

## AFRICA RISK CONSULTING

### Ethiopia Monthly Briefing May 2021

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#### Ethiopia Summary 14 May 2021

*The National Electoral Board Ethiopia (NEBE) postpones Ethiopia's upcoming general election, originally slated for 5 June, citing logistical reasons. The violence in Tigray Region has increased slightly, but there have been no notable developments in the border dispute with Sudan or a resolution to the regional dispute over the Grand Ethiopian Renaissance Dam (GERD). State-owned telecommunications monopoly Ethio Telecom launches TeleBirr, a landmark mobile money service. Following an initial delay, only two bids are put forward for Ethiopia's two new telecommunications licences, providing mixed interpretations of Ethiopia's privatisation efforts. Covid-19 infection and death rates have fallen since April's peak.*

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#### General election pushed back following logistical challenges

The **National Electoral Board Ethiopia (NEBE)** announced on 15 May the postponement of **Ethiopia's** upcoming general election, originally slated for 5 June.<sup>1</sup> The NEBE has not yet given a new date but still aims to run the election in June, with the delay expected to last between ten and 15 days. The NEBE has been holding consultations with opposition parties before agreeing a new election date.<sup>2</sup>

The temporary delay in the election has not prompted significant consternation from opposition parties or within the international community. Unlike last year's election postponement, this delay is primarily motivated by logistical rather than political reasons. Several aspects of the electoral process were highly unlikely to have been completed by 5 June, such as the printing of ballot papers and the training of election supervisors. Without a comprehensive process, the result would have lacked legitimacy.

However, political motivations are likely also at play. Voter registration has been low for the election with only 36.2 million Ethiopians currently registered to vote.<sup>3</sup> The NEBE has twice extended its voter registration exercise in an effort to increase participation but with limited success.<sup>4</sup> An estimated 56 million people are still unregistered to cast votes.<sup>5</sup> Low voter registration without further government efforts to extend enfranchisement, could compromise the next mandate of the ruling **Prosperity Party (PP)**, which is widely expected to win the election.

The low level of voter registration is partly due to technical inefficiencies, such as a lack of registration books in certain areas, as well as insecurity in some areas, notably the **Somali-Afar** border areas, **Oromia** and **Benishangul-Gumuz**.<sup>6</sup> Voter registration in Somali region is believed to be as low as 43%, with a lack of engagement from key political operators in the region further limiting political participation.<sup>7</sup> The poor relationship between the NEBE and regional governments has also undermined registration.<sup>8</sup>

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<sup>1</sup> Ethiopian News Agency, 15 May 2021

<sup>2</sup> Addis Standard, 15 May 2021

<sup>3</sup> Ethiopian News Agency, 15 May 2021

<sup>4</sup> Borkena, 11 May 2021

<sup>5</sup> DW, 11 May 2021

<sup>6</sup> Borkena, 20 Apr 2021

<sup>7</sup> Addis Standard, 20 Apr 2021

<sup>8</sup> The Reporter Ethiopia, 24 Apr 2021

By postponing the election, the Ethiopian government has demonstrated goodwill towards opposition party demands for a delay. This mitigates the potential for further opposition party boycotts or candidate withdrawals. It also shows the international community that the government has acted to ensure electoral accountability, which may prevent external criticism, particularly if opposition parties opt to dispute the election result. In the current context, with opposition parties involved in consultations with the NEBE and the government, significant or violent backlash against the delay (as seen in **Tigray Region** in response to last year's election postponement) remains unlikely.

A low election turnout, particularly one frustrated by process-based factors, such as voter registration, has the potential to undermine the legitimacy of the election and act as a political catalyst to underlying inter-communal tensions. Such threats are likely to result in rejection of the election outcome. Many opposition groups also feel disenfranchised by the detainment of key political figures.

Further technical disruption to the election is likely. The NEBE released a statement on 5 May raising concerns over security provisions for 40 constituencies in **Amhara**, 31 in Somali, 21 in Oromia and six in **Southern Nations Nationalities and People's Region (SNNPR)** – amounting to 14% of Ethiopia's 673 constituencies.<sup>9</sup> The potential for disruption and fraud on polling day remains high.

Election boycotts have remained regional and there have been no major absentees since the withdrawal of two radical Oromo nationalist parties, the **Oromo Federalist Congress (OFC)** and the **Oromo Liberation Front (OLF)**. In Amhara, which has recorded mass protests ahead of the election, major opposition group **Ethiopian Citizens for Social Justice (EZEMA)** and the **Ogaden National Liberation Front (ONLF)** have withdrawn candidates over security fears of alleged intimidation from the regional administration.<sup>10</sup> However, much of EZEMA's rhetoric has been less divisive, calling for elections as necessary for peace.<sup>11</sup> Such actions have mitigated the risk of politicised inter-communal violence, with the overall pre-election security picture reflecting a surprisingly more positive scenario than most predictions.

While political violence has not increased significantly ahead of the election, historical inter-communal differences rather than election-related issues have motivated insecurity, with a few exceptions. Armed forces reportedly attacked the house of OLF chairman **Dawud Ibsa** on 3 May<sup>12</sup> and localised political violence leading up to and during the election remains likely. Security forces claim to have prevented potential attacks from two groups aimed at disrupting the election.<sup>13</sup> However, in reality, both groups were social media-based and diaspora-led. Such claims, though, are indicative of increasing concerns over growing inter-communal tensions and the potential for the election to spark violence.

Without political representation, boycotting parties or marginalised groups may increase armed opposition. A comprehensive PP victory would leave certain areas and groups disenfranchised, such as in Oromia, the Somali-Afar border area and Tigray, where no elections are slated for the on-going conflict zone. The **International Crisis Group** warns:

*"If this electoral process is not accompanied by an attempt to return to all-inclusive politics, then the election could exacerbate political divisions."<sup>14</sup>*

Ensuring the domestic legitimacy of the election is key, but is also important for the Ethiopian government to ensure that an international audience deems it legitimate, especially if opposition parties dispute the result. The **European Union (EU)** announced on 3 May that it would scrap its planned observation mission over a lack of effective communication infrastructure and concerns that the independent nature of the observation mission would be undermined.<sup>15</sup> However, Ethiopia's

<sup>9</sup> Addis Standard, 5 May 2021

<sup>10</sup> Borkena, 20 Apr 2021

<sup>11</sup> DW, 11 May 2021

<sup>12</sup> Addis Standard, 4 May 2021

<sup>13</sup> Addis Standard, 6 May 2021

<sup>14</sup> DW, 11 May 2021

<sup>15</sup> Addis Standard, 4 May 2021

foreign ministry announced on 11 May that the EU, in an unexpected U-turn, would send election observers despite saying earlier that it would not participate.<sup>16</sup> The foreign ministry also confirmed that **Russia** and the **African Union (AU)** would send observation missions.<sup>17</sup>

The likelihood of a decisive PP victory in the eventual election mitigates the potential for foreign scrutiny of possible electoral discrepancies. As such, domestic calls of foul play, particularly from ethno-linguistic nationalist parties, remain unlikely to gain external traction following the election. While international calls of electoral misconduct can undermine legitimacy, fuel opposition support or lead to the imposition of sanctions, the risk is low in the current context of the election. Major concerns remain largely over the potential actions of marginalised political parties or movements, particularly those that have excluded themselves from the election.

### Mobile money services launch as bidding for telecoms licences falls flat

State-owned telecoms company **Ethio Telecom** launched its plan on 11 May to provide mobile money services to Ethiopians through **TeleBirr**. The launch comes at a crucial time ahead of bidding for stakes in Ethio Telecom, until now Ethiopia's sole telecommunications operator, which the government plans to partially privatise by selling a 45% stake in the company in two months' time.<sup>18</sup> Until now, Ethio Telecom was to have a monopoly on providing mobile money services in Ethiopia, a factor that is likely to have played a role in discouraging and lowering bids for Ethiopia's two new telecommunications licences. Prime minister **Abiy Ahmed** (2018-present) noted on 12 May that the exclusion of mobile money services rights from the two licences likely shaved \$500m from prospective bids.<sup>19</sup> However, in a significant reversal, Abiy announced on 12 May that the government would open provision of mobile financial services to foreign entrants from May 2022.<sup>20</sup> Without a monopoly on mobile money services, the value of bids for stakes in Ethio Telecom may be undermined.<sup>21</sup>

The deadline for bidding on Ethiopia's two new telecommunications licences closed on 26 April.<sup>22</sup> Despite significant initial interest in the licences alongside the privatisation of Ethio Telecom, only two bids were submitted for the operating licences.<sup>23</sup> The two bidders were both regional telecommunications operators, **South Africa's MTN** (backed by **Chinese** investment fund, **Silk Road Fund**) and a consortium led by **Vodafone**, including **Vodacom** and **Kenya's Safaricom**.<sup>24</sup> Given the high entry costs, thought to be \$1 billion, the bid by consortiums is unsurprising.<sup>25</sup> Other potential international entrants, notably **France**, were conspicuously absent in the bidding process, which the government postponed in March to encourage additional bids (see *ARC Briefing Ethiopia April 2021*).<sup>26</sup> The result of the bidding process is still to be announced.

Much western reporting has regarded the paucity of bids as a failure for Ethiopia.<sup>27</sup> However, this does not necessarily demonstrate a lack of confidence in the Ethiopian economy against a backdrop of political uncertainty and concerns around debt distress. Instead, the critical flaw in the licensing process has been the exclusion of mobile money services from the licences. It remains unclear how the government's recently announced intention to allow foreign companies to offer mobile money services will impact existing bids or if the government will permit re-tendering given the premium that mobile money service provision is likely to create for the two telecommunications licences.

<sup>16</sup> Borkena, 11 May 2021

<sup>17</sup> Borkena, 11 May 2021

<sup>18</sup> The Reporter Ethiopia, 8 May 2021

<sup>19</sup> Bloomberg, 12 May 2021

<sup>20</sup> The East African, 12 May 2021

<sup>21</sup> Total Telecom, 12 May 2021

<sup>22</sup> The Reporter Ethiopia, 24 Apr 2021

<sup>23</sup> Business Insider South Africa, 29 Apr 2021

<sup>24</sup> Business Maverick, 28 Apr 2021

<sup>25</sup> Business Maverick, 28 Apr 2021

<sup>26</sup> Telecoms, 27 Apr 2021

<sup>27</sup> FT, 26 Apr 2021

Mobile money services could transform Ethiopia's banking sector. TeleBirr has the potential to provide mobile money services to Ethio Telecom's 50 million users.<sup>28</sup> Ethio Telecom expects to expand its mobile money services to 21 million Ethiopians within the first year of operation and 33 million by 2026.<sup>29</sup> TeleBirr aims to account for 40% to 50% of Ethiopia's annual transactions within five years – a similar value to Safaricom's mobile money services in neighbouring Kenya's market.<sup>30</sup> Abiy's announcement to increase the number of mobile money providers is likely to provide healthy competition for consumers compared to the previous decision to award a monopoly to Ethio Telecom. The announcement comes days after the unveiling of 4G services in the south-west of Ethiopia, showing the government's continued commitment to privatisation.

### Africa Covid-19 case rate falls following spike

Ethiopia maintains the highest number of **Covid-19** cases in **East Africa** and accounts for 6% of Africa's confirmed Covid-19 cases.<sup>31</sup> The cumulative Covid-19-attributed death rate in Ethiopia's population of 112 million is now 3,951.<sup>32</sup> However, the infection rate has dropped to a more consistent level compared to the spike witnessed in March and April. The seven-day average for new cases recorded on 13 May was 594 versus 1,876 on 13 April.<sup>33</sup> The improvement in the rate of infection is likely to remove the stress on Ethiopia's limited intensive care capacity, which came under considerable strain in April.

Vaccine rollout has been steady thus far. As of 12 May, 1.3 million Ethiopians have been vaccinated against Covid-19.<sup>34</sup> The rollout has taken place across all of Ethiopia's regions, although a significant number of vaccinations have been concentrated in **Addis Ababa**. The vaccination scheme has not created much controversy despite a slight regional disparity and the level of uptake has been high.

There has also been a notable increased appreciation within government communications over people keeping to social distancing guidelines, such as wearing masks. Similarly, institutional responsibility for managing the virus has been increasing, notably seeing churches continuing to encourage Covid-19 prevention.<sup>35</sup>

Looking ahead, further procurement of vaccines is likely to remain key. Ethiopia has been reliant on the **COVAX** facility under the **World Health Organization (WHO)**. Plans on the bilateral procurement of additional vaccines have been commensurately limited. However, Ethiopia's embassy in **Russia** reported that plans were underway to import Russia's **Sputnik V** vaccine directly.<sup>36</sup> Given Ethiopia's ambitious vaccination targets, notably the vaccination of 20% of its 112 million population by the end of 2021, it will need to procure additional vaccines beyond those provided by the COVAX facility.

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<sup>28</sup> Borkena, 20 Apr 2021

<sup>29</sup> Total Telecom, 12 May 2021

<sup>30</sup> Economic Times, 12 May 2021

<sup>31</sup> Xinhua, 14 May 2021

<sup>32</sup> Xinhua, 14 May 2021

<sup>33</sup> Ministry of Health, 13 May 2021

<sup>34</sup> Ethiopian News Agency, 12 May 2021

<sup>35</sup> Ethiopian News Agency, 30 Apr 2020

<sup>36</sup> Ethiopian News Agency, 30 Apr 2020

## Planner

Jun 2021 **(Ethiopia)** Parliamentary elections (excluding **Tigray Region**), date to be announced;

## Chronology

15 May 2021 **Addis Ababa (Ethiopia)** *Reuters*. The **National Electoral Board Ethiopia (NEBE)** postpones parliamentary elections due on 5 June, saying it did not foresee a delay of more than three weeks;

12 May 2021 **Addis Ababa (Ethiopia)** *Total Telecom*. State-owned telecoms company **Ethio Telecom** launches its mobile money service, **TeleBirr**, enabling customers to make cashless transactions for the first time in Ethiopia and marking a major development within Ethiopia's telecommunications sector;

11 May 2021 **Addis Ababa (Ethiopia)** *Borkena*. Ethiopia's foreign minister, **Demeke Mekonnen**, meets with the **United States (US)** special envoy to the **Horn of Africa** to discuss resolution strategies for **Tigray**, the Ethiopia-Sudan border dispute and the **Grand Ethiopian Renaissance Dam (GERD)**;

11 May 2021 **Benishangul-Gumuz (Ethiopia)** *Ethiopian News Agency*. **Democratic Republic of the Congo (DRC)** president **Félix Tshisekedi** visits Ethiopia as part of **African Union (AU)** mediation talks with **Egypt** and **Sudan** over the **Grand Ethiopian Renaissance Dam (GERD)**;

11 May 2021 **Addis Ababa (Ethiopia)** *Borkena*. Ethiopia's foreign ministry announces that the **European Union (EU)** will send observers for June's election despite the EU announcing that it would not participate;

9 May 2021 **Addis Ababa (Ethiopia)** *VOA*. The **United Nations (UN)** confirms that 120 Ethiopian peacekeepers in **Darfur (Sudan)** have requested asylum in Sudan;

8 May 2021 **Tigray (Ethiopia)** *Al Jazeera*. Ethiopia's **Orthodox Church** accuses the Ethiopian government of committing genocide in **Tigray** region;

8 May 2021 **Addis Ababa (Ethiopia)** *The Reporter Ethiopia*. **Emirati** logistics conglomerate, **DP World**, signs a memorandum of understanding (MoU) with the Ethiopian government to develop international logistics routes in Ethiopia;

6 May 2021 **Addis Ababa (Ethiopia)** *Borkena*. Police arrest **Tadios Tantu**, a notable activist and opponent of radical **Oromo** nationalism, prompting unrest on social media against the government;

6 May 2021 **Tigray (Ethiopia)** *Addis Standard*. The **United Nations (UN)** releases \$65m in humanitarian assistance for Ethiopia over mounting concerns over food insecurity;

6 May 2021 **Benishangul-Gumuz (Ethiopia)** *Arab News*. **Egypt's** President **Abdel Fattah el-Sisi** brands the **Grand Ethiopian Renaissance Dam (GERD)** an "existential issue" to Egypt;

5 May 2021 **Tigray (Ethiopia)** *Borkena*. **Abraham Belay**, the head of the **Prosperity Party (PP)** in **Tigray** region, is appointed as the new head of Tigray's interim administration;

4 May 2021 **Oromia (Ethiopia)** *Addis Standard*. Footage emerges of an attack by armed forces against the residence of **Oromo Liberation Front (OLF)** chairman **Dawud Ibsa**;

3 May 2021 **Addis Ababa (Ethiopia)** *Reuters*. The **European Union (EU)** announces that it will no longer monitor Ethiopia's election on 5 June over concerns that the independence of the mission would be undermined;

1 May 2021 **Tigray (Ethiopia)** *Ethiopian News Agency*. Ethiopia's **Council of Ministers** formally designates the **Tigray People's Liberation Front (TPLF)** and the **Oromo Liberation Front - Shene (OLF-Shene)** as terrorist groups;

- 1 May 2021 **Oromia (Ethiopia)** *Addis Standard*. Over 21 civilians are killed in an attack by armed perpetrators in **Oromia**, believed to be radical **Oromo** nationalists;
- 30 Apr 2021 **Addis Ababa (Ethiopia)** *Ethiopian News Agency*. Ethiopia's ambassador to **Russia** announces plans for Ethiopia to import Russia's **Covid-19** vaccine, **Sputnik V**;
- 26 Apr 2021 **Tigray (Ethiopia)** *Borkena*. Unverified footage emerges on social media of **Tigray People's Liberation Front (TPLF)** leader **Debretsion Gebremichael** in rural **Tigray** exhibiting significant weight loss;
- 26 Apr 2021 **Addis Ababa (Ethiopia)** *The Reporter Ethiopia*. Bidding for Ethiopia's two new telecommunications licences closes, following an initial extension in the deadline from 5 April;
- 23 Apr 2021 **Addis Ababa (Ethiopia)** *Reuters*. The **World Bank** signs a \$907m finance agreement with the Ethiopian government to aid investment in electrification and **Covid-19** vaccines;
- 22 Apr 2021 **Tigray (Ethiopia)** *Addis Standard*. The **United Nations Security Council (UNSC)** calls for a scaling-up in the humanitarian response in **Tigray** and improving humanitarian access;
- 22 Apr 2021 **Benishangul-Gumuz (Ethiopia)** *New Business Ethiopia*. The Ethiopian government announces that the solution to the **Grand Ethiopian Renaissance Dam (GERD)** is through **African Union (AU)**-led negotiations;
- 20 Apr 2021 **Addis Ababa (Ethiopia)** *Borkena*. Telecommunications monopoly **Ethio Telecom** announces plans for launching mobile money services in the coming weeks, a significant step forward for banking services in Ethiopia;
- 17 Apr 2021 **Tigray (Ethiopia)** *The Reporter Ethiopia*. **Linda Thomas-Greenfield**, the **United States (US)** Ambassador to the **United Nations (UN)**, alleges that security forces from **Eritrea** have remained in **Tigray** by changing to Ethiopian security force uniforms;

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