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**Ethiopia Monthly Briefing July 2026**

## Ethiopia Summary 27 July 2026

***Prime minister Abiy Ahmed (2018-present) officially opens the National Dialogue Forum (NDF), part of the government's efforts to address structural challenges and ethnic tensions in the country and secure a lasting peace in Ethiopia. National Bank of Ethiopia (NBE) (central bank) hikes interest rates in response to rising inflation, which is connected to the externalities of the ongoing conflict in the Middle East. The finance ministry announces that it has reached a debt restructuring agreement with bondholders. The Ethiopian National Defence Force (ENDF) claims battlefield success in the ongoing conflict with Amhara nationalist militants.***

## National Dialogue Forum begins in Addis Ababa

Prime minister **Abiy Ahmed** (2018-present) officially opened the **National Dialogue Forum (NDF)** at the **Addis Ababa International Centre** on 15 July, part of the government's efforts to address structural challenges and ethnic tensions in the country and secure a lasting peace in **Ethiopia**. The conference is being attended by over 4,000 delegates from across Ethiopia and is set to last at least three weeks. The opening day comprised addresses from senior figures including Abiy, National Dialogue commissioner **Yonas Adaye**, as well as external speakers including former **Nigerian** president **Olusegun Obasanjo** (1999-2007), **African Union (AU)** commissioner for political affairs, peace and security ambassador **Bankole Adeoye**, and **Intergovernmental Authority on Development (IGAD)** executive secretary **Workneh Gebeyehu**.

The NDF is the culmination of the wider National Dialogue process that Abiy's government first floated in 2021 to address deep-seated frustrations and structural governance issues that have driven political violence and ethnic tensions in Ethiopia. Notably, this proposal came during the 2020-2022 **Tigray War** and was among Abiy's proposals to address both the conflict itself as well as the numerous other ethno-nationalist issues arising in the country. In December 2021, when the legislature, the **House of People's Representatives**, approved the creation of the **National Dialogue Commission (NDC)** to drive the dialogue process, the NDC began organising meetings and hearings across Ethiopia in 2022.

The first week of the forum focused on confirming the NDF's agenda, which has been grouped into eight general categories. These are:

- Nation building;
- State structure, governance form, political system, political representation, and electoral systems;
- Federal cities;
- Religious affairs, historical grievances, and reconciliation;
- Institutional building, rule of law, and human rights;
- Socio-economic issues, farmers, and pastoralists;
- Corruption and good governance; and
- Peacebuilding.

Delegates have since been broken up into around 80 working groups that are focusing on individual agenda items.

The government and the ruling **Prosperity Party (PP)** have touted the start of the NDF as a watershed moment for Ethiopia that will lay the groundwork for a more unified and peaceful country. However, the event's ability to progress peace in Ethiopia is limited given that most major ethno-nationalist anti-government groups are boycotting the event; most notably, the **Tigray People's Liberation (TPLF)**, the **Amhara Fano National Movement (AFNM)**, and the **Oromo Liberation Front-Oromo Liberation Army (OLF-OLA)**. These three groups are central to the security challenges in Ethiopia's Tigray, Amhara, and Oromia regions respectively. In addition, opposition parties and coalitions such as the **Ethiopian Cooperate for Victory and Transition (ECVT)** and the **Ethiopian People's Revolutionary Party (EPRP)** have boycotted the NDF, denouncing the process as lacking independence, claiming that it is primarily a vehicle for the PP to "*restore its political legitimacy*".

There is likely truth in these suspicions. The PP maintains a supermajority in the House of People's Representatives and is the ruling party in every region except Tigray. Abiy and the PP will not allow the NDF to result in any substantive political or constitutional reforms that threaten the party's political dominance, even though the lack of true competitive and inclusive politics is a driver of many of Ethiopia's contemporary challenges.

That being said, the NDF is expected to result in several recommendations for structural constitutional and governance reforms. The most likely of these is a push to do away with Ethiopia's ethnically-defined federal system in which most of the country's regions are defined by the dominant ethnic group. This structure has been blamed for aggravating ethnic tensions and nationalism in the country and undermining national unity. Abiy has previously indicated a desire to move towards a more centralised political system. This was best exemplified by the 2019 creation of the PP through the complete merger of the **Ethiopian People's Revolutionary Democratic Front's (EPRDF)** member parties. The EPRDF was a political coalition that governed Ethiopia from 1991 to2019 and was comprised of ethno-nationalist parties that dominated Ethiopia's various regions; the only EPRDF member not to join the PP was the TPLF.

The NDF is unlikely to move Ethiopia closer to lasting peace, nor will it reduce the rising threat of war in Tigray, but it will potentially drive a constitutional restructuring of the state that will strengthen the power of the central government.

## Central bank hikes interest rate amid macroeconomic pressure

The **National Bank of Ethiopia (NBE)** (central bank) **Monetary Policy Committee (MPC)** announced on 13 July that it had increased the main monetary policy interest rate by 100 basis points from 15% to 16%, the NEB's first rate hike since August 2024. The committee took this decision in response to rising inflation in the country and negative macroeconomic pressure resulting from the ongoing conflict in the **Middle East** and the resulting disruption to global fuel and fertiliser supply lines.

Consumer price inflation in Ethiopia has steadily increased in recent months, rising from 9.4% in March to 13.9% in June. **Ethiopian Statistical Service (ESS)** has indicated this inflation was largely driven by accelerating food price inflation, which is a consequence of the increased global fuel and fertiliser prices caused by the war in the **Persian Gulf**. The MPC's interest rate hike indicates that the central bank is expecting this inflationary pressure to continue over the short-to-medium term.

The NBE's concerns are well founded as the recent intensification of the war in **Iran** and threats to **Red Sea** shipping lanes have led to a surge in energy prices in late June. Ethiopia is also particularly exposed to the negative externalities of the 20 July threat by the **Yemen**-based **Houthi Movement** militant group to blockade the **Bab el-Mandeb Strait** that connects the Red Sea to the **Gulf of Aden**. Although this threat is currently directed at vessels trading with **Saudi Arabia**, attacks on any vessels in the area will lead to a general reduction in shipping through the strait. Ethiopia conducts over 90% of its maritime trade through the **Port of Djibouti**, which is located at the eastern mouth of the strait. As such, any reduction of ship traffic to the port will negatively impact Ethiopia's trade and access to essential imported goods, including food and fuel.

If inflation continues to rise, the NBE will respond by hiking interest rates further. This will place downward pressure on inflation but will also undermine economic growth and investment in the country.

## Tentative agreement reached with external bondholders

The finance ministry announced on 29 June that the government had reached a preliminary debt restructuring agreement with major bondholders, under which Ethiopia will issue the bondholders with a new $880m bond that will be repaid in instalments through 2029 at a 6.15% interest rate. In addition to this, the government will also pay bondholders compensation totalling $99.4m for missed coupons.

The deal also includes a so-called 'New Money Warrant' which gives bondholders the option to buy into a future Ethiopian bond of up to $1 billion at a market-linked interest rate. This warrant was a compromise that bridged the gap between Ethiopia and the bondholders that had been resistant to the restructuring agreement.

If this deal is finalised, it will make a major step in Ethiopia's ongoing economic recovery; the government defaulted on its debt repayments in December 2023, necessitating an **International Monetary Fund (IMF)** bailout. Securing debt restructuring agreements was an integral part of this bailout agreement, and this latest agreement should ensure that Ethiopia continues to receive disbursements under the IMF programme. Once the agreement is finalised, it will provide Ethiopia with some budgetary relief and potentially enable the government to begin rebuilding its damaged reputation with investors and creditors.

## Military claims battlefield success in Amhara

The conflict between the **Ethiopian National Defence Force (ENDF)** and Amhara nationalist (Fano) militants has continued, underscoring the scale of the NDF's challenge to bring peace to the country. In a notable development related to the Amhara conflict, the ENDF claimed on 24 July that its forces killed at least 230 Fano militants in a week-long operation in the **North Gojjam, West Gojjam, Awi**, and **South Gondar** zones. ENDF reported that its security forces captured vehicles, firearms and other equipment belonging to the Fano fighters and managed to eliminate several militant commanders. It should be noted that this claim has not been independently verified.

Regardless of the veracity of the ENDF's battlefield victory, this development does underscore the scale of the ongoing fighting in Amhara. The conflict has intensified over the past year, especially since the merging of two of the largest Fano groups - the **Amhara Fano National Force (AFNF)** and the **Amhara Fano People's Organisation (AFPO)** – into the AFNM in January. It is evident that the conflict is intensifying and that the ENDF is struggling to secure and maintain momentum against the nationalist militants, despite repeated claims of victory similar to its 24 July statement. As such, the situation is expected to continue to deteriorate and force the ENDF to continue to commit additional resources to Amhara, which will undermine its ability to address Ethiopia's other security challenges, including other ethno-nationalist militant groups, banditry, and the prospect of a renewed conflict in the Tigray.

## Planner

15 Jul 2026 – 5 Aug 2026 **Addis Ababa (Ethiopia)** The **National Dialogue Forum**

Feb 2027 **Addis Ababa (Ethiopia)** Assembly of the **African Union (AU) Heads of State and Government**;

## Chronology

22 Jul 2026 **Addis Ababa (Ethiopia)** *Borkena*. Local reports claim that a drone strike on a monastery in the **Wollo** area of the **Amhara Region** killed six clerics and injured dozens of others;

22 Jul 2026 **Addis Ababa (Ethiopia)** *Africa News*. The opposition **Ethiopian People's Revolutionary Party (EPRP)** accuses the federal government of waging a propaganda campaign that is pushing the **Tigray Region** to a new war;

21 Jul 2026 **Addis Ababa (Ethiopia)** *Addis Standard*. The **Tigray People's Liberation Front (TPLF)** reaffirms its desire to form alliances with other opposition and anti-government groups in Ethiopia, a tactic which will aggravate tensions with the federal government;

18 Jul 2026 **Addis Ababa (Ethiopia)** *Borkena*. Residents of the **Debre'e Eyesus** area of the **Amhara Region**'s **East Gojjam** zone claim that military shelling killed two people;

18 Jul 2026 **Addis Ababa (Ethiopia)** *Addis Standard*. Hundreds of people attend a demonstration in Addis Ababa's **Meskel Square** condemning the **Tigray People's Liberation Front (TPLF)** and calling for the full implementation of the 2022 **Pretoria** peace agreement that ended the **Tigray War**;

15 July 2026 **Addis Ababa (Ethiopia)** *ENA*. Foreign affairs minister **Gedion Timothewos** meets with the **European Union**'s **(EU)** high representative for foreign affairs, security policy and **European Commission** vice president, **Kaja Kallas,** to discuss strengthening Ethiopia's ties to the EU;

15 Jul 2026 **Addis Ababa (Ethiopia)** *Addis Standard*. The pan-**African** research network **Afrobarometer** releases a report revealing that only one in four Ethiopians have access to reliable electricity;

15 Jul 2026 **Abidjan (Côte d'Ivoire)** *AfDB*. **African Development Bank Group (AfDB)** board f directors approves a $110m financing package to support the development of the planned 300 MW **Aysha Wind Project** in the **Somali Region**;

15 Jul 2026 **Addis Ababa (Ethiopia)** *Addis Standard*. Prime minister **Abiy Ahmed** uses his opening address at the **National Dialogue Forum** to once again lament Ethiopia's lack of sea access despite the fact that Ethiopia's open desire for coastal access is aggravating tensions with neighbouring Eritrea;

14 July 2026 **Addis Ababa (Ethiopia)** *ENA*. Prime minister **Abiy Ahmed** meets with former **Nigerian** president **Olusegun Obasanjo** during which Obasanjo shares his experience from Nigeria's **Biafra Peace Process** ahead of the start of Ethiopia's **National Dialogue Forum**;

14 July 2026 **Addis Ababa (Ethiopia)** *ENA*. Parliament approves two concessional loans with the governments of **Italy** and **France** worth a combined $142m;

13 July 2026 **Doha (Qatar)** *ENA*. Prime minister **Abiy Ahmed** meets with **Qatari** Emir **Sheikh Tamim bin Hamad Al Than**i to express his condolences on the passing of his father, **Hamad bin Khalifa Al Thani**;

13 July 2026 **Addis Ababa (Ethiopia)** *ENA*. Prime minister **Abiy Ahmed** hosts **Benin**'s President **Romuald Wadagni** for a working meeting in Addis Ababa;

7 July 2026 **Addis Ababa (Ethiopia)** *AfricaNews*. Prime minister **Abiy Ahmed** meets with **Russian** foreign minister **Sergey Lavrov** at his office in Addis Ababa to discuss the potential for deeper bilateral cooperation between their two countries;

7 Jul 2026 **Addis Ababa (Ethiopia)** *Borkena*. Nationalist militants clash with security forces in the **Asoko** district of **Oromia Region**'s **East Arsi Zone,** causing an unconfirmed number of casualties;

7 Jul 2026 **Addis Ababa (Ethiopia)** *Addis Standard*. Prime minister **Abiy Ahmed** alleges that **Tigrayan** youth are being forcibly conscripted and sent to fight in the **Sudanese** civil war, not revealing which side these youths are fighting for but he has previously implied that the **Tigray People's Liberation Front (TPLF)** is aligned with the **Sudanese Armed Forces**;

6 Jul 2026 **Addis Ababa (Ethiopia)** *HRW*. The international watchdog **Human Rights Watch (HRW)** releases a report alleging that **Tigrayan** authorities are illegally forcibly recruiting civilians into the state's armed forces;

2 Jul 2026 **Addis Ababa (Ethiopia)** *The Reporter*. The **Ethiopian Human Rights Council (EHRCO)** accuse federal security forces of committing human rights violations in the **Zayse** area of the **South Ethiopia Regional State**;

1 Jul 2026 **Washington D.C (United States)** *IMF*. **International Monetary Fund (IMF)** executive director completes its fifth review of **Extended Credit Facility (ECF)** arrangement with Ethiopia and approves the immediate disbursement of around $464m from the facility.

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