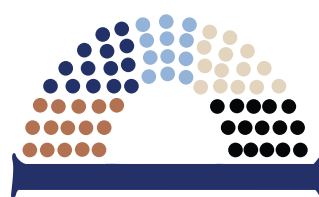


MONTHLY DIGEST  
04 June/July 2025



# ETHIOPIAN PARLIAMENTARY DIGEST



**ENDERASIE**

ENDERASIE IS A PARLIAMENTARY MONTHLY  
DIGEST ISSUED BY BRIDGE RESEARCH AND  
INNOVATION.



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## BRIDGE Profile

Bridge Research and Innovation for Democratic Governance and Enhanced Peace (BRIDGE) is an independent, non-profit think tank based in Addis Ababa, Ethiopia. Registered under the FDRE Civil Society Organization Proclamation No. 1113/2019, which specializes in parliamentary affairs, peace, and development in the IGAD region.



## Mission

To advance democratic governance and enhance peace through evidence-based research and innovative policy analysis.



## Vision

To be a leading research hub and trusted source of analysis on parliamentary affairs, peace, governance, and development in the IGAD region.



## Core Values

- Rigor: Delivering high-quality, evidence-driven research.
- Innovation: Pioneering creative and adaptive solutions for governance and peace challenges.
- Trust: Upholding credibility through transparent and reliable analysis



## Objectives

It aims to strengthen legislative institutions in federal and local parliaments in Ethiopia and the IGAD region by:

- Conducting evidence-based research.
- Providing capacity-building support to enhance the performance of parliamentarians.
- Monitoring parliamentary activities to ensure accountability and effectiveness.



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**D**uring the month of June/July 2025, the Ethiopian House of Peoples' Representatives, in its fourth year of the sixth parliamentary term, carried out various constitutional functions. Among its main activities were the enactment of laws, the hearing of reports from executive institutions, parliamentary diplomacy, visits to federal institutions, and the approval of the 2018 budget. In addition, the Prime Minister of the Federal Democratic Republic of Ethiopia appeared before the House and provided explanations on various political, economic, and social issues. This fourth edition of Endersaie, which includes these monthly activities of the House, presents the details of the budget approved during the month along with Bridge's concise observational insights and summarizes the key points from the Prime Minister's explanations.

## Regular Sessions of the House

→ 6<sup>th</sup> House of Peoples' Representatives Agenda for the 4<sup>th</sup> Year of Its Term





## The Premier Time

**P** rime Minister Dr. Abiy Ahmed, who appeared before the House of People's Representatives at the end of last June, gave a detailed explanation of his government's current position and responded to numerous questions from members of the House. The representatives, who raised questions ranging from domestic politics to relations with Eritrea, from Macroeconomic policies to the attacks on monasteries, listened to the Prime Minister's extensive explanation, which lasted for several hours.



Prime Minister Dr. Abiy Ahmed.



## **“The Problem Is the Politics of laziness”**

The Ethiopian House of Representatives, which held its 42<sup>nd</sup> regular meeting on June 26, posed various questions to Prime Minister Dr. Abiy Ahmed. The questions raised by the representatives primarily revolved around the current peace and security situation in the country. The Prime Minister, who began by providing thoughtful responses to the political questions, emphasized that the main cause of Ethiopia's peace and security problems is a distorted political perspective. He explained that the spread of greed-driven politics, the promotion of power-based competition, poverty and unemployment, as well as backwardness and racism, are serious obstacles to achieving lasting peace and stability in the country.

Prime Minister Abiy stated that a “politics of laziness” breeds conflict, hatred, and contradiction. He compared current politicians to the princes and nobles of the past who ignored the principle of “don't eat without working,” describing them as elites who consume what the farmer has cultivated. The Prime Minister remarked that the main occupation of such politicians is simply to eat and drink, adding that if they do not engage in conflict, they instead collect salaries from GoFundMe campaigns or NGOs by fueling unrest. He further noted that these tendencies, combined with foreign interference, have worsened the problem. According to him, there are “fire-breathing hawks” who believe they can benefit from Ethiopia's internal conflicts. He concluded by urging Ethiopians to identify and correct these “fire-breathers,” emphasizing that they lie at the root of the country's fundamental political problem. Those who believe that by provoking a clash with AK-47s their wishes will be fulfilled will not succeed. And those who think they can overthrow an elected government through force and rumors will not succeed. The Prime Minister explained that these forces refuse to accept that political objectives cannot be achieved by force; they believe such goals are attained not through elections but through guns. He urged groups engaged in armed struggle to prioritize peace and said society must collectively tell them “it's enough.”

He added that the government is working diligently to eliminate the poverty and backwardness that create fertile ground for corrupt actors and to uphold the rule of law. Dr. Abiy said society should reject calls to violence; “Do not kill on my behalf; do not die for me; do not prevent my children from taking exams and studying; do not stop us from working.” In response to a peace-oriented question, it was also said that measures should not block the delivery of fertilizers. Regarding the arrest of politicians and journalists, he stated that any ones in Ethiopia are not detained merely for being journalists or politicians. He said that the cases of those currently in prison are pending before the courts and cautioned that assuming their innocence prematurely could create problems in the future.

The Prime Minister, who was inclined further to give a political response, also addressed the issue of Tigray in his explanation. As Commander-in-Chief of the Federal Democratic Republic of Ethiopia, he stated that the government does not wish to fire a single bullet in Tigray but rather seeks to see its development. Dr. Abiy recalled that telecommunications, banking services, electricity, and factories have resumed operations in the region and that administrative structures have been reestablished. He further noted that 100 percent of displaced persons from Raya have returned, and similar efforts are underway to facilitate the return of those displaced from areas such as Wolkait. The Prime Minister emphasized that Ethiopia cannot achieve genuine change without transformation in Tigray, underscoring the federal government's firm commitment to resolving issues there through peaceful means. He added that the people of Tigray overwhelmingly desire peace and dialogue, not war. Religious leaders, scholars, and all relevant stakeholders, he called upon, must work together to ensure that Tigray does not once again fall into conflict.



In addressing issues apart from Tigray, Prime Minister Abiy also elaborated on his government's stance regarding the Ethiopian doctors' movement, which had been active on the political scene for several months prior to his appearance before parliament. He stated that it is the government's duty to save the younger generation from poverty through sacrifice, expressing empathy with the doctors' hardships and acknowledging the legitimacy of their demands. Abiy emphasized that the doctors' grievances were not dismissed as political, but cautioned that certain actors attempted to exploit their movement for political gain.

Furthermore, in response to concerns raised by the House of Representatives about the government's failure to prevent repeated attacks on monasteries and house churches, the Prime Minister referred to the recent killing of a priest at the Zekala Monastery, noting that an investigation was underway to identify those responsible. He remarked, "I hope that the investigation will be completed and an appropriate response will follow." Abiy went on to warn that such tragedies can occur when religious institutions become sanctuaries for armed groups. "A religious place should remain a religious place," he said. "If armed bandits take refuge there while fleeing, it is inevitable that violence will erupt." Responding sharply to the question, he added with derision, "What is surprising if those who shoot at a student who has studied for twelve years and is about to take an exam also kill a priest?"

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## Macro Economic Situations

During the House of Representatives meeting held on Thursday, June 26, the Head of State delivered an extensive briefing not only on the political situation of the country but also on the current economic conditions, substantiating his explanations with data. Prime Minister Abiy began his economic-focused address by outlining his vision of "reviving Ethiopia," stating that the reform phase; what he called the foundational stage of revival had been completed, and that the time had now come for these reforms to yield tangible results.

He asserted that the fiscal year had been a period of significant, remarkable, and unprecedented economic achievements for Ethiopia. Recalling the four major economic reforms that guided his government's year-long reform agenda, the Prime Minister highlighted that, despite ongoing global challenges such as inflation, pandemics, the collapse of international trade systems, and various other global pressures, Ethiopia managed to register an 8.1 percent GDP growth rate. Dr. Abiy emphasized that these achievements were realized across multiple economic sectors, particularly in agriculture, and reiterated the importance of continuing to strengthen and diversify these sectors to sustain rapid economic growth within a short period of time.

The Prime Minister noted that the agricultural sector; long regarded as the backbone of Ethiopia's economy recorded a growth rate of 6.1 percent during the fiscal year. He emphasized that the sector's focus extends beyond growth figures to ensuring national food self-sufficiency, a goal he described as central to safeguarding Ethiopia's sovereignty. Highlighting agriculture's pivotal role in this achievement, he pointed out that the number of citizens previously dependent on the safety net program; 27 million in recent years has significantly declined, as many have become self-reliant through effective agricultural initiatives. He further stressed that efforts should be intensified to enable the remaining 4 million beneficiaries to attain self-sufficiency within a short period. The Prime Minister also stated that 3.5 million hectares of land were cultivated during the fiscal year, producing 1.5 billion quintals of crops; representing a 24.7 percent increase compared to the previous year. Turning to the industrial sub-sector, he reported an anticipated growth rate of 12.8 percent, with cement production increasing by 6 percent and steel products by 18 percent. In relation to the mining sector, he underscored that Ethiopia remains among the African countries with the largest mineral reserves. Whereas gold exports amounted to 4 tons last year, this year's exports reached 37 tons, generating 3.5 billion dollars in foreign exchange. Regarding the service sector, the Prime Minister explained that his government aims to achieve 8.1 percent growth in tourism, transport, telecommunications, and technology during the current fiscal year.



Prime Minister Abiy stated that several national projects aimed at accelerating Ethiopia's economic growth and driving structural transformation are set to be implemented in the near future. The first of these, he noted, is natural gas production. Reflecting on the long-standing challenges in this area, he recalled that despite the extensive efforts of previous governments, earlier attempts had failed due to the inefficiency of the companies involved. He explained that his administration has now terminated the contracts of those companies and brought in more capable partners to complete the project. According to the Prime Minister, Ethiopia is expected to begin exporting its gas products starting next September. In addition to gas production, Abiy emphasized that his government has reached an agreement with Nigerian investor Aliko Dangote to establish a fertilizer factory; an initiative he described as highly significant for the agricultural sector. He stated that the factory is expected to be completed and operational within the next forty months. The Prime Minister further noted that the government is prioritizing the strengthening of the industrial sub-sector by attracting high-potential foreign investors. Among the recent developments, he mentioned that companies engaged in solar panel manufacturing have already entered the market and are preparing to begin production soon.

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### **Ethiopia Respects the Sovereignty of Its Neighbors, and All Must Respect Its Maritime Rights**

Head of State and ruling party leader, Prime Minister Abiy Ahmed, concluded the last session of the House of Representatives this year by providing updates not only on domestic politics and the economy but also on his government's diplomatic efforts and the ongoing tensions with Eritrea. Emphasizing Ethiopia's sovereign right to access the port, Abiy stated that the country seeks this access through peaceful means. He underscored that Ethiopia's existence is intertwined with that of its neighbors, and likewise, its neighbors' existence is connected to Ethiopia.

The Prime Minister affirmed that Ethiopia aims to secure maritime access based on the principle of mutual benefit rather than by force. He reiterated that the country respects the sovereignty of neighboring states and stressed that Ethiopia's sovereignty requires a positive response from its neighbors regarding access to seaports.

The Prime Minister specifically addressed concerns about a potential war with Eritrea, stating, "We do not want any conflict; they should do the same." He emphasized that Ethiopia has the capacity to defend itself while maintaining its focus on peace and shared development. Highlighting the past seven years, Abiy noted that Ethiopia has not experienced a single conflict with neighboring countries. He stressed the desire to live in peace with all neighbors to ensure the country's recovery continues uninterrupted, but cautioned that any threat to Ethiopia's peace would be met with full defensive capability, noting the nation's large economy, population, and modern army. Abiy further affirmed that Ethiopia respects the sovereignty of neighboring countries and expects the same regarding its maritime rights. He underscored that Eritrea is a sovereign state and emphasized that Ethiopia does not seek to coerce it in any way. While quoting the simmering public lines about the potential threat from Eritrea, he reiterated that "not a single shot will be fired from our side," emphasizing that cooperation and dialogue remain central to Ethiopia's foreign policy. He concluded that if peace is threatened, Ethiopia will defend itself, clearly outlining the government's stance to the representatives. Finally, the Prime Minister confirmed that the Renaissance Dam has been completed and will be inaugurated after winter. He assured that nothing will prevent the ceremony and extended a public invitation to downstream countries to attend the inauguration, signaling Ethiopia's commitment to transparency and regional cooperation.



# Legislative Activities of the House

**D**uring the month of June, the House of Representatives approved four laws and referred four draft proclamations to the relevant standing committees for detailed consideration. In addition, the House conducted relevant discussions and explanatory forums on three draft laws and the 2018 budget.

## Laws Ratified

Among the proclamations approved by the House in June was **the draft proclamation on the prevention and control of the legalization of criminal assets and the financing of terrorism**. The Deputy Chairman of the Standing Committee on Law and Justice, Honorable Isa Boru, presented a report and resolution to the House regarding this proclamation. It was noted that the law aligns with international standards and aims to prevent and control terrorism and related crimes. The amendment proclamation, expected to enable Ethiopia to contribute to the global effort to prevent the laundering of criminal proceeds and the financing of terrorism, was highlighted as clearly defining predicate offenses and addressing previously ambiguous or difficult-to-implement provisions. Ministers raised concerns regarding potential impacts on opposition political parties, journalists, and businessmen. In response, Honorable Isa clarified that the proclamation holds accountable any citizen or group that finances crime and terrorism, without targeting opposition parties, journalists, or businesspersons specifically. Ultimately, the amended proclamation, Proclamation No. 1387/2017, was approved by a majority vote, with three votes against and one abstention.

However, in a manner uncommon in the House of Representatives, the same proclamation was revised and re-approved a few days later. This action was taken due to concerns that certain provisions of the proclamation could create loopholes enabling human rights violations.

The House, which convened twenty days after the proclamation was initially passed, considered and approved the resolution submitted by the Standing Committee on Law and Justice Affairs in accordance with Article 49(2) (a) of the House's Rules of Procedure and Conduct No. 6/2008. In this special session, the House amended and re-approved the previously passed proclamation. The Chairman of the Standing Committee, Honorable Isa Boru, emphasized the necessity of the amendment, noting that revising certain provisions of the earlier proclamation was crucial to ensure effective implementation. The Speaker explained that a new Sub-article (4) had been inserted following Article 26, Sub-article (3) of the existing proclamation. Members of the House expressed that the amendment was appropriate, as it prevented potential human rights violations. They further stated that the changes would positively safeguard citizens from undue actions during investigations conducted by judicial institutions. In line with Article 49(2) (a) of the Council's Rules of Procedure and Members' Conduct No. 6/2008, the provision was amended, and Resolution No. 11/2017 was adopted by a majority vote, with one abstention.

The proclamation that the House of Representatives approved for the second time this month was the Ethiopian Foreign Employment Proclamation. The resolution on the draft proclamation was presented to the House by Honorable Dr. Negeri Lencho, Chairman of the House Standing Committee on Human Resources Development, Employment, and Technology Affairs. The Chairman noted that the previously enacted foreign employment proclamation contained gaps, and the new draft would allow citizens to receive more efficient services by addressing issues that had not been covered over time.



He further emphasized that the proclamation would help prevent illegal foreign employment and implement a modern one-stop shop for foreign employment. Honorable Muferiat Kamil, Minister of Labor and Skills, stated that the draft proclamation would enable citizens to become competitive by ensuring their professional skills through technology and by eliminating previous challenges. The representatives also highlighted the significant benefits of the draft proclamation in protecting citizens from illegal brokers and preventing illegal migration. The House unanimously approved the proclamation as Proclamation No. 1389/2017.

In June, the third proclamation approved by the House of Representatives was **the draft proclamation on the regulation of foreign nationals becoming homeowners**. Honorable Professor Mohamed Abdo, Chairman of the Standing Committee on Urban, Infrastructure, and Transport Affairs, presented the resolution on the proclamation to the House, explaining that it reflects Ethiopia's ongoing economic changes and contributes to enhancing the country's foreign diplomacy. The proclamation also provides a legal framework for foreigners to become homeowners without restricting the land ownership rights of Ethiopian citizens. Deputy Chairman of the Standing Committee, Dr. Eshetu Temesgen, emphasized that since land is a state and public asset, the proclamation grants foreign nationals a license to own homes but does not permit them to participate in the broader real estate sector. The Speaker noted that the proclamation would play a significant role in addressing the shortage of foreign currency, creating job opportunities for citizens, and facilitating investment. Information from the House indicates that the Standing Committee on Urban, Infrastructure, and Transport Affairs, together with the Standing Committee on Legal and Justice Affairs, held sufficient discussions with relevant parties regarding the importance of the draft proclamation. The House adopted the draft proclamation on the right of foreign citizens to own housing as Proclamation No. 1388/2017, with four abstentions, and a majority vote.

The June session of the House of Representatives concluded with the approval of **the budget for the upcoming fiscal year**. At its 42<sup>nd</sup> regular meeting, the House unanimously approved the 2018 federal government budget, totaling 1.93 trillion birr. Honorable Desalegn Wedaje, Chairman of the Standing Committee on Planning, Budget, and Finance, presented the budget proposal, noting that it was prepared with the goal of using resources economically and efficiently to achieve the objectives of the Macro economic agenda. The Chairman explained that of the total 1.93 trillion birr, 1.2 trillion birr was allocated for the regular budget, while 415.2 billion birr was designated for capital expenditures. The Speaker highlighted that the 2018 budget represented a 34.4 percent growth compared to the previous year's budget. He further explained that the budget is expected to generate 1.1 trillion birr from domestic sources, 129 billion birr from non-tax revenues, 236 billion birr from development partners, and 47 billion birr from national aid, with domestic and foreign aid expected to cover 81 percent of the total budget. Finally, the House unanimously approved the federal government's 2018 draft budget proclamation, Proclamation No. 1390/2017. (For more details on next year's budget, including broader economic aspects, see the brief Bridge Survey on page 24 ).



## Draft Laws



Honorable Dr. Tesfaye Beljige,  
the Government's Chief Whip in the House

In June, the Ethiopian House of Representatives discussed a **draft proclamation entitled Plant Protection and Quarantine**. The draft was presented by Honorable Dr. Tesfaye Beljige, the Government's Chief Whip in the House. He explained that the proclamation is crucial for modernizing plant protection and quarantine, preventing invasive pests, and ensuring both social and economic benefits for the sector. Honorable Dr. Desalegn Chane, an opposition member of the House, noted that the standing committee responsible for reviewing the draft should consider the damage caused by invasive plants, particularly the species commonly known as sedge. The draft proclamation was then unanimously referred to the House's Agricultural Affairs Standing Committee for detailed consideration.

Secondly, the Ethiopian House of People's Representatives considered the draft **proclamation on startups**, also presented by Honorable Tesfaye Beljige. The Minister explained that the draft proclamation aims to improve citizens' lives by scientifically transforming existing practices, production and service processes, and products, according to the House report. Tesfaye emphasized the need to establish a legal framework that recognizes the positive impact of innovation and technology on Ethiopia's economy, particularly in creating job opportunities for youth, which motivated the preparation of the proclamation. The House, designating the draft as Proclamation No. 2320/2017, unanimously referred it to the Standing Committee on Human Resources Development, Employment and Technology Affairs for detailed consideration.

The House of Representatives, during its 2<sup>nd</sup> regular session in late June, also considered the draft proclamation on **the governance of political parties and electoral ethics**. The Speaker of the House, Honorable Tadesse Chafo, provided a brief explanation, noting that the draft proclamation was prepared to address issues arising from legal irregularities observed during previous general elections conducted by the National Electoral Board, as well as legal gaps in the governance of political parties. Tadesse emphasized that the amendment aims to safeguard the rights and responsibilities of electoral stakeholders, ensuring that elections are conducted peacefully and fairly. He further explained that the draft proclamation strengthens existing laws by amending them to ensure consistency, transparency, and alignment with constitutional principles and international best practices. The amendment is also designed to enhance participation in elections and politics for women, persons with disabilities, internally displaced persons, and other marginalized groups. Additionally, the Speaker highlighted that the amendment seeks to increase the independence and operational efficiency of the National Election Board of Ethiopia, while promoting broad political participation and accountability. Members of the House contributed suggestions, recommending that the relevant Standing Committee examine the draft in depth, and unanimously referred it to the Standing Committee on Democracy Affairs for detailed consideration as Draft Proclamation No. 24/2017.

The fourth draft proclamation considered by the Ethiopian House of People's Representatives in June was **the draft proclamation to amend the income tax**. The deputy government's whip in the House Hon. Meseret Haile, presented a brief explanation of the draft. The deputy whip noted that the amendment is necessary to modernize Ethiopia's tax system, ensure tax fairness, promote compliance with tax laws, and increase government revenue. According to information from the House, the main objectives of the income tax reform are to reduce the tax burden on low-income groups, broaden the tax base, and establish a simplified tax payment system for small businesses. She also emphasized that the reform will align the tax system with international practices while taking into account the country's economic conditions. Finally, the House unanimously referred the proposed draft Proclamation No. 25/2017 to the Standing Committee on Planning, Budget, and Finance for detailed consideration.



## Explanatory forums



The Chairman of the Standing Committee on Urban Infrastructure and Transport, Honorable Professor Mohamed Abdo

The first hearing held by the House of Representatives in June focused on **the draft proclamation concerning the ownership of immovable property in Ethiopia by overseas Ethiopians**. Following the initial hearing in May, several additional hearings were conducted on different days in June. The most recent hearing, held on June 9, was organized by the House's Standing Committees on Urban Infrastructure and Transport and Law and Justice. The Chairman of the Standing Committee on Urban Infrastructure and Transport, Honorable Professor Mohamed Abdo, noted that the discussion on the draft proclamation was productive and cited experiences from other countries, stating that opening housing provision to foreigners under the proclamation would likely cause minimal harm.

The Deputy Chairman of the Standing Committee, Honorable Dr. Eshetu Temesgen, said that the discussion had cleared up the confusion that previously existed and added that it would be better to have a bank that provides long-term loans at low interest rates to address the problem of financing housing construction. The Minister of Justice, Hana Araya Selassie, also stated that the proclamation would greatly contribute to the growth of the sector by removing the long-standing ban on foreigners owning and participating in real estate. The Minister of Urban and Infrastructure, Chaltu Sani, said that the proclamation would become part of the national transformation by addressing the housing supply problem. Three days later, the Standing Committee on Urban Infrastructure and Transport Affairs of the House held discussions with the heads of various institutions concerning the proclamation.

Among the institutions that attended were the Ministry of Foreign Affairs, the Federal Bar Association, the Immigration and Citizenship Service, and the Federal First Instance Court. Participants in the discussion raised a number of questions and comments regarding the draft proclamation, including whether it violates the provisions of the Constitution, since ownership of a house or land is a right granted to citizens under the Constitution. Other questions were raised about what kinds of job opportunities would be created through the buying and selling of immovable property by foreigners, as well as other legal and economic considerations.

The Chairman said that the definition of immovable property raises various questions and emphasized the need to clarify its meaning or directly replace it with "residential house" to remove any confusion. The Deputy Speaker of the Standing Committee, Honorable Eshetu Temesgen, for his part, said that the proposed draft proclamation should be clarified to ensure that it does not contradict the Constitution. Regarding the term "foreign citizens," he also urged that the draft proclamation should clearly indicate that it applies to Ethiopians by birth in order to create clarity for the public. The Minister of State for Urban Infrastructure, Helen Debebe, who was present at the forum, said that the proclamation is of great importance for improving the economy and explained that efforts have been made to properly emphasize its significance, according to the report of the House. Speaking at another briefing on the subject the next day, Helen said that her ministry's primary responsibility is to manage urban land, but noted that they are already considering the potential linkages with rural land and are formulating related strategies. Justice Minister Hana Araya Selassie also stated that greater clarity has been achieved on the draft proclamation through a series of previous forums, reminding participants that the main purpose of the proclamation is to create conducive environment for foreign citizens to become homeowners.

The second consultation forum held in June was on the **Foreign Employment Proclamation**. The forum was organized by the Standing Committee on Human Resources Development, Employment and Technology Affairs of the House of Representatives in collaboration with the Ministry of Labor and Skills. The Chairman of the Standing Committee, Honorable Dr. Negeri Lencho, stated that the draft law protects the interests of both citizens and the country and provides significant benefits by improving current service delivery and ensuring efficiency.



For her part, the Minister of Labor and Skills, Honorable Muferiat Kamil, noted that the primary goal and objective of the draft law is to ensure that the rights and dignity of Ethiopian citizens working abroad are sustainably protected while safeguarding the benefits the country should gain from the sector. She explained that the draft proclamation revises the amount of the security deposit required from agencies sending workers abroad—reducing the previous minimum amount of USD 100,000 to USD 50,000, while setting the maximum at USD 250,000. The Deputy Chairperson of the Standing Committee on Human Resources Development, Employment and Technology Affairs, Honorable Dr. Bethlehem Lakwe, who attended an additional discussion held by the same committee on the draft proclamation, said that the draft includes many core provisions to ensure respect for citizens' rights and interests and to address the problems previously faced by workers. Minister Muferiat Kamil, for her part, stated that the draft proclamation cannot be viewed in isolation from the national reform agenda, emphasizing that it is based on citizen-centered diplomacy; particularly in the area of foreign employment and that it will help modernize the sector, streamline services, and enhance the overall protection and security of citizens.

In mid-June, the House of Representatives held its second plenary session to review **the budget** for the 2018 fiscal year. Honorable Desalegn Wedaje, Chairman of the House Standing Committee on Planning, Budget and Finance, who attended the forum, noted that the proposed budget of 1.93 trillion birr is substantial and emphasized the need for prudent and purposeful utilization of resources. He further pointed out that the budget deficit, at 1 percent of the overall national economy, represents a positive change compared to the previous year. Desalegn also highlighted that the budget requests from institutions for the use of modern technology and building renovations were relatively high and stressed the importance of prioritizing key tasks to ensure efficient and effective implementation, according to the House report.

The Deputy Chairman of the Standing Committee, Honorable Dr. Abraham Alemayehu, stated that the budget has been prepared in a way that aligns with the government's development plans while addressing emerging development challenges and cost-of-living concerns.

He added that the Standing Committee he chairs will undertake a thorough review of the proposed budget. Responding to questions raised during the forum, the Minister of Finance, Dr. Eyob Tekalgn, explained that the central focus of the budget is to maintain sustainable development within a stable economic environment and to ensure the effective implementation of fiscal and monetary policies. Dr. Eyob emphasized that the budget reflects the government's commitment to economic stability, noting that careful prioritization has been undertaken to minimize additional budget requests from institutions. He further stated that continuous monitoring will be carried out to ensure that public institutions utilize their allocated budgets efficiently and in accordance with their intended purposes.

The final forum of the month was organized by the Standing Committee on Agriculture Affairs of the **House of Representatives to deliberate on the draft** proclamation on Agricultural Extension Service and Management, with the participation of the Ministry of Agriculture and other relevant institutions. The Chairman of the Standing Committee, Honorable Solomon Lale, noted that the draft proclamation represents a significant step toward modernizing Ethiopia's agricultural sector by enhancing production and productivity, achieving food self-sufficiency, and increasing foreign exchange earnings. He further highlighted that, in addition to government efforts, the proclamation envisions the participation of various non-governmental organizations in the agricultural development process. The State Minister of Agriculture, Dr. Meles Mekonnen, for his part, explained that the primary objective of the proclamation is to provide a legal framework that addresses gaps in accessibility, quality, and efficiency of agricultural extension services and management within the agricultural and natural resource sectors.

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# Oversight and Monitoring of Executive Institutions



**T**he House of People's Representatives, considers oversight of executive institutions as one of its core constitutional responsibilities. In this regard, during the month covered in this publication, the House received and reviewed reports from various executive institutions, conducted hearings through its Standing Committees, and undertook field visits to assess institutional performance on the ground.



Honorable Engineer Aisha Mohammed, Minister of Defense of the Federal Republic of Ethiopia, Honorable Field Marshal Berhanu Jula, Honorable Dr. Dima Negeo, Chairman of the Standing Committee on Foreign Relations and Peace Affairs, and Deputy Chairman Dr. Fethi Mahdi

## Institutional Reports

During the month, several federal government institutions under the oversight of the House presented their ten- to eleven-month performance reports to the relevant Standing Committees. In addition the House examined audit reports submitted by the Office of the Federal Auditor General concerning the financial performance of selected institutions.

At the beginning of the month, **the Ethiopian Cooperatives Commission** held a discussion with the Standing Committee on Public Expenditure Management and Control based on the performance audit report prepared by the Office of the Auditor General. During the session, members of the Standing Committee underscored the significant role of the Commission in delivering essential services to the public.

They emphasized that the institution must intensify its efforts to correct the structural and administrative shortcomings within cooperative associations and eliminate malpractices in accordance with the law. The Committee members also highlighted the need for stronger monitoring and control mechanisms to ensure that cooperatives deliver equitable and efficient services to the public. It was further noted that enhancing the market and financial capacity of cooperatives requires the preparation of clear guidelines aimed at modernizing the trading system. Honorable Sumaya Desalegn, a member of the Committee, recommended that the Standing Committee hold further discussions with the Ministry concerned to address policy-related challenges facing the Cooperatives Commission and present a final resolution to the Committee. Responding to the issues raised, Deputy Commissioner of the Ethiopian Cooperatives Commission, Ato Abdi Muhammad, explained that the institution is undertaking efforts to identify the current status of cooperatives and to develop research-based, long-term solutions to existing problems.



The second major report of the month was presented by **the Ministry of Defense of the Federal Democratic Republic of Ethiopia**. The Ministry submitted its 2017 Ten-Month Plan Implementation Report to the House's Standing Committee on Foreign Relations and Peace Affairs. The Chairperson of the Committee, Honorable Dr. Dima Negewo, commended the Ministry for its strong commitment to maintaining internal peace, stabilizing the nation, repelling external threats, and safeguarding Ethiopia's sovereignty. Dr. Dima further stressed the importance of addressing localized conflicts across regional states and ensuring that the defense forces focus on their core national security duties and responsibilities. The Minister of Defense of the Federal Democratic Republic of Ethiopia, Honorable Engineer Aisha Mohammed, stated that the Ministry continues to carry out its core mission of safeguarding the sovereignty and security of the nation with utmost diligence. She emphasized that significant attention has been given to strengthening the institutional implementation capacity necessary for national defense. The Minister further noted that the military justice system is being strengthened to ensure that it remains credible, independent, and impartial. Hon. Aisha also informed the Standing Committee that substantial progress has been made in establishing reliable material reserves to meet the operational needs of the national defense forces.

The Chief of Staff of the Ethiopian National Defense Forces, Field Marshal Berhanu Jula, also briefed the Committee, noting that the defense forces are working with great determination to ensure lasting peace and stability both within Ethiopia and across the East African region. The Field Marshal highlighted Ethiopia's continued diplomatic and strategic efforts to secure port access through cooperation with neighboring countries, emphasizing that plans are underway to establish a capable naval force as part of broader national security preparedness. He also explained that the Defense Forces are striving to enable regional administrations to maintain their own peace and security, allowing the national forces to concentrate on their primary mission; defending the country from external threats.

The Standing Committee on Public Expenditure Management and Control Affairs of the House of People's Representatives conducted its third institutional oversight activity of the month by reviewing the performance of the **Ethiopian Lottery Service**. The review focused on operational audit findings related to the institution's licensing procedures and revenue collection efficiency. During the public discussion forum with relevant stakeholders, the Standing Committee observed that the institution had not yet implemented significant corrective measures on key operational weaknesses identified in the audit, particularly in the areas of licensing and renewal, monitoring and control, and prevention of illegality. The Deputy Chairperson of the Standing Committee, Honorable Arare Mosisa, urged the Ethiopian Lottery Service to take immediate corrective actions by introducing robust operational systems in all key areas identified in the audit report. In addition, the Committee recommended that the Ethiopian Investment Holding, the Ministry of Justice, and the Ministry of Planning and Development work collaboratively to address the legal inconsistencies identified between the Ministry of Revenue and the Ethiopian Lottery Service, and to submit a joint report to the Committee by the end of September 2018 E.C.

The Federal Auditor General, Honorable Meseret Damte, also stressed that **the Ethiopian Lottery Service** must take concrete corrective actions in response to the operational audit findings and ensures that accountability is enforced for illegal practices beyond the mere cancellation of licenses. Responding to the issues raised, the CEO of the Ethiopian Lottery Service, Beza Girma, stated that the institution is taking measures to address the audit findings. It is reported that the institution's revenue collection capacity has significantly improved, rising from four million birr to 2.2 billion birr, demonstrating encouraging progress in financial performance.



On June 11, it was the turn of **the Ministry of Foreign Affairs** to present its eleven-month performance report to the House. The Honorable Dr. Dima Negwo, the Chairman of the Standing Committee on Foreign Relations and Peace Affairs of the House, stated that the Ministry should give due attention to the United Nations and various international legal frameworks in its multifaceted relations. The Chairman recalling that Ethiopia is a founding member of several international and continental institutions, emphasized that Ethiopians should participate in and benefit from these institutions at various levels.

The Minister of Foreign Affairs, Honorable Dr. Gideon Timothios, for his part, explained to the Standing Committee that Ethiopia has been working to strengthen bilateral relations and regional cooperation through high-level visits, joint commission meetings, and political consultations aimed at fostering mutually beneficial cooperation with neighboring countries. Dr. Gideon, who mentioned that his office is working to develop legal frameworks with Somaliland to strengthen electricity connections with neighboring countries, also stated that more than 131,000 citizens from 21 countries in difficult situations have been repatriated, according to the House report.

The eleven-month report of **the Ministry of Trade and Regional Cooperation**, which revealed that Ethiopia has earned more than seven billion dollars from foreign trade during the period, was among the institutional monitoring activities conducted in June. The Minister of Trade and Regional Cooperation, Dr. Kassahun Gofe, head of the institution, presented a report and explanation to members of the House regarding the main activities carried out by the ministry during the eleven months of the fiscal year. He stated that the ministry achieved 7.21 billion dollars in export earnings against the target of 4.59 billion dollars from agricultural products, manufacturing, mining, electricity, and other sub-economic sectors.

The Minister, who noted that this income was 3.96 billion dollars higher than the same period in the previous fiscal year, added that more than eight billion dollars are expected from export earnings by the end of the fiscal year. The House Standing Committee on Trade and Tourism Affairs, which reviewed the report, provided feedback on issues that require further attention. The Madam chair of the Standing Committee, Hon. Aisha Yahya, noted that additional work is needed to reduce the cost-of-living burden on the community by ensuring the supply and distribution of consumer goods and by controlling illegal price increases.

The 39<sup>th</sup> regular meeting of the House of Representatives, held with **the Federal Auditor General's Office**, also served as a forum where the Office reviewed the financial legality and operational audit report of government agencies for the 2016 fiscal year. The Honorable Speaker, Tadesse Chafo, stated that the House will play its part in ensuring that the necessary administrative and legal actions are taken against institutions that have audit findings, according to the Auditor General's Office. The Speaker, in his address, directed the House Standing Committees on Government Expenditure Management and Control and on Law and Justice to work diligently to address the audit findings through proper inspection.

The Madam chair of the House Standing Committee on Government Expenditure Management and Control, Hon. Dr. Yeshe Imebet Demise, for her part, indicated that efforts are being made to address audit findings in budget offices and emphasized that the Office of the Auditor General should work diligently to close audit gaps by enhancing the implementation capacity of institutions. In this regard, information from the House indicates that, according to the Federal Auditor General's 2016 audit report, institutions made purchases worth more than 404.7 million birr without following procurement guidelines. Following this audit report, Tadesse Chafo reportedly warned that legal, political, and administrative actions would be taken against institutions that fail to make the necessary audit corrections.



The House of Representatives, in its 40<sup>th</sup> regular meeting during its fourth year of operation, reviewed the eleven-month performance report of **the Ministry of Transport and Logistics** for the 2017 fiscal year. The Minister of Transport and Logistics, Honorable Dr. Alemu Sime, while presenting the performance report of his ministry, stated that members of the House of Representatives had responded to 46 questions raised by the public regarding road safety, public transport provision, transport tariffs, and illegal checkpoints during their constituency visits in February 2017. The Minister added that the plan to transport 913 million people nationwide had been exceeded, with a total of 960 million people transported. Minister Alemu also stated that the average annual mileage of cross-country buses was planned to reach 107,000 kilometers during the year, and an effective performance was achieved by reaching 105,000 kilometers.

The Representatives, for their part, who raised the issue that many unresolved problems remain in the transport sector, mainly mentioned that traffic accidents have worsened instead of declining, that there has been a delay in the work of the Mojo dry port, the persistence of illegal checkpoints that hinder traffic flow, and the lack of sufficient charging stations for electric vehicles, according to the House's report. Responding to similar questions, Minister Alemu Sime said that since the problem of illegal checkpoints affects all parties, it should be reviewed and addressed within the Council, but acknowledged that his office is aware the problem still exists in some areas. The Standing Committee on Urban Infrastructure and Transport Affairs of the House of Representatives urged the Ministry to further strengthen its efforts to modernize, streamline, and make the transport sector more accessible. The report also indicates that the Chairman of the Standing Committee, Honorable Professor Mohamed Abdo, urged the Ministry to expand and sustain its effective activities, to correct weak performance areas, and to take the lessons as input for the 2018 budget year.

In the latter half of June, **the National Bank of Ethiopia** was called upon to present its eleven-month plan implementation report. The Chairman of the Standing Committee on Planning, Budget, and Finance Affairs, Honorable Desalegn Wedaje, noted that the results of the monetary policy reform at the national level were encouraging and emphasized that the National Bank should continue the work it has started to properly fulfill its mandate. The Chairman, who noted that the Bank's decision to make the foreign exchange management system market-based was an encouraging and tangible change, pointed out that, allowing foreign banks to enter the country and participate in the sector is of great significance for the development of the domestic capital market by attracting foreign investors. The Deputy Chairman of the Standing Committee, Honorable Dr. Abraham Alemayehu, for his part, said that monetary policy reform plays a crucial role in the country's economic growth, and that the increasing number of digital transaction systems, ATMs, and POS machines is an encouraging development, according to the report. The Governor of the National Bank, Honorable Ato Mamo Isme-Laelem Mihretu, for his part, told members of the Standing Committee that encouraging results had been recorded in the implementation of monetary policy, foreign exchange management, and financial sector activities over the past eleven months. Mamo added that the National Bank of Ethiopia has been able to triple its foreign exchange reserves.

On June 23, the **Ministry of Revenue** was called to present its eleven-month performance report. The House Standing Committee on Planning, Budget, and Finance, which reviewed the report, stated that the institution had demonstrated strong performance. The Chairman of the Standing Committee, Honorable Desalegn Wedaje, explained that the Ministry of Revenue and the Customs Commission under it are institutions that play a major role and make significant contributions to the country's revenue. The report added that the institutions had prepared and implemented the 2017 annual budget plan based on the country's 10-year development plan and the medium-term plan, and that they had recorded good results during the eleven months.



The Minister of Revenue, Honorable Aynalem Nigusie, provided explanations and responses to questions raised by members of the Standing Committee. Aynalem stated that the government had planned to collect 814.70 billion birr from domestic and foreign trade taxes in the eleven months of the 2017 budget year and that it managed to collect 815.34 billion birr. It is expected that the target of 900.27 billion birr will be achieved by the end of the budget year. She added that, the government had planned to collect 403 billion birr from foreign trade and tax revenue in the 2017 budget year but managed to collect 414.44 billion birr, which represents a 116.96 percent increase compared to the previous year. Finally, the Minister cited the report of the Parliament indicating that the increase in illegal checkpoints established in various areas is putting pressure on the business community.

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## Institutional and Field Visits

The House of Representatives did not conclude the month of June merely by enacting laws and hearing reports from institutions; it also visited many organizations through its various standing committees and conducted no fewer than two dozen field visits.

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### Institutional Visits

Among the institutions visited by the House of Representatives in June, **the Ministry of Irrigation and Lowland Areas was the notable.** The institution was visited by the House's Standing Committee on Water, Irrigation, Lowland Areas, and Environment.

During discussions with the ministry's employees, the committee observed that a consumer association had been established to enable staff to purchase goods at discounted prices. The Chairman of the Standing Committee, Honorable Mesfin Dagen, emphasized that the issues raised by employees should be resolved and that a daycare center should be established to allow mothers to work safely. The State Minister of Irrigation and Lowland Areas, Honorable Tesfaye Yegezu, stated that procurement processes were carefully managed to avoid purchases during the months of May and June, according to information obtained from the institution's field observation.

Another institution highlighted during the month was the Black Lion Hospital, under **Addis Ababa University's College of Health Sciences.** Members of the Standing Committee on Human Resources Development, Employment, and Technology Affairs of the House, who visited the hospital on June 2, met with its senior management and toured various medical departments of the specialized hospital, as well as the Journalism and Communication Department building currently under construction. The report also mentioned that the members of the Standing Committee observed that the use of buildings along the roadside and in front of the University for Commercial Purposes was a good initiative to strengthen the university's financial capacity and increase its internal revenue.

During the same month of June, **the Office of the Federal Auditor General**, which was visited by the House's Standing Committee on Public Expenditure Management and Control, was also among the key highlights. During the field visit, the committee noted that the Ethiopian Body Support Service, the Federal Police University, and the Road Safety and Insurance Fund Service Institutions had received critical audit findings during the fiscal year. It was also reported that written warnings and fines had been issued to senior officials. In addition, the committee stated that it had issued written warnings to Gambella, Wolayta Sodo, and Mizan Tepe Universities, as well as the Institute of Foreign Affairs and the Immigration and Citizenship Service. The Madam Chair of the Standing Committee, Honorable Yeshe Imebet Demse, remarked that the forum's role is making a difference, emphasizing that its main goal is not to punish but to modernize the system and ensure accountability, according to the report we obtained.

In June, the final institution visited by the committee was **the Ministry of Revenue.** The visit was conducted by members of the House Standing Committee on Public Expenditure Management and Control, along with representatives of the Federal Auditor General. They noted that the institution had made encouraging improvements regarding the 2014/15 performance audit findings.



The report further indicates that the Standing Committee received feedback recommending that a clear timeframe be set for the full implementation of the tax debt information management module and that technologies used by other institutions be integrated with the ministry's systems. It was also noted that greater attention should be given to the current system for recording taxpayers' assets and properties. The institution was advised to continue collecting audit findings, incorporate them into its plans, and report progress to the Standing Committee every three months. The Minister of Revenue, Honorable Aynalem Niguse, stated that the Ministry is carrying out multifaceted activities to strengthen the revenue collection process and will continue these efforts in the future.

## Field Visits



Partial field observation conducted by the Standing Committee on Public Development Organizations of the House of People's Representatives in Gambella Regional State

Among the field visits conducted by the House of Representatives in June, which we covered in this issue, the primer one was the visit by the House Standing Committee on Water, Irrigation, Lowland Areas, and Environmental Development to the Dassanech community. The Standing Committee visited Dassanech Woreda in **the South Omo Zone** and observed the pastoralists displaced by the flooding of the Omo River and Lake Turkana. The Standing Committee, which reviewed temporary solutions to address the problem, also held discussions with Woreda officials on sustainable solutions to be implemented in the future, according to reports. During the discussion, members of the Standing Committee stated that local pastoralists were being displaced from their villages due to the flooding of the Omo River and Lake Turkana, and that various service facilities built by government and non-governmental organizations had become non-functional as a result of the flooding.



The Standing Committee on Public Development Organizations of the House of People's Representatives was received and interacted with by the Head of the Regional State Administration, Mrs. Alemitu Umed, and senior regional leaders during their visit to Gambella Regional State.

They also emphasized that, in addition to providing temporary relief to the flooding problem, a comprehensive study should be conducted to reduce the suffering of pastoralists and prevent the destruction of institutions in the long term.

The Deputy Chairman of the Committee, Honorable Dr. Aweke Amzaye, remarked that the country's economy should be supported by the abundant resources available in the area. The Administrator of Dassanech Woreda, Tadele Hatem, informed the members of the Committee that more than 79,000 pastoralists in the Woreda had been displaced due to the flooding of the Turkana and Omo Rivers. He added that the pastoralists had been displaced for the third time due to the absence of a permanent solution to the problem, warning that the town itself is at risk of being completely submerged. The Head of the Irrigation and Lowland Development Bureau of the Southern Ethiopia Regional State, Ekal Netri, told the Committee members that the region, in coordination with various stakeholders, is working on a temporary earth embankment to protect the town of Dassanech and the lives of the pastoralists living in the area.

At the end of the first week of June, the Standing Committee of the State Development Organizations visited the border region **Gambella**. The Standing Committee, which visited the maize, sesame, and pepper seedlings planted in the agricultural developments in Gog Woreda and the products stored in the warehouses, conducted field observations on the Haile Masho, sorghum, maize, and other related agricultural developments in Akula village of Wanke Kebele, Itang Special Woreda, according to information from the House.



The same committee, after two days, went to Anua Zone, where it was able to observe the role of the Gambella District and Branch Development Bank in facilitating loans and making development smoother. Since looting of stored assets occurs occasionally, the regional police commission should work with special support until the appropriate auction is held and the assets are sold, and management should coordinate with the development bank to ensure that some investors repay the loans they have taken, according to information obtained from the field observation.

On June 18, 2017, the council's Urban and Infrastructure Development and Government Development Organizations, as well as the Standing Committees on Water, Irrigation, Lowland Areas, and Environmental Issues, arrived in **Bahir Dar**, the capital of the Amhara region, and visited the corridor development project. After holding introductory discussions with the heads of various institutions, the joint committee visited the construction sites to assess the progress of the Bahir Dar corridor development and to participate in the city's public engagement. The coordinator of the joint committee, Honorable Mesfin Dagenem, stated that the corridor developments, which were made to beautify Bahir Dar city and connect to Lake Tana, have shown tangible results and demonstrate the leadership's capacity and commitment to implementation.

Among the field observations conducted in June, the joint committees of the council on Agricultural Affairs and Industry and Mining Affairs visited Sidama region. The joint committee, which examined the activities of the agricultural industry sector in the **Sidama** region, presented detailed points confirmed during the field inspection that need to be strengthened and corrected to the heads of the regional industrial and agricultural bureaus and stakeholders. Accordingly, the committee reported that the availability of infrastructure to make the agro-industry sector sustainable, the ability to establish a coordinated system with the sector's leadership and stakeholders, and the absence of market problems in the manufacturing industries were positively observed.

It was also reported that most of the industries examined during the observation were strong performers in fulfilling the social responsibilities of the Integrated Agricultural Industrial Park. However, it was noted that the joint committee should work diligently to strengthen the agricultural industry sector and increase the country's economy by supporting the domestic production of chemicals that are currently imported from abroad. For his part, the Head of the Sidama Regional Industrial Bureau, Gosaye Godana, stated that the feedback given by the joint committee is being considered and that they are working together to ensure mutual benefit. He also reminded the members of the joint committee that all relevant parties should work to ensure that the electricity supply, which is currently being tested in the region, does not affect the efficiency of the industrial sector. Finally, the Head of the Joint Committee, Honorable Mubarak Elias, emphasized that all stakeholders should work diligently to maintain quality in the agricultural industry sector as part of their efforts to increase the country's economy.





# Parliamentary Diplomacy

The House of Representatives, in the tenth month of this year, conducted one parliamentary diplomatic mission.



The Speaker of the House, His Excellency Tadesse Chafo, discussed the situation with Deputy Speaker of the South Korean House, Jo Ho-young.

He also told the delegation that South Korea's efforts in building a democratic system and providing quality education to its citizens are worthy of imitation.

South Korean House of Representatives Deputy Speaker Jo Ho-yang, for his part, said that Ethiopia is given priority by the South Korean government and people, unlike other African countries, due to its partnership during the Korean War. He noted that the South Korean government and institutions will continue to strengthen their work in Ethiopia in the fields of education and training, medicine, technology, and other sectors. Jo Ho-yang also said that they are working to expand institutions in Ethiopia, taking into account the needs of Ethiopian youth for education and job opportunities. The Speaker added that the South Korean government is keen to strengthen parliamentary diplomatic relations between the two countries.

The Speaker of the House, Honorable Tadesse Chafo, met with the Deputy Speaker of the House of Representatives of South Korea, Jo Ho-yang. In the meeting, which was attended by the South Korean Ambassador to Ethiopia, Jung Kang, and a delegation from the South Korean House of Representatives, Tadesse stated that the long-standing diplomatic and multifaceted relations between the two countries will continue to be strengthened, according to the House report. Hon. Tadesse noted that Ethiopia is one of the most favorable countries for investment in Africa, and that the South Korean government and investors are open to investing in Ethiopia. Highlighting that Ethiopia is making improvements to its financial and foreign exchange systems to facilitate investment, Tegese Chafo expressed his gratitude for the support provided by the South Korean government in the fields of education and training, as well as in medicine and technology.



# Internal Evaluations of the House of Representatives

**T**he Ethiopian parliamentarians did not end the month of June merely by enacting laws or visiting institutions; they also discussed their own parliament's 2017 budget year plan and performance report, as well as the 2018 budget year master plan, holding extensive discussions.

The Honorable Speaker, Tagese Chafo, who attended the discussion on this year's plan and next year's master plan, noted that excellent work had been done in lawmaking, monitoring and control, parliamentary diplomacy, and public representation activities in the 2017 budget year. During the discussion, the 2017 budget year plan and performance report, along with the 2018 budget year master plan, were presented. The budget plan for the fiscal year was presented by the Deputy Chief of the Professional Sector of the House of People's Representatives, Dr. Niguse Meshe-sha, according to information provided by the House. Honorable Deputy Speaker Loomi Bedo, for her part, stated that the 2017 budget year was a year in which more than 40 regular meetings were held in the history of the House of People's Representatives, and work was carried out without requiring any special intervention.

Presenting the 2017 budget year plan implementation report, Dr. Niguse indicated that, the implementation of the budget year plan was based on legislative, oversight and control, parliamentary diplomacy, and public representation activities, which were included in the plan. Regarding monitoring and control activities, it was reported that 13 standing committees were tasked with providing feedback on the 2017 budget plans of executive institutions, and 98 institutions received feedback on their plans. Presenting the 2018 budget plan, Dr. Niguse explained that the plan had been prepared based on the constitutional responsibility of the House, aligned with the five-year strategic plan and the implementation of the 2017 plan, to safeguard the future of the country and ensure the benefit of the people.

Honorable Deputy Speaker Loomi Bedo, for her part, mentioned that many works were carried out in the 2017 budget year at the House of People's Representatives Office. Hon. Loomi, highlighting institutional organization and reform as one of the achievements, said that the success of this work was due to the dedicated efforts of the organizing committee, which reviewed the work every week since the preparation of the plan. In turn, the Deputy Chief of the Administrative Sector at the House of Representatives, Keryu Banata, noted that since the 2017 budget plan was jointly prepared, weekly, monthly, and quarterly performance reports were reviewed, and the monitoring and support of the improvement committee and senior management were ensured.



In connection with this information, Loomi Bedo, who presented the 2017 budget plan report at the end of the month, explained that the members of the Standing Committees, who were directed to examine draft laws in detail, were able to review them properly in terms of the fundamental points of legal examination, in accordance with Article 53(4) of the House's Rules of Procedure and Members' Conduct No. 6/2008. In addition, the reports indicated that the Deputy Speaker told her colleagues that processes have been followed to ensure that the rights of persons with disabilities, the elderly, women, and children are respected, and that there are bodies capable of implementing and enforcing these rights, which are currently being approved. Accordingly, during the 43 regular and three special meetings held by the House during the fiscal year, 56 proclamations were presented: 34 were referred to standing committees and approved on second reading, 15 were passed on second reading and approved, and a total of nine proclamations, including two carried over from 2016, were carried over to the 2018 fiscal year.

The Ethiopian House of Representatives, in its meeting held at the end of the month, considered a report on parliamentary diplomacy activities carried out in the 2017 fiscal year. Speaking on the subject, Deputy Speaker Loomi Bedo said that through the work done in the field of diplomacy, Ethiopia was able to provide agricultural institutions with information on food security and food sovereignty. Loomi also mentioned that capacity-building training was provided to members of the House in the areas of economic and social policies and strategies to help strengthen parliamentary diplomatic work.





## What Did Ethiopia Agree To?

**O**ne of the major monthly activities of the House of Representatives was the approval of loan agreements signed by the country with various nations and international institutions.

In its second special session held this month, the House of Representatives approved two loan agreements. The House discussed a draft proclamation to ratify the loan agreement between **the Federal Democratic Republic of Ethiopia and the International Development Association** for the implementation of the Second Sustainable and Comprehensive Economic Development Policy. The importance and purpose of the loan were presented by deputy Government whip in the House, Honorable Meseret Haile. She explained that, the loan proceeds would be used to support the reform projects initiated by the government and directly support the federal government's 2018 budget. Hon. Meseret further noted that the loan is interest-free and repayable over a long period. The House of Representatives discussed the agreement and unanimously approved it.

The second loan agreement approved by the Ethiopian House of People's Representatives was between **the Government of Ethiopia and the International Development Association** for the implementation of the Expressway Development Support Project (Mojo-Hawassa Road). Here again Hon. Meseret mentioned that, the loan funds would help complete the third section of the Mojo-Hawassa Expressway, which is nearing completion, and would ensure that various projects funded by the loan are completed smoothly. The House of Representatives discussed this loan agreement and unanimously approved it, according to information from the House.





# Appointment

In June, as covered in the third edition of this Bridge, one of the highest constitutional functions carried out by the representatives' was appointments.

The House of Representatives appointed members to **the Ethiopian National Election Board**, selecting Tesfaye Nway as the Deputy Chairperson of the Board. According to the House, the decision to appoint the candidates proposed by Prime Minister Dr. Abiy Ahmed was presented by the Honorable Dr. Tesfaye Beljige. Dr. Tesfaye explained that the election process was pluralistic and that the appointee was not a member of any political party. In addition to Tesfaye Nway, the House also appointed Teklit Yemesel and Nesim Ali as Board Chairpersons, the report indicates. The appointees appeared before the House, took the oath of office, and the appointments were approved by a majority vote, with two members abstaining.



# Bridge Research & Innovation's Observational Insight

Regarding Proclamation No. 1390/2017

**A**mong the proclamations passed by the Ethiopian House of Representatives in June, the most notable was the approval of the budget for the coming year, specifically for the 2018 fiscal year. The relevant authorities and the Standing Committee of the House of Representatives held extensive discussions on this budget and unanimously approved it as Proclamation No. 1390/2017.

## What was said

The House of People's Representatives, in its 42nd regular session, unanimously approved the 2018 federal government budget of 1.93 trillion birr. The Chairman of the House's Standing Committee on Planning, Budget, and Finance Affairs, Honorable Desalegn Wedejem, presented the 2018 draft budget report along with his recommendations. Desalegn explained that the draft budget was prepared to ensure the budget is used economically and effectively to achieve the Macroeconomic goals. He further detailed that the total budget includes 1.2 trillion birr for recurrent expenditure and 415.2 billion birr for capital expenditure. Desalegn also noted that this budget represents a 34.4 percent increase compared to the previous year and provided a detailed breakdown of expenditure for the representatives. The plan anticipates raising 1.1 trillion birr from domestic revenue, 129 billion birr from non-tax revenues, 236 billion birr from development partner organizations, and 47 billion birr from development project assistance.

Regarding the draft budget, the Minister of Finance, Honorable Ahmed Shide, presented the budget statement to the members of the House. He explained that the budget would focus on continuing ongoing development projects, covering social expenses, reducing debt to moderate levels, and stabilizing the economy. Special attention will be given to increasing government revenue collection, enhancing regional government revenues, and strengthening tax administration. Minister Ahmed added that, the budget was prepared in alignment with the 10-year master development plan and the country's comprehensive economic reforms. Furthermore,

the capital budget will be allocated to expand roads and education, modernize irrigation and agricultural operations, ensure rural and urban food security, and implement a developmental safety net. The minister also explained that the budget will support the expansion of the health sector, the reconstruction of war-affected areas, the construction of government offices, and the provision of clean drinking water.



Minister Ahmed, who was reported to have projected an economic growth of 8.9 percent for the coming 2018 fiscal year, also informed the members that, there is a stated plan to achieve sustainable development goals by increasing and strengthening domestic revenue and creating a sound financial system. The Minister of Finance, who noted that the current expenditure pressure on the government due to economic reforms is the largest in history, stated that there will be a serious work to expand revenue sources in the 2018 fiscal year.



The Minister of State for Finance, Dr. Eyob Tekalgn, who appeared before the House of Representatives to present his office's plans regarding this budget, explained that the government has devised a strategy to address the budget deficit by focusing primarily on domestic revenue, while the remainder will be financed through support from foreign development partners and interest-free, grace-period loans. Dr. Eyob further stated that, the budget has been planned to ensure climate change considerations and to guarantee the participation and benefits of vulnerable groups, particularly women, children, and people with disabilities. He emphasized that the budget was prepared with a focus on sustainable growth, aiming to support development without putting undue pressure on the Macro economy by addressing only immediate needs.

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### **Has the Dollar Gobbled Up the Budget?**

In a brief statement issued by the Council of Ministers regarding the budget, it was mentioned that the budget for the next year was prepared with a view to maintaining national security, increasing production and productivity, and assisting citizens displaced by natural and man-made disasters.

In addition, the statement indicated that the budget was prepared based on the medium-term economic and fiscal framework for the period 2018 to 2022. It was also noted that the economic and fiscal framework was prepared to expand the government's revenue base and cover its expenses. This framework, which is said to support the efforts to ensure a stable economy in Ethiopia, was also stated to indicate policy directions in terms of government revenue collection and resource allocation. This budget of one point ninety-three trillion birr is an increase of about 29 percent compared to the regular and supplementary budget approved this year. Although the 2018 budget increased by about 500 billion birr compared to this year, Bridge understands that it showed a significant decrease in dollar terms.

The regular budget of 971.2 billion birr approved in May 2016 was about \$17 billion in current currency; the supplementary budget of 581.98 billion birr approved by the House of Representatives in November 2017 was about \$4.8 billion in current dollar terms. The sum of the two brings the total budget for 2017 to over 1.5 trillion birr, or about \$22 billion. The dollar value of the 2018 budget, based on the average daily exchange rate of the National Bank of Ethiopia on the day the proclamation was passed, is fifteen billion dollars. In this sense, the 2017 budget, compared to the 2018 budget approved in June, shows a difference of about six billion dollars; or a decrease of about thirty-six percent in dollar terms.

When we try to look at this tight plan in the completed budget year, the picture we get is more revealing. The amount of money the government planned to collect from taxes and duties in this fiscal year was 900.2 billion birr. It is noteworthy that the Ministry of Revenue announced that the revenue collected in the first 11 months of the fiscal year was 815.3 billion birr (for this information, see the Institutional Reports subsection of this publication). In her performance report to the Standing Committee on Planning, Budget and Finance of the House of Representatives, Minister of Revenue Aynalem Nigusse stated that the domestic revenue collected in the past 11 months was 436.48 billion birr. The minister stated that this revenue achieved 96.79 percent of the plan, and compared to the same period last year, it was a 48 percent increase. It is noteworthy that those representatives who listened to this report of Aynalem also criticized the fact that the revenue amount is higher than last year, but when converted to dollars, this year's revenue amount is lower. In this context, it seems that the tax revenue of more than one trillion birr, which is expected to be collected next year, will seem inevitably be reduced from the revenue collected this year and the entire budget year in dollar terms.



Regarding this budget, the Ministry of Finance presented a detailed budget statement detailing the sources of financing the budget. While it can be assumed that the increase in the budget rate when calculated in dollars from the previous year will increase the challenges faced by the country in paying off its debts and purchasing imported goods, the announcement that a debt restructuring will be carried out by its official creditors seems to ease the challenges. In this regard, it is worth noting that Finance Minister Ahmed Shide announced the completion of the debt restructuring negotiations that the Ethiopian government had been conducting with the creditor countries and institutions after the budget was approved. The minister said that the negotiations are complete and will be signed soon, and that Ethiopia will get relief from the \$3.5 billion debt it has taken from creditor countries. The minister said that, 'we have benefited greatly from debt restructuring in the past three years, and that we will continue to get relief from the repayment period for the money we have borrowed for the past 15 years'. Minister Ahmed added that, based on the agreement Ethiopia reached with the creditors and the extended payment schedule, the country will continue to pay the debt starting next year. In addition to this debt relief negotiation, as was heard during the approval of this budget, the Ethiopian government and the World Bank signed a \$1 billion financing agreement. According to Bridge, we understand that this amount of money mentioned in the agreement will have a certain impact on alleviating the challenges we have mentioned.

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### **"It's a matter of life and death"**

According to a brief analysis by Bridge, the Ethiopian government plan to raise near to two trillion birr in its next budget through existing and new domestic taxes, which will make the upcoming budget somewhat different from previous ones. Speaking on the matter, Finance Minister Ahmed Shide explained that the federal government will borrow from financial institutions to cover the budget deficit. He noted that under the new monetary policy, the government will borrow more than before, as it is no longer able to borrow from the economy as it used to. While explaining this, he repeatedly emphasized that the practice of borrowing from the economy at low interest rates to solve new development problems is over; Ahmed described this approach as both a new monetary policy and a new fiscal policy.

The regular budget of 971.2 billion birr approved in May 2016 was about \$17 billion in current currency; the supplementary budget of 581.98 billion birr approved by the House of Representatives in November 2017 was about \$4.8 billion in current dollar terms. The sum of the two brings the total budget for 2017 to over 1.5 trillion birr, or about \$22 billion. The dollar value of the 2018 budget, based on the average daily exchange rate of the National Bank of Ethiopia on the day the proclamation was passed, is fifteen billion dollars. In this sense, the 2017 budget, compared to the 2018 budget approved in June, shows a difference of about six billion dollars; or a decrease of about thirty-six percent in dollar terms.

The minister, who stated that Ethiopia's economy will remain stable and continue to grow while significantly increasing revenue, was reported to have said that this issue is "a matter of life and death" for the federal government. He also noted that the ratio of taxes collected by the government to the gross domestic product is still low compared to many countries, and indicated that the government plans to raise this ratio by four percent over the next four years. The budget plan document prepared by his office states that next year's tax-to-GDP ratio is expected to increase by 1.2 percent from this year. In order to achieve the targeted tax plan, Prime Minister Dr. Abiy Ahmed's Economic Committee and the task force established for this purpose have held detailed discussions, and the Finance Minister indicated that the strong tax collection performance recorded in this fiscal year will continue to be strengthened in the next year, pointing to the difficult work ahead.

Bridge understands that the new monetary policy mentioned by Finance Minister Ahmed aims to introduce new tax bases and increase rates on existing taxes. For example, starting from the previous year, the Ministry of Finance decided to impose additional value-added tax on services that were not previously included, such as electricity for households and clean drinking water. In addition, excise taxes were imposed on telecommunications and cross-border digital services, and city governments were authorized to collect property taxes starting last January. Considering these changes, it is evident, as the Finance Minister stated, Ethiopia's tax-to-GDP ratio remains the lowest among sub-Saharan countries.



The study “Ethiopia’s Tax-to-GDP Ratio: Benchmark Estimation and Performance Analysis,” published on August 9, 2017, and conducted by the Ministry of Finance with partner research institutions, supports this with figures. The report states that Ethiopia has a 15 percent VAT rate, Kenya 16 percent, Rwanda 18 percent, Uganda 18 percent, and the sub-Saharan African average is 17.5 percent. While the study recommends raising Ethiopia’s VAT rate to the regional average of 17.5 percent, Bridge considers the Ministry of Finance’s decision to maintain the rate at 15 percent as a very positive step.

1. Bridge is worried that the so-called “a matter of life and death” budget source plan for next year will not put pressure on citizens, especially the lower income earners. This concern is not only shared by Bridges and other economists, but also by the International Monetary Fund (IMF), which has been supporting Ethiopia’s massive economic reforms with millions of dollars over the past year. In a recent report,

2. the institution noted that Ethiopia’s tax system, especially the high tax rates imposed on low-income taxpayers, is discouraging citizens from entering the formal sector.

According to the International Monetary Fund, Ethiopia’s tax system imposes high tax rates on low-income taxpayers, which can keep businesses and workers in the informal sector. It is also worth noting that this will reduce tax revenues that can be used for development.

## Bridge’s short Recommendations

- On the day the 2018 budget was approved by the House of Representatives, some representatives noted that a population and housing census should be conducted to ensure that budget allocations, particularly regional subsidy budgets, are fair. Bridge observes that if such a census is conducted, it will provide irreplaceable data for national economic policies and help eliminate potential complaints regarding regional budget allocations. If the federal government conducts the census within its capacity and timeline, it will be highly beneficial. Even if complaints arise following the census results, Bridge believes they can be addressed through additional subsidiary budgets.

- Bridge considers the government’s decision to increase the minimum wage for workers, especially civil servants, from next September a positive step to alleviate the pressure of the rising cost of living. However, as inflation continues to erode the income of lower-income groups, Bridge recommends that, in addition to monetary and fiscal policies aimed at reducing inflation, the government enforce stricter controls on businesses contributing to artificial inflation.
- Coffee and gold are major sources of foreign exchange for Ethiopia, and these commodities are primarily produced in regions currently affected by partial conflicts. Bridge advises that if the government resolves these conflicts quickly, patiently, and generously, it will not only improve the country’s trade balance but also contribute to the success of the 2018 budget plan.
- During the budget discussion, some House representatives noted that, the small budget allocated to the country’s democratic institutions has limited their effectiveness. Bridge recommends that, in future budget adjustments, sufficient attention be given to democratic institutions, recognizing that investment in democracy-building is crucial for the country’s long-term development.

<sup>1</sup>ፋና ዊዲዮ ኮርፖሬሽን (2017 ነሐሴ 13). የተጨማሪ አሴት ታክስ ምጣኔ 15 በመቶ ሆኖ አንዲቀጥል ተወስኗል - የገንዘብ ሚኒስቴር። ከ<https://www.fanamc.com/archives/299209> የተወሰደ።

<sup>2</sup>International Monetary Fund. African Dept. (2025). The Federal Democratic Republic of Ethiopia: 2025 Article IV Consultation, Third Review Under the Extended Credit Facility Arrangement, and Financing Assurances Review-Press Release; Staff Report; Staff Supplement; and Statement by the Executive Director for The Federal Democratic Republic of Ethiopia. IMF Staff Country Reports, 2025(188), A001.



- As emphasized above, since the 2018 budget relies heavily on domestic sources, it must be implemented carefully. Reports from various institutions, including the Federal Audit Office, indicate that careful, prudent use of the budget is urgent. Bridge recommends strong oversight, including electronic procurement tracking, to reduce budget wastage and ensure efficient use of resources.
- Another point in Bridge's recommendation is to monitor the trend toward regional self-sufficiency under the new budget. As Finance Minister Ahmed Shide noted during the budget discussion, while subsidies to regions will increase, in the future, regions will need to enhance their own capacities and invest in their own resources. It was also mentioned that regions are moving toward covering up to 70 percent of the costs of humanitarian assistance themselves. However, considering the facts; particularly for regions such as Amhara, Tigray, Oromia, and Afar, which suffered extensive human and material losses during the previous northern conflict (with reconstruction costs estimated at around 20 billion dollars), Bridge recognizes that these regions currently lack the capacity to achieve this goal. Therefore, while the federal government's decentralization of fiscal responsibilities is a step toward strengthening fiscal federalism, the regions affected by the war, as well as new regions that have joined the federation, may not be able to implement this policy in the next fiscal year. Bridge recommends that the government implement this approach in a manner that builds and enhances regional capacities.
- Bridge notes from the budget details that a significant portion of the budget is allocated to routine government spending. The amount set aside capital expenditures is 1.2 trillion birr, representing 61 percent of the total budget, which raises concerns about potential unintended negative effects. Bridge is particularly concerned that the government may be compelled to rely on domestic credit sources to cover this spending, a process that could divert funds away from the private sector and limit its access to necessary financial resources. Consequently, Bridge recommends that the government focus on strengthening and expanding its fiscal and monetary policies, especially given its aim to drive economic growth through private sector support, to avoid creating unintended economic challenges.
- Finally, regarding Ethiopia's main foreign exchange source; exports, Bridge notes the impact of the recent 10 percent tariff imposed by the United States. In 2024 (G.C.), Ethiopia and the U.S. had a trade volume of \$4.3 billion, primarily in coffee, oilseeds, pulses, textiles, and leather products, with coffee accounting for the majority. Bridge advises that, in addition to seeking alternative export markets, the government engages in trade negotiations with the U.S. to reduce the tariff rate. We believe, focused diplomatic and trade efforts could help mitigate the negative impact of this tariff on Ethiopia's economy.





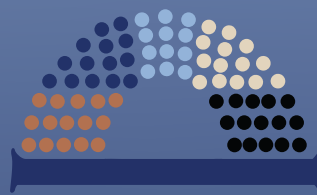
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