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Voter registration for the 24 May general election begins as tension increases between the opposition parties and the National Electoral Board of Ethiopia. A rare Endowment Fund for the Rehabilitation of Tigray (EFFORT) announcement of employment numbers highlights the lack of transparency about Ethiopian People's Revolutionary Democratic Front's business interests. Ethiopian Airlines appoints Abadula Gemeda as its new chairman, and secures the European Union's more stringent freight certification. A military helicopter pilot defects to Eritrea.

The EPRDF holds all the political cards...

Voter registration for the 24 May general election began with an air of apathy marking the start of the process. However, there was a notable increase in tension between the **National Electoral Board of Ethiopia (NEBE)** and opposition parties. Both the apathy and the tension indicate the extent to which the ruling **Ethiopian People's Revolutionary Democratic Front (EPRDF)**'s dominance has undermined meaningful political engagement. Voter registration opened at 40,000 polling stations on 9 January and will last until 19 February.¹ According to the NEBE timeline, political parties need to complete their registration by 14 February when campaigning will begin. Campaigning ends on 21 May.

The general election will cover both federal parliamentary and regional council seats. However, observers reported only a limited number of potential voters registering. Many said they would only register to vote if local officials forced them,² which is still a possibility. The electoral process has already proved controversial with opposition parties alleging that the EPRDF unduly influenced the election of polling station officials and 'public observers'.³ The election of the public observers was completed largely in secrecy. While opposition parties were able to observe the election process, they were not invited to take part in the voting itself.⁴

There is growing opposition to the increasingly political role of the NEBE. Although the NEBE has previously received international donor funds, the majority of donors have cut financing which has resulted in little external oversight.⁵ The NEBE has demanded a formal apology from the **Semayawi Party** for allegedly walking out of a meeting to discuss the electoral timetable and the financing of political parties. The Semayawi Party represents the opposition **Forum for Democratic Dialogue in Ethiopia (FDDE)** coalition in discussions with the NEBE. The Semayawi Party has previously threatened to boycott the election if conditions are not conducive to polls being both free and fair.⁶ There is also increased tension between the **Unity for Democracy and Justice (UDJ)** party and the NEBE which has repeatedly rejected the UDJ election logo.⁷

The opposition is prone to internal disputes and does not pose a meaningful electoral threat to the EPRDF. The NEBE has criticised both the UDJ and the **All Ethiopian Unity Party** for failing to resolve

¹ Ethiopian Broadcasting Corp, 9 Jan 2015.

² The Reporter, 10 Jan 2015,

³ Addis Fortune, 11 Jan 2015.

⁴ Addis Fortune, 11 Jan 2015.

⁵ The Reporter, 10 Jan 2015,

⁶ Source, journalist, Addis Ababa

⁷ Ethiopian Herald, 10 Jan 2015.

internal leadership disputes.⁸ The UDJ appointed **Belay Fekadu** as president in October 2014, but the board has claimed that the election to replace **Gizachew Shiferaw** violated the party's constitution. The NEBE set a deadline of 12 January for the UDJ to resolve its leadership dispute, a deadline that passed without resolution. The **Medrek Party**, the sole opposition party with an MP, is yet to select its candidates. This is not a straightforward process as Medrek remains in effect a coalition of ethnically based parties.⁹ Opposition leaders allege that EPRDF intimidation continues through false charges against potential candidates, and the closure of local party offices.¹⁰

... and economic dominance

The EPRDF's ascendancy over the economy also contributes to ensure that it remains politically dominant.

*"The secrecy around state business means that this is often underplayed, though the subject of much popular gossip. The existence of the government's extra-legal economic dominance is an unchallengeable constraint for the newcomers into the political arena."*¹¹

The **Endowment Fund for the Rehabilitation of Tigray (EFFORT)** published figures in December claiming that it was responsible for the creation of 47,000 jobs.¹² The report was one of the few official announcements about the status or economic position of the EFFORT, whose opaque nature is subject to much popular scrutiny.¹³ The **1994 Constitution** prohibits the government from having business interests. The EPRDF thus uses endowment companies, officially defined as charities, as holding companies for its business interests. While EFFORT is the largest, there are four endowment companies each based in one of its federated states and associated with a constituent member of the EPRDF. The EFFORT is under the direct control of the **Tigrayan People's Liberation Front (TPLF)** which formed the fund in 1995.¹⁴ The other endowment companies are **Tiret Corp**, managed by the **Amhara National Democratic Movement**; **Tumsa**, managed by the **Oromo Peoples' Democratic Organization**; and **Wendo Trading**, managed by the **Southern Ethiopian People's Democratic Movement**.

The EFFORT has expanded into Ethiopia's strategic banking, construction, mining and insurance sectors faster than the other endowment companies.¹⁵ This is partly due to the TPLF's privileged position within the EPRDF (see *ARC Ethiopia November 2014 Briefing*). The EPRDF keeps a tight grip on its holding companies, appointing loyalists to executive positions. The CEO of EFFORT is **Azeb Mesfin**, the widow of former prime minister **Meles Zenawi** (1995 – 2012). These close links to government allow the endowment companies privileged access to government services and contracts, offices and protection from external scrutiny.¹⁶ The EFFORT has accumulated huge amounts of wealth through practice of governmental business monopolies, systematic ownership of public assets, and unfair competition with private business sectors.

⁸ The Reporter, 10 Jan 2015,

⁹ The **Oromo Federalist Congress, Sidama Liberation Movement, Union of Tigreans for Democracy & Sovereignty and the Southern Ethiopia People's Democratic Union**.

¹⁰ Source, opposition leader, Addis Ababa

¹¹ Source, journalist, Addis Ababa

¹² www.waltainfo.com

¹³ Source, journalist, Addis Ababa

¹⁴ Source, journalist, Addis Ababa

¹⁵ Subsidiaries include Messobe Cement Factory, Mesfin Engineering, Ezana Mining, Sur Construction, Almeda Textile, Addis Pharmaceutical Production, Africa Insurance, Trans Ethiopia, Star Pharmaceuticals, Sheba Tannery Factory, Mega Net Corp, Tana Trading, Express Transit, Dedebit Saving & Loan, Experience Ethiopia Travel, Segel Construction, Global Auto Spare Parts and Hiwot Agriculture Mechanization.

¹⁶ Source, journalist, Addis Ababa

Ethiopian Airlines appoints new chairman amid continued growth

State-owned **Ethiopian Airlines** has appointed a new chairman as it continues to challenge **Kenya Airways** for dominance in the **East Africa** market. In December, **Abadula Gemeda**, the speaker of the house of peoples' representatives, became the new chairman of the Ethiopian Airlines board.¹⁷ Abadula is an influential figure within the ruling EPRDF, having been chairman of the **Oromo People's Democratic Organisation** and president of the **Oromia Region**. Abadula continues the tradition of former or serving **Ethiopian National Defense Force (ENDF)** officials enjoying privileged access to senior positions at Ethiopia's state-owned enterprises. Abadula was defence minister between 2000 and 2005, having formerly reached the rank of major general as commander of ENDF ground operations. He also held a number of other senior posts including chief of operations. **Tewolde Gebremariam** remains group CEO and **Arkebe Oqubay**, the former **Addis Ababa** mayor, deputy chairman.

According to the **International Air Transport Association**, Ethiopian Airlines is Africa's largest carrier in terms of both revenue and profit. It operates Africa's youngest operational fleet, with an average aircraft age of less than seven years. It has recently announced plans to launch a regional premium charter flight service targeting mining and construction executives.¹⁸ Small private sector firms have criticised Ethiopian Airlines' entry into this market, as an instance of the state squeezing out the private sector. However, freight will remain central to Ethiopian Airlines' operations and revenue. It currently operates nine freight aircraft, and is expected to increase capacity with an additional two **B777F** aircraft by the end of 2015.¹⁹ Ethiopian Airlines is also constructing a second cargo terminal with a storage capacity of 1.2m tonnes to complement its existing 300,000 tonnes capacity.

Ethiopian Airlines is well placed to expand its freight operations further. In December, the Ethiopian Airlines cargo hub confirmed that it had qualified for the **European Union (EU) ACC3** (Air cargo and mail carrier operation into the EU from a third country airport) security regime.²⁰ The EU introduced stricter cargo security regulations in 2010 following the interception of explosives aboard a freight aircraft. The regulations cover enhanced security measures for high-risk cargo as well as for transfer and transit cargo. The regulations require that all carriers with direct flights to the EU allow for independent security inspections of their cargo hubs at final points of departure by July 2014.

Certification – which lasts for five years – means that security standards along the supply chain meet those of the EU. A number of African carriers have struggled to meet the additional requirements to have all their airport stations and handling facilities validated before the deadline. The EU extended the deadline until 1 January 2015.²¹ Negotiations between affected carriers and the EU continue. The EU could extend the deadline again, but a more probable solution is that the EU and carriers will agree to a roadmap by which they incrementally conduct their validations over a number of years.²² If agreement is not reached, air carriers may be prohibited from flying cargo into the EU. There is also a concern that carriers will choose to abandon rather than validate less-frequently used cargo airports.

Ethiopian Airlines is also looking east to take advantage of growing economic and trade ties with **Asia**. In partnership with **All Nippon Airways**, Ethiopian Airlines is due to begin a direct service to **Tokyo Narita International Airport** in April. This will be the only direct service between Africa and **Japan**.

Ethiopian Airlines is additionally looking to expand its continental presence through strategic partnerships with small startup airlines.²³ It holds a 40% stake in, and management and technical service agreement with, **Togo**-based **AKSY** which focuses on **West** and **Central Africa**, and a 49%

¹⁷ Fortune, 29 Dec 2014.

¹⁸ The Reporter, 29 Dec 2014.

¹⁹ The Reporter, 29 Dec 2014.

²⁰ The Reporter, 29 Dec 2014.

²¹ IATA, 9 Dec 2014.

²² IATA, 9 Dec 2014.

²³ The Reporter, 3 Jan 2015.

stake in and similar contract with **Malawi Airlines**. Ethiopian Airlines is in discussions with the governments of the **Democratic Republic of Congo**, **Rwanda** and **South Sudan** to secure similar investments.²⁴

Pilot defects to Eritrea

The Ethiopian government has confirmed that a military pilot defected to **Eritrea** in December with his **MI35** gunship.²⁵ The helicopter was on a routine flight exercise from **Dire Dawa** airbase before it diverted to **Assab**, Eritrea. Ethiopian security officials confirmed that forces searching for the helicopter did not enter Eritrean airspace.

Military defections to Eritrea are infrequent and have little long-term impact on bilateral relations.²⁶ However, Ethiopia stands to lose the intelligence and technical expertise that the pilots hold to Eritrea.²⁷ The defection follows a similar incident in September 2013 when four senior pilots of the **Ethiopian Air Force** defected and joined the opposition **Ginbot 7 Movement**.²⁸ Several other Eritrean defections occurred in 2005 and 2006. In 2005, eight air force pilots undergoing training in **Israel** claimed asylum at the Eritrean embassy in **Tel Aviv**. In 2006, over 300 Ethiopian troops including Brigadier General **Kemal Gelchu** – associated with the rebel **Ogaden National Liberation Front** – and his trusted colonels also defected to Eritrea.²⁹ In 2005, four pilots fled to **Djibouti** citing a lack of political freedom in Ethiopia. Djibouti returned the pilots, and a military tribunal later sentenced them to death.³⁰

Implications

Increased tensions between the NEBE and the opposition may trigger another round of politically motivated arrests of opposition leaders and journalists before the elections. Campaigning is likely to continue in low-key fashion. Protests are possible should opposition parties not resolve their grievances with the NEBE.

Ethiopia remains a *de facto* one-party state with strong old-style leftist leanings and military involvement in politics and business. Continued EPRDF dominance of both political and business spheres increases the risk of instability when the eventual transfer of power occurs. The economic role of the endowment companies raises risks for investors as it means doing business with those closely connected to Ethiopia's political and security elite. These connections may increase the risk of politically motivated investigations following a change in regime.

Ethiopian Airline's certification, and the strategic location of **Addis Ababa Bole International Airport**, means that it is well-placed to take advantage of any regional commercial freight operators that lose access to the EU.

Previous military defections to Eritrea have triggered bouts of saber rattling but no serious escalation in the risk of conflict. There is no immediate sign of a diplomatic breakthrough between the neighbouring states, but the beginning of talks over unresolved border issues are likely in the medium term.

²⁴ Reuters, 13 Jan 2015.

²⁵ The Reporter, 27 Dec 2014.

²⁶ Source, security analyst, East Africa

²⁷ Source, East Africa analyst

²⁸ ESAT, 18 September 2013

²⁹ Source, East Africa analyst

³⁰ Ethiopian Review, 19 May 2008