Sudan from 2002 to 2005 and could serve as a model include the Nuba Mountains Ceasefire Joint Monitoring Commission (JMC), the IGAD Verification and Monitoring Team (VMT) and the U.S.-sponsored Civilian Protection Monitoring Team (CPMT).

All three were small, mobile and able to respond quickly to an alleged violation and report findings promptly to the oversight body. CPMT reports were posted on the internet, usually shortly after the investigation was completed. The 40-person JMC, led by a former Norwegian general, was remarkably effective at supporting the ceasefire and building confidence between the parties and local communities. The UN mission (UNMIS), which has taken over the responsibility since 2005, has been far less efficient despite its much greater size and Security Council mandate.

Tying the reconstructed process to the Algiers agreements is another essential element if the initiative is to have a chance, since it is the legal framework both parties accept, and they could be expected to repeat objections to anything fully new. Ultimately, there are objective reasons why both sides might find some attractions to the process outlined above. Despite asserting that virtual demarcation is a legally binding conclusion to the EEBC's work, Eritrea wants to consolidate its independence and would prefer a process leading to physical demarcation. Under either form of demarcation, it seeks Ethiopian withdrawal from Badme and other areas north of the border. It also wants the better relations with key Western countries

that acceptance of the process would facilitate. In return for the process being built on the EEBC's virtual demarcation, Isaias should be able to accept the conditions for dialogue and be open to inclusion of other agenda items. The prospect of access to Eritrean ports and essentially an end to the internal Tigrayan and Amhara armed opposition should be meaningful incentives for Ethiopia.

Because it addresses the short-term concerns of each side and provides a perspective for obtaining more long-term benefits from normalisation of relations than they have from the status quo, the proposal might have sufficient attraction to provide a political way out of the deadlock, but only if it is given strong backing from key international players. The U.S., which brokered Algiers, would have to play a particularly important role. It should lay out an unambiguous set of options and specify what the regimes will lose if they persist in prolonging the border stalemate; this involves speaking critically to its strategic ally, Ethiopia.

Washington should also indicate what support the two can anticipate if they initiate real regional cooperation and internal reform. The U.S. and other donors should be prepared to offer substantial financial backing and use their influence to ensure that the international financial institutions support demobilisation, cross-border trade and cooperation and normalisation of regional relations. That package should be pursued even before the final agreement is signed so that its incentive value can be maximised.

VI. CONCLUSION

Eritrea's de facto expulsion of UNMEE has changed the daily dynamics of the conflict and the international mechanism in place since 2000, but the underlying political dynamics are untouched. A new, strongly supported international action plan is needed to break the deadlock and resuscitate the framework for consolidating the peace agreement and normalising bilateral relations. Continued international failure could mean renewed conflict and further de-stabilisation throughout the Horn of Africa.

Nairobi/Brussels, 17 June 2008

APPENDIX A:

MAP OF ETHIOPIAN-ERITREAN AREAS OF CONFLICT



Source: Country Profile, Eritrea 2003, Economist Intelligence Unit.

APPENDIX B:

MAP OF THE HORN OF AFRICA



APPENDIX C

BACKGROUND TO THE ETHIOPIA-ERITREA CONFLICT

The Ethiopian People's Revolutionary Democratic Front (EPRDF), led by Prime Minister Meles Zenawi, and the Eritrean People's Liberation Front (EPLF), led by President Isaias Afwerki, worked closely together to overthrow the brutal Mengistu Haile Mariam regime in 1991. While the EPRDF joined with other parties to form the Transitional Government of Ethiopia, the EPLF assumed control of Eritrea and established a provisional government. In April 1993, Eritreans voted overwhelmingly for independence in a UN-monitored referendum. For the next five years, the two states and leaders seemed ready to put old conflicts behind them and cooperate economically and diplomatically.

By 1998, however, relations had degenerated. Disputes arose over how the new Eritrean currency related to the Ethiopian currency and over their poorly demarcated border, among other things. Both regimes set unconditional goals and refused to compromise on territory, legitimacy and identity.

In May 1998, Eritrea seized the disputed village of Badme, a use of force that quickly escalated into full-scale war. An estimated 100,000 people were killed, one million were displaced, and a generation of development opportunities was squandered. After a period of stalemate and unproductive negotiations, an Ethiopian offensive in May 2000 forced Eritrea to retreat to pre-May 1998 positions. Following a June ceasefire agreement, the parties signed further internationally brokered agreements in Algiers in December.¹¹¹

Those agreements established the ceasefire, created a 25-km Temporary Security Zone (TSZ) to be patrolled by a UN mission (UNMEE), a commission (the EEBC) to delimit and demarcate the border and a claims commission to assess war-damage liability. Article Four charged the EEBC to "delimit and demarcate the colonial treaty border based on pertinent colonial treaties (1900, 1902, and 1908) and applicable international law". Its determination was to be final and binding. It was explicitly not empowered to make decisions on equity considerations.

The UN and the "Witnesses to the Algiers Agreements" – Algeria, the EU, the Organisation of African

Unity (now the African Union) and the U.S. – were guarantors of the agreement. Both parties claimed the other was to blame for beginning the war. The Eritrea-Ethiopia Claims Commission, part of the Algiers framework, concluded that skirmishes on 6-7 May 1998 did not constitute an armed attack by either state; Eritrea's claim to Badme had merit, and the village was in its territory; and "that Eritrea violated the Charter of the UN by resorting to armed force to attack and occupy Badme, then under peaceful Ethiopian administration ... and is liable to compensate Ethiopia for damages caused by that violation of international law".¹¹²

In April 2002, the EEBC ruled that Badme was in Eritrea, while less symbolically important areas were on the Ethiopian side. Badme was not the underlying cause of the conflict but for both regimes was the most visible marker of whether it had won or lost, and hence whether its terrible sacrifices had been in vain. Control of this small, desolate village thus was joined directly to the political fortunes – even survival – of both regimes.¹¹³

Ethiopian leaders strongly objected to the EEBC ruling and did everything short of resuming hostilities to delay compliance.¹¹⁴ Eritrea, frustrated by this and

¹¹² Partial Award, *Jus Ad Bellum*, Eritrea-Ethiopia Claims Commission, Ethiopia's Claims 1-8, The Hague, 19 December 2005, at www.pca-cpa.org/upload/files/FINAL%20ET%20JAB.pdf.

¹¹³ Isaias said that "pulling out of Badme may be likened to insisting that the sun will not rise in the morning...it is unthinkable", Cited in Kjetil Tronvoll, "Borders of Violence – Boundaries of Identity: Demarcating the Eritrean Nation-State", *Ethnic and Racial Studies*, vol. 2, November 1999, p. 1,048.

¹¹⁴ In a September 2003 letter to then-UN Secretary-General Kofi Annan, Prime Minister Meles Zenawi characterised the EEBC decision as "totally illegal, unjust, and irresponsible" and called for an "alternative mechanism" to demarcate the boundary. On 7 October 2003, the EEBC president responded to the Ethiopian letter in a letter to the Secretary-General, reprinted in "Progress Report of the Secretary-General on Ethiopia and Eritrea", S/2003/1186, 19 December 2003. The Ethiopian repudiation was a fundamental challenge to the Algiers peace process. Meles put forth a five-point peace initiative in November 2004 that claimed to accept the border ruling in principle while simultaneously calling for dialogue. More recently, Addis Ababa has said it accepts the decision unconditionally but has continued to insist

¹¹¹ The December 2000 treaty is at www.unmeeonline.org/index.php?option=com_content&task=view&id=15&Itemid=50.

what it considered appeasement of Addis Ababa, tried to force the demarcation issue in October 2005 by banning UNMEE helicopter flights, which led the UN to withdraw its forces from nearly half their deployment sites. In November 2005, Security Council Resolution 1640 demanded that Eritrea lift its restrictions, Ethiopia accept the EEBC's border demarcation decisions and both reverse recent troop mobilisation. Little changed on the ground, but the Council failed to follow through on its threat of sanctions against Eritrea. It failed to make a similar threat against Ethiopia despite its refusal of the EEBC decision.

on dialogue among other preconditions before demarcation can take place. The EEBC stated in its September 2007 report that "even if all of Ethiopia's conditions were met by Eritrea, Ethiopia would not commit itself to anything more than discussion on demarcation".

APPENDIX D

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Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international decision-takers. Crisis Group also publishes *CrisisWatch*, a twelve-page monthly bulletin, providing a succinct regular update on the state of play in all the most significant situations of conflict or potential conflict around the world.

Crisis Group's reports and briefing papers are distributed widely by email and printed copy to officials in foreign ministries and international organisations and made available simultaneously on the website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

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