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RECOVERY  
IN ETHIOPIA**

# **Ensuring Lasting Peace in Ethiopia: A Conceptual Framework for the International Community<sup>1</sup>**

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## Summary

After almost two years of violent conflict, the Pretoria peace agreement in November 2022 is an important first step towards peace and recovery in Ethiopia. It marks the starting point of a long and hard process towards a lasting peace, renewed stability, and inclusive economic recovery. This short note discusses a simple conceptual framework for how the international community can support this peace deal. The framework draws on basic game theory, which offers insights into how we might think about the process through which two or more parties take decisions that influence each other's welfare.

We argue that, in the short run, the international community should focus on a process that creates credible and visible incentives for sticking to the peace deal. Credibility is key here: peace can only be stable if its dividend is clear to all parties, and if there is a clear sense of commitment as regards all parties working towards maintaining and increasing this dividend.

This note provides a general framework; more specific priorities and potential entry points for the international community are summarised at <https://www.ethiopiarecovery.ox.ac.uk/priorities>.

## A Simple Conceptual Framework

This paper presents a simple framework that can be used to guide and assess potential steps towards lasting peace, renewed stability, and inclusive economic recovery in Ethiopia. The framework borrows from seminal work on conflict within game theory, building on the classic approach by Schelling (1960).<sup>2</sup> Reducing a violent conflict to a theoretical model may seem unpalatable, but we think that the clear structure provided by game theory can help make sense of difficult situations, like that in Ethiopia. Game theory can offer insights into how we might think about the process through which two or more parties take decisions that influence each other's welfare. While adversaries in any conflict often have fundamentally different interests, we must think of them as rational actors who need to understand and coordinate mutual strategic expectations. We do not aim to present a comprehensive formal game-theoretic representation of the conflict in Ethiopia, but instead seek to draw on key concepts that may help us think about this complex situation.

This framework focuses on the conflict between the Tigrayan People's Liberation Front (TPLF) and the Ethiopian federal government. When initially writing this in August 2022, there was a state of stalemate in the conflict between the federal government, led by Prime Minister Abiy Ahmed, and the TPLF. Over the past decade, and especially since the 2018 political transition, Ethiopia had slipped into an increasingly unstable political stalemate, with periods of intense localised conflict. This stalemate involved not only the TPLF and the federal government, but also Oromo, Amhara, and other nationalist groups.

During the conflict, there were occasional returns to this stalemate – with ceasefires, access to humanitarian support, and tentative conversations taking place outside Ethiopia, involving some of the warring factions – but instability, even where peace was achieved, was persistent. With the involvement of Eritrea, and possibly other powers, and the rise of regional militias, such as in Amhara and Afar, the dynamics of the conflict have become even more complex and have further eroded any trust that ceasefires can be maintained. Now, with a full-scale agreement on a cessation of hostilities (albeit with remaining unknowns, such as how Eritrea will act) we are in a new phase. Strengthening this new phase is extremely important.

The conflict saw periods in which ferocious fighting erupted, with parties seemingly intent – based on hope rather than reason – on decisive victories and on decimating the enemy. Yet, each time, these offensive periods petered out, and windows of opportunity emerged. We would like to think that the current window of opportunity for peace is much stronger, and may last. However, we cannot be complacent about this.

We can describe this situation in simple game-theoretic terms. Let us consider the possible outcomes, both of full-scale conflict and of engaging in talks and ceasefires. As the companion paper on the costs of the conflict illustrates, full-scale conflict leads to huge losses on both sides, not just in human lives but also in economic terms, and in relation to broader issues of state building and achieving sustainable peace. However, the problem is that if there is no fighting, the stalemate that would thereby result is not attractive either: not least as there appears to remain

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<sup>2</sup> Schelling, T.C. (1980) *The Strategy of Conflict*. Harvard University Press.

some hope among the parties that ‘victory’ on the battlefield can still be achieved, despite the fact that any such ‘victory’ will most likely be temporary and hollow – a ‘Pyrrhic’ victory.

Table 1 illustrates this situation, summarising the pay-offs for each party if they choose to fight or not to fight, whereby (x,y) in the table is x: the pay-off for party 1, and y the pay-off for party 2. We assume that for each party ‘stalemate’ is better than ‘losses’, but ‘Pyrrhic victory’ is better than ‘stalemate’. This leads to a well-known result: the ‘rational’ choice for each party, given all the possible actions of the other party, is to fight as long as a Pyrrhic victory seems to be a better outcome than a stalemate. The result is that the ‘rational’ equilibrium is one in which both parties lose.

*Table 1: Payoffs from parties’ choices, where “stalemate” is better than losses and “Pyrrhic victory” is better than “stalemate”*

	Party 2 Not fight	Party 2 Fight
Party 1 Not fight	(Stalemate, stalemate)	(Losses, Pyrrhic victory)
Party 1 Fight	(Pyrrhic victory, losses)	(Losses, losses)

This outcome comes about because there is no meaningful way to settle on a stalemate situation, as long as each party does not trust that the other party will stick to a stalemate. There is no doubt that a key part of making progress is there being sufficient trust: an expectation on each side that ceasefires and slow steps towards peace talks will be sustained by the other party, and not used instead as time to prepare for the next offensive.

However, the stalemate equilibrium is unstable because the ‘rational’ outcome of continuing to fight exists as long as a Pyrrhic victory continues to be seen as a better outcome than a stalemate.

The stalemate until August 2022 was such an unstable equilibrium that was unlikely going to be maintained. The renewed eruption of the conflict on 23 August 2022 should not have come as a surprise. Still, at the same time persistent conflict is not a desirable outcome for either party. Neither party had anything to gain from long-term fighting in the present conditions, and this understanding may well have been the basis for the Pretoria deal.

For the federal government, long-lasting conflict would have devastated its chances of restoring the economy and its international credentials. For Tigray and the TPLF, with limited clarity on

longer-term supply lines, long-lasting conflict was unlikely to be a serious option. Politically, a future for Tigray as an independent state had been hardly realistic without serious accommodations from Addis Ababa. Militarily, despite Tigray’s advantage with its battle-hardened troops, capturing the country as a whole had appeared increasingly impossible, not least post-August 2022.

The risk remains that the current outcome is a return to an unstable stalemate as in Table 1. The key is therefore to improve the outcome under a stalemate for both parties. This stage is essential in order to find a strong enough reason for both parties to choose stability over conflict. If a stalemate can be turned into a sustained peace with clear upsides to both parties, Pyrrhic victory becomes unattractive. In game-theoretic terms, this means the emergence of another non-conflict equilibrium that is more stable, and where the incentives for sticking to it are sufficiently strong.

Table 2 illustrates this: if peace offers each party a *better* pay-off than the Pyrrhic victory, the rational choice, even with limited trust between the parties, is to move towards peace and to settle on that equilibrium.

*Table 2: Payoffs from parties’ choices, where “peace” is better than “losses” and “Pyrrhic victory”*

	Party 2 Not fight	Party 2 Fight
Party 1 Not fight	<b>(Peace, peace)</b>	(Losses, Pyrrhic victory)
Party 1 Fight	(Pyrrhic victory, losses)	(Losses, losses)

The key insight from this simple framework is that peace can only be stable if its dividend is clear to all parties, and if there is a clear sense of commitment as regards all parties working towards maintaining and increasing this dividend. The international community must do everything it can to make peace more attractive than a return to violence and a Pyrrhic victory.

This demonstrates that what is needed to ensure that the peace agreement is implemented and does not break down again is more confidence and trust that peace will last. This will matter especially when key steps, such as disarmament of the TPLF and of the Tigray Defence Forces (TDF), need to take place. However, this will only arise if it is clear to both parties that the upside to no conflict is worthwhile, which will render more credible the idea that negotiations and steps towards a more durable peace are worthwhile. This suggests that moving from a stalemate to a better equilibrium requires active work to clarify and improve the peace dividend.

This short note provides a general framework; more specific priorities and potential entry points for the international community are summarised online at <http://www.ethiopiarecovery.ox.ac.uk/priorities>. These entry points are all ingredients for stability, not a complete recipe. Nevertheless, several steps will be needed to serve the dual purpose of building trust and confidence between the parties, and making credible the idea that the longer-term upside is realistic. None of these proposals are a substitute for an in-depth national dialogue, but they may represent possible first or early steps.