



ETHIOPIA: Polls conduct reflects government pressures

Monday, April 21 2008

EVENT: The second phase of local and district elections took place on April 20.

SIGNIFICANCE: Two years overdue, the polls were the first since the May 2005 general elections, which were followed by six months of tensions that culminated in violent protests and the arrests of tens of thousands of opposition supporters. The polls are a significant test of the health of the political system and come amid a range of economic and political challenges to the ruling party.

ANALYSIS: On April 13, Ethiopia held elections for city and kebele (ward) councils, as well as 20 'vacant' parliamentary seats, followed by woreda (district) council polls on April 20. There are 547 woredas, each of which is divided into numerous kebeles with up to 300-seat councils. The polls come at a challenging time for the ruling Ethiopian People's Revolutionary Democratic Front (EPRDF) (see [ETHIOPIA: Premier faces pressures at home and abroad - July 11, 2007](#)).

Economic pressures. Rapidly rising food prices in particular are challenging the government:

1. **Growth and inflation.** The IMF projects annual GDP growth of 8.4% this year -- still strong, though down from 11.4% in 2007. However, average annual inflation rose to 19.0% in March, as a result of continued high prices for food (39.4%) and fuel (16.6%). In mid-March, the government announced several policies to combat inflation and high food prices, including:

- cutting import tariffs and increasing subsidies on basic goods;
- boosting food imports;
- monetary intervention -- banks' reserve requirements were raised to 15%; and
- prosecuting businesses suspected of price manipulation and engaging in black market currency exchange.

It may be that increased government borrowing -- due to its extended deployment in Somalia, food subsidies and the shortfall in revenues from cutting import tariffs -- is itself contributing to inflation. Moreover, tight government control over the banking sector, which limits private sector participation, suggests that raising reserve requirements will have a limited effect, especially if the government itself is the main borrower.

2. **Commodity exchange.** Harvest levels have been high for a fifth year, according to estimates from the UN Food and Agriculture Organization. However, Ethiopian produce does not often reach markets efficiently, partly due to poor transportation networks and incomplete information on prices for various commodities in different parts of the country (see [AFRICA: Food prices highlight supply-side solutions - April 11, 2008](#)). Especially for food crops, this can result in farmers failing to respond to rises in prices by boosting production, for fear of a price collapse around harvest times, when markets are usually flooded.

In order to increase market efficiency, the government has established a commodities exchange. Launched in mid-April, it will operate through a centralised, electronic price listing system, with warehouses set up at transport hubs around the country. A bold initiative, it will nonetheless take time for the impact to be felt, and its effect on inflation in the near-to-medium term will probably be limited at best:

- It is not clear yet whether the system will have the reach to attract producers in rural areas, as the transportation network -- while improving -- is still in poor condition.
- Initially, the exchange will mainly draw the interest of producers of agricultural commodities destined for export (particularly coffee), and thus more responsive to world prices.



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- Gold scandal.** On April 7, the government charged 21 suspects related to the discovery of gold-plated steel bars on deposit at the National Bank of Ethiopia (NBE). A government-ordered test of all gold on deposit at the NBE so far has resulted in a 17 million-dollar loss. Those charged include staff of the NBE and the country's Geological Survey. The scandal seriously damages the government's reputation: while petty corruption, especially related to procurement, is relatively common in both the private and public sector, the government has maintained a reputation for being free of large-scale, high-level government corruption. The ruling party's reputation for competence and efficiency also has suffered.

Defence and security. The government is also under pressure on security issues:

- **Border stalemate.** Ethiopia's border conflict with Eritrea remains a significant source of tension. In an early-April report, UN Secretary-General Ban Ki-moon restated concerns that the withdrawal of UN peacekeepers -- as a result of an Asmara-imposed fuel embargo since December -- from the border region has increased the risk of war. Neither Addis Ababa nor Asmara has made any moves towards a resolution of the issue, since the Ethiopia-Eritrea Boundary Commission made a 'virtual demarcation' in November (see [ERITREA: Asmara retains role as regional spoiler - February 18, 2008](#)).
- **Somalia quagmire.** Despite frustrations with the Transitional Federal Government (TFG), Ethiopia says it will remain in Somalia until security improves, or an international force can provide alternative support. The African Union mission will probably not reach its envisaged strength of about 8,000 troops (from the roughly 2,000 present now) without a breakthrough in relations between the TFG and both the political opposition and insurgents. TFG Prime Minister Nur 'Adde' Hassan Hussein's calls for dialogue may result in a meeting with the Asmara-based opposition Alliance for the Re-liberation of Somalia in Djibouti in May. Nevertheless, the various insurgent elements do not appear willing to talk, and militant Islamists have significantly stepped up raids in Mogadishu and far beyond in recent weeks (see [SOMALIA: Fractured TFG undermines security prospects - April 7, 2008](#)).

Elections. In the context of such serious economic and political challenges, the EPRDF has moved strongly to ensure that it maintains its control over the woreda and kebele administrations. These institutions are crucial to the party's ability to exercise control down to a very local level, in both rural and urban areas: roughly one in 20 Ethiopians will be a member of one of these councils.

As in 2001 (and 2005), opposition parties have complained of bias on the part of electoral institutions in favour of the EPRDF and allied parties, and police intimidation of opposition supporters and candidates. While local human rights organisations support these reports, opposition parties have also weakened considerably since the violent aftermath of the national elections in 2005. The absence of competition in all but a handful of constituencies contrasts sharply with the 2005 elections. Of the 4.5 million candidates, opposition figures numbered only in the tens of thousands:

- **UEDF.** The United Ethiopian Democratic Forces coalition is the largest national opposition bloc represented in parliament, with 52 seats. Nevertheless, it withdrew its 20,000 candidates ahead of the polls.
- **OFDM.** The Oromo Federalist Democratic Movement withdrew from the elections process on April 16. Although it is a regional party, its boycott of the polls will bolster claims that EPRDF-dominated local institutions are unrepresentative of local interests.
- **UDJ.** The Coalition for Unity and Democracy (CUD) -- which won the largest bloc of opposition seats in parliament (109), as well as administration of the city of Addis Ababa in 2005 -- has since splintered into factions. In March, two key leaders -- Birtukan Medkisa, who was imprisoned with dozens of other CUD figures in 2005 and pardoned last July, and Tesmesgen Zewdie, who leads a bloc of former CUD MPs -- formed the Unity for Democracy and Justice party (UDJ), drawing in other pardoned CUD leaders, though not Hailu Shawel, the former CUD chair. The party was not formed in time to participate in the elections.



CONCLUSION: The EPRDF is set to maintain its control over the vast majority of kebele and woreda administrations, which will work against opposition parties at the next general election in 2010. However, the ruling party's efforts to ensure its success reflect its own fragility under multiple pressures. If 2010 elections are boycotted -- as was the pattern in 1995 and 2000 -- it will

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further erode government claims to democratic legitimacy.

Keywords: AF, Eritrea, Ethiopia, Somalia, economy, international relations, politics, agriculture, border conflict, consumer, corruption, election, energy, ethnic, food, government, growth, military, opposition, party, prices, productivity, regional, security, soft commodities

Word Count (approx): 1265