

CSR Risk Check



ETHIOPIA

20 country risk(s) have been identified

- **HUMAN RIGHTS & ETHICS (16)**
GOVERNMENT INFLUENCE (7 RISKS)
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This country is marked as a “high risk” country for political risks on the Aon political risk map. This is level 5 on a 1-to-6 scale. Please visit the [website](#) for more detailed information about this country.

Sources: [Aon, Political Risk Map, 2020](#)

Ethiopia is considered to be "not free" according to the Freedom House Country List. This means that there is an oppressive regime, with regard to political rights and civil liberties.

Sources: [Freedom House, Freedom in the World, 2020](#)

Ethiopia is a federal democratic republic with its separate regions demarcated on ethnic lines. The Ethiopian Peoples’ Revolutionary Democratic Front (EPRDF, consisting of four political parties) has held power since it overthrew the Derg military regime in 1991. The EPRDF established the current constitution in 1994 and held the first multiparty election in 1995.

In February 2018, Ethiopia's prime minister Hailemariam Desalegn resigned after mass anti-government rallies. The ruling coalition subsequently declared a six-month state of emergency as it seeks to contain these anti-government protests. The minister of defence declared that public protests will be banned during these six months, alongside provocative speech.

This state of emergency has caused alarm among human rights activists and several foreign governments, as they are worried that it will lead to a violent and unjust crackdown on protesters. Moreover, it might erode the possibility of dialogue between the ruling coalition and the opposition parties.

Sources: [Government of the United Kingdom, Overseas Business Risk, 2017](#), [Aljazeera, Ethiopia: Mass protests 'rooted in country's history', 2018](#), [Telesur, Governments call for Ethiopia to revoke its state of emergency, 2018](#)

The Ethiopian government uses Information and Communication Technology purchased from abroad to suppress opposition. People are arrested and face

abusive interrogations. These practices limit the freedom of expression and the right of association in Ethiopia.

Sources: [Human Rights Watch, Ethiopia: Digital Attacks Intensify, 2015](#)

According to The Africa Competitiveness Report, the most problematic risk factors for entrepreneurs in Ethiopia are access to financing, inefficient government bureaucracy, corruption, and foreign currency regulations.

Sources: [World Economic Forum, The Africa Competitiveness Report, 2015](#)

In Ethiopia, freedom of association is very limited. Read more about this in the reports of [Human Rights Watch](#) and [Amnesty International](#).

Sources: [Human Rights Watch, World Report 2020 - Events of 2019, 2020](#), [Amnesty International, Report 2017/2018 - The state of the World's Human Rights, 2018](#)

Ethiopia is ranked 114th out of 128 countries in the Rule of Law Index with a score of 0.41 on a scale from 0 (worst possible score) and 1 (best possible score). This means that this country performs poorly in the areas of corruption, openness of government and enforcement of regulations around rights, order, security, civil and criminal law.

Sources: [World Justice Project, Rule of Law Index, 2020](#)

LAND USE & PROPERTY RIGHTS (3 RISKS)

Over the last decade, there have been many reports from Ethiopia of forced displacements as a result of development projects in different regions. Often, little or no compensation is offered and there is no prior consultation with local, usually indigenous communities.

Sources: [Oakland Institute, Moral Bankruptcy - World Bank Reinvents Tainted Aid Program for Ethiopia, 2016](#)

Due to the increasing demand in agricultural land in Sub-Saharan Africa, unsustainable farmland investments are increasingly common. Large-scale agricultural investments are often accompanied by displacement and dispossession.

Sources: [Schoneveld, G., Host country governance and the African land rush: 7 reasons why large-scale farmland investments fail to contribute to sustainable development, 2017](#)

Land in Ethiopia is owned by the government, with use rights assigned to households and businesses. Foreign investors can obtain lease contracts or

even ownership, in contrast to local people who arguably are at the mercy of the government concerning security of tenure. However, compensation of farmers for dispossession is often very low. Foreign Direct Investment is heavily promoted by the government, however high demand for land and the increase in population creates land scarcity. The administration of property rights over land and resources is not transparent and poses a risk of land grabbing.

Sources: [LANDac, Food security and land governance factsheet Ethiopia, 2016](#), [Minority Rights Group International, State of the World's Minorities and Indigenous Peoples, 2016](#)

COMMUNITY IMPACT (3 RISKS)

According to the Children's Rights and Business Atlas, this country scores poorly when it comes to the extent to which the state encourages the responsible extraction and use of natural resources, limits damage to the environment, and protects children from forced displacement as a result of land acquisition.

Sources: [Unicef & Global Child Forum, Children's Rights and Business Atlas, 2018](#)

There is a risk of constraining the food security of surrounding communities through the appropriation of lands traditionally used for farming and collection of natural resources.

Sources: [European Union Delegation to Ethiopia, Assessing the root causes of recurring food insecurity in Ethiopia, 2016](#)

The traditional way of living of indigenous communities in the lower Omo valley in Ethiopia is threatened. They are being resettled to make way for commercial agriculture and a major sugar plantation on their ancestral land. State-owned rum factories are also being installed on the land. This will end their tradition of cattle herding.

These projects will also use a high demand of water, therefore threatening the water supply of local communities. Furthermore, the Gibe III dam reduces the flow of the Omo River and will end its seasonal floods, thereby ending the production of food crops that are planted on the banks.

According to Human Rights Watch, virtually all of the traditional lands of the 7,000-member Bodi indigenous group have been cleared in the last 2 years, without adequate consultation or compensation. Under a governments' development program, relocation of circa 150,000 indigenous people is planned who live in the vicinity of the sugar plantations. These people are to be moved into sedentary villages and provided with schools, clinics, and other

infrastructure. As has been seen in other parts of Ethiopia, these movements are not all voluntary.

Sources: [The Conversation, 'World's worst environmental disaster' set to be repeated with controversial new dam in Africa, 2018, BBC News](#), [The people pushed out of Ethiopia's fertile farmland, 2015, Survival International](#), [Exposed: Forced evictions in Ethiopia, 2015, The Guardian](#), [EU diplomats reveal devastating impact of Ethiopia dam project on remote tribes, 2015](#)

CONFLICTS & SECURITY (2 RISKS)

Since September 2014, there have been reports of ethnic conflict between communities in the Gambella region. The clashes began in Mejenjer Zone but recently have spread wider, including to Gambella town. Reports have stated that dozens of people may have died.

There is local instability, lawlessness, military activity and a general risk of banditry in the Somali region. Since the mid-1990s, insurgent groups, some affiliated with terrorist organisations, have clashed with government forces, particularly in the Ogaden.

The Ethiopian military attacked targets across the Eritrean border in March 2012. There is a risk of further violence close to the border between Ethiopia and Eritrea. In addition, there are cross-border tensions in the Tigray and Afar regions and the security situation is deteriorating very rapidly. Also, banditry in the areas bordering Sudan, South Sudan and Kenya occurs and there has been violence, inter-tribal clashes and armed attacks in the Gambella region.

The terrorist group Al-Shabaab, although based in Somalia, poses a threat across the East Africa region. There are credible reports that Al Shabaab plan, and have the capability, to attack targets in Ethiopia. In addition, a number of indigenous Ethiopian and ethnic Somali groups which operate in Ethiopia are actively engaged in a militant campaign against the Ethiopian government, with most of their activity centred on the Ogaden region.

Sources: [Government of the United Kingdom, Overseas Business Risk, 2017](#)

This country is marked as a “very high” risk country for terrorism attacks on the Aon terrorism risk map. This is level 5 on a 1 to 5 scale.

Sources: [Aon, Terrorism risk map, 2020](#)

CONSUMER INTERESTS & PRODUCT SAFETY (1 RISK)

According to the Children's Rights and Business Atlas, this country scores poorly when it comes to the extent to which the state regulates marketing and advertising, protect children from online abuse and exploitation, and act to ensure children are not harmed through product use.

Sources: [Unicef & Global Child Forum, Children's Rights and Business Atlas, 2018](#)

- **FAIR BUSINESS PRACTICES (2)**
CORRUPTION (2 RISKS)

There are high levels of corruption in Ethiopia, although less high than in comparable regional countries. A corruption riddled sector is land distribution and administration, where facilitation payments and bribes in order to be allowed to keep land that is leased from the state are common.

Sources: [Business Anti-Corruption Portal, Ethiopia Corruption Report, 2017](#), [US Department of State, Country Reports on Human Rights Practices for 2018, 2019](#)

According to the Corruption Perceptions Index, the corruption score of Ethiopia is 37, on a scale of 0 (highly corrupt) to 100 (very clean). This means that the risk of corruption in Ethiopia is high.

Sources: [Transparency International, Corruption Perceptions Index 2019, 2020](#)

- **LABOUR RIGHTS (2)**
FREEDOM OF ASSOCIATION (1 RISK)

Ethiopia scores a 4 on the ITUC Global Rights Index (scale 1-5) for freedom of association and workers' rights, which stands for systematic violations of labour rights. The government and/or companies are engaged in serious efforts to crush the collective voice of workers putting fundamental rights under continuous threat.

Sources: [ITUC-CSI, ITUC Global Rights Index, 2019](#)

DISCRIMINATION & GENDER (1 RISK)

Discrimination against women is most severe in rural areas of Ethiopia, where about 80% of the population lives. But also in urban areas, women have fewer employment opportunities than men, and available work often does not provide equal pay for men and women.

Sources: [US Department of State, Country Reports on Human Rights Practices for 2018, 2019](#)
