

## AFRICA RISK CONSULTING

### Ethiopia Monthly Briefing July 2021

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#### Ethiopia Summary 14 July 2021

*Ethiopia's highly anticipated election passes without significant controversy, with prime minister Abiy Ahmed's (2018-present) Prosperity Party (PP) winning 410 of the 436 seats available in this first instalment of Ethiopia's general election. However, voting in one fifth of constituencies will not take place until September. Against the election backdrop, a ceasefire is announced in Tigray region following the deteriorating humanitarian situation and continued advances by the Tigray People's Liberation Front (TPLF). Meanwhile, Ethiopia begins its second filling of the Grand Ethiopian Renaissance Dam (GERD) after months of failed mediation talks with Egypt and Sudan. A short-term resolution remains unlikely with the African Union (AU)-backed talks remaining the most likely path to any solution. In contrast, the public health situation in Ethiopia has continued to improve, with Covid-19 cases reaching a 12-month low.*

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#### Abiy's Prosperity Party wins landslide but still lack mandate

The **National Electoral Board of Ethiopia (NEBE)** announced the result of **Ethiopia's** 21 June general election on 10 July. The ruling **Prosperity Party (PP)** won 410 of parliament's 436 seats, while turnout was over 90% among the 37 million Ethiopians registered to vote.<sup>1</sup> Prime minister **Abiy Ahmed's** (2018-present) coalition was dominant across all regions with the election constituting a landslide victory. Even in areas where a close electoral contest was expected, such as in **Addis Ababa** where the PP won 22 of 23 seats, the ruling party returned a stronger than expected result.<sup>2</sup> The challenge from **Ethiopian Citizens for Social Justice (Ezema)**, **Balderas for Genuine Democracy** and **National Movement of Amhara (NaMA)** was far lower than expected. The PP also over-performed in some areas of **Oromia** given the boycott of key Oromo nationalist parties. Such parties remain outside the political fold. However, Abiy's party is unlikely to be as dominant in the second round of the general election on 6 September in Ethiopia's problematic constituencies where voting was postponed, notably **Somali** and **Harari** areas.

The **African Union Election Observer Mission (AUECOM)** deemed the election peaceful and credible.<sup>3</sup> No significant level of foul play was reported despite a statement from **United States (US)** Secretary of State **Anthony Blinken** that the election was "*not free and fair for all Ethiopians*".<sup>4</sup> Five opposition parties claimed that the PP interfered in the election, with several demanding a rerun.<sup>5</sup> This has not resulted in public disorder, and opposition calls of foul play have been crowded out. Opposition party underperformance can largely be explained through the reality of Abiy's popularity and the comparatively low level of voter registration from opposition party voters.

Despite a comprehensive result for the PP, the result is not a mandate for Abiy's government. The election has not provided a solution to Ethiopia's political fissures, as other political solutions are needed to provide a lasting political resolution. Oromo nationalists, **Tigray** region and the constituencies set for a second round of the general election are yet to be integrated into the political fold. Similarly, a government will not be formed until October.<sup>6</sup>

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<sup>1</sup> ENA, 10 Jul 2021

<sup>2</sup> New Business Ethiopia, 10 Jul 2021

<sup>3</sup> Borkena, 23 Jun 2021

<sup>4</sup> Addis Standard, 25 Jun 2021

<sup>5</sup> Addis Standard, 26 Jun 2021

<sup>6</sup> AP, 11 Jul 2021

## Ceasefire in Tigray likely to increase pressure for a political solution

In a surprise change, Ethiopia's federal government announced the introduction of a ceasefire in Tigray region on 28 June. The announcement followed a request from Tigray's interim administration for a "humanitarian ceasefire" in the region.<sup>7</sup> The federal government's rhetoric has concentrated on its humanitarian motivations in accepting a ceasefire. It has given no indication how long the ceasefire will be in place. The ceasefire could last until September if it follows the government's guideline allowing fighters to return home to farm in a bid to combat food insecurity. The federal government is likely to draw significant criticism if it is perceived to breach the ceasefire.<sup>8</sup>

The immediate motivation in announcing a ceasefire follows advances by the **Tigray People's Liberation Front (TPLF)** in Tigray region. On 28 June, the same day as the announcement of the ceasefire, TPLF forces retook Tigray's capital, **Mekelle**, after Ethiopian security forces withdrew. The TPLF claims that it forced Ethiopian government forces out of Mekelle.<sup>9</sup> The TPLF is believed to hold territory up to 170km south of Mekelle, as far as **Korem**, although areas in western and southern Tigray remain under the control of security forces from **Amhara** region.<sup>10</sup>

Another pressing motivation behind the ceasefire is the humanitarian situation. The federal government claimed that the ceasefire is to prevent disruption of the planting season after the rains and to reduce the possibility of prolonging Tigray's food insecurity. Recent figures from the **US Agency for international Development** suggest that up to 900,000 people in Tigray now face famine conditions.<sup>11</sup>

However, perhaps the government's most important motivation for the ceasefire is mitigation of the potential for western sanctions on the federal government over the humanitarian situation in Tigray. The timing also reduces the potential for increased international scrutiny of the election result. Foreign affairs ministry spokesperson **Dina Mufti** announced that:

*"The decision by the federal government came about in consideration of national security and other priority issues... the unilateral ceasefire will help avert sanctions and human catastrophe."<sup>12</sup>*

The ceasefire is a step in the right direction but a comprehensive political solution is necessary to fully restore investor confidence. Against the backdrop of the election and growing criticism of the Abiy regime's handling of the Tigray crisis, a ceasefire will be difficult to reverse. A return to full-scale warfare is unlikely without attracting significant international censure. Any military operations by federal security forces or affiliated security forces, such as those from **Eritrea** or Amhara, would be perceived as a major breach, with retaking of Mekelle requiring significant political capital in the current context of the conflict. The federal government is likely to require a major breach by the TPLF to justify a return to conflict in the short term. The longer a ceasefire remains in place, the stronger the pressure will be on the government to find a lasting political solution to the Tigray crisis.

## Second filling of GERD prompts fall in Egyptian stock exchange

**Egypt's** stock exchange fell by almost 2% on 6 July,<sup>13</sup> a day after Ethiopia began its second filling of the **Grand Ethiopian Renaissance Dam (GERD)**.<sup>14</sup> The fall in the **Egyptian Exchange (EGX)** has been widely attributed to the announcement of filling the dam, which **Sudan** and Egypt claim endangers their water supply downstream and represents a threat to agriculture, electricity production and fresh water access. Trading was suspended in 37 stocks for 10 minutes after falling

<sup>7</sup> New Business Ethiopia, 28 Jun 2021

<sup>8</sup> Foreign Policy, 29 Jun 2021

<sup>9</sup> Al Jazeera, 30 Jun 2021

<sup>10</sup> Al Jazeera, 12 Jul 2021

<sup>11</sup> Al Jazeera, 12 Jul 2021

<sup>12</sup> The Reporter Ethiopia, 3 Jul 2021

<sup>13</sup> Egypt Independent, 6 Jul 2021

<sup>14</sup> The Africa Report, 9 Jul 2021

over 5%, with over \$783m wiped in the first hour of trading.<sup>15</sup> For context, the EGX suspended trading after a 5% drop in March, with the latest fall representing a major shock to the index.<sup>16</sup>

The Ethiopian government reiterated that the second filling was in accordance with the **Declaration of Principles** agreed between the three countries. For Ethiopia, a second filling of the dam was most likely to begin in July given the timing of the seasonal rains. The second filling will bring the dam's water storage up to 18.4 billion cubic metres of water and enable the GERD to begin power generation within two units by September.<sup>17</sup> The GERD project is Ethiopia's primary energy production project, aiming to lower the current percentage (60%) of Ethiopians without access to electricity.<sup>18</sup>

Efforts to organise mediation have dominated the geopolitical context of the dam over the last few months, while resolution with Egypt and Sudan remains no closer. Ethiopia, Egypt and Sudan have sought to garner regional **African** support for their respective positions. Mediation efforts by the **African Union (AU)**, US and **European Union (EU)** have failed thus far. Most recently, ahead of the second filling, Egypt and Sudan called on the **United Nations Security Council (UNSC)** for a resolution. Ethiopia subsequently requested that the UNSC encourage Egypt and Sudan to follow AU-led mediation, with the UNSC ultimately reiterating its backing for AU-led negotiations.<sup>19</sup> An interventionist mediation approach, as exhibited by the **Donald Trump** (2017-2021) administration in 2020, seems unlikely, while the UNSC endorsement of the AU-led talks makes a competitor to the AU talks unlikely.<sup>20</sup>

Abiy has sought to build support within Africa for Ethiopia's standpoint on the GERD, such as with Eritrea, **South Sudan, Kenya, DRC and Djibouti**.<sup>21</sup> Given his efforts to gain regional support, Ethiopia is likely to support AU mediation rather than that by a third party, which could be less favourable in its judgement. This presents Ethiopia not as a disruptor but rather sticking to an "*African solutions for African problems*" narrative.

A breakthrough in AU-led talks remains unlikely in the short term. The talks are increasingly complicated by the Sudanese occupation of disputed border areas and other interests.<sup>22</sup> Events this month showed that Ethiopia intends to fill the dam regardless of Sudanese and Egyptian demands. What is less clear is how both sides will react when the filling of the dam results in water shortages in Egypt and Sudan.

### Covid-19 case rate hits 12-month low

The **Covid-19** situation in Ethiopia is receiving reduced attention both domestically and internationally. Since April's spike in Covid-19 in Ethiopia, the public health situation has continued to improve over the last month. To date, Ethiopia has reported 277,212 cases in its population of roughly 118 million, with 4,347 Covid-related deaths and 262,102 recoveries.<sup>23</sup>

As of 11 July, the weekly average case rate in Ethiopia was 91, compared to 180 on 11 June. The current case rate represents the lowest number of cases in Ethiopia in the past 12 months with the 45 cases recorded on 3 July marking the lowest number of new cases since comprehensive testing began in Ethiopia.<sup>24</sup> This has included 24-hour periods where no Covid-19-related deaths have been recorded in Ethiopia.<sup>25</sup> The current figures represent a significant improvement and Ethiopia's ministry of health hopes to sustain this level of control against the virus.

<sup>15</sup> Egypt Independent, 6 Jul 2021

<sup>16</sup> Egypt Independent, 23 Mar 2021

<sup>17</sup> ENA, 8 Jul 2021

<sup>18</sup> ENA, 8 Jul 2021

<sup>19</sup> Borkena, 25 Jun 2021

<sup>20</sup> Borkena, 8 Jul 2021

<sup>21</sup> New Business Ethiopia, 21 Jun 2021

<sup>22</sup> New Business Ethiopia, 21 Jun 2021

<sup>23</sup> Worldometers, accessed 14 Jul 2021

<sup>24</sup> Ministry of Health, 12 Jul 2021

<sup>25</sup> Borkena, 30 Jun 2021

Despite the improvement in the public health situation, a change in Ethiopia's current containment measures remains unlikely. There has been little indication of potential changes in social distancing measures. No great changes have occurred concerning the implementation of vaccination efforts either. Over two million Ethiopians have been vaccinated, with vaccination remaining separate from political dialogue.<sup>26</sup>

State-owned **Ethiopian Airlines** remains at the forefront of changes to normalise operations against Covid-19 as the region's primary flight operator. The carrier currently provides flights to destinations in 39 countries in Africa – the same number as in July 2019.<sup>27</sup> Although the pandemic has had a negative impact on Ethiopian Airlines, it has been a market leader in adapting to the pandemic, including as a key cargo partner in vaccine distribution across the continent.<sup>28</sup>

## Planner

6 Sep 2021 **(Ethiopia)** Remaining parliamentary constituency election (excluding **Tigray**)

## Chronology

13 Jul 2021 **Tigray (Ethiopia)** *Reuters*. Tigrayan security forces push south into territories in Tigray claimed by neighbouring **Amhara** region;

12 Jul 2021 **Addis Ababa (Ethiopia)** *Anadolu Agency*. Ethiopia and **Russia** sign a military cooperation agreement to enhance security relations;

10 Jul 2021 **Addis Ababa (Ethiopia)** *New Business Ethiopia*. The **National Electoral Board of Ethiopia (NEBE)** announces the result of the general election held on 21 June, with the **Prosperity Party (PP)** winning 410 of 436 parliamentary seats;

9 Jul 2021 **Tigray (Ethiopia)** *Human Rights Watch*. International non-governmental organisation (NGO) **Human Rights Watch** calls on the **United Nations (UN)** to consider a resolution to the **Tigray** conflict amid claims of human rights abuses;

8 Jul 2021 **Addis Ababa (Ethiopia)** *New Business Ethiopia*. Prime minister **Abiy Ahmed** announces an increase of 19% in tax returns in Ethiopia – an increase of \$959m in one year;

7 Jul 2021 **Tigray (Ethiopia)** *ENA*. The federal government accuses the armed wing of the **Tigray People's Liberation Front (TPLF)** of conducting attacks targeting civilians in southern **Tigray** region despite the imposition of a ceasefire;

6 Jul 2021 **Benishangul Gumuz (Ethiopia)** *Egypt Independent*. **Egypt's** stock exchange falls by almost 2% following Ethiopia's confirmation that it began the second stage of filling the **Grand Ethiopian Renaissance Dam (GERD)** on 5 July;

5 Jul 2021 **Benishangul Gumuz (Ethiopia)** *ENA*. Prime minister **Abiy Ahmed** calls on the international community to support the **Grand Ethiopian Renaissance Dam (GERD)** and recognise Ethiopia's eagerness to create issues for downstream countries;

5 Jul 2021 **Addis Ababa (Ethiopia)** *Addis Standard*. The three defendants accused of killing **Hachalu Hundessa**, an **Oromo** musician whose killing in June 2020 sparked protests in **Addis Ababa**, are found guilty of involvement in Hundessa's death;

30 Jun 2021 **Addis Ababa (Ethiopia)** *Reuters*. The finance ministry claims that **Ethio Telecom's** mobile money service, **Telebirr**, launched in May, has attracted four million people in its first month;

<sup>26</sup> Africa News, 12 Jul 2021

<sup>27</sup> Simple Flying, 12 Jul 2021

<sup>28</sup> Xinhua, 24 Jun 2021

28 Jun 2021 **Tigray (Ethiopia)** *Borkena*. Ethiopia's federal government accepts the ceasefire in **Tigray** region put forward by the interim Tigray administration;

25 Jun 2021 **Addis Ababa (Ethiopia)** *Addis Standard*. **United States (US)** Secretary of State **Anthony Blinken** releases a statement accusing Ethiopia's electoral process of being neither free nor fair for all Ethiopians and calls for all-inclusive political participation;

25 Jun 2021 **Benishangul Gumuz (Ethiopia)** *Borkena*. The Ethiopian government submits a letter to the **United Nations Security Council (UNSC)** requesting that the UNSC recognise the **African Union (AU)**-led mediation process over the **Grand Ethiopian Renaissance Dam (GERD)**;

23 Jun 2021 **Addis Ababa (Ethiopia)** *ENA*. **Ethiopian Airlines** announces the resumption of flights between **Addis Ababa** and the capital of **Eritrea, Asmara**, marking a major boost for ties between the two countries;

22 Jun 2021 **Tigray (Ethiopia)** *AP*. Ethiopian security forces reportedly conduct an airstrike on a marketplace in **Togoga, Tigray**, in which 64 people are reportedly killed, with the incident drawing significant criticism;

18 Jun 2021 **Tigray (Ethiopia)** *Borkena*. News sources in **Eritrea** claim that Eritrean security forces have begun withdrawing from **Tigray** region;

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