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### The political economy of salt in the Afar Regional State in northeast Ethiopia

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## The political economy of salt in the Afar Regional State in northeast Ethiopia

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The Afar people are one of the most marginalised groups of people in the Horn of Africa. Politically they are fragmented into three countries – Ethiopia, Djibouti and Eritrea – and economically successive governments and more powerful neighbours have appropriated their fertile riverine lands. The economic and political marginalisation of the Afar in Ethiopia has continued even since the establishment of a federal system and the subsequent creation of the Afar Regional State in 1991. The paper chronicles and analyses the process of marginalisation of the Afar through a case study of the political economy of the recently discovered salt reserve at Lake Afdera, its impact on the derailment of Ethiopia's iodisation programme, and the associated public health risks.

**Keywords:** Afar; Ethiopia; political economy of salt; decentralisation

### Introduction

Ethiopia has instituted a unique political order since the regime change in 1991, widely known as ethnic federalism. Winning a protracted war against one of Africa's brutal military dictatorship – the Derg – the Ethiopian People's Revolutionary Democratic Front (EPRDF) has remapped the century-old unitary Ethiopian state into an ethnic federation (James *et al.* 2002). Subsequently, nine ethno-regional states have been created that constitute the Federal Democratic Republic of Ethiopia with constitutional rights for self-determination including and up to secession. The EPRDF itself is a coalition of ethnic-based political organisations that claims to represent four of the country's largest ethnic groups: the Tigrayan People's Liberation Front (TPLF); the Amhara National Democratic Movement (ANDM); the Oromo People's Democratic Organization (OPDO); and the Southern Ethiopia People's Democratic Movement (SEPDM). The dominant force within the EPRDF is the TPLF, though it represents a much smaller constituency than the other members of the coalition. In fact, the EPRDF was created by the TPLF when the latter needed a justification to operate militarily against the Derg establishments outside of the Tigray region at the end of the 1980s.

The EPRDF has ruled Ethiopia through 'a two-tier system of federalism' (Young 1999, p. 344). It has directly governed the four highland regional states through its member organisations and the remaining five largely lowland regional states indirectly through affiliated parties. Situated in the northeastern part of the country and with a population of about 1.4 million inhabitants, the Afar National Regional State (ANRS) is one of

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these lowland regional states that constitute the Federal Democratic Republic of Ethiopia. The EPRDF's official narrative of the two-tier system of federalism is based in an essential difference in political culture between the highlanders – the historic core of the Ethiopian state – which is politically more 'developed', and the 'backward' lowland regionalism euphemistically called 'emerging' or 'developing' regional states of the Federation (Young 1999, pp. 344–345). Ostensibly the distinction also acknowledges the depth of the economic marginality and political exclusion of the peoples of these regions throughout imperial and military rule.

Ethiopia's experiment in ethnic federalism has been a subject of intense public debate and scholarly polarisation. The admirers hail it as a model of managing cultural diversity and promoting political integration in multicultural societies (Chabal and Daloz 1999, Alemseged 2004). The detractors, on the other hand, see behind ethnic federalism a strategy of divide and rule allowing an ethnic minority – the Tigreans and the TPLF that claims to represent them – to dominate the majority populations (Vestal 1999, Merara 2003).

This article appraises the praxis of ethnic federalism in reference to the lived realities of regional autonomy and economic empowerment of ethnic communities, by taking the example of the political economy of the newly found salt reserve at Lake Afdera in the Afar National Regional State. An exposition of the major economic players and their respective power positions in the production and distribution of salt reveals the continued marginalisation of the Afar despite the strong rhetoric of self-determination in post-1991 Ethiopia. The regional economy is still dominated by Afar's powerful neighbours – the Amhara and the Tigrean highlanders – in concert with the ruling EPRDF with whom they are connected through ethnic solidarity and economic networks. The case study also shows how the EPRDF has infringed upon regional autonomy and the mechanisms of dominating the national economy through its business parastatals, despite its declared commitment to a market economy and an equitable development. The article also examines the cost of marginalisation, Afar political resistance against their economic marginalisation and attempts to reposition themselves in the salt sector, and the EPRDF's failure to redress economic grievances of one of the country's historic minorities.

The empirical materials of the paper are derived from the two rounds of ethnographic fieldworks the author conducted in Afdera district and Semera town, the capital of the Afar National Regional State, in August 2009 and March 2010. The discussion that follows is organised into three sections.

### **Salt production in the Afar region**

Salt production has a long history in northeast Ethiopia in general and the Afar region in particular. It dates back to the long-distance trade of medieval times (Abir 1968), and salt bar (*amole*) was widely used as a medium of exchange up to the mid twentieth century. In fact the source of all *amole* in circulation, which connected the various regions of Ethiopia, was the salt plains of the Afar lowlands located in the Denakil depression (Bahru 2002). The rise and fall of polities in Northern Ethiopia was intimately connected to access to and control over the salt trade routes (Medhane 1995). After the independence of Eritrea in 1993, Ethiopia lost most of these Afar salt mines. Salt supply had, however, continued unaffected after the breakaway of Eritrea up until the resumption of war between the two countries in 1998 (Ministry of Health 2007).

The 1998–2000 Ethio–Eritrean war interrupted Ethiopia's salt supply from Eritrea. As a result, Ethiopia started importing salt from neighbouring countries, particularly Djibouti. Seeking to avoid dependence on the international market, the Ethiopian

government explored domestic sources of salt. Although a small amount of salt is available in underground water in Tigray and from rocks in Somali regions, abundant salt is found in the Afar National Regional State, particularly from Lake Afdera. At present, Lake Afdera, located close to the Eritrean border, produces and distributes 95% of the total salt requirement of Ethiopia. In fact, supply by far exceeds domestic demand. Ethiopia's annual domestic salt demand is estimated at 350,000 tonnes, whereas Afdera alone has an annual production capacity of 1.2 million tonnes of salt.

Salt is produced by large (over 800 tonnes a month), medium (300–800 tonnes a month) and small-scale producers (fewer than 300 tonnes a month). There are 750 salt producers in Afdera, though the officially registered investors at the Regional Bureau of Investment are in the thousands. Nearly all of the Afar fall within the category of small-scale producers. Those remaining are investors from various parts of the country, generically called highlanders (*habesha*), who own companies that fall either within the medium- or large-scale producers. The big salt companies that operate in Afdera include: Ezana; Afdera Salt Production Company (ASPC); Lucy Salt Production Company (LSPC); Ertaele; Dalol Salt Production Company (DSPC); Yo Action (YA); and Bashanfer. Established in 2000 with a capital of Birr 75,000,000, Ezana is the largest salt-producing company in Afdera. Ezana is equipped with modern salt production and iodisation plants. It has the capacity to produce 250,000 tonnes of salt per year – 71% of annual domestic product – but currently produces only 30,000 tonnes a year because of a production quota system. All salt producers in Afdera were organised in 2007 under the Afdera Salt Producers' Association (ASPA) primarily to regulate excessive production and stabilise the market. The organisation is run by a Board of 11 members elected each year. The Board has also market and legal advisers.

### Who is in charge of Afdera's salt?

Three sets of major players are involved in the production and distribution of Afdera's salt: the Afar; the highlanders (*habesha*); and the EPRDF-led federal government.

### *The Afar*

Various interest groups are discernible among the Afar that have a stake in the salt business. At the highest level, Afar interest is represented by the Afar regional government. According to the 2007 Census, the Afar Region has a total population of 1,411,092, of which 90% are Afar. The rest are migrants from other parts of the country, particularly the Amhara, Tigreans and Oromo (Central Statistical Agency 2008). In 2004, only 49% of the total population had access to safe drinking water, of whom 26.89% were rural inhabitants and 78% were urban. Values for other reported common indicators of the standard of living for the Afar Region in 2005 include the following: 67% of the inhabitants fall into the lowest wealth quintile; adult literacy for men is 27%, and for women 16%; and the regional infant mortality rate is 61 infant deaths per 1000 live births (Central Statistical Agency 2008). Although endowed with abundant natural resources such as water, irrigable land, massive deposits of salt, thermal energy and various exploitable minerals, the Afar Regional State has been heavily subsidised by the federal government since 1991; it is defined by the EPRDF as one of the four 'backward' or 'developing' regional states.

The regional political leadership has sought to empower the Afar politically and economically within the regional state and beyond the region to participate in the affairs of the nation, in reference to the generous provisions of self-rule and social equity enshrined

in the country's 1995 Constitution. Keenly aware of the strategic importance of its status as the sole supplier of salt to the country and the disparity between the Afar small-scale producers and the highlander large-scale investors, the regional government has sought to increase the participation of the Afar people in the lucrative salt business. To this end, it has encouraged Afar from different parts of the region to come to Afdera and participate in salt production. The regional government also generates royalties from the salt business, with an annual revenue of around Birr 100 million. The regional government has also closely supervised the activities of the Afdera Salt Producers' Association (ASPA) and secured four out of the 11 seats on the Board. Many in the regional leadership have also invested in salt production. Unsurprisingly, they feel threatened by the economically more powerful highlander investors.

A second group of Afar with a stake in salt production is the landowners. Land is communally owned among the Afar, and clan elders serve as custodians of clan lands. Grazmach Yayo is the custodian of the land around Lake Afdera on behalf of the Gedento clan. Although members of the Gedento clan own most of the land, many Afar immigrants also have access to salt land as a result of the support they receive from the regional government.

The cross-cutting issue for all these categories of Afar is greater participation in the salt sector, which they achieve by using constitutionally sanctioned ethnic rights. According to Article 39 of the country's constitution, the Afar, like other nations and peoples of Ethiopia, are entitled to administer natural resources that are found in their respective territories. However, although the Afar have a strong political leverage over salt affairs through the regional government, they lack the financial capital necessary to graduate into large-scale producers and distributors to the national market. The economic marginalisation of the Afar echoes similar stories of marginalisation of peoples of the Ethiopian periphery such as Somali region (Hagemann 2006), Gambella (Dereje 2003) or Benishangul-Gumuz (Young 1999).

The Afar exert a strong influence over the salt business through the political leverage of the regional government. This has enabled them to occupy a new economic niche, albeit marginal vis-à-vis other economically powerful players. Coming from a subsistence society and lacking access to credit institutions, the Afars' participation in the salt business is limited to the small-scale level, with the main constraint on enhancing their share of production being limited capital. The highlanders, on the other hand, coming from an entrepreneurial culture and with a differential access to the national economy, wield a more competitive edge than the Afar. The pace at which the investors – both the large-scale producers and the distributors – have amassed profit from Afdera's salt and their ostentatious display of wealth have further reinforced the Afar's sense of relative deprivation. The issue for the Afar is no longer enhancing their participation, but maintaining their marginal position in the salt sector. This is, above all, evident in their urge to tightly control the ASPA, particularly its Board. Although they have representation on the Board, the Afar see themselves progressively marginalised in its decision-making process, particularly on issues related to the iodisation programme.

### **Highlander investors**

The second major set of actors in Afdera's salt business is the highlanders, who are large-scale producers and distributors. Also known as *habesha*, the highlanders are mainly of Tigrean and Amhara origin, two of Afar's powerful neighbours connected to the Ethiopian state. The Amhara were Afar's overlords during the imperial period and their northern

neighbours, the Tigreans, have become politically and economically dominant in the region since the coming to power of the TPLF/EPRDF in 1991. Although the Amhara and the Tigreans appear similar in the eyes of the Afar, in cultural terms they are nevertheless historical rivals in the political competition to dominate the Ethiopian state. The first group of highlanders who came to Afdera was the Tigreans. They were brought to Afdera by the district officials, who were keen to develop the newly constituted Afdera district in 1998. Aware of Afars' limited access to capital and in anticipation of the trickle-down effect to Afdera district from a flourishing salt business, local Afar officials in fact went out of their way to persuade the Tigrean cotton investors in the Gewane area to come to Afdera and start salt mining. Some Tigrean investors responded to the call and set out in the lucrative salt business. These investors were given two kilometres of salt land along Lake Afdera's coast, and established a company known as Afdera Salt Production Company. Many more investors rushed to Afdera afterwards.

Given the lack of experience in the sector and the absence of the relevant legislation to smoothly administer the salt business, salt production in Afdera started chaotically. Establishing marketing facilities with a semblance of economic order was not well thought through by the regional or federal governments. Investors hastily joined the business, borrowing money even from usurers. As a result, the market was soon flooded. This has generated stiff economic competition between the big and small producers. The big investors connived to kick out the small businesses from the market by intentionally depressing the price of salt, which went down as low as Birr 10 per quintal. It was subsequently decided to create a more orderly marketing system. The brokers continued to play distributors off against each other. As a result, many distributors became bankrupt. Promising to fix market failures by offering a standard price despite excessive production, a sole distributor, of Amhara origin, emerged as a dominant actor on Afdera's salt scene. This was not well received by the pioneer Tigrean investors. Seeking to offset the dominance of the Amhara distributor and his favour among the Afar, the Tigrean investors networked with the federal establishments – the Ministry of Mining and Energy, the Ministry of Trade and Industry, and the Ministry of Health. The Afar initially upheld the idea of 'only one distributor' as a mechanism of risk management, though monopoly would ultimately disadvantage them. Due to pressure by the Ministry of Trade and Industry and the large-scale producers, the number of salt distributors was increased in January 2010 to three. All of these distributors are highlanders: two Amhara and a Tigrean.

In comparison to the Afar, large-scale producers and distributors have stronger financial capital. In fact, some of the companies engaged in Afdera's salt business are 'heavyweights' in the national economy, including YO Action, which is linked with major Ethiopian investor Sheikh Alamudi. Place of origin and ethnic networking also make the highlander investors, particularly the Tigreans, closer to the federal establishments than the Afar. Apart from representation on the Board of the Afdera Salt Producers' Association, two of the key posts, the market and legal advisers, are occupied by Tigreans. Regional autonomy and the rise in consciousness of ethnic rights among the Afar have, nonetheless, dampened the highlanders' aspiration to easy riches and huge profit margins.

### *The federal government*

The EPRDF-led federal government is another major player in salt production in the Afar region. It seeks self-reliance by securing a domestic source of salt supply, particularly after the outbreak of the Ethio–Eritrean war in 1998, and to that end has been actively involved in the production and pricing of Afdera's salt. In fact, the federal government has imposed a

price restriction on salt since January 2010 to regulate the sector. According to a new regulation, the price of salt at production sites is Birr 800/tonne. The price went as high as Birr 1060/tonne in 2009 when unregulated. Currently the retail price for each kilogram of non-iodised salt is Birr 2.5/kg, as compared to its price at the production site of Birr 0.8/kg. The economic interest of the federal government is served by the Ministry of Mines and Energy, and the Ministry of Trade and Industry.

Although Afdera has abundant supplies of salt, reliance on a single district for a strategic resource such as salt has made the federal government anxious to ensure control over the production and distribution of Afdera's salt. The Ministry of Mines and Energy, in collaboration with private investors, therefore established the largest salt company in Afdera, known as Ezana. Ezana is not only the largest company in terms of production capacity, but also owns large tracts of salt land. This has created tension between Ezana and the small-scale producers, particularly the Afar; Ezana acquired 11 km salt land of the 30 km-wide Lake Afdera by displacing 500 Afar small-scale producers. This forced displacement, coupled with the new interest in networking between owners of the Afdera Salt Production Company (owned by Tigreans) has infuriated the Afar, who had anticipated reciprocity and mutual support by bringing the Tigrean investors from Gewane to Afdera in the first place. The displacement has also violated Afar's customary law, according to which land is owned by a titular clan.

The federal government's involvement in Afdera's salt business is far from transparent. First, the Afar received no adequate communication about the nature of the public-private partnership that resulted in the establishment of Ezana. Due to the predominance of the Tigreans in management and leadership positions, as well as the symbolism of the company's name, Ezana is primarily considered a Tigrean company by the Afar. The sudden change of the company's name by the federal government to Afar Salt Producers' Share Company (ASPS) at the height of the political tension in 2009 over the control of salt production further alerted the Afar to enquire into the economic interests behind the company. It was only then that the federal government communicated to the regional government how the company's shares were distributed – 80% owned by the Ministry of Mines and Energy and the remaining 20% by 'private' companies. These 'private' companies are Ezana and Guna Trading plc. Ezana and Guna Trading plc are two of the major TPLF business companies that constitute EFFORT (the Endowment Fund for the Rehabilitation of Tigray). The dominant position of the EPRDF-affiliated business companies ('endowments') such as EFFORT in the national economy, and the preferential treatment they receive from the government, is one of the most contentious political issues since 1991 (Milkias 2001, Anonymous 2003, World Bank 2009, Zakaariyaas 2010).

According to EPRDF, the seed capital used to establish the endowments was derived from the capital it had accumulated during the armed struggle that it then redeployed. The continued existence of the endowments is further justified as fulfilling economic gaps which neither the state nor the private sector could cover (EPRDF 1999). Critics, however, point out the role of the endowments in consolidating TPLF's dominant political power outside Tigray (Anonymous 2003, p. 9). In a major study entitled 'Towards the competitive frontier: strategies for improving Ethiopia', on constraints on private sector development in Ethiopia, the World Bank also criticised the monopolistic tendencies of the endowments in the following manner: 'as the private sector grows and is in a position to contest all business areas operated by endowments, the early rationale for endowment-owned businesses has eroded' (World Bank 2009, p. 54). The fact that EPRDF proclaimed in 1993 that a political party may not directly or indirectly engage in commercial and industrial activities makes the legal status of the endowments the more contentious.

At any rate, the Afar do not believe that the federal government has the largest share of Ezana, and rather consider it as owned by Tigrean investors. When the federal government insisted that it owned the largest share of the company representing national interests, the regional government demanded greater participation of the Afar in the salt sector. According to the Afar perspective, referring to the generous ethnic rights enshrined in the constitution, the role of the federal government should be building the capacity of the regional Bureau of Mines and Energy, not substituting it by a federal ministry. The federal government sought to justify its dominant position in the language of 'lack of regional capacity', that is, that the company is a multi-million-birr venture, and the regional government does not have the capacity to administer it. Afar's frustration with its marginal position in the salt business is illustrated well by the following remark during an interview in Semera town:

The problem is not whether non-Afar can come and make money from Afar's salt. In fact, it is Afar who originally brought the highlanders to work in Afdera. The problem is rather the huge imbalance. Many of the highlanders who the Afar brought to Afdera have become very wealthy. One of the distributors, for instance, owns over 50 Scania [trucks] and drives a car worth Birr 3 million. We are wondering how they could become so rich in a very short period of time while the Afar get a very minimal portion of the profit. We suspect that they are selling our salt at a much higher price in Addis Ababa and elsewhere, and giving us only Birr 80 per quintal. And if these powerful highlanders start iodising the salt, they will make an even greater profit and Afar will ultimately be driven out of the salt business. (Interview with anonymous Afar official in the regional government, Semera, 11 March 2010)

The statement aptly captures the political economy of the salt business and Afar's moral critique of the existing and steadily growing power imbalance between them and the highlanders and the federal government. The tension has led the Afar to back up their moral critique with a display of their regional power. When the Afar Salt Producers' Association held its third board meeting on 10 March 2010, it was attended by senior Afar politicians, who expressed their discontent regarding the marginal position of the Afar, indicating the level of resistance coming from the Afar on issues related to the salt business.

Ethiopia's federalism still needs to find a balance on self-rule and shared rule (Keller 2002, Assefa 2003, Turton 2006, Clapham 2009). Post-1991, decentralisation reform in Ethiopia reveals that regional governments have technically separate power to self-administer their regions, and formulate and implement their socio-economic policies and strategies. The implementation of the reform, however, shows sustained central government dominance in assignment of expenditure and revenue, continued regional dependence on central subsidy, and sustained central government interference in the administrative affair of regions. The very strong federal patronage and domination, particularly in the so-called developing regional states, has seriously undermined regional autonomy which is otherwise guarded by generous constitutional provisions. On the other end of the governance continuum, regional political actors tend to highlight the self-rule dimension of federalism that should include control over natural resources within their respective territories.

While commenting on the dominant position of the federal government and Tigreans in the production and distribution of Afdera's salt, many Afar politicians and producers have wondered whether this signifies a shift from decentralisation, represented by the federal system of government, to the old and discredited centralised system of governance of the previous regimes. An Afar salt producer remarked at the Board's third annual meeting:

Afar is not benefiting from its salt. Tomorrow petroleum could be found in the Afar area. Who should own these resources? Why is it the case that officials from Addis Ababa control

everything? We thought federalism was us. It is we who built the federal order. Is there federalism without the Afar and the other peoples? Ministry of Mines and Energy or Ministry of Trade and Industry, Ministry of Health all have branches in Afar. Why is it not possible for the federal government to build the capacity of the regional bureaus so that the Afar can actively engage in the salt business? All I can say is that the *atse sireat* [the imperial political order] is coming back! (Afar salt producer, 10 March 2010)

When more conscious members of Afar society were asked why it is not possible to bring the Afar into the economic mainstream, many replied that it was because of the lack of political will to foster equity and social justice, despite the constitutional rhetoric of local empowerment. A common suggestion of a way to foster equity in the salt sector is to give the Afar a share in the ostensibly federal government-owned ASPSC, Ezana, and if no individual Afar can buy a share, the regional government could invest in the company on their behalf.

The regional government has also complaints regarding taxation and royalties. The 40 kg bag is currently sold for Birr 80 at Afdera, and the net income is Birr 53.42 after deduction of taxes: 2% withholding tax; 3% tax for the regional Bureau of Mining and Energy; 11% tax for the district of Afdera; and 15% VAT for the regional Bureau of Finance and Economic Development. The resistance of the large-scale producers against what they consider ‘onerous’ excise and income taxes has angered the regional government. The Afdera district council demanded Birr 31.80 excise tax per quintal, and a negotiated settlement was finally reached at Birr 5.60. A more contentious issue was income tax: the salt producers never paid income tax, and the Afdera district council demanded an income tax of Birr 4.08 per quintal as of January 2010. This was heavily contested by the Board (largely representing the interests of the large-scale highlander producers), on the grounds that the income-tax tariff was not commensurate with the profit margin.

### Contesting regional power

The Afars’ sense of marginalisation in the salt sector needs to be historicised and contextualised within the political economy of the Ethiopian state and its relations with its peripheries in the long term. Afar political narratives centre on their sense of exclusion. The Afar region, particularly the Awash valley, has been a prime target for various government ‘development projects’ (Getachew 2001, Piguet 2007, Yasin 2008). From the imperial power, the Derg, to the EPRDF-led Ethiopian governments, various development interventions have been carried out in the Afar region. The net result of these development interventions is the Afars’ dispossession of their lands, ultimately leading to their political disempowerment.

The Afar experienced good times when a secure natural resource base and active participation in the regional trade resulted in their own state flourishing and being well respected by their neighbours, as was the case during the Awsa Sultanate (Thesiger 1935). Established in the sixteenth century, the Awsa Sultanate is currently represented by Sultan Alimirah and his family (Yassin 2008). Aware of the political implication of the economic encroachments into the Afar region, Sultan Alimirah sought to contain powerful external economic actors, including members of the royal family, by turning himself into a popular capitalist in the 1960s by pre-emptively establishing cotton plantations (Harbeson 1978). By the mid 1970s, the Alimirah family emerged as one of the key players in the Awash valley (Said 1998). When the Derg sought to curb the rising political and economic influence of the Awsa Sultanate, Sultan Alimirah fled the country and established a liberation movement called the Afar Liberation Front (ALF) (Vaughan 2003, pp. 212–213).

Militarily allied with the TPLF during the armed struggle against the Derg, ALF seized the regional political power in the early years of the 1990s (Yasin 2008, pp. 2–5). ALF's relative political autonomy, however, was not well received by the EPRDF; the ALF was soon replaced by more EPRDF-friendly political organisations that were brought into a new ruling coalition known as the Afar National Democratic Party (ANDP). With that, the historic Sultanate has gradually but steadily retreated from politics, and a new generation of dependent regional elites has come to dominate the regional power politics in its wake. But even this new generation of the regional leadership, although groomed by the EPRDF, is showing signs of strains in its partnership with the EPRDF. The main contentious political issue between the regional and ruling parties is the issue of Afar's continued marginality in the externally controlled regional development process, while paying the cost of 'development' expressed in the form of displacement and involuntary resettlement.

Apart from Afdera's salt, the federal government has recently embarked on a large-scale, risky development project in the Afar region known as the Tendaho Sugar Factory, with a large plantation farm attached to it. In November 2006, the Ministry of Trade and Industry decided that Tendaho Agricultural Development (cotton) should be dismantled and merged under the Tendaho Sugar Factory. This is part of Ethiopia's current massive expansion of sugar production responding to the new market incentives by the European Union (EU). Ethiopia has been exporting sugar to EU countries since 2001, and its quota has increased over the years. The Tendaho Sugar Factory and its plantations lie on 54,000 ha of land, with a capacity of 600,000 tonnes when it starts operation.

The gigantic factory, and the plantation associated with it, are expected to displace many Afar from their prime grazing land and induce a massive influx of highlanders from Tigray region as labourers. The Ministry of Works and Urban Development completed the construction of 3400 houses for the Tendaho Sugar Factory workers (all highlanders) in February 2010. The housing developments include multi-storey buildings, schools, health centres, hospitals and recreation centres, and have created small towns. They are mainly providing social services to the highlanders, in contrast to the older, but poorly serviced small towns largely inhabited by the Afar. These double standards have created a sense of envy and deprivation among the Afar, engendering a discourse of being reduced to 'second-class' citizenship. It is for this reason that the regional government and the federal government have been in strong disagreement over the Tendaho sugar plantation. The three ongoing road construction projects to connect the Afar region to Mekelle, the capital of the Tigray Regional State, are also part of this externally oriented and extractive 'development' process.

In the eyes of the Afar, the large-scale appropriation of their land – which is the only permanent source of water and valuable dry season pastureland, the loss of their investment (largely by the Afar officials) in the cotton farms displaced by the sugar plantation, and the expected influx of highlanders, have generated a discourse of ethnic threat. The Afar believe that they might be turned into a minority in their own homeland, ultimately leading to their extinction due to assimilation into the culture of the highlanders. Their simultaneous dispossession and the coming of even more powerful economic actors to the region are felt by the Afar to be a serious threat leading to their ultimate political disempowerment. They consider that this state of affairs threatens to make ethnic federalism a political hypocrisy.

At times, the Afar frame their inclusionary demands in the language of geopolitics, specifically in reference to the new structure of strategic relevance that the protracted Ethio–Eritrean conflict has created for them. As artificial entities, state borders are often considered to be constraints to the local communities whose settlement patterns straddle

the border. That state borders also serve as conduits and opportunities is also gaining a new currency in the field of border studies (Nugent 2002). Borderland communities could also use the border as political ‘capital’ either to negotiate their marginality or buffer governments’ tight grip over local affairs (Dereje and Hoehne 2010). The volatile inter-state relations of the Horn have created a unique opportunity for the borderland communities, enabling them to play two powerful state actors off against each other.

Embittered by the loss of its revenue from salt export to Ethiopia after the break-up of the war and engaged in a proxy war since then, the Eritrean government has sought to create instability in the Afar Regional State which it borders in the South. This ranges from co-opting Afar traditional authorities (the Sultan Alimirah families) to funding armed Afar rebel groups and mining the road that leads to Lake Afdera. Although many Afar subscribe to the project of Greater Afar (uniting the Afar of Ethiopia, Eritrea and Djibouti), and particularly resent the secession of Eritrea, they also instrumentalise their appeal to the Eritrean government in their contestation with the Ethiopian government over regional autonomy and economic marginalisation. On 1 March 2007, a group of Western tourists and their Ethiopian tour guides were abducted by an armed group in the Afar region. On 20 February 2008, the Ethiopian government reported that the police had prevented the attempted kidnap of a group of foreign tourists travelling in the region, and a number of landmines exploded in the period on the road between Afdera and Logia. In the latest incident, a tourist vehicle travelling to Erta Ale (the active volcano site) hit a landmine on 15 April 2009, killing two Ethiopians and injuring a foreign tourist. These explosions are part of the interplay between Afar’s sense of marginalisation and the protracted Ethio–Eritrean conflict.

One of the arguments put forward by some members of the regional government following these incidents as to why the Afars’ share in the salt sector should be increased was a reference to this delicate geopolitical setting. To this end, the Afar youth was organised into salt cooperatives. Many members of the Afar Youth Cooperative are former members of either Uggugumo or Afar Revolutionary Democratic Unity Front, two armed rebel groups that have waged a low-intensity insurgency against the Eritrean and Ethiopian governments (Yasin 2008). As one senior Afar official put it, ‘failure to reintegrate this disaffected group of people would create political instability in the region’, a political statement which is as much a concern for regional political stability as it is a veiled threat to the federal government to respond to Afar’s inclusionary demands couched in the language of geopolitics.

### **The cost of marginalisation: the ill-fated iodisation programme**

The main problem with the domestically produced salt in Ethiopia is lack of iodine. Ethiopia is a country with high prevalence of iodine deficiency. Iodine deficiency is a considerable public health problem causing foetal brain function damage that ranges from loss of up to 10 to 15 points of IQ, to severe mental retardation (McCarthy 2001). Two main sources of iodine are plants grown in soil that contain iodine and salt. Unfortunately, both Ethiopian soil and salt are iodine deficient. Ethiopia had a mandatory regulation on salt iodisation, and is one of the few countries in the region to adopt the Universal Salt Iodisation (USI) strategy. Between 1994 and 1998, over 90% of Ethiopian households were consuming iodised salt supplied by Eritrea.

Currently only 4% of Ethiopia’s 77 million people consume iodised salt – among the lowest percentages in the world (ICCIDD 2007). It is for this reason that Ethiopia is known for a high incidence of Iodine Deficiency Disorder (IDD). Aware of the severity of the

problem, the Ethiopian government has made iodisation one of its top priorities in the health sector. A number of donors such as UNICEF and the Micronutrient Initiative, the leading organisation working exclusively on elimination of vitamin and mineral deficiencies in the world's most vulnerable populations, are actively engaged with the Ministry of Health in discussion on salt iodisation. Apart from formulating relevant legislations that help combat IDD, the Ethiopian government in coordination with UNICEF has planned various strategies since 2005. A number of iodine-related initiatives were taken, including the establishment of a Central Iodisation Facility (CIF) in Afdera in 2009. Despite the favourable policy environment and the strong commitment of the donors to help Ethiopia achieve its USI, no progress has been made in combating IDD effectively, primarily because of the failure to reach a negotiated settlement among the various actors involved in the production and distribution of salt in the Afar region.

Given the stark economic imbalance between the Afar small-scale producers and the large-scale highlander investors, as well as the heavy-handedness of some of the companies, the Afar have become very suspicious of the iodisation programme. When the word spread that UNICEF had distributed iodisation machines to the large-scale producers, particularly to Ezana, the Afar questioned the whole intention of the iodisation programme as if it were yet another highlander ploy to force them out of the salt business. This underlying tension between political power and economic insecurity has created a stalemate. Five years later, the iodisation programme is stalled, and there is no resolution in sight. The following section discusses what has gone wrong with the iodisation programme, situated within the larger political economy of salt in Ethiopia.

Fearing that the iodisation programme might give the non-Afar greater say and control over the salt business, in 2009 the Afar regional government organised 60 unemployed Afar youth into an association with a principal mandate of carrying out the donor-supported salt iodisation programme. The Afar Youth Association briefly ventured into the iodisation business under the political support of the regional government, with financial support from the Micronutrient Initiative (MI). However the low development dividends from the salt business have accentuated the Afars' sense of relative deprivation, and neither federal support nor corporate social responsibility have significantly contributed to the alleviation of Afdera's daunting development challenges. Even the Afdera Salt Producers' Board failed Afdera when it appropriated the budget allocated for the construction of a school, to cover its own administrative running costs instead.

The fact that the producers' association was not duly consulted over the iodisation programme has also undermined genuine dialogue and participation from Afar at various levels. In fact, the manner in which iodisation machines were distributed to the stronger private companies (particularly to Ezana) brought about an atmosphere of suspicion. Initially six iodisation machines were distributed to the large-scale producers by UNICEF/MI, all being non-Afar. Angered by this exclusionary act, the Afar sought to take possession of the iodisation machines in a move reminiscent of the Ludditism of the early industrialisation period in Europe.

Confronted by a more determined resistance by the Afar, the federal government was forced to make concessions. Accordingly, 12 iodisation machines were supplied, 10 to the Afar Youth Association (AYA) and two to the Dobi Youth Association. Although this gave the Afar greater participation in the salt business, the Youth Associations did not manage the business well. Most of the reasons for the Afar Youth Association's failure are external. First of all, the AYA was hastily formed, created overnight by copying the national cooperative by-laws. By the time the AYA started iodisation it did not even have legal status. This frustrated producers, who were uncomfortable in dealing

with an entity that was not yet legal. Nor was iodisation profitable as a business. The AYA started without even having weighing scales, and with very poor working conditions. Moreover, the 10 machines were handled by 60 Afar youth (six people per machine) and this created a high workload (600 quintals of iodised salt per hour). Under these circumstances, the AYA could not sustain its involvement in the programme. In fact, it was kept in the business for five months merely to save face: for fear of the further politicisation of the iodisation programme, the donors continued to pay the Birr 1000 monthly salaries for the 60 members of AYA for that period.

Except for a few officials from the Ministry of Health, no one bothered to seriously engage with either the Afar political leadership or the producers about the iodisation programme. The Board's bilateral deals with the Ministry of Mines and Energy, and also with the Ministry of Health, in February 2010 were also considered a deliberate act to further marginalise the Afar voice in the salt affairs. Many Afar repeatedly referred during the second annual board meeting to the non-accountability of the Board to the producers and the regional government, with it being widely believed by the Afar that the Board had increasingly sided with the large-scale producers, the distributors and the federal establishments.

The invalidation of the scientific argument for the iodisation programme in the eyes of the Afar has further complicated the issue. This related to the lower incidence of goitre among the Afar. According to a 1980 stratified goitre survey, the gross goitre prevalence among schoolchildren and household members was 30% and 19% respectively. According to the 2005 National Micronutrient Survey conducted by the Ethiopian National Health and Nutrition Research Institute, goitre rates have increased to 40%. The prevalence rates at higher altitudes are usually higher than those at lower altitudes (Zewdie *et al.* 1993, pp. 257–268). When UNICEF personnel sought to explain to the Afar the significance of the iodisation programme for public health, the Afar were not persuaded, instead challenging the scientific arguments in the following manner:

If what you say is true, why don't you then see Afar with goitre, though Afar salt has never been iodised? Also, you said that people in the highlands suffer from goitre because the plant they grow on the soil has very low iodine. How is that then we are not affected by goitre because we get most of our crops and vegetables from the highlands? (Excerpts from discussion with UNICEF staffs in Logia, 12 March 2010).

This 'discrepancy' between the scientific arguments for the salt iodisation programme and Afar empirical evidence against it would not have been a big problem had it not been for the Afar's deep-rooted lack of trust in the highlanders as well as in the Ethiopian state. Development interventions carried out primarily through non-Afar professionals have often been met with suspicion, and in some instances outright rejection. Many Afar pastoralists, for instance, rejected veterinary services or polio vaccination for lack of confidence in their relevance or efficacy, because they happened to be 'the right thing through the wrong [that is, the highlanders'] mouth'. Against the backdrop of suspicion and loss of trust due to exclusionary practices by the federal government, the Afar never believed that the discourse of iodisation was related to health risks but considered it rather a mere camouflage to dominate the lucrative salt business by government-related private interest groups. On a larger scale this misperception is situated within Ethiopia's historically conditioned centre–peripheral relational mode that throws light on how fragile the legitimacy of the federal government is in these regions (Markakis 2003).

Aware of the danger of the further politicisation of the iodisation programme the federal government took a series of measures to calm rising Afar discontent:

- The Afdera Salt Producers Share Company's (ASPSC) 20% share (Birr 10 million) formerly owned by Ezana and Guna has now been given to the regional government.
- The Ministry of Health withdrew the mandate of iodisation from AYA to the ASPA and the larger companies.
- The AYA was provided with an alternative income-generating scheme aimed at improving the working conditions of salt mining in Afdera (ice production plant).
- The distributors were increased from one to three, in order to make the salt business competitive.

These measures have not been appreciated by the Afar, probably due to the already damaged levels of trust. The inclusionary measures that gave the Afar regional government the 20% of ASPSC shares is largely perceived as a 'trap' to lure the Afar out of the iodisation programme, and through that from the salt business. The regional government and the AYA were not consulted during the discussion that resulted in the transfer of the iodisation mandate from AYA to ASPA and the large-scale producers. This was dealt with bilaterally between the Board and the Ministry of Health, and was certainly a complicating factor which the Afar repeatedly referred to as 'disingenuous' during the Board's meeting. Nor has breaking the distribution monopoly been fully appreciated. The facts that one of the new distribution companies is a Tigrean company with a previously dubious track record as a salt producer, and that the third company is essentially an extension of the previous, Amhara-owned, distribution company are considered to have made a mockery of the proposed reforms in salt governance.

It is for this reason that the complications arising in the iodisation programme led to the Afar starting not from a medical argument, but moving immediately to the issue of the wider process of marginalisation in the regional economy and power politics. Even senior Afar officials in the regional bureau of health have defined the complication from a primarily political, rather than a medical perspective. Iodine comes after sugar and salt, and when it is picked up as an issue, it is also negatively viewed as yet another ploy to kick the Afar out of the regional economy that is increasingly dominated by the federal government and private interests connected to it.

## **Conclusion**

After nearly two decades of the implementation of ethnic federalism in Ethiopia the jury is now out to appraise empirically whether the new political order has delivered on its promises. Ethnic federalism has delivered some cultural empowerment and modest political empowerment of local communities, particularly in the peripheral areas of the country. Among the Afar, a new regional political space has been created, one that is appreciable if viewed against the backdrop of Afar's perennial quest for territorial unity within Ethiopia. The Afars' new regional political space has also been translated into cultural rehabilitation, evident for instance in the use of Afar as the administrative language of the regional government and the teaching medium in the schools.

Where Ethiopia's ethnic federalism is at its weakest is its failure to deliver economic empowerment, particularly in the peripheral areas. In fact, all the regional states still get most of their revenue from the federal government, and this asymmetry has been translated into a neo-patrimonial relational mode between the ruling EPRDF and the regional parties

affiliated to it. Unsurprisingly this has undermined a regional political voice within the federation. Despite the distinction made between ‘developed’ and ‘developing’ regional states, there has not been an affirmative economic action that could redress the huge regional imbalance in the development index. This gives an impression that the discourse of ‘backward’ or ‘developing’ regional states is not entirely innocent and rather allows the government to continue to dominate the peoples of the peripheral areas.

Instead of economic empowerment, what can be observed in the largely pastoralist peripheral areas is rather a growing economic insecurity and a threatened livelihood. Powerful farming neighbours and a state with an agrarian bias have encroached onto the rangeland, putting the viability of pastoralism into question. As a result, many Afar are leaving pastoralism without an alternative economic direction. Diversification of livelihoods, such as the Lake Afdera salt industry, could have been an exit option. As the case study demonstrated, however, new and lucrative sectors of the economy are still dominated by the more powerful neighbours and economic interest groups affiliated to the ruling party. This continuity of centre–periphery relations of dominance threatens to undermine the moral and political legitimacy of the federation. The resulting political instability thus instances an integrative failure in the peripheral areas which are otherwise the federation’s ‘organic’ constituency. The tension between legitimate local needs (economic inclusion) and the dubious national good could potentially translate into not only incapacity to make use of the country’s untapped natural resources, but also, in the case of Afar’s marginalisation in the salt sector, lack of cooperation to ensure public health safety as it is acted out in the derailment of the iodisation programme.

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### Note on contributor

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