

AFAR'S SALTY POLITICS:

**MONOPOLIZATION AND MARGINALIZATION
IN AFDERA'S SALT BUSINESS**

Dereje Feyissa and Abubeker Yasin



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THE ETHIOPIA PEACE RESEARCH FACILITY

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SUMMARY

- Ethiopia's Afar region, especially around Lake Afdera, is the country's main source of salt, accounting for 80 per cent of the national market. The salt sector in the region has been dominated by non-Afar investors from neighbouring regions—so-called 'highlanders' from the country's political and economic centre—since extraction started in 1998, with the Afar playing only a marginal role.
- The marginal status of the Afar within the regional salt sector persists despite pledges by the region's new political leadership since 2018 to address the situation. This has included redistributing salt-abundant lands to a cross-section of Afar society (elders, youths, veterans, businesses, etc.).
- As salt businesses affiliated with the Tigrayan People's Liberation Front (TPLF) were expropriated by the new government when it came to power in 2018, a crop of newly politically advantaged business tycoons have sought to control the salt trade. Apart from some in the region's new political leadership, Afar society still largely remains restricted to production, with profit margins fast decreasing.
- Currently, SVS Salt Production Plc (SVS) and its sister company TTR hold a monopoly over Afdera's salt sector. This is one of the main reasons why the price of salt has increased dramatically in recent years and is also partly responsible for setbacks in Ethiopia's iodization efforts – a centralized programme to reduce widespread iodine deficiency. However, the programme has inadvertently reinforced monopolistic practices by favouring big investors with political influence while excluding the Afar from the salt sector.
- The 2023 directive to regulate the salt value chain could further reinforce the current monopoly, especially an article in the new bill that restricts salt processing to the region where the resource is located and extracted. This could knock dozens of salt processing factories operating outside of the Afar region out of business.
- The status quo in the salt value chain has undermined regional governance and domestic accountability, with salt rents prompting the Afar regional leadership to cater to political and business elites in Addis Ababa, rather than bolstering its domestic

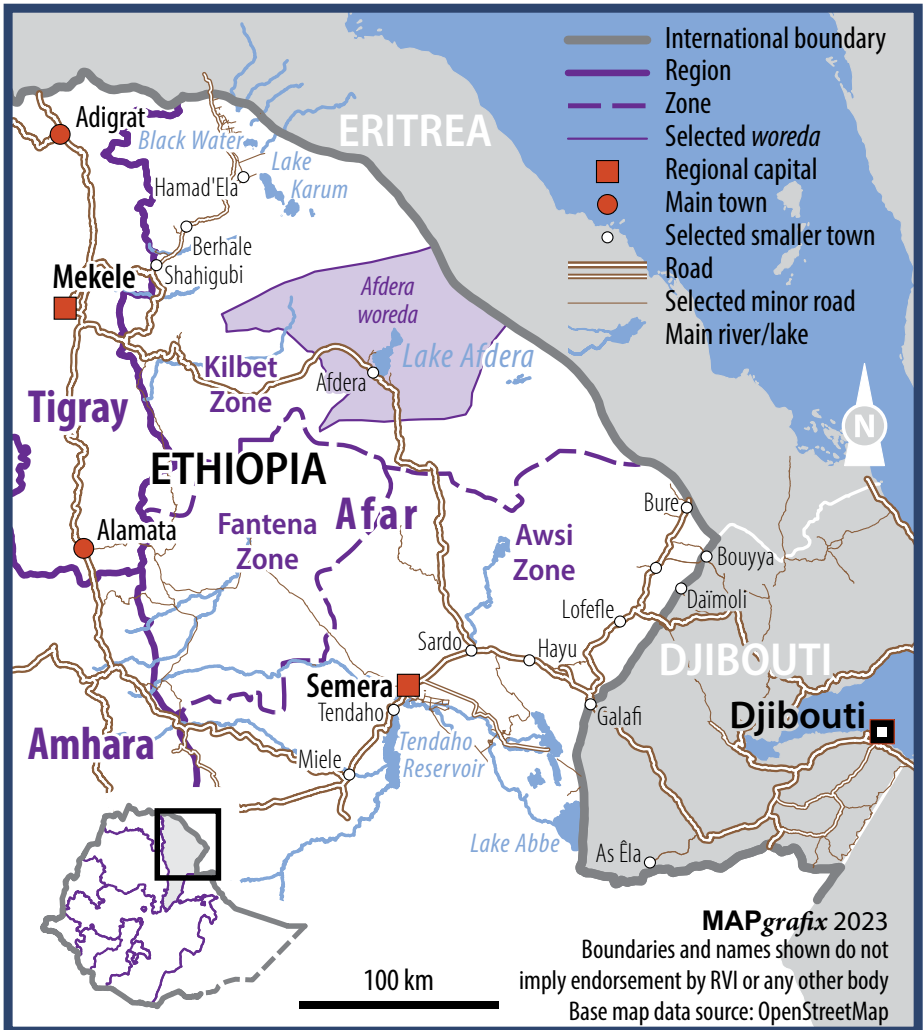
constituency in Samara and the Afar region. Fragmentation among the regional political class has fuelled factionalism and discontent among Afar constituents, who lament that the transformational potential of the abundant salt found in the region has not been fulfilled.

- Achieving a more just, inclusive, and peaceful governance of Afdera's salt requires federal and regional policymakers and producer associations involved in the sector to change course. This includes revising the salt bill to regulate monopolistic tendencies and ensure equal opportunities for salt producers, processors, and distributors along the value chain in a competitive market system – not just in the Afar region but across the country.
- There is a need to unlock the business potential of the salt sector whilst ensuring that it benefits Afar society economically. More generally, this calls for an agenda of political and economic inclusion of peoples from the periphery as the basis for political legitimacy of regional leaders and the central government.

ABBREVIATIONS

ADP	Afar Democratic Party
ALF	Afar Liberation Front
AMDC	Afar Mining Development Corporation
ANDP	Afar National Democratic Party
APP	Afar People's Party
ASPSC	Afar Salt Producers' Share Company
CIF	Central iodization facility
CSR	Corporate social responsibility
EFFORT	Endowment Fund for the Rehabilitation of Tigray
EPRDF	Ethiopian People's Revolutionary Democratic Front
IDD	Iodine deficiency disorder
MoMP	Ministry of Mines and Petroleum
MoTI	Ministry of Trade and Industry
MoTRI	Ministry of Trade and Regional Integration
OLA	Oromo Liberation Army
OLF	Oromia Liberation Front
PM	Prime Minister
PMO	Prime Minister's Office
PP	Prosperity Party
PPP	Public-private partnership
SNNPR	Southern Nations, Nationalities, and Peoples' Region
SVS	SVS Salt Production Plc
TPLF	Tigray People's Liberation Front
TTR	TTR Salt Production Plc

MAP: AFAR REGION SHOWING AFDERA WOREDA



INTRODUCTION

Lake Afdera in Afar region contributes over 80 per cent of the salt produced in Ethiopia.¹ It is against this backdrop that this report explores the political economy of salt mining and trade in the region and beyond. Specifically, it looks at how and why salt is viewed as a strategic resource, including what the continued marginalization of the Afar in the salt value chain tells us about the current state of centre–periphery relations.



Salt pans, Afdera, Google Earth, 13°12'21_N40°55'26_E

Afar's regional governance is characterized by what this report terms its 'salty politics'. The unequal exchange between Afar producers and salt companies, and investors from the neighbouring regions more broadly, is maintained through political leverage, with 'salt rents' used to buy supporters and silence dissent. That is, senior leaders of the post-2018 Afar regional

1 Rizwan Yusufali, Denise Frohmann, Tesfaye Chuko and Arnaud Lailou, 'The advancement of Ethiopia's salt iodization programme—The success story of the central iodized facilities', *Maternal and Child Nutrition* (2022): e13427, <https://doi.org/10.1111/mcn.13427>.



government protect the interests of the companies involved in salt processing in return for financial rewards, while other members of the regional political elite (mainly from the previous administration) have invested in production and as such identify with salt producers. Most Afar, by contrast, are engaged in small-scale production and are thus largely excluded from the significant profits being made in the salt sector.

More recently, political inclusion of the peripheries has come to be regarded by the Prosperity Party (PP) as a core pillar of its political legitimacy and nation-building strategy. One might have expected this rhetoric of political inclusion to have resulted in attempts to redress the economic marginalization of regions and their representatives that previously counted as part of Ethiopia's periphery. However, despite apparent affirmative action to this effect, including the redistribution of salt land, the Afar's marginal position has not only persisted but worsened. This study situates Afar's 'salty politics' within the broader political economy of historical centre-periphery relations in the Ethiopian polity. Supplementing existing knowledge on the roles played by the state and large-scale commercial farming in state-making projects in the lowlands,² the report provides insights into resource conflicts and shifting power relations in Ethiopia's eastern periphery, as well as policy-relevant recommendations aimed at contributing to just and peaceful resource governance.

Methods and Outline

A variety of ethnographic methods were employed in the study's research, including key informant interviews, in-depth interviews, focus group discussions, observations and document review. These took place in Afdera, Samara and Addis Ababa, and encompassed government officials at the federal level in Addis Ababa, interlocutors in the bureaus of mining, trade and revenue, former members of *Duko-Hina* (Afar youth movement), Afar intellectuals in Samara University, salt producers, producers' association leaders, members of the Afdera *woreda* (district) administration, youth groups and traditional authorities. Other important sources of information included audio-visual recordings of regional parliamentary debates and the public meeting Prime Minister (PM) Abiy Ahmed held with representatives of Afar society, as well as online platforms, such as Facebook, that provided valuable insight into the terms of public debate. All the above research methods were supplemented by recourse to extensive secondary sources, including a study conducted by the Ministry of Trade and Regional Integration (MoTRI) on Afdera's salt, the May 2023 salt bill, relevant newspaper articles and key policy documents. One major methodological limitation of the study that should be highlighted was our inability to talk directly to the salt companies, especially SVS Salt Production Plc (henceforth SVS), due to the sensitivity surrounding the company's alleged monopolistic practices.

2 The term 'highland/ers' here refers to the 'centre' or 'core' of the Ethiopian state, serving as a metonym for political, economic and geographic power and influence, while 'lowland/ers' signifies the opposite, specifically a weaker political voice within the Ethiopian federation and a marginalized position in the economy.

The report proceeds as follows. Section 1 provides historical context for Afar's salt sector and its incorporation into Ethiopia's polity, from the imperial era through to the present day. Section 2 then explores the political economy of the salt industry and the ways in which Afar's salt has come to be exploited as a strategic resource, including the mechanics of the monopoly it is now subject to. Building on this, section 3 details how this monopoly has led to the silencing of dissent and the political and economic marginalization of the Afar. Section 4 turns to the Afar point of view, revealing that despite their widespread exclusion from the salt sector, acts of resistance and institution building are taking place. It also spotlights the new salt bill, which threatens to reinforce rather than reduce the Afar's economic marginalization. Finally, the conclusion points to a possible way forward in addressing Afar's dysfunctional salt sector, offering a number of concrete recommendations.



AFAR'S SALT IN THE ETHIOPIAN POLITY

Lake Afdera has been Ethiopia's main salt mining area since 1998. It is located in Afdera *woreda* in the remote southern part of the Danakil Depression and belongs to administrative zone two of Afar regional state. The local population mainly consists of Afar pastoralists, although there are highlanders—especially in Afdera town—engaged in salt-related economic activities. As one of the hottest places in Ethiopia, Afdera has faced frequent droughts and has low access to basic social services.

More generally, Afar region is known for various strategic resources coveted by successive Ethiopian governments. In the mediaeval period, it was salt to be used for consumption and as a currency; in the imperial period, it was cotton plantations; and during the reign of the Ethiopian People's Revolutionary Front (EPRDF) it was first cotton, then salt and sugar. Additional minerals such as epithermal gold and potash have also been discovered in the region, attracting the attention of central government, businesses from various parts of the country and global prospecting firms.³

Salt production has a long history in northeast Ethiopia in general and the Afar region in particular, dating back to the long-distance trade of mediaeval times, with salt bar (*amole*) widely used as a medium of exchange as late as the mid-twentieth century.⁴ In fact, the source of all the *amole* in circulation was the salt plains of the Afar lowlands located in the Danakil Depression.⁵ Thus, the rise and fall of polities in northern Ethiopia were intimately connected with access to and control over salt trade routes.⁶

The imperial regime

From the mid-twentieth century onwards, the focus in Afar shifted from salt to exploiting the region's huge irrigated commercial farming potential, with the Awash Valley—most of which

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- 3 Ministry of Mines and Petroleum, 'Gold Deposits and Occurrences in Ethiopia: Geological Survey of Ethiopia', February 2020, <https://cirdisumm.org/wp-content/uploads/2022/02/019-Gold-Ethiopia-Mining-FactSheet-A3.pdf>; 'Canadian company discovers additional 1.3 billion tons of Potash', The Africa Report, 2 July 2012. www.theafricareport.com/6970/ethiopia-canadian-company-discovers-additional-1-3-billion-tonnes-of-potash.
 - 4 Mordechai Abir, *Ethiopia: The Era of the Princes: The Challenge of Islam and the Reunification of the Christian Empire, 1769–1855*, Tsehai Publishers, 2011 [1968].
 - 5 Bahru Zewde, *History of Modern Ethiopia, 1855–1991*, Oxford: James Currey, 2002.
 - 6 Medhane Tadesse, 'Salt, Trade and Urbanization: The Story of Maqala Town, 1872–1935', MA thesis, Addis Ababa University, 1995.

is found in Afar region—primed by successive Ethiopian governments as a centre of state-led national development projects. Following the end of the Second World War, the imperial government granted several concessionaires authorization to develop enterprises throughout the middle and lower Awash Valley. Thus, Afar lands became ‘government land’ subject to the Ethiopian government’s direct control and disposition. Even so, a modicum of Afar political autonomy and economic control was maintained during the imperial period thanks to the skilful political manoeuvring and entrepreneurship of Sultan Alimirah, who rose to the enviable nobility rank of *biteweded*, granting him direct access to the emperor.⁷ Sultan Alimirah had also managed to buffer global capital by pre-emptively acquiring land which he then developed as cotton plantations.

The Derg (1974–1991)

The Derg, socialist successor to the imperial regime, was also keen to exert its authority over the Afar region. The sultan’s land, as well as that of the Tendaho Plantation and of the former crown prince, was nationalized and converted into settlement schemes or state farms under the terms of the rural land reform proclamation. The Ethiopian revolution placed new strains on the relationship between the Afar and the national government in Addis Ababa. While the rural land reform proclamation appeared to give special attention to pastoral peoples such as the Afar, the Derg’s political objective of destroying the landed aristocracy brought it into conflict with Sultan Alimirah, ultimately provoking an armed uprising under the auspices of the Afar Liberation Front (ALF) as well as other freedom fighters.

The EPRDF (1991–2018)

Spearheaded by the Tigray People’s Liberation Front (TPLF), the EPRDF’s federal project reconfigured the peripheries. A new political space was created for federated self-rule in the peripheries. In fact, four of the then nine members of the Ethiopian federation were located in peripheral regions. These were Afar, Somali, Gambela and Benishangul-Gumuz regional states, also referred to as ‘developing regions’ by the EPRDF. However, EPRDF’s two-tier federal system still reflected historically shaped centre–periphery relations.⁸ The four regional states in the highlands (Tigray, Amhara, Oromia, and to some extent the Southern Nations, Nationalities, and Peoples’ Region, SNNPR) were directly governed by the EPRDF through its regional member parties; while the four ‘developing’ regional states in the peripheries were indirectly governed through regional parties allied to but not members of the EPRDF coalition.⁹

7 *Biteweded* was the second highest title attainable by a non-member of the royal family under Emperor Haile Selassie. See Bahru Zewde, ‘History of Modern Ethiopia’.

8 John Young, ‘Along Ethiopia’s western frontier: Gambella and Benishangul in transition’, *Journal of Modern African Studies* 37/2 (1999): 344.

9 This was justified in ideological terms, reflecting the EPRDF’s Marxist evolutionary thought, according to which pastoralists were considered ‘backward’ and an impediment to the ‘revolutionary democratic’ mobilization of society.

Despite their ideological differences, the EPRDF's view of the periphery very much resembled that of the imperial and Derg regimes—essentially, a top-down agenda for social change that included forcing mobile pastoralists to become sedentary out-growers or labourers on irrigated commercial farms. This ideological orientation partly underpinned the so-called 'land grabbing' phenomenon in Ethiopia, as well as much of the EPRDF's fast-tracked 'developmental' agenda in the peripheries.¹⁰ Throughout the EPRDF period, the hierarchical categorization embedded in the federation's two-tier system muted the political voice of the peripheries, including in Afar.

The creation of Afar regional state in 1991 as a member of the new Ethiopian Federation appeared to at least partially fulfil the Afar's long-standing aspiration for territorial autonomy.¹¹ The EPRDF's centralizing federal project, however, undermined whatever political empowerment might have been expected from this development. Apart from a brief interlude during the transitional period (1991–1995) when Sultan Alimirah's family and political organization, the Afar Liberation Front (ALF), ruled the new regional state, political power was exercised by newly privileged, more loyalist regional elites. Thus, most of the new Afar political class under the EPRDF hailed from northern Afar—which until 1991 had been part of Tigray Province—and had played a key role in the TPLF's armed struggle against the Derg.¹² The EPRDF systematically undermined the sultanate while simultaneously co-opting a section of the ALF and merging it with the ADP and other parties, forming a regional affiliate party called the Afar National Democratic Party (ANDP). The ANDP ruled Afar regional state from 1995 to 2018, with both its presidents during this period hailing from northern Afar. As such, Afar became the most politically 'stable' regional state under EPRDF, though this came at the expense of visionary and accountable regional governance. While the ANDP was not a member of the EPRDF coalition, it was affiliated with it, thereby reproducing historical centre–periphery relations within the Ethiopian polity.

The political subordination of the Afar was reinforced by the EPRDF's tight economic grip over the region. One sugar cane plantation involved more than 40,000 hectares of land being requisitioned at the expense of prime grazing land. Some Afar pastoralists resisted, refusing to move until eventually clan elders were co-opted to silence Afar voices between 2008 and

10 Fana Gebresenbet, 'Land Acquisitions, the Politics of Dispossession, and State-Remaking in Gambella, Western Ethiopia', *Africa Spectrum* 51/1 (2016): 5–28.

11 Although this desire encompassed all Afar-inhabited territories in the Horn of Africa, meaning Eritrea's secession in 1991 dealt a major blow to Afar nationalism.

12 Initially the new Afar political class was organized under the banner of the Tigray Afar Democratic Party and later the Afar Democratic Party (ADP).

2010.¹³ Moreover, the federal government's twinning arrangement between the so-called 'developed' (highland) and 'developing' (lowland) regional states provided the TPLF—the dominant political force within the EPRDF coalition—with the institutional means to project its power into the eastern periphery. According to this arrangement, Tigray was tied with Afar, opening the door for TPLF-linked businesses to operate in the Afar region, including in the salt sector.¹⁴

Overall, the Ethiopian state's attempts to promote economic 'modernization' through agricultural development, first under the imperial regime then the Derg and EPRDF, proved an almost unmitigated disaster for Afar pastoralism. As Dawud notes, 'intertwined processes of state-building and development over the past 70 years have resulted in the loss of land and water resources for local populations, significantly contributing to food insecurity'.¹⁵ Next to the low-intensity insurgencies by more established political groups—including the *Uguugumo* (transl. 'revolution') insurgency militant force which operated out of Eritrea under the EPRDF, as well as the vocal diaspora-based Afar People's Party (APP)—in the late 2010s a new Afar youth movement emerged called *Duko-Hina*, which literally translates as 'defy subjugation'.

The PP (2018–)

The emergence in 2018 of the PP under PM Abiy from the ashes of the EPRDF has brought a new spin on centre-periphery relations, with one of the most visible changes being political inclusion. Regional ruling parties in the peripheral states were invited to join the PP, seemingly abolishing the EPRDF's political order, which was marked by asymmetric relations between the federal government and the regions. In fact, the PP views political inclusion of the peripheries as a central pillar of its nation-building strategy. This reconfiguration has, however, faced challenges, especially in the eastern peripheries of the Somali and Afar regions, where the TPLF was politically entrenched. For Abiy, 'the separation of ANDP from TPLF was not [an] uneasy surgery'.¹⁶ Despite mounting youth resistance, the leadership of Afar regional state under president Haji Seyum manoeuvred to stay in power by shielding itself behind TPLF patronage.

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- 13 Dawud Mohammed, 'Abiy's Prosperity yields few dividends for Ethiopia's Afar', *Ethiopia Insight*, 21 July 2021, www.ethiopia-insight.com/2021/07/21/abiys-prosperity-yields-few-dividends-for-ethiopias-afar-region/; see also: Tom Lavers, Dawud Mohammed and Bisrat Wolde Selassie, 'The politics of distributing social transfers in Afar, Ethiopia: The intertwining of party, state and clan in the periphery', ESID Working Paper No. 141, April 2020. www.effective-states.org/wp-content/uploads/2020/04/esid_wp_141_lavers_mohammed_selassie.pdf.
 - 14 Other twinning arrangements tied Amhara with Benishangul, SNNPR with Gambella, and Oromia with the Somali regional states, ostensibly as an act of horizontal solidarity and capacity building. See: Dereje Feyissa, 'Centering the periphery? The praxis of federalism at the margins of the Ethiopian state', *Ethiopian Journal of Federal Studies* 1/1 (2013).
 - 15 Dawud Mohammed, 'Abiy's Prosperity yields few dividends'.
 - 16 Abubeker Yasin, 'Afar people in Ethiopia: Between a wind of hope and discontent', Global Research Network on Parliaments and People, 20 July 2020, <https://grnpp.org/afar-people-in-ethiopia-between-a-wind-of-hope-and-discontent/a>.

The attempt failed when in November 2018—eight months after he assumed power—Abiy summoned Haji Seyum and 45 central ANDP committee members for an urgent meeting in Addis Ababa, where the ANDP was named and shamed for failed regional leadership. In a conference held the following month, the ANDP pledged reform and announced the ‘retirement’ of 72 members of the Haji Seyum administration, who were sent off with ‘honour’ and a certificate for their contribution to Afar development. The deputy president, Awel Arba, became Afar regional state’s new president on 17 December 2018. The apparently peaceful political transition has, however, been marked by power struggles between the so-called old guard and reformers which is also expressed in the form of political tension between the northern and southern Afar elites.¹⁷ Whereas previous administrations were dominated by northern elites, the current administration—including the new president—is dominated by southern elites. This power struggle between north and south has been intensified by the outgoing administration’s loss of economic privileges—including the region’s lucrative salt business. The former president, Haji Seyum, and his allies fled to Mekelle when the Tigray war broke out in November 2020 where they established the so-called Afar Federalist Forces allied with the TPLF.

The leadership change was seen by many as a new chapter for the Afar people, with both supporters and opponents of the ANDP feeling they had secured an opportunity to determine their own destiny. The euphoria was evident as people expressed their joy on the streets of Afar’s regional capital Samara, with an academic from Samara University claiming ‘it felt like an Independence Day’.¹⁸ In December 2019, the new ANDP leadership announced it was joining the PP. Afar Prosperity Party, as the old ANDP came to be called, pledged that it would work relentlessly for the betterment and emancipation of the Afar people, while *Uguugumo* and the diaspora-based Afar People’s Party (APP) were welcomed to peacefully participate in the region’s democratic process. Before long, however, popular discontent set in at the lack of transparency around how the new cabinet had been formed and the fact that most of the government officials appointed had been members of the previous administration. Moreover, despite the rhetoric of reform, the new leadership has so far failed to craft a roadmap adequately setting out a pathway to better governance and economic justice. This rising disenchantment is aptly captured in the Afar saying: ‘The locust has gone but it has already laid its eggs’ (*Qanayti gexeh immay Naala qideh Cabe*). In other words, the popular quest for democracy, justice and development is still to begin.¹⁹

The post-2018 political order has partly reshaped centre–periphery relations, with the Afar political elites now part of the national ruling party. Even so, the voice and negotiating power of political parties from the periphery remain weak when it comes to protecting the interests of their respective communities. This is partly due to the PP’s majoritarian thrust in proportional representation, which favours the two largest ethnic groups: the Oromo and Amhara.

17 Abubeker Yasin, ‘Afar people in Ethiopia’.

18 Interview with an Afar academic from Samara University, Samara, October 2022.

19 Abubeker Yasin, ‘Between hope and despair: Reflections on the current political developments in Afar’, in *Ethiopia in the Wake of Political Reforms*, eds. Dereje Feyissa and Mamo Esmelealem, Addis Ababa: Tsehai Publishers, 2020.

AFAR'S SALT AS A STRATEGIC RESOURCE

As mentioned above, salt from the Afar region was historically Ethiopia's main source of edible salt as well as a currency. Ethiopia's industrialization drive over the past decade has also increased the demand for industrial salt, which is used, among other things, for preserving foodstuffs; preparing, preserving and tanning leather; and as a raw material for manufacturing chemicals such as chlorine, soda ash and caustic soda. There is also huge potential for Ethiopia's abundant salt to be exported to international markets, not only for consumption but for de-icing in North America and Europe and oil drilling in Gulf countries. Afar's salt is also valued for its derivative minerals, which are used in agriculture, pharmaceuticals, car batteries and glass manufacturing.²⁰



Salt pans with lake Afdera in background 1, Photo by Abubeker Yasin, October 2022.

20 While there is currently a trade deficit for salt (USD 69,000 export vs USD 1.67 million imports in 2021, see <https://trendeconomy.com/data/h2/Ethiopia/2501>), there nevertheless remains big export potential for the future.

Until 1998, nearly all edible salt in Ethiopia was produced in large, industrial-scale plants in Eritrea along the Red Sea coast. Following the outbreak of the Ethio–Eritrean border war (1998–2000), however, Ethiopia began exploiting salt in Afdera and Dobi in Afar region, and Godcusbo in Afder Zone in the Somali region. Today, salt produced from Lake Afdera constitutes around 80 per cent of Ethiopia’s salt market, with the salt from Dobi and Godcusbo regarded as being of lesser quality. Based on Ethiopia’s current population, an estimated 500,000 tonnes of salt are required for human consumption, including salt used by the food industry. Ethiopia’s salt production potential is much higher than this, with Lake Afdera alone thought to hold the potential for 2.5 million tonnes of salt per annum.²¹ The derivative minerals arising from Afdera’s salt are also increasingly attracting foreign direct investment: having invested USD 57.1 million, a Chinese company, Tanarmu Chemical Industrial, has already started producing bromine—used in agricultural chemicals, dyestuffs, insecticides, pharmaceuticals and chemical intermediaries—for export.²²

The genesis and trajectory of salt extraction in Afdera

As mentioned above, large-scale salt extraction from Lake Afdera started in the wake of the Ethio–Eritrean war, with the federal government urgently exploring alternative domestic supply sources. This favourable policy environment encouraged people to invest in Ethiopia’s emerging salt sector. Those who took most advantage were business groups linked to TPLF already operating in the Afar region as cotton producers, as well as demobilized TPLF soldiers and the military more broadly. TPLF-affiliated business groups—such as Ezana Salt, a subsidiary of the Endowment Fund for the Rehabilitation of Tigray (EFFORT) conglomerate—were also active in salt production.²³ In 2009, the so-called public–private partnerships (PPPs) between Ezana Salt and the federal government (via the Ministry of Mines and Petroleum, MoMP) resulted in the establishment of Afar Salt Producers’ Share Company (ASPSC), the biggest salt producing company in Afdera, with investment capital of half-a-billion birr. Through leveraging their political connections with the TPLF and exerting economic influence, these business groups emerged as large-scale investors, having taken much of the prime salt land around Lake Afdera. By contrast, the Afar were reduced to small-scale production or entered into sharecropping arrangements with large-scale investors, receiving only 30 per cent of the produce. MoMP granted licences for four large-scale producers, while the rest (medium- and small-scale producers) were licensed by the regional government. A decade after salt mining started in Afdera in 1998, the salt rush had led to around 750 operational small-scale producers

21 Iodine Global Network. ‘Ethiopia’s salt iodization success story’. IDD Newsletter, November 2022, https://ign.org/app/uploads/2023/04/IDD-newsletter_nov22_compressed.pdf.

22 ‘Tanarmu Chemical Acquires Bromine Mining License’, *Addis Fortune*, 11 July 2021, <https://addisfortune.news/tanarmu-chemical-acquires-bromine-mining-license/>.

23 According to *The Reporter*, ‘by the time the EPRDF was dismantled in April 2018, EFFORT’s spectacular businesses were valued at around USD four billion, up from the USD 100 million in seed capital, when EFFORT was established 30 years ago.’ See: Ashenafi Endale, ‘New breed regional conglomerates replicating EFFORT’, *The Reporter*, 12 March 2022, www.thereporterethiopia.com/22566/.

crowding in, while on paper the officially registered investors numbered thousands.²⁴

Those among the Afar who did benefit from Afdera's salt were members of the regional political leadership, who not only obtained large tracts of salt land but networked with and, in return for kickbacks, protected the non-Afar large-scale producers. Throughout the EPRDF period, this regional political leadership was dominated by political elites hailing from northern Afar, previously part of Tigray Province. The Afar Salt Producers Mutual Support Association and its leadership was dominated by TPLF-linked large-scale producers and the regional political elite, though it also included some small-scale Afar producers.

Salt extraction was not coordinated when it first began, leading to excessive production that depressed the price of salt and in turn its profitability.²⁵ As a UNICEF study notes, 'as is often the case with natural resource bubbles, this 'salt rush' led to significant over-capacity, with around 400 producers providing about twice as much edible salt as the country needed. With over-capacity, boom turned to bust: competition was fierce, the prices plummeted, and the supply of salt became inconsistent'.²⁶ In response, Afdera producers formed the above-mentioned Afar Salt Producers Mutual Support Association, or Kadaba, in 2006 to better coordinate production and supply. Established with 26-million-birr initial capital, Kadaba consisted of investors from the neighbouring regions and small-scale Afar producers. Across its 2006–2018 existence, Kadaba accumulated around 1.7 billion birr from the 5 birr revenue it received from the sale of each quintal of salt.²⁷ Kadaba enforced production quotas and fixed the price of iodized salt to control the market. As a result, many of the efficiencies of free market competition vanished: there was little incentive for producers to expand their market share through investments in greater efficiency, variety and product quality or value. The Ethiopian market demand for table salt was 300,000–350,000 tonnes of salt per year, with the current total quota fixed at 470,000 quintals per month.²⁸ The salt is surveyed at the point of production and the quota for each producer assigned according to market demand. From 2009 to 2018, a single investor from the highlands 'dominated distribution in the salt value chain. This led to protests from Kadaba, resulting in a system whereby three wholesalers—all 'highlanders'—were chosen to receive 100,000 quintals per month in order to avoid monopolization. These three wholesalers would then distribute the salt to 15 distributors operating in different parts of the country. Kadaba ultimately evolved into a shareholding company, with its producers holding a 49 per cent stake and an investor from the Amhara region, the remaining 51 per cent.

24 Dereje Feyissa, 'The political economy of salt in the Afar Regional State in northeast Ethiopia', *Review of African Political Economy* 38/127 (2011): 7–21.

25 In 2006, the price of 1 kg of salt fell to just USD 0.50 due to uncontrolled production and supply to the market.

26 UNICEF and GAIN, 'Brighter Futures: Protecting early brain development through salt iodization—The UNICEF-GAIN partnership project', 2018, www.unicef.org/media/48056/file/brighter-future_Protecting-early-brain-development-through-salt-iodization-ENG.pdf.

27 For the history of Kadaba and its capital accumulation, see kadabasalt.com.

28 Brook Abdu, 'The salt in our lives', *Addis Fortune*, 24 February 2015, https://printversion.addisfortune.net/resource/vol_15_num_773/index.html#p=2.

The reintroduction of compulsory iodization has created an additional component in the value chain. Ethiopia is one of the most iodine deficient countries in the world, prompting serious public health concerns given that iodine deficiency is a significant cause of mental developmental problems in children. The most significant step in the relaunching of Ethiopia's iodization programme was the passing of a comprehensive salt regulation in February 2011, which mandated that all salt for human consumption in the country should be iodized. Prior to this, between 2000 and 2011, most salt iodization efforts took place at the primary production level, which at the time was dominated by small operations. Following the legislation, however, the federal government turned to central iodization facilities (CIFs) as a more effective strategy, with the salt produced by smaller processors aggregated into central processing locations that would make quality control easier and enable more consistent iodization. Primary salt producers and traders had to be convinced to sell their salt to CIFs instead of directly into the market, with many remaining sceptical of the terms of the iodization programme, which appeared to favour the companies and investors that had the large amounts of capital necessary to establish such facilities.²⁹

Subsequently, 17 CIFs were established in Ethiopia, 13 of which are located across three regions: Amhara, Afar and Tigray. In Afar, three companies were initially engaged in iodization: ASPSC, Ezana Salt and Kadaba. Then, in 2017, SVS—a share company jointly established by Ethiopian and Turkish investors—entered the Afdera salt market. By the end of EPRDF's rule in 2018, these four companies—all joint ventures between highlanders and foreign companies/funders—dominated Afdera's salt business. Aside from having a share in Kadaba, Afar communities played a marginal role, generating a strong sense of exclusion that manifested in luddite forms of resistance, armed struggle and social movements. Displaced Afar from the salt mining area joined the *Uguugumo* insurgency group, while *Duko-Hina*, the Afar youth movement, centred its struggle for justice around Afar exclusion from the salt sector.³⁰ The failure of the lucrative salt business to contribute to economic and infrastructural development in Afdera *woreda* further fuelled grievances.

Afdera's salt since 2018: changes and continuities

PM Abiy's ascension to power in 2018 generated high hopes for the Afar's economic inclusion in the salt sector, as the following comments by a member of *Duko-Hina* indicate:

Duko-Hina is like the *Qeerroo* of Oromia. We struggled against regional governance problems and injustice. Afar did not benefit from Afdera's salt except [for a] few politicians. PM Abiy also concurred with our assessment and he declared greater inclusion of the Afar into the salt business and the regional economy more broadly. It appeared a new time dawned.³¹

29 IDD Newsletter, 2022.

30 Interview with a member of *Duko-Hina*, Samara, October 2022.

31 Interview with a member of *Duko-Hina*, Samara, October 2022.

Although members of *Duko-Hina* and youth more broadly were barred from participating in the meeting convened by PM Abiy during his first visit to Afar region in June 2018, some partisans nevertheless managed to raise the issue of Afar exclusion from Afdera's salt. In response, Abiy promised greater political and economic inclusion of the Afar not only at the regional but the national level, with his administration subsequently sending a study group to assess the political economy of salt mining in Afdera. There was an added political incentive for taking this action given that Afdera's salt sector was dominated by Tigrayan business and political elites. This placed it squarely within the broader power struggle between PM Abiy and the TPLF, which had only grudgingly ceded power and was engaged in subversive acts. The study team recommended measures to enhance Afar's economic inclusion, allowing the new regional government to articulate a new narrative around resource ownership under the motto, 'Afar salt belongs to Afar'. One of the key measures taken by the regional government was redistribution of salt land. Thus, all land previously owned by highlanders—especially Tigrayans—was confiscated and reallocated to the Afar, including Afdera youth, clan elders, regional institutions such as the Afar Development Association (a state-owned enterprise under the Afar regional government which recently received salt land), and politicians (both the new rulers and opposition figures, including members of *Uguugumo* and the APP). The former head of the regional Bureau of Mining, Gaddo Hamolo,³² who has been at the centre of this balancing act, recounted that:

Previously Afar were not benefiting from salt. Our office [the Bureau of Mining] was preoccupied with only offering licences to investors. The beneficiaries of Afar's salt were highlanders, especially demobilized and retired Tigrayan soldiers and military officers, various investors and government officials. The prime salt land along the shore of Lake Afdera was given to these officials who immensely benefited from the business. Some of the Afar political elites also had their share in Afdera salt. Otherwise, Afdera did not belong to the Afar.³³

Many Afar regarded this initiative—especially salt land redistribution—as a commendable move in clawing back ownership of their local resource. To this end, a national and regional media campaign revolving around the marginalization and economic injustice suffered by the Afar, was broadcast through government-owned media outlets. One of the Afar women interviewed by an EBC Afar language programme observed that:

During the time of TPLF we were denied basic rights to utilize our resource, especially in Afdera. Let alone having land to produce salt, we were not even allowed to walk over our land. If we had approached the saltpan of the TPLF-linked businesses, our fate would be either dying or ending up behind the bars. Our main concern was rather how to survive, let

32 Gaddo Hamolo is a key actor in Afar's salt business. A relative of President Awel, he held various positions in the regional government – first as head of the regional bureau of Mining, then as CEO of Afar Mining Development Corporation, and more recently as deputy head of regional security.

33 Afar Information Centre, 'Interview with Gaddo Hamolo, CEO of Afar Mining Development Corporation', 19 May 2021, <https://www.facebook.com/AfarTelevision/videos/486040422606263/>.



alone benefiting from salt business. After the coming of change, Afar restored their right of land ownership. Now we are in a better condition. No one could expel or kill us over our land. Afdera is back to us.³⁴

Subsequent measures taken by the federal and regional governments included revoking the licences in September 2019 of 36 large-scale investors engaged in salt extraction in Afdera.³⁵ Furthermore, the federal government prosecuted Kadaba's 11 board members, as well as 31 investors, alleging the selling of non-iodized salt, tax evasion and embezzlement of association funds. They were later imprisoned without due process of law.³⁶ Kadaba was seen as a source of political power for the former president of Afar region, Haji Seyum, who had close links to the TPLF.

In September 2019, the Ministry of Trade and Industry (MoTI), in consultation with Afar president Awel Arba, ordered that the regional government establish a new salt association, which came to be named the Afar Salt Producers Association (or '*Lula*' for short, which in the Afar language means 'association').³⁷ This came at a time when the Tigrayan Minister for MoTI, Fetlework Gebregziabher, was being replaced by Melaku Alebel from the Amhara region, indicating a double transition—the replacement of Tigrayan Ministers in key federal institutions accompanied by the displacement of Tigrayan businesses in Afar. Thus, the ambitions of the new federal government were informed as much, if not more, by its wider strategy of curbing the economic power of the TPLF and any associated groups as they were by ensuring continued salt supplies from Afar.

Around 250 youths from two *kebeles* near Lake Afdera in the vicinity of the salt pans were chosen to become members of the new producers' association on the basis of their having been evicted from their land, as well as the environmental damage incurred and the suffering they had endured at the hands of large-scale salt mining companies. Altogether, they were promised 300,000 m² of salt land. Similarly, selected clan leaders and elders who had traditionally owned land in Afdera were promised 20,000 m² of salt land. Meanwhile, the regional government transferred 300,000 m² of salt land to the Afar Development Association, before allotting the remaining land to Afar investors and dignitaries. The Afar Mining Development Corporation (AMDC)—a governmental development organization established in July 2022 under the supervision of the Afar regional government—took 150,000 m² of salt land immediately after its establishment.³⁸ AMDC's CEO is Gaddo Hamolo, the powerful former head of the regional Bureau of Mining and close relative of President Awal Arba. The objective of establishing the AMDC is 'to increase the

34 Initially televised on Afar TV in 2019, now available via the Afar Mine Office's Facebook page, 17 May 2021, <https://www.facebook.com/watch/?v=270419418156851>.

35 Interview with senior Afar regional government official, Samara, 16 October 2022.

36 Letter written by Federal Police Crime Investigation Bureau, dated 26 January 2012.

37 Interview with Afar Bureau of Trade, Samara, October 222.

38 Afar Regional Government, 'Establishment of Afar Mineral Development Corporation under Rule No. 015/2014', July 2022, <http://afarmdc.com/faq/>.

government's income and foreign exchange reserves by participating directly in the fields of mining development, engaging in investments ranging from research to marketing, and doing effective work'.³⁹ However, there is no specific mention of the long-term strategy for economic empowerment of the Afar to be found in the objectives of AMDC.

More generally, the Afar regional government's aspiration to exert greater control over natural resources found in the region would be better informed by a vision and strategic thinking aimed at economic capacity building of the Afar people, as well as putting in place mechanisms that ensure proper taxation, and distribution of royalties and other forms of revenue flows from salt mining. The Afar regional government has, for example, expressed interest in April 2022 acquiring Afar Salt Mining S.C.—a public-private partnership between EFFORT and the Minerals, Petroleum and Biofuel Corporation—on the expiry of its licence.⁴⁰ President Awel Arba requested that the MoMP transfers the salt mining rights currently held by Afar Salt Mining S.C. to Afar Development Association. The president framed this proposed move in terms of equity: 'For the past twenty years, the people of Afar region did not benefit from the salt mining company, even though it is located in their region'.⁴¹ For its part, the corporation requested that MoMP renew its licence. This points to the hierarchies of power that exist among federal and regional government institutions. MoMP and MoTRI dominate decisions in the salt sector through their respective bureaus, as well as through public-private partnerships or national/transnational corporations. On the other hand, the Afar regional government—like other regional governments—has leveraged the constitutional autonomy granted to member states to push back against the federal government's centralizing tendencies. More importantly, the regional political leadership exerts power in facilitating or constraining companies' operations in Afar. The making of the SVS monopoly detailed later in this section would have been unthinkable without the active collaboration of the regional political leadership and local government officials.

Salt mining in the Afar region is also situated within regional patronage politics, as salt land redistribution has been used as a means of co-opting regional opposition and armed groups. Afdera militants who opposed the unfair exploitation of salt and fled to Eritrea have received 150,000 m² of salt land, while the *Uguugumo* fighters have been granted 60,000 m². In the latter case, however, the land transfer has been delayed due to *Uguugumo*'s disagreements with the

39 Gaddo Hamelo, 'CEO's Message', Afar Mining Development Corporation. <https://afarmdc.com/ceos-message>.

40 Ashenafi Endale, 'Corporation, regional government locks horn over salt mining licenses', *The Reporter*, 23 April 2022, www.thereporterethiopia.com/23285/.

41 'የአፋር ክልል ርዕሰ መስተዳደር የአፋር ጩው ማምረቻ ስርጅት ጭቃድ አንዳይታደስ ጠየቀ' (transl. from Amharic: 'Afar region administration requests that the license of the Afar Salt Mining company not be renewed'), *Amba Digital*, 20 April 2022, <https://ambadigital.net/2022/12647>.

regional government.⁴² The opposition Afar People's Party (APP)⁴³ also received 80,000 m² of salt land, on top of a pledged start-up capital to help them enter the salt business.⁴⁴

Another area of salt reform has been the quota system. An assessment conducted by the new regional government made in 2018 found that more than 31 million quintals of surplus salt had accumulated over the preceding 20 years, attributable to the quota system that investors took advantage of at the expense of the Afar. Under the previous arrangement, the 370 Afar producers had been given a quota of three quintals each, whereas the large-scale highlander producers got 25,000 quintals each. The new arrangement, by contrast, specified that small-scale Afar producers would get 420 quintals and large-scale investors 5,000.

Echoing the federal government and affiliated media's framing of the TPLF as 'a source of all evils' and its reign as '27 years of darkness', the new Afar regional government blamed the TPLF and Tigrayan businesses more broadly for the salt sector's various injustices. This earned the regional government much-needed political legitimacy during the initial years of the transition period, enabling it to garner political support from a cross-section of Afar society, including opposition parties. Thus, Gaddo Hamolo could triumphantly state that 'Afar salt land is now 100 per cent back to Afar' and 'no previous governments have ever succeeded in accomplishing such a daunting task'.⁴⁵ Members of *Duko-Hina*—partly due to co-optation and partly out of a belief that the political change was genuine and promising—joined the regional government, with some even assuming positions of power. Many, however, have become disillusioned given that the much-anticipated economic inclusion of the Afar has so far failed to materialize.

Who is in charge of Afdera's 'white gold'?

Figure 1 provides an overview of the main actors in Afdera's salt value chain.⁴⁶ In 2018/2019, when the EPRDF's reign came to an end, four companies dominated Afdera's salt business: Ezana Salt, ASPSC, Kadaba and SVS. Whereas the former three have since lost influence, SVS has emerged as the major actor when it comes to Afdera's salt. SVS has the installed capacity to produce 540,000 tonnes of salt per annum, with its actual annual production estimated at 150,000 tonnes of iodized salt. In 2020, SVS established a much larger sister company in Afdera called TTR Salt Production Plc (TTR), which has the installed capacity to produce 725,000

42 The disagreement began when the regional government, through the head of the Afar PP office, wrote a letter to the Election Board asking it not to register *Uguugumo* as a political party, stating that it was engaged in armed struggle.

43 Not to be confused with the Afar Prosperity Party.

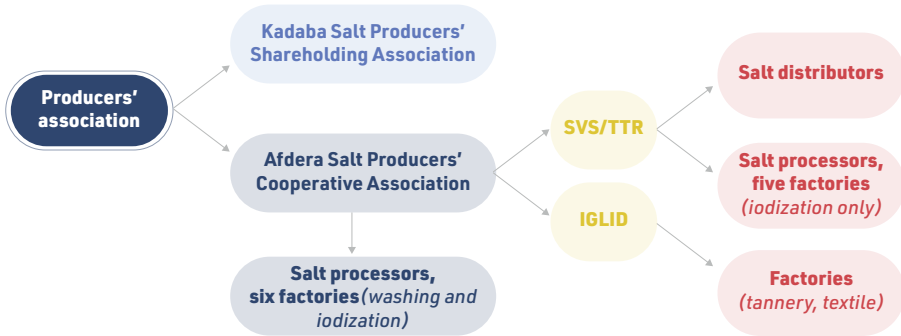
44 Ultimately neither APP nor *Uguugumo* received the start-up capital. Instead, the regional Bureau of Mining preferred a bidding process to clear and prepare the salt pan. Allegedly the bid was awarded to investors with close networks with the regional political leadership.

45 Afar Information Centre, 'Interview with Gaddo Hamelo', 2021.

46 Ministry of Trade and Regional Integration, 'የጨው አመራረት፣ማቀነባበሪያ፣የምርት ጥራት፣ አቅርቦት፣ ስርጭት እና ግብይት ሰነድ ላይ የተደረገ የዳሰሳ ጥናት' (transl. from Amharic: 'Assessment of the Salt Value Chain'), 2022.

tonnes of salt per annum, although its actual annual production is again estimated at 150,000 tonnes of iodized salt. Jointly, the two companies (SVS/TTR) account for an estimated 56 per cent of Ethiopia's iodized salt per annum, and supply other CIFs with raw salt from Afdera.

Figure 1. Overview of the main actors in Afdera's salt value chain



Source: Adapted and translated from Ministry of Trade and Regional Integration, 'Assessment of the Salt Value Chain' by the authors.

Established in 1997, the Star Business Group (SBG)—which incorporates both SVS and TTR—has a diverse portfolio that incorporates, among other things, trading, import–export, manufacturing, transit services, hotels, commercial buildings and real estate.⁴⁷ SBG is reportedly 'one of the largest domestic companies and a major trading house involved in several sectors of the economy, and its shareholders were a major force behind the Bank of Abyssinia'.⁴⁸ SBG's co-founder, Abebaw Desta, is a business tycoon from the Amhara region. His son, Tadele Abebaw, is currently TTR's CEO. Under the EPRDF, Abebaw Desta and his business partners were prosecuted and SBG sidelined following allegations of grand corruption, though this appeared to stem from the EPRDF's attempts to protect its endowments from private business competition.⁴⁹ It appears that SBG managed to use the political transition under the PP to its advantage, gaining a monopoly over Afdera's salt through the two sister companies (SVS/TTR), ostensibly through political leverage of some members of the Amhara PP.

In fact, SVS/TTR has managed to attain an even more complete monopoly than was the case previously under the EPRDF. Cognizant of the salt land reforms that supposedly empower the Afar, SVS sought a different means of establishing its hegemony: monopolistic closure around processing and distribution. The new regional government has enabled this endeavour in a

47 For more details on SBG's profile, see: <https://sbgethiopia.com/about/>.

48 'Star Businessman Laid to Rest', *Addis Fortune*, <https://addisfortune.news/star-businessman-laid-to-rest/>.

49 'PM Meles' "Anti-Corruption" Campaign One Year Later: What has it really "achieved"?, Tigray.net, 16 July 2002.

number of ways, including replacing Kadaba with a new producers' association: *Lula*. The regional government was strongly involved in *Lula's* establishment, the objective being that all the salt bought from the producers should go to SVS/TTR at a fixed price in return for a 'guaranteed' market. SVS then sells the salt it has processed on the free market. Initially, the idea of fixing the price of salt at the point of production was suggested by Kadaba as a means of protecting producers from price fluctuations. While the price of salt at the point of production has remained more or less the same for the last five years, however, the price of processed salt has skyrocketed.

Following lobbying by Kadaba, MoTI (now MoTRI) fixed the price of iodized salt at production at 150 birr per 100 kg, with non-iodized salt 32 per cent less.⁵⁰ For MoTI, fixing the price at the point of production also represented a control mechanism to ensure proper iodization: 'the wholesalers would collect the salt for Kadaba, which would then distribute the funds to the salt producers on the basis of a quota system, often deducting the cost of potassium iodine. Effectively, this removed the incentive for the producers to reduce their costs by not adding iodine'.⁵¹ Having benefited from fixed prices at the point of production, however, SVS/TTR has generated artificial scarcity by processing under-capacity amounts of iodized salt, thereby driving salt prices ever higher at the point of distribution. The cumulative excess production that has resulted has made producers dependent on SVS/TTR, as it is the only company in Afdera that takes their produce.

Below, the report offers four vignettes that provide important Afar perspectives on the salt sector from the points of view of, respectively, elites, youth, elders and members of the producers' association.

The Afar elite perspective

SVS was already in contact with members of what would become the new Afar regional leadership back in 2016, when current president Awel Arba was vice president. The following narrative by Gaddo Hamolo, the deputy head of Afar's regional security and administration, provides useful insights into the making of the SVS monopoly and the active role played in this by regional government, as well as SVS's exemplary (according to Gaddo) sense of 'corporate social responsibility' (CSR):

The main issue related to salt was access to land. We 100 per cent delivered on the land issue in Afdera because this was at the heart of the economic injustice question throughout

50 Note, we distinguish the former MoTI under the EPRDF from the current MoTRI, established under the PP at the end of 2021 with Proclamation No. 1263/2021, see: https://www.lawethiopia.com/images/federal_proclamation/proclamations_by_number/Definition%20of%20Powers%20and%20Duties%20of%20the%20Executive%20Organs%20Proclamation.pdf.

51 Tesfaye Chuko, Jack Bagriansky and Amal Tucker Brow, 'Ethiopia's long road to USI', IDD Newsletter, May 2015, https://ign.org/app/uploads/2023/04/IDD_may15_1.pdf.

EPRDF. We also covered the cost of preparing the land redistributed to the Afar. ... The second major problem for Afar was the market. There was a waiting period of up to seven months before one would sell his produce. We then facilitated the establishment of companies which provide a reliable market for the producers and pay them in a timely manner. ... SVS company takes all the produce. We have also fixed the amount of production to protect the Afar—470,000 quintals per month. Afar would not benefit from a free market because excessive supply would bring the price down. Also, highlanders would be the main beneficiaries because most of the piles of salt [surplus production] are owned by highlander investors. Now there is a fair deal. SVS brought technology and capital and Afar have the land and labour [production].

We persuaded Abebaw to establish the factory. He first came to Afar region in 2016. He contacted me mentioning that he wants to establish a factory together with the Turkish investors. I met them because I was interested in the idea of establishing a factory in Afar land. People are often discouraged to establish factories in Afar land. Awel Arba was then the vice president and he also cooperated. President Seyum and his colleagues were not happy about the idea because they benefited from their political and business connections with the TPLF-affiliated investors [producers]. ... After the change of government, we asked SVS [how] we can support them. They mentioned legal protection for them to work freely. They promised they would not take Afar salt land; only a legally protected supply by the producers. If we do that, they pledged they would establish another even bigger factory in Afdera, which they did in 2020.⁵²

Here we see how far Afar political elites have gone in trying to attract investment in the region's salt sector. The reforms, including those related to salt land, are understandable as the Afar largely lack the requisite skill-set and the capital needed for large-scale investment. However, the measures have not resulted in sufficient economic empowerment of Afar society to make good the promises made by the PP administration. This echoes a strategic dilemma that governments in the Global South face when they open up the national economy and local resources to global market forces and investments. The process often results in the incursion of powerful economic actors that can leverage their economic power and political influence to monopolize control over strategic resources—in this case, salt—as well as co-opt local leaders through the distribution of rents (in this case, salt rents).

The Afar youth perspective

Many members of Afar society, particularly the youth, have a different reading of the salt reform, highlighting not only their continued marginalization but also how their situation has worsened since 2018. As the narrative below from a former member of *Duko-Hina* demonstrates, the issue of the SVS monopoly is cited as a major reason behind the current crisis in the salt sector:

52 Afar Information Centre, 'Interview with Gado Hamelo', 2021.

We were cheated, believing the story of salt reform was for real. I even joined government and became a *woreda* bureau head. Soon it transpired that we are back into monopoly; this time around a single company, which monopolized the salt business. I was critical about the SVS monopoly and expressed this to the political leaders for which I was fired from my position. I am now doing my part to break this monopoly by helping organize alternative producers' associations and establishing a share company which also engages in processing and distribution.⁵³

The above account is corroborated by the following narrative from another former member of *Duko-Hina*:

PP's idea of Afar salt for the Afars is a rhetorical strategy; part of the broader strategy of stripping TPLF's economic power. In the early years of the reform the language of Afar salt for the Afar was strongly voiced. Other regions such as Oromia and Somali have moved towards controlling the natural resources in their regions. But the Afar regional government lacks the vision and the capacity to do so. Otherwise, it could have served as an equity firm to enhance Afar participation in the salt sector and the mining sector more broadly. The agenda of Afar economic empowerment was set by *Duko-Hina*, which later PP appropriated. Our focus was on salt land because then the main source of inequality was land. Most salt land was occupied by TPLF-affiliated businesses and Afar politicians. That was why the regional government carried out land reform and redistribution.

But apart from some clan elders, some Afdera youth, most of the land was taken by the new politicians. And more importantly, companies shifted the means of dominating the salt business from production to processing and distribution. SVS does not need to respond to Afar demands. It has access to loyal government spokespersons in various regional government institutions. The company also has strong networks in the Revenues and Customs Authority and MoTRI.

The price of salt is fixed for the last five years for the producers despite the cost of living has risen whereas SVS/TTR increases the price for its distribution as it wishes. If at all there is any change, for the Afar the shift is from Tigrayan to Amhara businesses. All salt transactions were handled through the Lion's International Bank [linked to TPLF's endowment] and now replaced by Abyssinia bank. This is the reason why Abyssinia bank has grown so rapidly.⁵⁴

The Afar elders' perspective

There is also a feeling of being pushed aside among Afar's traditional authorities, particularly Afdera's clan elders, as the following narrative by the son of the Gidinto clan elder—traditional

53 Interview with a former member of *Duko-Hina*, Samara, 5 October 2022.

54 Interview with a former member of *Duko-Hina*, Addis Ababa, 10 October 2022.

owner of Lake Afdera and its environs—indicates:

Our people are not benefiting from the salt business. While you see salt mountains, they go hungry. They are required to sell salt only for designated buyers. They are given little money for their produce. They could not look for alternative markets. There are checkpoints everywhere. Afdera people were better off before salt exploitation started. The adjacent land to the lake was very fertile; good for cattle. Afar from other areas used to come to Afdera during draught. Now Afdera has turned into a desert. We suffered a lot during [the] EPRDF period. Many were killed or imprisoned because they questioned the exclusion of the Afar.

We hoped that the new government would restore the Afar traditional governance system as per their promise but we have not seen this happening. In fact, traditional authorities are pushed aside. They said the land belongs to the government and administration is the task of the government. We were not consulted during salt land redistribution. We could have helped in a more just redistribution, as we have a detailed knowledge about who has lost and who deserves. Many who got the land are outsiders [non-Afdera Afar]; and those who have wealth and power.⁵⁵

The salt association members' perspective

Even members of *Lula*, the salt association established by the regional government, replacing Kadaba, have critiqued the administration's much-acclaimed salt reform, considering it to be a far from inclusionary measure:

Salt land occupied by big companies was redistributed to the Afdera youth in 2018. Up to 250 youths were organized but so far, they got no benefit. The quota system will be an entry barrier. Regardless of the large salt land they are given they could not access the market because of the already existing excessive salt produced. There is already over 30 million quintals of salt in Afdera waiting to be sold. SVS is supposed to offtake 470,000 quintals per month. As per the quota each producer gets 0.06 per cent of the total produce. So, let alone individuals who are organized in association, individuals who have lots of salt land do not benefit because of the excessive salt. Every year surplus salt accumulates.

The government argues that the free market will hurt producers. But ironically, it is the price of salt at production phase which has been made constant, not for the processors and distributors. Once the salt is out of the producers' hand, it is governed by a 'free market' principle. The companies sell salt at the price they wish. There is no control, no price cap while salt producers sell—via *Lula*—to SVS at a fixed price. Afar's participation in the salt value chain was much better than their current situation. Apart from production, they also had a share in processing and distribution. Forty-nine per cent of the Kadaba

55 Interview with Hola Yayo Ali, son of Yayo Ali, Afdera, 23 October 2022.

company belonged to the producers and some of these producers were Afar. But now they are limited to production only, and even at the production level most Afar get 30 per cent of the salt produced. The remaining 70 per cent is for the investors because they lack the capital to invest in their land.

Besides, the youth were organized in associations and used to directly supply the market. ... Although we now get 322 birr before tax in real terms this is much lower than what we used to get previously. While we pay all kinds of taxes the companies either do not pay any or delay payment. This is costing the government over 336 million birr annually. The companies pay only for six months, which is half of what they have to pay. This is a recurrent theme regarding companies and tax. They were not paying tax properly under EPRDF nor do they regularly pay currently.⁵⁶

The mechanics of monopoly

As can be seen in the narratives above, the monopoly over the salt business held by SVS is highly contentious. The making of this monopoly is linked to Kadaba's replacement by *Lula*, which has become the sole producers' association. It is *Lula*, and *Lula* alone, that enters into a contract to supply raw salt to SVS/TTR. SVS/TTR not only processes (washes and iodizes) salt itself, but supplies raw salt for the other salt processors located mainly in Tigray, Amhara, Oromia and SNNPR. These salt processors are wholly dependent on SVS for their continued supply. The SVS monopoly is also reflected in the distribution of iodized salt, which is dominated by businesses directly linked to SVS.

As evidenced by the discrepancy between growing demand, excess surpluses at the point of production and soaring prices, it is questionable whether the assessment that Ethiopia's monthly salt demand is 470,000 accurately reflects market forces. While the price at which producers sell salt is fixed (155.05 birr/quintal after the deduction of various taxes—see Table 1 in the Annex), the price at which companies sell has significantly increased over the past three years (currently 1,600–2,000 birr/quintal).

Although there are other reasons why the price of salt has increased exponentially in recent years, such as transportation problems arising from the spillover of the Tigray war into Afar region, the current scarcity of salt appears contrived. This works to the advantage of SVS, with the continuous rise in salt prices adding to the company's profit margins. At the same time, the apparent scarcity in salt is pushing other salt processing companies out of the market. In principle, producers can sell their produce to any legally recognized processor (or those who buy raw salt for industrial purposes). As such, it is theoretically possible for producers to create their own market in addition to SVS/TTR. However, this changed in May 2023, as a new salt bill now makes processing conditional on being located in the regions where salt is produced (see: 'The salt bill' section below). There are currently 26 processing factories in Ethiopia that sell iodized

56 Interview with *Lula* member, Afdera, 18 October 2022.

salt. These factories buy salt either processed (washed) or raw. Leaving aside the factories in Tigray (which have stopped operations due to the war) and the Somali region (which produce only a small amount of salt), the remaining 14 factories get their salt supply from Afar region, mainly from Afdera through SVS. The monthly demand of these factories is around 2 million quintals just for iodization, with most facing closure due to the lack of a steady salt supply from SVS. This has threatened the gains Ethiopia has made in its national iodization programme. The complacency and even active support displayed by the regional political leadership in allowing the SVS monopoly to operate are succinctly laid out below by a former member of *Duko-Hina*:

Afdera, Dobi and Berhale each could supply over 2 million metric/month if needed. But what is brought to the market currently is around 200,000/month. The quota given to SVS is around 1.1 million/month but SVS takes only 100,000 from Afdera and 100,000 from Dobi. The trick is that the regional government allowed only one association which supplies SVS. This means if I want to establish a salt factory, I can easily do that but the challenge is where do I get the salt from except from the association?

SVS monopoly is sustained through two means: a monopoly over producers' association and monopoly of factory. But the critical factor is the producers' association because in principle it is possible for any investor to come and establish a factory, something which is encouraged by the federal government and apparently consented by the regional government as well. It is a shame that the artificial scarcity of salt despite abundant supply is costing the country a lot, not only endangering public health with the closure of iodine processing factories but also draining the country's foreign currency reserve. I learnt during my visit to Mojo tannery that they import salt from Egypt! It is the same with the iodization factory in Dire Dawa, which imports salt from Djibouti. That is why the Ministry of Finance included salt in the list of items that were banned from import in October 2022.⁵⁷

It is worth emphasizing here that SVS's monopolistic practices involve hoarding salt to increase prices, forcing the country/tanneries to turn to imports despite the 'mountains of salt' in Afdera that have piled up over the years. Clearly, this is a dysfunctional system. In this regard, the elder and youth narratives above are corroborated by the findings of a study—instigated by the Prime Minister's Office (PMO) and commissioned by MoTRI and MoM—aimed at addressing market imperfections in the production and distribution of salt.⁵⁸ According to the study, the main problems in the salt value chain are an arbitrary quota system not backed by a needs assessment at the national level, and the fact that there is only one factory (in use) and only one producers' association, with market distribution monopolized by a single company. Thus, the study recommends increasing the number of companies and producers' associations, as well as providing support to youth associations that have expressed interest in the salt business.

57 Interview with a former member of *Duko-Hina*, Samara, 16 October 2022.

58 Ministry of Trade and Regional Integration, 'Assessment of the Salt'.

Most companies supplied by SVS have had to cease operations and lay off their employees due to a lack of supplies, despite the large-scale excess production seen in Afdera particularly.⁵⁹ This has greatly distorted salt market forces to SVS's sole benefit. The same distorted market forces are clearly visible in the demand and supply of salt for industrial production, where real demand far exceeds the fixed quotas established by MoTI (see Table 3 in Annex).

All of the above suggests that the stark gaps in demand currently faced could easily be addressed if producers or an alternative association union were allowed direct access to the market rather than having to go through *Lula* (which is under the strong grip of SVS). In order to maintain its monopoly, SVS leverages a variety of robust political and economic ties with the relevant regional and local government institutions, which all put pressure on *Lula* to solely supply SVS in return for a 'guaranteed' market for producers.

59 Interview with official in the Ministry of Industry, 8 November 2022.

REGIONAL GOVERNANCE: AFAR'S SALTY POLITICS

Those involved in Afar's salt business can be divided into four categories. At the bottom of the hierarchy are those Afar who do not own land but work as labourers. Having previously made a living from digging and cutting the rocky salt and loading it into *kesha* (a sack of salt) many such Afar labourers have lost their livelihoods due to SVS's introduction of *gelbach*—the local term for the system of direct truck loading from the site of production. The second category are small-scale producers who own salt land, largely after the land redistribution, but lack the capital to prepare it or buy the necessary processing technology. As a result, they enter into sharecropping arrangements with investors from the neighbouring highland regions, who take 70 per cent of the profit, with the remaining 30 per cent going to the producer. The third category are Afar who own salt land and have the capital to invest in salt production. They produce by themselves and are members of *Lula*. The majority are government officials in the new administration, along with some from the previous administration. The fourth category are members of the inner circle (including business affiliates) of top regional government officials who benefit from the salt business in a number of ways. They own larger tracts and prime salt land, and have the capital to invest. More importantly, these local elites receive financial and non-monetary rewards from SVS for helping create and maintain its monopoly, thereby ensuring their compliance, including when it comes to silencing dissent from the local population.⁶⁰

Maintaining the SVS monopoly

Regional security forces, in cooperation with regional customs authorities, play an important role in upholding SVS's monopoly. There are two checkpoints in Afdera: one on the road to Addis Ababa and another on the road to northern Afar. The regional police provide protection to SVS trucks, while any attempt by others (including salt producers and their union) to transport salt from Afdera anywhere else is blocked and met with disciplinary measures from police officers at the checkpoints. This has been in practice since the SVS secured exclusive rights to process and distribute Afdera's salt.⁶¹

The level of SVS's political leverage over the regional government was dramatically demonstrated

60 For example, the head of Afdera *woreda* administration, as well as the head and board members of *Lula*, have all received a Toyota Hilux Revo (a car currently trending with investors in Ethiopia). Also, Afdera youth who had been members of *Duko-Hina* were given positions in the administration.

61 The Tigray war provided additional reasons to tighten security measures, but salt was traded illegally to Tigray (via contraband) by the leadership of Afar, which has benefited from the war economy.

by the February 2023 regional cabinet reshuffle. In August 2022, Muhammad Hassan, head of the regional Bureau of Revenues, wrote a letter to SVS pointing out that its tax arrears for the past three years had reached an alarming 270 million birr—considerably more than the 31 million birr it had proposed to pay.⁶² The letter, which was then posted on Facebook, asserted that tax is not something that is negotiable, and it was not up to a taxpayer to determine the amount paid. This was despite SVS previously having threatened Muhammed Hassan—and indeed anyone else—about exposing it on tax-related issues.

It came as little surprise, then, that Muhammed Hassan was one of the regional government officials dismissed in the February 2023 cabinet reshuffle. Other cabinet members who lost their posts included Ali Hussen Weisa, vice president and economic cluster coordinator, and Ali Muhammed Asitaytu, head of the Bureau of Education. The dismissed officials were all either very critical of how regional salt governance was being conducted or aspired to greater participation in salt affairs, perceived as a means of consolidating power and challenging the president. Around the same time, As Muhammed, maternal uncle of Muhammed Hassen, lost his Dobi salt lands, allowing SVS unfettered access to the region's second-largest salt producing area.

Aside from the financial rewards they receive, Afar political elites also benefit from so-called 'bids' to prepare salt land that is to be distributed to government institutions such as the Afar Development Association and Afar Mining Corporation, as well as to youth groups and opposition parties. This manifests in the preferential treatment being given to businesses with family links to regional political leaders. This has generated competition among rival factions in the regional political class, complicating regional governance. The political faction challenging the status quo is seeking to enhance its share of the salt pie. This faction revolves around Ali Mohammed (nicknamed 'Japan'), former mayor of Samara and current head of the Bureau of Education, closely supported by several members of the regional cabinet.⁶³ Meanwhile, the president and his network of supporters (from relatives to companies) continues to utilize various forms of salt revenue to create and maintain alliances.

Silencing dissent

As mentioned above, the president and his faction also employ 'salt rents' to silence dissent. Not only has the regional administration co-opted *Duko-Hina* members through appointments and the provision of salt land, but government patronage has extended to the much-feared *Uguugumo* fighters, who may otherwise have undermined the new administration's political legitimacy by re-engaging with the Afar justice struggle or even resuming their armed struggle. Similar tactics can be seen in the case of the regional opposition party, the APP. Established by

62 Letter written by Afar Bureau of Revenue to SVS, No. 202-2-2014, August 2022.

63 Together with Muhammed Hasan, Ali Husen Weisa was fired from his position. Currently, these groups are openly in competition with the regional president and his inner leadership circle in appealing to the federal government and the ruling PP.

the Afar diaspora in 2016 as a resistance movement against ‘social injustice, unequal economic prosperity, human rights abuse and land grabbing policy of the EPRDF’ that ‘systematically excludes the pastoralist majority’, the APP promotes an inclusive agenda, stating ‘stability, security and prosperity can only be achieved when Afar work in unison with all Ethiopians on equal footings and not as a subordinate’.⁶⁴ Much to the dismay of the general public, however, the top leadership was co-opted by the Afar wing of the PP through the distribution of salt land, effectively neutralizing the APP as a viable opposition political party better articulating and protecting Afar interests.⁶⁵

The Afar’s sense of desperation and resignation regarding their exclusion from Afdera’s salt business is rooted in this lack of political voice. Neither the regional government nor the opposition appear capable of challenging, still less altering, the stark inequalities of the regional salt sector. This failure is compounded by the current rivalry between the two factions of the regional ruling party and the business elite, which is geared towards being in the best position to accrue personal benefits from large economic players such as SVS. It is this promotion of self-interest at the expense of the Afar public good that sustains the deeply unequal and exploitative salt regime.

In August 2022, growing Afar discontent over Afdera’s salt provoked a debate in the regional parliament, with Gaddo Hamolo responding dismissively to MPs’ questions:

One of the bold measures our new regional government has carried out is empowering Afar over Afdera’s salt through land redistribution. What is then this so-called salt issue we hear on Facebook? We need to question the source. There is no longer a salt issue. People of Afdera are not asking! It is not raised as an issue in parliament or other public meetings. It is rather on Facebook that salt has become an issue. There are four groups of people who use Facebook as a site for struggle over salt. One group is those who benefited from the old establishment at the expense of local Afar communities. The second group is those who never uttered a word of complaint when Afar were excluded from the salt business throughout the EPRDF period. A third group is those who tried and failed in salt business and seek to use illegal means to profit. A fourth group is politicians. These are people who use salt as a means of political struggle, either to get more power or as a reason for their dismissal or demotion.⁶⁶

Lost potential and Afar marginalization

Despite the regional government’s aforementioned claim of addressing Afar grievances with regard to their marginal position in salt mining, ordinary Afar continue to lament that the transformational potential of the region’s abundant salt has not been fulfilled and that they

64 ‘About us’, Afar People’s Party. www.afarparty.org.

65 In fact, the APP proposed a merger with the Afar Prosperity Party, which was apparently rejected.

66 This parliamentary discussion was televised through Afar Mass Media in August 2022.

have been progressively marginalized from the sector. The following commentary, along with those that follow it, offer insights into the deteriorating position of the Afar in the salt sector and how the salt rentier economy affects regional governance:

The land redistribution did not affect former Afar politicians and their families; only businesses linked to TPLF. Afar politicians could not aspire to be salt tycoons for fear of visibility but do business through their families. For instance, Yayo, former president Haji Seyum's close relative became so rich that he managed to import 12 V8 SUV cars. Now he is in Tigray. He was key in Kadaba because he was finance head. The head of Afdera *woreda*, board members of Afdera Salt Producers Association and some clan leaders and elders have benefited from SVS's financial support, including driving a Porsche car (Revo Car) and housing facilities.⁶⁷

There also seems to be a network of interests encompassing Afar regional political leaders and the party-government nexus at the federal level, effectively establishing a 'salt line' between Samara and Addis Ababa that sustains patronage networks. As a former *Duko-Hina* member explains:

Afar and federal relations depend on the salt line, which serves as the hook for patron-client relationships (*manteliteyaw salt naw*). Afar politicians compete and struggle for political power, which is then used to extract economic benefits, as in the lucrative salt business in Afdera. Which Afar political faction ultimately prevails depends on who gets the federal patronage. Whoever wants to acquire and remain in power uses the revenue made from salt to buy political support in Addis Ababa. This is key to making it to the regional executive and central committee. This has blocked the possible emergence of a visionary regional leadership in Afar.⁶⁸

67 Interview with a former member of *Duko-Hina* and current staff member at Samara University, Samara, 5 October 2022.

68 Interview with a former *Duko-Hina* leader, Samara, 7 October 2022.

EXCLUSION, RESISTANCE AND THE NEW SALT DIRECTIVE

As the previous sections attest, the Afar have been progressively squeezed out of the lucrative salt business in favour of more powerful non-Afar economic actors reliant on monopolistic practices. Although not yet fully articulated, Afar grievances revolve around the following key issues, all of which are manifestations of monopolistic closure.

To start with, there is an inequality of the transactions between Afar producers and SVS. The price of salt at the point of production is fixed, and so has remained constant for the past five years, despite rampant inflation and rising living costs. By contrast, the price at which processed salt is sold has increased steadily, providing companies with ever-expanding profit margins. SVS's market monopoly has also meant the share of the quota received by Afar producers has got progressively smaller, as it is not possible to bypass SVS and directly supply other processing factories or wholesale distributors. Compounding the situation for the Afar is the fact that this monopoly has been cemented through the complacency and active bureaucratic support of senior regional government officials.

Afar grievances are further exacerbated by delayed company payments and an unfair credit system—it is sometimes months before producers are paid by SVS through *Lula*. Producers are also subject to multiple unfair taxes, which together amount to 48 per cent on each quintal of unprocessed salt. By contrast, the processed salt sold by SVS is not subject to such taxes. This has led to resentment about the failure to collect tax on processed salt, which it is felt could have been used to finance Afdera *woreda*'s infrastructural and economic development.

Nor are SVS's CSR acts viewed in a positive light. The bitter comment made by an Afar salt producer and member of *Lula*'s management that 'good that SVS built us a Mosque where we pray to Allah to get rid of the companies'⁶⁹ gives some indication of current levels of disappointment. Driven by the pursuit of profits, SVS has syphoned off whatever it can squeeze from Afar producers and wage labourers. As mentioned, the introduction of the *gelbach* truck loading system took away the income of many Afar labourers. Moreover, it has impinged on the livelihoods of local Afar women who used to make money from sewing the *kesha* used by the labourers. As such, the 23 *Bajaj* auto three-wheelers provided by SVS to youth in Samara as a supposed act of CSR have been derided as '*kesha* money'—in other words, SVS is seen as having used the money it took from Afdera women to buy the *Bajaj*. SVS has also stipulated that it should receive 20 kg of free salt per quintal, supposedly to cover the cost of washing the salt.

69 Interview with *Lula* representative, Afdera, 18 October 2022.

This is despite MoTRI already having taken washing into account when setting the price of salt at the point of production.



Company trucks and salt storage in Afdera, Photo by Abubeker Yasin, October 2011

Voices of resistance, acts of institution building

Afar voices remain muted, and there is a sense of resignation among Afar youth, association members and elders regarding their position in the salt sector, best captured in the following statement by an Afar salt producer: ‘like a Mosque has only one Imam so Afdera has one factory and our Imam is SVS. What do you do with an Imam except fully complying with his orders and wishes?’⁷⁰ Neither the regional government nor the opposition have become a voice for Afar inclusion thanks to the entrenched interest network that ties them to SVS. Even so, critical voices have emerged in the form of public outrage, open criticism of SVS and the regional government by traditional authorities, and practical attempts to challenge the existing monopoly by former members of *Duko-Hina*. Three elders from the Gidinto clan—the titular clan in Afdera—who protested against their exclusion from salt governance and the allotment of salt land to politicians were subsequently imprisoned in Afdera before being transferred to Asaita, the region’s central prison. This points to how seriously SVS and the regional government are taking emerging critical voices among traditional authorities. According to Afar’s customary

70 Interview with a public relations officer, Afdera Salt Producers Union, Afdera town, 8 October 2022.

law, land belongs to specific clans and sub-clans—a legal regime that is on a collision course with the federal government’s claim to ultimate ownership of all the country’s land.

Afar exclusion and SVS’s monopolistic practices have also been challenged by some members of the producers’ association, with the commentary below capturing both the sense of desperation and the perceived space for agency:

SVS does not want our association to grow. Lest, it would be a potential competitor. Four banks have so far shown interest to provide us a loan but they fear SVS. We are obliged to supply only SVS although there are many other factories in other parts of the country that need salt that we can directly supply. In principle, SVS should have been dependent on the salt producers or their association, not the other way around. ... The alternative to compliance is ejection from the salt business.

Previously Afar used to involve not only in production but also in processing and distribution through the producers’ union. Some Afar producers owned some share of the Kadaba’s share company. But now we are confined to production and even this role is declining. ... Producers, clan elders, youth have all vainly protested. But we should continue exposing the injustice related to Afdera’s salt. I am doing my part. When I was informed that SVS is engaged in contraband trade in non-ionized salt, I followed up the case and managed to intercept four trucks. I handed them over to the Samara-Logia court. Ironically, the trucks later on were parked in SVS compound as ‘exhibits’ to the crime as if they do not belong to SVS. SVS has become above the law and this is not acceptable.

Afar producers and excluded youth have appealed to various government stakeholders—including the regional Bureau of Mining, *Lula* and the regional government—in their struggle for economic justice. All these stakeholders, however, have a vested interest in the status quo. As an Afar academic from Samara University notes, ‘they are appealing to the wrong audience. That is why their outcry has remained like *ye qura chuhet* [the calls of crows; apparently a noise for no effect]’.⁷¹

Meanwhile, some youth, particularly former members of *Duko-Hina*, are engaged in practical measures that directly challenge SVS’s monopoly. Towards this end, Afar youth salt producers attempted to establish an alternative producers’ association called *Mahi Difu* (New Dawn), reaching out directly to salt processing factories other than SVS. In response, the regional government successfully co-opted the association, replacing its senior members with Afar youth connected to the regional leadership’s inner circle.

A much more determined attempt to break the SVS monopoly is being spearheaded by a former member of *Duko-Hina* who is striving to mobilize Afar producers, organize them into alternative unions and ultimately build a salt factory. He narrates this act of mobilization thus:

71 Interview with an Afar academic from Samara University, Samara, October 2022.

Afar situation has worsened since 2018. Producers are now forced to sell their produce on credit to SVS via their union [*Lula*]. At least during TPLF the salt of the producers' quota would be taken only after the payment was made through their book account. That is why we decided to form an alternative producer's association. ... We talked to over 150 producers, those whose salt is like a mountain and desperate to access market. ... We offered support to them including crafting the rules and regulations of forming an association or cooperatives.

SVS and the regional government put pressure on Afdera *woreda* not to recognize the new association under formation. In case they succeed at the *woreda* level, the regional bureau of cooperatives and association would obstruct the process. The focal person at the regional bureau of cooperatives and association intimated to us that she would not risk the higher-ups and apologized for not being helpful, saying 'I rather keep quiet and raise my kids'.⁷²

Relentlessly defiant, this group of former *Duko-Hina* members have moved beyond protest to institution building by escalating the issue of Afdera's salt to the federal level. The following commentary by the member of this initiative outlines how this was done:

Despite these political pressures, we managed to get the new producers' association recognized by the Bureau of Justice. ... We approached the Ministry of Industry, Ministry of Trade and Regional Integration, and Ministry of Mining. We were received positively by these federal institutions. We also reached out to the PMO and went to Mojo to connect with factories, which were closed because of lack of enough supply of salt. We learnt that the main problem lies at the regional level and unfortunately the federal institutions could not impose anything on regions because of federalism but promised to us to continue supporting our initiative in whatever way they can. But the regional Bureau of Trade gave us all kinds of excuses and finally wanted us to join *Lula*, kind of reconciliation between us and the existing association.

We went ahead and made contract with those organizations which are licensed by the Ministry of Industry to source salt for industrial purpose. But many hesitated to make contract with us fearing the regional government bureaucracy and the SVS monopoly. They mentioned that in case we fail they would be in trouble. We then re-strategized and thought of establishing a factory to ensure that we will have a presence both at the production and processing/distribution phase. We are now in the process of raising fund to establish a salt factory.⁷³

72 Interview with a former member of *Duko-Hina*, Samara, 7 October 2022.

73 Interview with a former member of *Duko-Hina*, Samara, 7 October 2022.

The salt bill: reinforcing the existing monopoly?

It was expected that the production and distribution of salt would undergo a radical overhaul following the February 2022 joint study by MoTRI and MoMP, which revealed poor national salt market chains and monopolistic tendencies. The March 2013 salt bill⁷⁴ is informed by the findings of this study. The bill, however, places more emphasis on public health concerns generated by setbacks in Ethiopia's universal iodization programme—which has otherwise been celebrated as a 'success story'⁷⁵—than tackling monopolization and economic injustice. This is partly due to SVS's effective lobbying of federal institutions, with MoTRI sources claiming that the draft salt bill was shared with SVS for comment before being sent to the Council of Ministers. Critical voices within MoTRI who pushed back against this 'arm twisting' by SVS have been sidelined, while some members of the study committee were reprimanded by the department's minister for failing to participate in an invitation by SVS to discuss the situation.⁷⁶

While it is perhaps understandable that the federal government has prioritized public health, doubling down on iodization efforts, it is concerning that the provision dictates which companies are to receive salt inputs and restricts salt processing to regional states where mines are located. Thus, the national iodization programme has effectively provided a loophole for more powerful non-Afar economic players such as SVS to dominate the salt value chain, as attention has shifted from production to processing, which requires substantially larger amounts of capital. It is not only the Afar who are worried that the salt bill could further advantage SVS—the manager of Guts Agro Industry Plc, which runs factories in Bishoftu and Hawasa and sources its salt from SVS, for instance, has asserted that restricting salt processing to the regional mining state would 'effectively put several companies out of businesses'.⁷⁷

Changing fortunes?

The owner of SVS company, Abebaw Desta, was accused in April 2023 of clandestinely supporting Amhara extremist forces which are challenging the government, when the federal and regional government of Amhara attempted to demobilize and disarm the Amhara regional forces and other armed groups and integrate them into the Ethiopian National Defense Forces (ENDF). The federal government announced in April 2023 that SVS had illegally hoarded thousands of tonnes of salt and accused the company of not paying taxes. Following this, the Republican Guard—a special military unit outside the ENDF that is accountable only to the PM—was secretly dispatched to Afdera to close down SVS's salt operations there. In a letter issued by the

74 FDRE, 'A Directive Issued to Control Salt Marketing', Salt Marketing Directive No. 962/2023, Ministry of Trade and Regional Integration, Addis Ababa, 27 March 2023.

75 IDD Newsletter, 2022.

76 Members of the study committee were reprimanded for failing to take up an invitation from Abebaw Desta during their stay in Afdera. Interview with two MoTRI staff members, *Addis Ababa*, 18 November 2022.

77 Munir Shemsu, 'Salt Processing Foresees Restriction to Mining Regions', *Addis Fortune*, 17 December 2022. <https://addisfortune.news/salt-processing-foresees-restriction-to-mining-regions/>.

government's Finance Intelligence Service (FIS), which has a mandate to pursue illicit financial activities, Ethiopian banks were ordered to block the financial transactions of 37 individuals and business enterprises associated with SVS.⁷⁸

Following the intervention by the FIS, the industrial and mining committee of the House of People's Representatives conducted a field-visit to Afdera to assess the extent of SVS's monopolization scheme and the discontent amongst the local community. At the time of writing, the Ethiopia Federal Court is following up on the case. Once again, the Afar are hoping that the investigation into SVS' alleged monopolistic practices might bring the much-needed restructuring of the salt sector which provides greater space for their economic empowerment; from a more regulated source of revenue for the regional government, employment opportunity, to greater capability to invest in the sector.

78 This refers to Article 19/3 of Proclamation No.780/2005. See: Federal Democratic Republic of Ethiopia, 'Prevention and Suppression of Money Laundering and Financing of Terrorism, Federal Negarit Gazette (2013), <https://nbebank.com/wp-content/uploads/2022/780.pdf>.

TOWARDS MORE EQUITABLE NATURAL RESOURCE UTILIZATION IN AFAR

The current conflict-prone state of affairs in the Afdera salt value chain is an unhealthy one. At its heart lie monopolistic practices that have squeezed the Afar out from their already marginal position in the sector. There are a number of reasons why salt governance reforms to the utilization of natural resources—which should be imbued with an inclusionary agenda—are urgently needed. For one, the Afar's sense of exclusion is deepening and, in turn, breeding political alienation. This has undermined the PP's political and moral legitimacy, which is strongly based on bringing the periphery into the centre. In this regard, progress has been made in terms of political inclusion, to the extent that the regional ruling party (the ANDP) has joined the national PP as Afar-PP. The ANDP, like other ruling parties in the peripheries, was allied to but not an official member of the EPRDF coalition. The inclusion agenda should, however, be extended to the economic field, ensuring that those at the margins can meaningfully participate in local, regional and national economies. The political opportunity cost of failing to do so is a potentially restive region susceptible to geopolitical ferment. This is a particular risk when it comes to the geostrategic position of the Afar region: its status as a commercial heartland through which Ethiopia's international trade flows.

Monopolistic closure in the salt value chain has also prompted serious public health concerns, as indicated by the setbacks in Ethiopia's iodization effort. Moreover, contrived scarcity—a mechanism for maintaining monopoly and generating obscene profits—has contributed to a thriving contraband trade in non-iodized salt. It has also led to the increased importation of salt from international markets, exacerbating the already acute foreign currency crunch, to the extent that the Ministry of Finance has placed salt on its list of banned export items. This is despite Ethiopia's immense potential for salt exports, which could potentially ease the country's dwindling foreign currency reserves.

The status quo in the salt value chain has also undermined regional governance and domestic accountability, with salt rents prompting the regional political leadership to look towards Addis Ababa rather than Samara. In doing so, they have failed to articulate a vision for Afar economic inclusion or justice issues more broadly. It has also led to fragmentation among the regional political class, with old and new elites occupying competing positions in the political economy of salt, fuelling factionalism.

Policy considerations

Achieving just and peaceful governance of Afdera's salt and, more broadly, utilization of natural resources in Afar, requires various stakeholders involved in the sector to change course. Overall, the federal government needs to complement the political inclusion agenda of peoples of the periphery with economic empowerment through various capacity-building measures. Doing so will also be in line with the federal project, which in the Ethiopian context goes further than a mere administrative decentralization, and is imbued with a sense of socio-economic justice redressing the historically shaped imbalance in the country's lowland peripheries.

With this in mind, the following recommendations are offered:

- Federal institutions and the regional government should reconfigure the existing salt value chain and monopolistic practices by facilitating an increased number of producers' associations, processing companies and distributors. Moreover, the federal and regional governments should explore international markets as a means of helping salt producers currently overwhelmed by excessive production. Any corrective measures against monopolistic practices should ensure that this will not lead to a mere change of actors while maintaining the existing structure of inequality.
- The national iodization programme has inadvertently advantaged already powerful economic actors at the expense of those with more limited financial resources. As such, the federal government should focus on process as well as outcomes, balancing public health concerns with equity.
- There are some areas in the new salt directive that need improvement. For one, restricting processing factories to only those that are based where the salt is produced can reinforce monopolistic practices. As per the new directive, twelve of the salt processing factories based outside of the Afar region would be closed down. These factories should be given a grace period during which they are permitted to source raw salt both from large companies and/or directly from producers. This will help alleviate the paradox of abundant supply and the prevailing scarcity.
- The directive mainly focuses on problems in the distribution chain (limiting the amount of salt to be produced and/or sold), rather than focusing on socio-economic justice, thereby advantaging large companies and undermining the interests of local producers. There is thus a pressing need to adjust prices at the production stage considering the current inflation and cost-of-living-crisis across the country. In a similar vein, the directive should reconsider applying a standard practice that helps to bring fair and just competition.

- Any economic inclusion agenda should place Afar youth at its centre, ensuring that they have greater participation in the salt value chain. Towards this end, legal and financial support for the current initiative aimed at establishing an alternative producers' association and salt processing factory should be considered.
- The regional government should focus on articulating Afar communal interests, including gaining a greater share of the salt business. Meaningful participation of the Afar community can be achieved by endowing local investors with the necessary capital and skills to engage in the salt business. Here, the recently established AMDC could play a pivotal role in working towards a more inclusive extractive sector operating as a share company open to public participation.
- Salt companies should responsibly conduct their business abiding by ethical rules and be driven to institute more robust and genuine corporate social responsibility as standard practice. Rather than being exploitative investors, they should socially invest in local communities and strive to achieve a sense of belonging to sustain their business.
- Investment in salt or other sectors in Afar needs to consider an approach of doing business that meets the development needs and priorities of the country. Beyond profiting from investments, this requires working towards ensuring the common interests of the local population. Responsible investment in Afar also requires a de-linking of companies from political manoeuvring and co-optation of government actors and political elites.



ANNEX 1

Table 1: Salt tax breakdown for producers

ITEM	AMOUNT IN BIRR
Gross price of 100 quintal of salt in Afdera	322.44
Excise tax	56.07
VAT	48.36
Royalty	7.50
Withholding tax	6.44
Contribution to the Afdera Development	5
Sack	35
The cost of sewing the sack	4
Contribution to Afar Prosperity Party	5
Net income/quintal	155.05

Source: Afdera Salt Producers Association, Samara, November, 2022.

Table 2. Iodized salt production capacity of factories

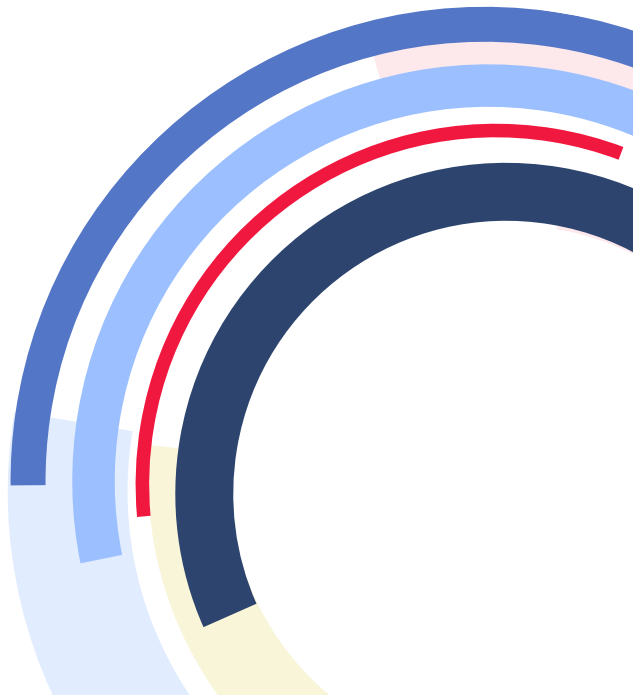
TOTAL PROCESSING CAPACITY OF 14 FACTORIES	SVS/TTR PROCESSING CAPACITY	REALIZED	SHARE OF SALT PRODUCED IN THE AFAR REGION
1,244,600 Q/M	999,000 Q/M (82.2 % of the overall installed capacity—the remaining 12 factories have 19.8 %)	477,000 Q/M	100 % of salt produced in Afdera (420,000 Q/M) and 100 % of Salt produced in Dobi (57,000 Q/M)

Source: Authors' conversion of narrative data from the joint assessment by the Ministry of Trade and Regional Integration and MoM, 'Salt Production, Processing, Production Quality, Supply, Distribution and the Value Chain', February 2022, 7.

Table 3: Monthly demand for salt according to industry

NAME OF INDUSTRY	TYPE OF SALT IT NEEDS	AMOUNT (quintals/month)
Food factories	Washed and iodized salt	317,271
Chemical factories	Washed salt	1,361
Chemical factories	Raw salt	1,674.47
Textile factories	Raw salt	2,601.53
Total demand		323,754
Total supply		57,000

Source: Ministry of Trade and Regional Integration, 'Assessment of the Salt Value Chain', 2022.



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