



# Watch List 2019

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Watch List Updates complement International Crisis Group's annual Watch List, most recently published in January 2019. These early-warning publications identify major conflict situations in which prompt action, driven or supported by the European Union and its member states, would generate stronger prospects for peace. The Watch List Updates include situations identified in the annual Watch List and/or a new focus of concern.

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# Crucial Reforms Languish as Colombia Seeks to Consolidate Peace

Almost a year into President Iván Duque's administration, a polarised Colombia faces many obstacles in consolidating a fragile peace. Hardline elements of Duque's administration and his Democratic Centre Party continue to take aim at the Special Jurisdiction for Peace – a rehabilitation-oriented tribunal at the core of the transitional justice arrangement reached under the November 2016 peace deal – which they argue is too lenient toward members of the Revolutionary Armed Forces of Colombia (FARC). Although Duque recently was forced to enact legislation to complete the legal framework for the tribunal after Congress and the Constitutional Court rejected his efforts to change it, it is not clear whether he and his administration are prepared to move past their focus on altering the tribunal and pay more attention to languishing aspects of the peace arrangements.

With the countryside still wracked by violence, coca cultivation on the rise, and the growth of armed groups (including dissident FARC factions, National Liberation Army (ELN) guerrillas and drug trafficking organisations), the government should invest more time and resources into implementing the peace agreement's rural reforms. These provide the most promising path toward developing a licit agricultural economy that can displace coca production and deprive organised armed groups of their principal funding source. They also can help begin to introduce state presence into regions of Colombia's countryside outside of official reach.

EU political encouragement and financial support can help Colombia prioritise these reforms, as well as meet the enormous humanitarian burden created by the recent influx of 1.3 million Venezuelan migrants and refugees fleeing the ongoing crisis in their homeland, and the millions of internally displaced Colombians who have fled their homes because of armed conflict over the last 25 years.

*The EU and its member states can help to address this complex set of challenges by:*

- ❑ Continuing to voice strong support for the Special Jurisdiction for Peace in dialogues with the government and in multilateral fora, encouraging the government not to change or undermine the tribunal, and noting that keeping faith with the terms struck in 2016 will be important to the peace deal's durability and Colombia's stability.
- ❑ Urging the government to step up progress on crucial land reforms and other measures implementing the peace agreement's rural reform chapter, to which the EU is a major donor.
- ❑ Increasing support for economic development in rural areas – especially those where coca production is rife – including by directly funding alternative livelihood or crop substitution projects.
- ❑ Increasing its funding for humanitarian work to help Colombia shoulder the massive humanitarian burden created by the Venezuelan refugee and migrant influx, as well as internal displacement.

## *Struggling with Transitional Justice*

The question of how to bring to justice former FARC members accused of serious crimes during the conflict has been highly contentious for years. Consistent with the 2016 peace agreement, the Special Jurisdiction for Peace favours reparatory community service work over jail time for FARC members who cooperate, which many in Colombia see as too lenient. President Duque came to power in August 2018 after campaigning on promises to introduce more stringent consequences for offenders, and his party spent much of the last year working toward this goal. In spring 2019, Duque lodged six “objections” to implementing legislation that Congress had already passed in accordance with the 2016 accords to establish a durable legal framework for the tribunal. But in May, Congress overrode the objections and, with the Constitutional Court upholding the override in June, Duque was forced to sign the legislation into law.

Although the fight over the implementing legislation appears to be over, the Special Jurisdiction for Peace remains controversial. A recent source of dispute is the tribunal’s May 2019 decision to thwart a U.S. extradition request and order the release of a former FARC commander, known as Jesús Santrich, who the U.S. wishes to prosecute for allegedly conspiring to traffic cocaine in 2018. After the tribunal ordered Santrich’s release, he was rearrested on “new” evidence, released again (this time under order of the Supreme Court), and sworn into one of the ten congressional slots allocated to the FARC under the 2016 deal – all before disappearing from a FARC reintegration cantonment, with leaked intelligence reports suggesting he fled to Venezuela.

Whatever the particulars of this and other high-profile cases, the government’s quarrels with the Special Jurisdiction for Peace are counterproductive. The terms by which the tribunal operates, however imperfect, are at the heart of the 2016 deal and cannot be altered without jeopardising it. Moreover, the time and attention of senior officials is urgently required elsewhere, as discussed below. The government’s recent proposal to cut 30 per cent of the tribunal’s and other transitional justice funding suggests, however, the divisive political battles around it are not over.

## *Rural Reform: An Uneven Track Record*

Whereas the Duque administration has overwhelmingly focused its political attention on the Special Jurisdiction for Peace and bringing the FARC to justice, its implementation of the accord’s other elements – some critically important to establishing lasting peace in Colombia – has been uneven at best.

On the positive side of the ledger, the government has undertaken important steps to reintegrate FARC members back into mainstream Colombian society, including through the National Reintegration Council’s approval of 24 economic projects and other initiatives to provide ex-combatants opportunities in the licit economy (up from two at the time Duque took office). The government has also finalised sixteen regional development plans, known as PDETs (Programas de Desarrollo con Enfoque Territorial), designed through a participatory process led at the community level in 170 municipalities. These plans contain thousands of proposed measures – which the government is winnowing down based on their assessed “viability” – that are meant

to promote local economic development and improve the presence of state institutions in the countryside by, among other things, investing in infrastructure and expanding access to education and health services.

In other important respects, however, the government has ignored or dragged its feet on implementing the rural reform chapter. According to the Kroc Institute, which tracks peace agreement progress, 51 per cent of the initiatives in the rural reform chapter have made such little progress that it is unclear they will ever be fully implemented and a further 38 per cent have made no progress at all.

Land reforms – strongly opposed by the Democratic Centre’s political base of elite land owners (who see rural reform as a threat to their power and interests) – need particular attention. The peace agreement envisages three main measures to distribute land more equitably, create legal protections for owners, and encourage landholders to grow crops other than coca. One is to formalise the ownership of almost seven million hectares of untitled land by affording titles to the farmers working it. Before Duque took office, the National Land Agency had already titled 1.6 million hectares in just over a year, but its efforts appear to have slowed; as of June 2019 the number was only 1.9 million hectares. A second major measure – the creation of a government-owned “land fund” to distribute three million hectares to peasants with little or no land – is also faltering. Under the prior administration of Juan Manuel Santos, the fund’s holdings reached 525,000 hectares, but under the current administration they increased by only 32,000 hectares. The third measure – to establish a land registry to track ownership and better enable the collection of taxes – is faring better, as the High Advisor for Stabilisation secured financing to proceed with its creation.

### *Managing Insecurity and Coca Production in Conflict-affected Areas*

As Colombia struggles with implementing the 2016 accord, organised violence continues to rise in rural areas. ELN guerrillas, FARC dissidents who did not join the peace process or left it after it began, and drug trafficking groups still control large parts of the countryside. They regulate and participate in illegal economies, seek to control the communities where they operate through makeshift justice and other governance mechanisms, and fight each other as well as the state, causing great harm. More than 145,000 people were displaced by this violence in 2018, up from 139,000 in 2017.

Bogotá feels it is under unrelenting pressure from both domestic constituents and foreign partners to deal more firmly with rural crime and violence. In response, the Duque administration has increased deployments of troops and police officers in places like Catatumbo along the border of Venezuela and Bajo Cauca in the north west. It emphasised killing and capturing criminal or armed group leaders, such as the infamous FARC dissident known by the alias “Guacho”. But in general these efforts have not allowed the government to wrest territorial control away from illegal armed groups, nor have they weakened their power in general.

In the meantime, coca and cocaine production, which fund these illegal groups and motivate them to compete and fight with each other, are at historic highs in Colombia. In 2017, (the last year for which there is reliable data) cocaine production

reached 1,300 metric tonnes. The U.S. has been especially critical of Bogotá for its inability to curb production, and President Trump has threatened to decertify Colombia as a partner to the U.S in counter-narcotics efforts, which would make the country ineligible for most U.S. assistance.

Whether or not this is likely to happen, the Colombian government has taken the White House's discontent very seriously. It has committed to combat coca production through increasing forced eradication, promising to destroy 80,000 hectares of coca this year, and to substitute another 20,000 for legal crops. The Ministry of Defence appears to be preparing to return to aerial fumigation even though it is highly likely that the Constitutional Court – which has previously prohibited fumigation because of the alleged carcinogenic effects of the weed killer glyphosate – will force the spraying to stop.

Beyond issues of legality, a return to fumigation would be counterproductive policy. Prior efforts to control the coca economy through aerial fumigation (Colombia fumigated over one million hectares between 2000 and 2015) have failed. Part of the problem is that the technique is ineffective: multiple studies have shown that spraying a hectare of coca only destroys a small fraction of the crop, and that any minimal inroads it can make are unsustainable over time. Because farmers are cultivating coca plants to be more productive, seeking to curtail production by focusing predominantly on lowering the number of productive hectares is misguided.

For better or worse, the most promising fix for the persistence of organised armed groups and illicit economies in Colombia's rural communities lies with the rural reforms set forth in the 2016 peace plan. Only by addressing the deep socio-economic disparities that grip these communities can Colombia truly move past the legacy of violence.

### *The Venezuelan Crisis*

On top of its domestic challenges, Colombia faces an increasing humanitarian burden caused by the crisis next door. Since the Venezuelan economic and political crisis dramatically worsened in 2017, more than one million Venezuelans have fled to Colombia, swelling the ranks of the more than 300,000 internally displaced Colombians due to violence in that same time period and millions of Colombians displaced during a quarter century of conflict who have not yet returned home.

While the government has proved generous and welcoming to Venezuelans by providing temporary residency and access to health and education, infrastructure along the border is woefully inadequate and many migrants choose instead to live in squalor in Colombia's big cities. Although Colombia is a middle-income country, additional donor support is urgently needed. The UN and other humanitarian agencies estimate the funding needs for Venezuelan refugees in Colombia are around €280 million for 2019, of which only €67 million are currently covered by donors. Bogotá is contemplating relaxing deficit targets so that it can spend an extra €800 million on meeting the needs of Venezuelan refugees and reallocating money that should be spent on other priorities, including implementation of the 2016 peace deal.

### *The Road Ahead*

The best way forward for Bogotá lies in faithfully implementing the 2016 peace accords. As a major donor – an EU Trust Fund will have disbursed €120 million in support for rural development and reintegration by the end of 2020 – the EU and its member states are well positioned to press Bogotá to drop polarising disputes about FARC accountability and bear down on critically important rural reforms.

Given EU leadership on justice and accountability issues, it can be a strong voice for pressing the Duque government to turn the page on its disputes with the Special Jurisdiction for Peace, making the point that the tribunal is the imperfect product of a political compromise, but undermining it would jeopardise lasting peace in Colombia. It should also push the government to fully fund all transitional justice mechanisms, including the Special Jurisdiction, in its 2020 budget, notwithstanding recent announcements that it will seek to cut funding for the transitional justice mechanisms by 30 per cent.

The EU and member states should also underline how important it is for political leaders to dedicate more attention to languishing aspects of the peace accords. They should make clear that they see these reforms as the key to a stable and prosperous future for Colombia, and in particular for the rural areas that continue to face rampant violence. Much as Bogotá deserves credit for the progress it has made on FARC reintegration, too many reforms have either stalled or failed entirely to get started. At the top of the list are land reforms that have largely stalled since Duque took office.

While peace and security in the countryside ultimately depend on these reforms, in the shorter term, the EU should continue to help the Colombian government strengthen its presence and capacity to provide services in impoverished rural areas, including by funding projects for conflict resolution, promoting criminal accountability and building infrastructure. In addition, the EU should encourage the government to focus less on coca eradication, and more on efforts to stimulate the development of licit economies in conflict-affected areas through alternative livelihoods and crop substitution.

Given these challenges, and the fact that successful rural development and peace agreement implementation are envisioned to take fifteen years in Colombia and cost billions of euros, the EU should begin to consider extending the Trust Fund beyond 2020, and adding more resources to it. In a similar vein, the EU should consider increasing its humanitarian assistance to meet the needs created by the growing Venezuelan influx, and to help Colombia shoulder the burden without taking funds away from the crucial reform effort that is still in its early stages.

# Preventing Further Conflict and Fragmentation in Ethiopia

Ethiopia is being buffeted by deadly unrest as it attempts a rapid transition to multi-party democracy under Prime Minister Abiy Ahmed. His government has chalked up significant achievements during the last eighteen months of political and economic liberalisation. But the challenges it faces were laid bare on 22 June when the president of one of the country's regional states, Amhara, and the Ethiopian military's chief of staff were assassinated in concurrent events in separate cities. The killings came after intercommunal clashes in more than ten areas in 2018 led almost three million Ethiopians to flee their homes, the world's largest conflict-related internal displacement in any one country that year.

Strains within the ruling coalition, the Ethiopian Peoples' Revolutionary Democratic Front (EPRDF), have contributed to the unrest. The EPRDF is almost inseparable from the Ethiopian state itself, controls all tiers of the federal system and has ruled for 27 years with an iron grip. Tensions among its four member parties have aggravated the country's challenges while at the same time undercutting the government's authority and ability to manage them. Ascendant ethno-nationalist and other opposition movements have exploited the ensuing political opening and further exacerbated instability. Particularly urgent is an evolving crisis in the Southern Nations, Nationalities and Peoples Regional State, where the Sidama, the largest ethnic group in Ethiopia's south, pledge to declare a new regional state on 18 July, potentially setting off unrest and clashes between Sidama activists and other ethnic groups. Political tensions and insecurity have also led officials, opposition actors and diplomats to question whether it will be possible to hold credible parliamentary elections, currently scheduled for May 2020 and which Abiy promises as a milestone toward more open politics, on time.

Calming rising tensions before they derail Ethiopia's transition is becoming critical. Each of the country's major flashpoints likely requires its own set of de-escalatory measures. But Ethiopia's leaders can take some general steps. Abiy and other EPRDF leaders should do everything within their power to rein in intra-EPRDF discord. Abiy himself should avoid fuelling the perception he is favouring his own Oromo political base. In this light, his recent appointment of General Adem Mohammed, an Amhara, as new military chief of staff, instead of the Oromo deputy chief who was next in line, was sensible. Central authorities should rely on federal security forces to deal with disturbances in regions only as a last resort, instead trusting regional forces where possible, lest federal forces stir up local anger; deploying the army in an attempt to thwart the Sidama's self-declaration of statehood would likely backfire, for example. Regional EPRDF parties should avoid appointing hardliners to top slots. On some intra-EPRDF disputes, the mediation of respected former Ethiopian statesmen or military or religious leaders might help.

*The EU and its member states should use the influence their good relations with Abiy's government and their important aid bring by:*

- ❑ Continuing to engage Prime Minister Abiy and the EPRDF leadership and encourage them to adopt the measures above, notably seeking to dial back dangerous inter-communal tensions.

- ❑ Given the urgency of the Sidama crisis, considering increasing European development assistance to accompany the south's likely administrative rearrangement, in the event that the Sidama do unilaterally pursue their own regional state from 18 July. This could help avert protests among activists of other groups in the south by demonstrating that their concerns are also being attended to.
- ❑ Aiming to cushion with financial aid and technical support any negative side effects of economic liberalisation, while EU diplomats can advise that economic reform be implemented carefully to avoid shocks, such as a severe reduction in construction jobs due to reduced infrastructure investment, or the rapid removal of subsidies on items like wheat, cooking oil and electricity that could exacerbate political problems.
- ❑ Expediting the release of the EU's planned electoral support package, with its first disbursements in September 2019, to help move forward preparations for the parliamentary vote.

### *Rising Ethno-nationalism and Potential Flashpoints*

Ethiopia's ruling coalition is fraying. The EPRDF has controlled all tiers of government from federal to village level since coming to power in 1991, routinely using repressive tactics to sideline challengers. Since taking office in April 2018, Prime Minister Abiy and his government have carried out bold and significant reforms, overhauling the federal security apparatus, making peace with neighbouring Eritrea, releasing more political prisoners and inviting exiles back home. But while these steps were long overdue, they have further weakened the EPRDF's unity and authority, particularly as they came on the back of three years of anti-government protests before Abiy took office.

Disagreements have worsened over power sharing, regional autonomy and territory among the EPRDF's four component parties, the Amhara National Democratic Movement (now the Amhara Democratic Party), the Oromo People's Democratic Organisation (now the Oromo Democratic Party), the Southern Ethiopian People's Democratic Movement and the Tigray People's Liberation Front (TPLF). At the same time, ethno-nationalist movements are on the rise in some regions, squeezing EPRDF parties, who have themselves taken harder line positions in response. These dynamics risk contributing to burgeoning inter-ethnic violence, which already over the last few years has reached levels unprecedented in decades. The 22 June assassinations and alleged attempted regional coup came as a stark illustration of the gravity of the crisis affecting both ruling party and country as a whole.

A handful of inter and intra-ethnic flashpoints are particularly worrying. First is friction between the Tigray and the Amhara. The main source is the Amhara's long-standing claim to the Wolkait and Raya territories that are currently part of Tigray regional state and border Amhara. Tigray security forces have repressed protesters in Raya that were seeking to be part of Amhara and, previously, Amhara protesters and militia have killed and evicted Tigrayans from Amhara, particularly the Gondar area in northern Amhara state. The former Amhara regional security chief, Asaminew Tsige, whom the federal and Amhara governments blamed for the 22 July killings of



Amhara's regional president and two colleagues, also promoted the return of parts of Tigray's territory to Amhara.

Second are rising tensions between the Amhara and Oromo, Ethiopia's two largest groups. The EPRDF parties representing them – the Amhara Democratic Party (ADP) and the Oromo Democratic Party – united to propel Abiy to power and reverse the TPLF's longstanding domination of the ruling coalition. But friction between them has mounted since, over matters including high-level appointments and disputes over the capital Addis Ababa. In the case of the capital, which is multi-ethnic but surrounded by Oromia regional state, in February Amhara and other groups opposed the Oromia government's demolition of illegal housing on the capital's outskirts, while in early March Oromo protested the transfer of new government apartments built in Oromia by the city administration to Addis Ababa residents. Addis Ababa, founded in 1887, is an autonomous city accountable to the federal government, but some Oromo factions say it is a colonial settlement on Oromo land and should be administered by Oromia region, or that the city's encroachment into Oromia must be reversed.

Tensions between the Amhara and Oromo have been aggravated by the 22 June assassinations and events leading to them. The appointment of Asaminew, an Amhara nationalist who was jailed in 2009 for his part in a coup attempt and released by the federal government in February 2018, as regional security chief by the Amhara government in November 2018 reflected the ADP's growing ethno-nationalism and its desire to outflank the one-year-old National Movement of Amhara, an opposition party espousing Amhara nationalism. Asaminew fuelled Amhara-Oromo friction by using provocative rhetoric about what he portrayed as impending Oromo domination and involving regional security forces in clashes with Oromo militia in an Oromo enclave of Amhara in early April 2019 that left dozens dead. Since the 22 June assassinations, doubts over the federal government's account of the killings and a sweep of arrests of Amhara nationalists and others have hardened regional opposition to the Oromo-led federal government. Large crowds of Amhara gathered for Asaminew's funeral, including uniformed security forces.

The third fault line is between the TPLF – which rules Tigray and, until last year, had long dominated the EPRDF and the security apparatus – and the federal government led by Abiy, the head of the Oromo Democratic Party. The TPLF's main sources of grievance are its loss of federal power; what it argues are selective prosecutions of Tigrayan top officials – notably of TPLF Executive Committee member and former national intelligence chief Getachew Assefa – for human-rights abuses and corruption; and opposition to a federal commission that is tasked with assessing interregional boundary disputes, such as the Amhara claims on Wolkait and Raya. The TPLF sees the commission as likely to rule against it and rejects it as unconstitutional because its mandate allegedly clashes with that of the upper house of parliament. The TPLF-run regional authorities apparently refuse to detain Getachew, whose whereabouts are unknown but suspected to be in Tigray, despite the federal authorities issuing his arrest warrant.

Fourth is continuing unrest in Oromia. Three years of anti-government protests since 2015, which largely took place in that state, forced the internal shifts that brought Abiy to power. Violence has continued since. The September 2018 return of leaders of the Oromo Liberation Front (OLF), a formerly banned armed group campaigning

for Oromo rights and autonomy, sparked ethnic skirmishes, as Oromo youth replaced national flags in the capital and surrounding areas with the OLF banner, provoking the anger of, and clashes with, other groups. If the electoral board registers the OLF, which is seen as the standard bearer of the Oromo liberation struggle, as a political party, it could sap votes in 2020 from Abiy's Oromo Democratic Party: while leaders like Abiy are popular with youthful protesters, many Oromo regard the ruling Oromo party as ineffective and for years subservient to the TPLF. Moreover, OLF-linked factions are still fighting the military in western Oromia, with each side accusing the other of being the aggressor.

Lastly, the Southern Nations Nationalities and Peoples Regional State, home to 45 indigenous groups, is in disarray. In 2018, the south's largest ethnic group, the approximately four million strong Sidama, took advantage of EPRDF incoherence to renew claims to its own regional state. The federal government for months largely neglected the problem, neither preparing to meet its constitutional obligation to hold the referendum (the electoral authority that should administer the vote has also been undergoing reform) on forming a new state that the Sidama had requested nor reaching an agreement with Sidama leaders on rescheduling their statehood bid. Sidama leaders say they will self-declare their own regional state on 18 July, which the authorities are set to reject as an unconstitutional move. This risks triggering violence between Sidama and federal security forces in Hawassa City, currently the administrative seat of the Southern Nations but which the Sidama intend to make the capital of their new regional state. The Sidama statehood demand, and any attendant violence, could have a domino effect across the southern state, leading to its fracturing and more conflict and displacement.

### *Re-railing the Transition*

Prime Minister Abiy's government has rapidly advanced vital reforms, accelerating a transition set in motion under his predecessor, Hailemariam Desalegn. But the 22 June killings and alleged attempted regional coup throw into sharp relief the enormous challenges remaining. Of these, rising tensions among Ethiopia's regions, and among the EPRDF parties that govern them, pose the most immediate risks. A different set of de-escalatory measures is likely necessary for each flashpoint. Moreover, some grievances date back many years and will take time to resolve: the Amhara and Tigray are unlikely to settle their territorial dispute any time soon, for example, and aimed provocative statements at each other on 10 and 11 July 2019. But Ethiopia's leaders can take some general steps that could help rein in intra-EPRDF tensions, lower the temperature overall and buy time for further reforms that would help build a more democratic system that is able to address such issues.

Abiy himself should avoid any action that might aggravate the perception he favours his own Oromo community, in both his high-level appointments and the government's action against protesters and activists. He made a sound decision when appointing of General Adem Mohammed, an Amhara, to replace the military chief of staff killed on 22 June, instead of the Oromo deputy chief who was next in line. But the mass arrest of National Movement of Amhara activists and other opponents in the wake of the 22 June killings appears to have backfired.

The government should also be cautious about using federal security forces to deal with disturbances in regions. It should do so only as a last resort if there is a grave threat to the country's stability or a risk of bloodshed that regional forces cannot contain. It should be wary about using federal forces to try and obstruct the Sidama's declaration of statehood, for example. Similarly, the deployment of those forces to try and arrest former national intelligence chief Getachew Assefa would be highly likely to stir up local Tigray resistance. Instead the federal government should tackle such issues through concerted dialogue with the relevant regional leaders. For their part, the EPRDF parties should refrain from further inflammatory rhetoric and avoid appointing hardliners to top slots; finding leaders inclined toward compromise for the Amhara regional president and security chief may well prove a challenge but is critical. Respected former Ethiopian statesmen or military or religious leaders could potentially play a role in mediating among EPRDF leaders to find at least immediate fixes to problems related to existing grievances in order to achieve some short-term stability and set the transition back on track.

The EU and its member states should use whatever influence they have with Prime Minister Abiy's government to encourage such measures, while urging all actors to moderate demands and show patience. They can also take a handful of concrete steps to help minimise risks. First, if the Sidama self-declare their regional state on 18 July, the EU and European governments could offer financial support to accompany the broader administrative rearrangement that a new Sidama state would likely trigger in the south. The promise of additional funds for development projects could help assuage frustration among other groups – some of whom have concerns about the new Sidama state or harbour statehood aspirations of their own – and thus possibly avert protests by their activists that could turn violent. Any plan for increased aid should, however, guard against incentivising future attempts by local leaders to attract extra government resources through agitation, possibly by ensuring that the new arrangements represent a comprehensive settlement backed by all southern groups.

Secondly, increased EU development assistance could prop up government spending if necessary and support the authorities in undertaking economic reform in a manner is carefully sequenced and guards against a slowdown, which could aggravate political instability. European financial aid and technical support could be critical to such reforms.

Lastly, while parliamentary elections are still some way off, preparations are lagging. The new electoral board was formed only last month, for example; electoral laws are not yet finalised, parties may still table potentially far-reaching changes to the electoral system; and some parties are registered while others are not. Furthermore, the mounting tensions, intercommunal bloodshed and general instability since Abiy took office and for three years before could make conditions for the vote fraught. The Ethiopian authorities themselves need to move forward on the basis of consensus among the main political factions, inside and outside the EPRDF. But by expediting the release of its planned electoral support package, with its first disbursements in September 2019, the EU can help advance preparations.

# How the EU Can Soften Iran-U.S. Tensions

Tensions between Iran and the U.S. have grown at an alarming pace in recent months. The Trump administration's "maximum pressure" campaign, following its withdrawal from the 2015 nuclear deal, has inflicted significant harm on Iran's economy – an estimated 80 per cent of which is now under unilateral sanctions. Yet economic coercion has so far failed to either compel Iran to change its behaviour in the desired direction or bring it to the negotiating table. Instead, it has responded by shooting down a U.S. drone, claiming it had entered Iranian airspace; it is also accused by many of attacking tankers near the Strait of Hormuz and by the U.S. of encouraging its Shiite militia allies in Iraq to target U.S. assets.

This escalation poses three distinct threats: the unravelling of the Joint Comprehensive Plan of Action (JCPOA), which constrained Iran's nuclear program; the possibility of a direct military engagement between Iran and the U.S., by design or miscalculation; and broader regional spillover across a series of flashpoints. These threats could jeopardise European security, especially the latter two scenarios. Europe should save the JCPOA by honouring its commitments and trying to contain (and de-escalate) tensions between Tehran and Washington.

*The EU, working closely with its member states, should take the following steps to:*

- ❑ Intensify ongoing efforts to facilitate trade with Iran through the special-purpose vehicle (INSTEX) by injecting export credit into it and expanding it to other EU and non-EU states to pre-empt further incremental breaches of the JCPOA's nuclear restrictions by Tehran. To ensure compliance, the EU should continue to strike a careful balance between supporting the consolidation and expansion of INSTEX and criticising Iran's missile program, regional policies and human rights record; and it should stay united in its response to any further breaches of the JCPOA by Iran.
- ❑ In parallel, expand, deepen, and broaden existing cooperation with Iran on development projects to demonstrate its willingness to invest in Iran and help improve the Iranian people's economic well-being regardless of Washington's hostile policies toward Iran. In this vein, the EU should consider hiring a Persian-language spokesperson to better communicate its goals and plans to Tehran and the Iranian public.
- ❑ Explore opportunities for expanding the existing E4-Iran dialogue framework for Yemen and Syria to include other regional issues, such as stability in Iraq and Afghanistan.
- ❑ Forge discreet channels for dialogue on areas of disagreement with Tehran, such as Iran's ballistic missiles program and human rights record, and help open communication channels between Iran and regional actors as well as between Iran and the U.S. to de-escalate tensions and prevent a military conflict by miscalculation.
- ❑ Explore the possibility of initiating and supporting a regional dialogue on reducing tensions and preventing the inadvertent outbreak of conflict.

### *Safeguarding a Beleaguered Deal*

The EU played a key role in shepherding the arduous negotiations that yielded the Iran nuclear deal four years ago. Today it has an even more critical role in preventing the JCPOA from unravelling. Since the agreement was implemented, and especially after the U.S. withdrawal in May 2018, Iran has seen the JCPOA's core bargain (limiting its nuclear program in return for economic normalisation) break down under the pressure of intensified U.S. sanctions. In May 2019, Tehran began to take incremental (but still reversible) steps reducing its compliance. These became concrete in early July, when Iran surpassed the 3.67 per cent uranium stockpile threshold, which the JCPOA capped at 300kg, and started enriching above that level in violation of the deal's terms. It also threatened to take additional steps by 6 August if the remaining parties to the deal fail to salvage its economy in the face of U.S. sanctions. The challenge, now and over the coming year, is to protect an accord that has delivered crucial non-proliferation gains.

A second growing concern is the possibility of a direct military clash between the U.S. and Iran. Washington has been progressively bolstering its military presence in the region in response to assessments of heightened Iranian threats. The fact that the U.S. came close to launching a retaliatory strike in mid-June after Iran shot down a U.S. drone it claimed had breached Iranian airspace underscores how precarious the situation has become. If Washington continues to pursue a coercive maximalist strategy whose endgame is Iran's capitulation rather than diplomatic engagement, the short- to medium-term prospects point to growing friction rather than de-escalation, let alone a major diplomatic breakthrough of the type President Trump says he is championing.

Rising tensions could ignite a confrontation in several ways. Should Iran continue to breach the JCPOA limits, its activities could reach a point that the U.S. and Israel find intolerable and conduct a military operation against Iran's nuclear installations. From its side, Iran, through its own forces or local allies, could target U.S. interests or those of its partners; the U.S. has asserted that any American deaths would prompt a muscular response. May and June already saw a string of attacks against shipping in and around the Gulf of Oman, responsibility for which Washington explicitly pinned on Tehran. The spark need not be intentional: deep mistrust and limited communications channels could allow an isolated and accidental incident to quickly spin out of control. Should a clash occur, it could draw in other state and non-state actors in the region, rapidly devolving into a larger conflagration.

A third challenge is that developments in another theatres – for example, in Yemen, Syria or Iraq – could draw the U.S. and Iran in more deeply, exacerbating tensions between them. Take, for instance, a possible attack by Afghanistan's Taliban in Afghanistan or an Iraqi paramilitary group against a U.S. military or diplomatic facility, resulting in loss of life or substantial damage. In the current environment, the U.S. may assign blame to Iran and launch retaliatory attacks without first ascertaining whether Iran or other local actors bear primary responsibility.

### *Recommendations for the EU and its Member States*

European action is essential for addressing the first of the three challenges laid out above, and important in tackling the other two. While France, Germany and the UK (the E3) have established INSTEX, the EU should encourage its consolidation and expansion to other European (and perhaps even non-European) states. The E3 should inject several billion euros worth of export credit into the mechanism to render it operational and allay concerns of Europeans firms and banks, which remain fearful of U.S. penalties and would welcome backing from their governments. Seven other EU countries (Austria, Belgium, Finland, the Netherlands, Slovenia, Spain and Sweden) announced on 1 July their interest in joining INSTEX. Involving non-EU states such as China, which continue to import oil from Iran, or Russia, which is willing to be a conduit for exporting petrochemical derivatives from Iranian oil to Europe, could generate much needed funds for European exports to Iran. Europe should clearly state – and warn the Trump administration – that targeting INSTEX or its Iranian counterpart will entail consequences.

Separately, but in parallel to these efforts, the EU should deepen and expand technical and development cooperation with Iran across a range of fields, such as water, narcotics, refugees and private sector promotion. It should also consider expanding the E4-Iran dialogues on Yemen and Syria to other regional conflicts, such as Iraq and Afghanistan. At the same time, it should seek discreet avenues for discussing other sensitive issues with Tehran, be it on Iran's missile program or human rights record. These channels can help maintain diplomatic contacts and help prevent dangerous escalations.

Success on this front could help not just stabilise the nuclear deal but build leverage and cooperation for non-nuclear discussions, including on de-escalating Iran's role in regional conflicts. While the U.S. continues to pursue a sanctions-driven strategy, the EU, particularly member states such as France, whose president has a direct channel to his U.S. counterpart, should strongly press for a freeze in the escalatory cycle between Tehran and Washington. From Washington's side, this would need to include, at a minimum, waivers to loosen the noose on Iran's oil exports; and from Tehran's, a return to full JCPOA compliance, releasing U.S. prisoners and agreeing to broader talks about the JCPOA's future and other areas of dispute.

Be it on the nuclear issue or less time-critical initiatives elsewhere, the EU should enhance its image in Iran, which, because of its inability to shield the Iranian economy from U.S. sanctions, has been damaged to such a degree that Iranians widely view it as "good cop" to the Trump administration's "bad cop" rather than an independent diplomatic partner. This requires the EU to hire a Persian-speaking spokesperson to communicate its goals to Tehran and the Iranian public. Balancing expressions of concern and criticism with constructive and mutually beneficial discourse, and striking a balance between public and more discreet methods of messaging, could prove the best approach to influencing Tehran's decision making in these dangerous times.

# Avoiding a Protracted Conflict in Libya

Since the outbreak of violence in Tripoli last April, the prospect of a negotiated settlement to end the competition for power in Libya has only grown more remote. The military offensive launched by the Libyan National Army (LNA), which is headed by Field Marshal Khalifa Haftar and based in the east, against forces allied with the UN-backed Government of National Accord (GNA) in Tripoli has thwarted UN-led efforts. Those had been aimed at forging a new power-sharing deal or charting a consensual roadmap to reunify critical Libyan state institutions, split between east and west since 2014. The pursuit of outright victory has displaced earlier strategies aimed at reconciling the two rival political and military authorities. For Haftar-led forces, success means capturing the capital, expelling armed groups opposed to the LNA, imposing transitional arrangements that would sideline Prime Minister Faiez Serraj's GNA, and gaining control of state funds held by the Central Bank of Libya. For the Tripoli-based government, winning entails pushing the besieging forces outside the boundaries of western Libya and implementing a political roadmap that marginalises Haftar.

Diplomatic paralysis pervades this state of affairs. UN Security Council members are divided and unable to call for a cessation of hostilities, mostly owing to U.S. opposition to a draft resolution that would have done just that. The U.S. claims it resisted the draft resolution because it lacked a mechanism to ensure compliance, but its stance more likely reflected White House sympathy for Haftar and for his Saudi, Emirati and Egyptian supporters. More broadly, continued military support (in violation of a UN arms embargo) and funding for Haftar from Saudi Arabia, the United Arab Emirates (UAE), Egypt, France and Russia, and to pro-GNA forces by Turkey and Qatar, are fuelling both sides' willingness to continue the fight.

Much is at stake for Europe. A protracted conflict in Libya would further destabilise its southern neighbourhood with direct economic and security ramifications, and would continue undermining EU cohesion in dealing with migration. Against the backdrop of UN Security Council paralysis, however, the EU and its member states likely have little leverage to stop the war, especially as European capitals are divided between those that betray a bias toward either Haftar (as in Paris) or the GNA (as in Rome). Still, the EU and member states could and should contribute to de-escalating tensions in the following ways:

- ❑ Urge governing authorities in Tripoli and eastern Libya to reconsider their uncompromising positions and nudge them toward agreement on an internationally-monitored ceasefire, followed by negotiations for new political, military and financial arrangements under UN aegis and with EU technical and financial support;
- ❑ Through joint or concerted high-level diplomatic missions representing all EU member states, or by tasking the EU foreign policy chief Mogherini to represent a common EU position, persuade Abu Dhabi, Riyadh and Cairo to recognise that a prolonged LNA offensive is unlikely to produce the swift or "clean" victory that would stabilise Libya and that their interests are better served at the negotiating table. They should similarly seek Ankara's and Doha's cooperation in persuading the GNA to sit with the LNA;

- ❑ Seek to persuade President Donald Trump's advisers, who themselves appear somewhat divided, to adopt a more even-handed approach toward the Libyan conflict by calling for a cessation of hostilities, including through the UN Security Council;
- ❑ If and when a ceasefire is in place, support an economic dialogue to reconcile the Central Bank of Libya's two separate administrations and address financial grievances that deepen the conflict, thus paving the way for a military de-escalation and a return to talks.

### *Tanks and Banks*

After three months of war, more than 1,000 battlefield deaths and 100,000 displaced civilians, neither Haftar nor Serraj is near victory. Tripoli government forces scored a tactical win in late June when their fighters expelled Haftar's forces from Ghariyan, a town 80km south of the capital. But in Tripoli's southern suburbs, where front lines might shift daily, rival forces have been locked in a stalemate for the past three months and airstrikes from both sides continue. Despite this, and the casualty toll, neither side shows appetite to accept a ceasefire, as both view the conflict as existential and believe they can prevail on the battlefield. This means the deadly war around Tripoli likely will drag on and this, in turn, could bring additional military support from both sides' external backers, triggering new fighting and likely further stalemate, but with even greater destruction.

The fighting around Tripoli is unlikely to end without greater regional support for a ceasefire. Libya's institutional fractures, which have become conflict lines, and the existential narratives embraced by both sides reflect deeper geopolitical divides through the Middle East and North Africa. Haftar receives support from the UAE, Saudi Arabia and Egypt, who argue he is the only Libyan leader who can rein in Islamists of all stripes, whether the Muslim Brotherhood, jihadists or Qatari and Turkish-backed GNA-aligned militias in Tripoli, all of whom they view as a single undifferentiated enemy. The support offered to Haftar by his regional backers, like that offered to the GNA by its own Qatari and Turkish defenders, reveals the depth of the schism and the significance of this dividing line in regional politics. Tacit U.S. support for this worldview (dictated more by White House priorities elsewhere in the region than by a concrete U.S. vision for Libya), and the push to reshape the regional order espoused by the Emirati, Saudi and Egyptian axis, has also deepened Libya's internal divides.

While international rifts and competing regional ambitions remain an overarching conflict driver, locally, interlocking competing narratives of political and military legitimacy, a battle for power, tribal rifts and recriminations, and a deeply polarised media are making the war even more intractable. But another important, often overlooked, conflict driver is competition over oil revenues, specifically management of and access to state funds, held by the Central Bank of Libya. Since 2014, the Central Bank has been divided into two rival administrations reflecting the country's broader institutional divides: the internationally-recognised headquarters in Tripoli and the Benghazi branch, which operates as the central bank but is loyal to the east-based government and parliament. The Benghazi branch, which funds Haftar, has no access



to the country's oil revenues, which have accrued to the Central Bank in Tripoli. Instead, eastern authorities have funded themselves – illegitimately, in Tripoli's eyes – by issuing almost \$30 billion in promissory notes processed by east-based commercial banks. But this parallel funding scheme has strained the banks, which began to show signs of stress just as Haftar launched his offensive in April.

De-escalating the Libyan conflict necessitates resolving this longstanding financial dispute and the immediate banking problems it poses. Failure to mend the financial rift could prompt the Haftar-backed government to pursue independent oil sales, which would ultimately deepen the split between the duelling authorities in east and west.

### *Zero-Sum Logic and Muddled Roadmaps*

Although neither side is likely to win on the battlefield, the LNA and GNA-aligned forces, both captive to zero-sum logic, have rejected calls for a ceasefire and resuming talks. Instead, they propose conflicting political roadmaps that exclude their opponents from future negotiations. Haftar repeatedly declared that the assault on Tripoli will proceed and that, once it succeeds, he will impose a new transitional government. This would entail dismantling the governing bodies created by the 2015 UN-backed Skheirat agreement, disbanding his opponent's militias, forming a constitutional committee and holding a referendum on a draft constitution, followed by elections. In this, Haftar sees no role for the UN or those who have risen to power as a result of UN mediation.

For his part, Serraj has publicly refused talks with Haftar. Apparently convinced that pro-GNA forces were close to military victory, he announced his own roadmap in June, from which he specifically excluded Haftar. Serraj's plan consists of holding a nominally inclusive National Conference under UN aegis that would appoint a judicial committee to draft a new election law. In an attempt to bring east-based leaders to his side, he made vague promises about economic decentralisation and fairer resource distribution.

In principle, Serraj's proposal hits all the points favoured by his Western interlocutors (inclusivity, decentralisation, elections and a UN umbrella), and for this reason it received endorsement from the UN, EU and some member states. However, he – like Haftar – has a distorted assessment of the power balance on the ground, overestimating his own strength and underestimating his adversary's. This translates into an unrealistic belief that either side can implement its own roadmap without first reaching a settlement with the other.

### *Recommendations for the EU and Its Member States*

The EU and member states should urge parties on both sides of the conflict to move away from their rhetoric of imminent triumph and toward more pragmatic positions that would open space for a possible de-escalation, an internationally-monitored ceasefire and resuming political and security sector talks, in the first instance to create new security arrangements in the capital. Through joint or concerted high-level diplomatic missions representing all EU member states or by tasking the HR/VP

Mogherini to represent a common EU position, they should emphasise to decision-makers in Abu Dhabi, Riyadh, and Cairo that a prolonged LNA offensive is unlikely to produce a swift or “clean” victory that would stabilise Libya, and dissuade them from playing out their regional rivalries on the outskirts of Tripoli.

Instead, given the stalemate and the fact that prospects of a quick LNA victory have faded, they should argue that those countries’ best interests lie in convincing Haftar to agree to a ceasefire and support UN-led talks for a political and military settlement. They should underscore that continued airstrikes in the capital are alienating public support for the LNA’s cause while also empowering the very armed groups that Haftar’s offensive was meant to drive out of Tripoli. Likewise, they should press the GNA’s backers to refrain from supporting a counteroffensive by Tripoli-based forces that would pursue LNA forces beyond Tripoli’s environs eastward or to LNA-controlled oil installations. They should seek Ankara’s and Doha’s cooperation in persuading the GNA to sit with the LNA at the negotiating table.

A ceasefire would allow all sides, and their foreign backers, to work together on new security arrangements in the capital, the shortcomings of which were one of the original triggers of the conflict. In particular, the two sides need to agree on the role of armed groups, namely which ones continue to operate or demobilise, and decide who will secure what areas.

The EU and members states should also press the Trump administration – which at times has appeared inconsistent and divided between the White House on the one hand, and the State Department and Pentagon on the other – for clearer and more even-handed U.S. policy toward Libya. This should include U.S. support for a UN Security Council resolution calling for a cessation of hostilities. To this end, the EU should seek to persuade the White House that a protracted conflict in and around Tripoli will not unify Libya under one ruler, but will rather fragment and destabilise it further. Such ongoing fighting may well undermine U.S. anti-terrorism objectives: prolonged conflict almost certainly will strengthen armed groups, including those linked to radical Islamist organisations such as al-Qaeda and ISIS, whose affiliates have started operating with impunity in southern Libya since the outbreak of hostilities in April.

European diplomats also should press Washington to reject demands made by pro-LNA emissaries aimed at lifting or circumventing UN-imposed restrictions over Libya’s crude oil exports. For this purpose, they should convey the message to the U.S. administration, in particular the White House, that authorising independent oil sales to eastern authorities could, in the short run, give the upper hand to Haftar forces but poses the graver, long-term risk of consolidating the split between western and eastern authorities.

Finally, the EU and member states ought to intensify efforts to help reunify the rival Central Banks and offer technical advice on how to avert a looming banking crisis; likewise, as Crisis Group previously advocated, they should support UN efforts to forge an agreement on the management of Libya’s finances. They should step in to promote a financial and economic dialogue between rival branches of the Central Bank, especially at a time when the U.S. (which traditionally has led initiatives regarding Libya’s financial sector) has become far less active diplomatically. Failing to manage this dispute will only prolong the war and compound Libya’s post-2011 humanitarian emergency.