

Ethiopia Under Abiy Ahmed's Renewed Mandate

*Government Formation, Institutional Consolidation and Strategic
Direction*



By: Bethlehem Fikru

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Introduction: What Will Change?

On 5 October 2026 the newly elected House of Peoples' Representatives opens, its members take their oaths, and Ethiopia constitutes the government that will lead the country for the next five years. The moment follows the seventh general election, held on 1 June 2026, in which more than 54 million citizens were registered and 42 political parties and 10,438 candidates took part. The Prosperity Party won a decisive majority, with 438 seats in the new House.

Every new government raises the same question: what will actually be different? The honest answer is that this government begins from a position very unlike the one its predecessor started from. Five years ago the task was to hold a country together while a war was still shaping every decision. The institutions that now exist, in security, in finance, in diplomacy and in the machinery of the federal state, were then either new or still being built. Today they are standing, tested, and in many cases already doing their work.

That changes the character of the next term. The first years of the Abiy administration were years of construction and of crisis management at the same time. The coming years can be years of consolidation, in the plain sense of the word: making what has been built firmer, clearer in its rules, and more able to function well whoever sits in each office.

Two further developments give this new term a different starting point. First, the National Dialogue process, which concluded its main conference in August 2026 after four years of consultations involving thousands of participants from every region and sector of society, has now delivered a consolidated set of recommendations to Parliament, the federal government and the regional governments. Those recommendations address long-standing questions of state structure, historical grievances, institution-building and peace. Their formal handover in the first days of October means the incoming government begins its work with a nationally generated agenda already on the table, something the 2021 government never possessed.

Second, the federal institutions that manage security, finance and diplomacy have moved beyond the emergency phase. They now operate with clearer mandates, more experienced personnel and established procedures. This does not mean the challenges have disappeared; armed opposition groups remain active and the regional neighbourhood is unsettled. It does mean that the government can approach those challenges from a position of institutional continuity rather than institutional improvisation.

This article looks at how the government was formed, what it carries with it, how it compares with the government formed in 2021, and what Ethiopia can hope to see in foreign policy, the economy and the security sector. It offers recommendations in each area, written in a supportive spirit, because in most of these areas the government is already moving and the useful contribution is to help that movement go further.

How the Government Was Formed

The path to this point followed the constitutional calendar closely. The National Election Board of Ethiopia ran the vote on 1 June and released final results over the summer. Under Article 58 of the Constitution, the term of the House begins on the Monday of the final week of September, and the Speaker, Tagesse Chafo, announced that the opening ceremony and the formation of the government

would take place on 5 October. Under Article 50(3), the House of Peoples' Representatives is the highest authority of the federal government and is accountable to the people, which is why the formation of the executive passes through it. The House elects the Prime Minister, the Prime Minister then presents ministers for approval, and the ministers are sworn in.

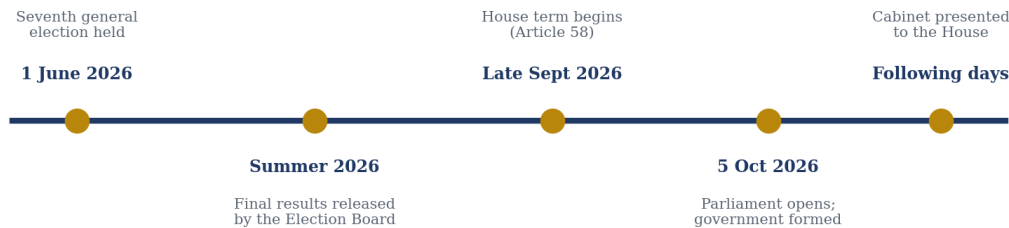


Figure 1. The road from the ballot box to government formation, 2026

The African Union commended both the government and the Election Board for what it described as a meaningful step toward strengthening democratic governance. For Ethiopia, the more important point is practical. A general election was organised across a very large and varied country, results were released, and the constitutional handover of authority is proceeding on its scheduled date. The process itself shows the state working as designed.

The timing is also significant for another reason. In the same week that the new House opens, the National Dialogue Commission's final recommendations are being formally presented to the outgoing and incoming authorities. This coincidence of the electoral calendar and the dialogue calendar means the new government inherits both a clear parliamentary majority and a structured national conversation about the country's deepest political questions. The combination is rare in Ethiopia's recent history.

In 2021 the government was formed while the country was still absorbing the shock of open conflict and while many core institutions were being rebuilt from a low base. In 2026 the same constitutional machinery is operating under far more settled conditions. That difference is the foundation on which the rest of this analysis rests.

As of this writing, the cabinet has not yet been announced. How the Prime Minister composes it will be the first real signal of the government's direction. Questions worth watching include how many ministries are retained or merged, how far technical experience and professional competence guide appointments, and how the full set of institutions that report directly to the Prime Minister's office is arranged. A strong answer would favour continuity where institutions are already performing well, selective renewal where greater expertise is needed, and a clear allocation of responsibility that reduces overlap and strengthens accountability. The sections below suggest what such an approach would look like in foreign policy, the economy and the security sector.

What the Government Carries Into Office

The Norther War as Part of the Foundation

No account of this government is complete without the war in the north. The conflict that began in 2020 and ended with the Pretoria agreement in November 2022 was the defining test of the federal state. It was also, in a real sense, the event that set the shape of today's institutions. The army, the intelligence services and the federal security architecture were rebuilt and enlarged under pressure, and the lessons of that period are written into how they are organized.

That origin matters for what comes next. Institutions born in an emergency tend to carry the habits of an emergency: speed, concentration of decisions, and tight lines of command. These qualities were what the moment required. A government with a fresh five-year mandate has the room to let those institutions mature, keeping their strength while giving them the settled procedures that peacetime allows. The war, in other words, is both the reason the institutions exist and the reason it is now worth investing in making them durable. At the same time, recent developments in the north, including the formation of a new opposition alliance and renewed fighting in September 2026, show that the security challenges have not fully disappeared. The institutions therefore still need both the capacity to respond firmly and the capacity to operate under clearer, more predictable rules.

Consolidating Power in a Constructive Way

The new House gives the governing party a very large majority. A majority of this size brings a rare opportunity: the ability to legislate steadily, to plan over a full term, and to take long-horizon decisions without constant bargaining over each one. It also brings the responsibility to show that strong authority and good checks can go together. The consolidation that serves Ethiopia best is the kind that people can see working through rules, so that decisions rest on laws, budgets and published procedures rather than on any one office. A calm and deliberate approach to power-sharing drawing in experienced voices from EZEMA and other parties that secured seats, would further strengthen legitimacy and demonstrate that inclusive governance and decisive leadership can advance together.

The national dialogue offers a natural bridge. The National Dialogue Commission was created to give Ethiopians a structured way to discuss their shared questions, and its recommendations can serve as a source of legitimacy for the new government's programme. The formal handover of those recommendations in the first days of October 2026 means the new government inherits them at the precise moment it takes office. Where the government's plans in constitutional practice, federal and regional relations, and public services can be tied to what citizens said in the dialogue, the mandate from the ballot box is joined by a mandate from conversation. That is a strong foundation for a five-year agenda

Then and Now: The 2021 and 2026 Governments

Ethiopia's previous general election was scheduled for 2020 and held in 2021, and the government it produced was formed in October 2021. Comparing the two formations is the clearest way to see how far the country has travelled. The earlier government was assembled in the middle of a war. It included several figures from the earlier party coalition, which gave continuity and experience at a moment when experience was precious. It also took an unusual step in placing around twenty institutions, among them intelligence, cyber security and financial security bodies, directly under the Prime Minister's office, which allowed quick coordination in a period when speed mattered most.

The 2026 government forms in a different season. It is the second to be formed since the Prosperity Party was founded, it was formed in time of peace between the federal government and the north, and it does not need to build its security institutions from scratch, because the work of building them has largely been done. That is why it can be described as the stronger of the two. The earlier government had to create the tools. This one has them and can concentrate on refining how they are used.

Dimension	The 2021 formation	The 2026 formation
Setting	Formed while the northern conflict was fresh and unresolved	Formed after the Pretoria agreement and years of recovery
Composition of ministers	22 ministers, including experienced figures carried over from the earlier coalition era and three from opposition parties	A fresh opportunity to blend experience with a new generation of technical leaders
Security institutions	Being built and expanded at speed, with key bodies placed under the Prime Minister's office	Established and tested; ready to be placed on clear statutory footing
Source of legitimacy	Electoral result, with national unity as an urgent aim	Electoral result, strengthened by the national dialogue process
Economic direction	Reform programme announced, outcomes still ahead	Reform programme under way, with evidence of results to be completed
Foreign posture	Defending the country's position during a hard period	Confident, ready to widen partnerships on stable footing
Main task	Hold the state together and build quickly	Consolidate, deepen and make institutions last

There is a further difference of attention. For several years Ethiopia's energy went inward. The country worked to recover from the 2022 end of the war, to secure its territory, and to strengthen the institutions that had been tested so severely. That was necessary work and it has largely paid off. The coming term allows the government to look outward and forward at the same time, taking the strength gained at home and using it to shape a calmer, more productive environment around Ethiopia.

Foreign Policy: What Needs to Work

Ethiopia's foreign policy begins at home and puts the Horn of Africa first. Five years of institutional rebuilding in security, finance and federal administration have given Addis Ababa a more solid home base than it possessed in 2021. That inward strength allows Ethiopia to speak with greater consistency, sustain commitments longer, and pursue higher-stakes objectives without constant internal distraction. The recognisable character of Ethiopian diplomacy rooted in history, the African Union role, demographic weight and the Horn's geography remains. What must be added is a sharper reading of the new regional and global realities.

In a world that has changed markedly in the last five years, global powers have moved from relatively principled engagement toward more explicit interest-based behaviour, while middle powers have become more assertive, more transactional, and more willing to act on narrow national interest. In this environment Ethiopia itself functions as a rising middle power: demographically weighty, institutionally stronger, and increasingly ready to pursue its core interests with clarity and firmness. The policy that follows must therefore be sophisticated, agenda-driven and realistic about both opportunities and threats. A secure home front is the foundation. A stable and favourable Horn is the first circle of priority. Wider partnerships are built on that base.

Somalia

Relations with Somalia matter more to Ethiopia than almost any other bilateral relationship, because of the length of the shared border, the long shared border means that instability in Somalia quickly affects Ethiopia's Somali region and wider internal calm. At the same time, Somalia and the broader Somali coast remain relevant to Ethiopia's search for reliable commercial access to the sea. Ethiopian forces have long contributed to regional security efforts precisely because a more stable Somalia reduces the threat to Ethiopian territory and citizens. The Ankara process of 2024 showed that difficult questions can be managed through dialogue. In the next five years Ethiopia's best interest lies in turning that opening into sustained, practical cooperation: coordinated action against Al-Shabaab and other armed groups, predictable support for the African Union mission, concrete border and trade arrangements, and careful exploration of mutually beneficial port and transit options. A safer, more functional Somalia that also offers practical economic openings is not an external favour; it is a direct investment in Ethiopia's internal security, economic resilience and long-term stability.

The Red Sea as a Core National Interest

The Red Sea question has been the most significant single file in Ethiopian foreign policy for the past two years, and it remains so. Ethiopia is a nation of well over one hundred million people without direct sovereign access to the sea. Commercial port arrangements and transit corridors are necessary instruments, yet they are second-best solutions. The geographic reality is unforgiving, and over a five-year horizon it is realistic to recognise that arrangements can shift through negotiated change, strategic infrastructure, or new political alignments. With Eritrea the relationship is currently marked by mutual suspicion. Regime-change efforts, territorial claims carry high costs and are neither desirable nor probable in the near term. What is required is a clear-eyed policy that treats reliable sea access as a permanent national interest, keeps channels open, avoids unnecessary escalation, and refuses to romanticise the status quo. A government that is institutionally stronger at home is better placed to pursue this high-stakes file with patience and firmness.

Port Diversification

Port diversification is one of the most practical and strategically sound concepts Ethiopia has advanced in recent years, and it deserves sustained appreciation and follow-through. For a country of more than one hundred million people, dependence on a single corridor has always carried risk; spreading commercial access across multiple routes reduces vulnerability and increases bargaining power. In the near future the government should be expected to treat this as a core, multi-track national project rather than a series of isolated deals. That means consolidating the openings created by the Ankara process with Somalia, carefully managing the possibilities that have been explored with Somaliland, deepening practical cooperation on the Lamu corridor, and continuing to pursue reliable commercial arrangements on the Red Sea all as complementary parts of one coherent diversification strategy. The recommendation is straightforward: maintain parallel diplomatic and commercial tracks, prioritise predictability and mutual benefit in each, and measure success by the steady expansion of viable options rather than by any single breakthrough. A government that keeps these files moving together will give Ethiopia greater resilience and stronger leverage in the years ahead.

Sudan

Sudan must be treated as a core national-security file because it has repeatedly functioned as a transmitter of threats to Ethiopia, whether through the movement of insurgent groups, the activities of external actors, or the spill-over of conflict across the shared border. Ethiopia's existing approach of supporting a negotiated end to the Sudanese war, keeping channels open, and managing humanitarian consequences remains necessary a commitment demonstrated through its active facilitation of humanitarian relief for displaced populations and its engagement with Sudanese political figures, including former Prime Minister Abdalla Hamdok, to foster inclusive diplomatic negotiations. Yet Ethiopia's best interest requires a more active and clear-eyed policy. A chaotic Sudan multiplies risks on Ethiopia's western frontier, complicates trade and energy routes, and expands the operating space for hostile networks. A more settled Sudan, by contrast, reduces those risks and opens practical opportunities in commerce, transport and energy that benefit Ethiopia directly. Closer coordination with the African Union and IGAD, concrete border-stabilisation measures, and contingency planning for spill-over are therefore not optional; they are essential steps to protect Ethiopia's own security and economic interests.

Immediate Periphery

Neighbours form the first and most immediate circle of Ethiopia's foreign policy, where economic opportunity and security risk are tightly intertwined. Stable and cooperative relations open trade corridors, energy links, market access and joint infrastructure that directly serve Ethiopia's growth, while instability, proxy activity or hostile alignment quickly transmit insecurity across long shared borders, raise the cost of defence, disrupt commerce and complicate internal calm. A clear-eyed policy therefore treats each neighbour through both lenses at once: seeking practical economic cooperation wherever it is possible, while remaining realistic about intentions, capabilities and the potential for spill-over, so that Ethiopia's own security and prosperity remain the constant measure of success.

Global Powers and Middle Powers

Ethiopia has become skilled at maintaining simultaneous relationships with Moscow, Beijing, Washington, Brussels, the Gulf states and Ankara. That flexibility remains an asset. Yet the character of those relationships has changed. Global powers increasingly act on great-power interest rather than broader principle. Middle powers act assertively and transactionally. Ethiopia's response should match this reality: a more deliberate, interest-based multi-alignment. This means a single coordinating framework inside the foreign ministry that sets clear priorities for each major partner, an annual public statement of Ethiopia's international objectives, and agreements that link every relationship to concrete returns in investment, technology, training or market access. When partners understand what Ethiopia seeks and what it offers, the relationships become more predictable and Ethiopia's strategic independence is better protected. Taken together, these elements form a single high-stakes agenda for a middle power that has grown more assertive. A stronger home front allows Ethiopia to move from reactive crisis management to deliberate, sophisticated statecraft. The government that takes office in October 2026 inherits both the institutional capacity and the regional moment to pursue that agenda with clarity, firmness and a clear-eyed reading of the world as it now is.

Area	What is already working	What would strengthen it further
Somalia	Dialogue channels reopened; security contribution continues	Predictable funding with partners; steady border and trade cooperation
Red Sea	Clear statement of Ethiopia's commercial access need	Clear-eyed pursuit of reliable sea access as a core national interest; patient but firm engagement without romanticising the status quo
Sudan	Support for a negotiated end to the fighting, active humanitarian facilitation, and direct engagement with political actors including Abdalla Hamdok	Closer coordination with the AU and IGAD, concrete border-stabilisation measures, and proactive spill-over contingency planning
Major powers	Active ties with East, West and Gulf at once	More deliberate, interest-based multi-alignment with a coordinating framework and yearly priorities statement
Continental role	Institutional host of the African Union and UNECA diplomatic hub; recognized voice in Pan-African security and development	Proactive leverage of multilateral convening power to advance AfCFTA execution and lead regional peace initiatives

The Economy: Completing the Reform Agenda

The central economic project of the past two years has been liberalisation. The exchange rate was moved toward a market-based system in 2024, a programme was agreed with the International Monetary Fund, and the Ethiopian Securities Exchange opened in early 2025 as the country's first modern capital market. These are major steps and the new government inherits them as a base. Its main job is to complete them well and to let people see the results.

Completing the programme means showing evidence. Households and businesses will judge the reforms by what they see: the value of the birr holding steadier, prices easing, foreign exchange becoming easier to obtain, and credit reaching productive businesses. The government can help by publishing clear and regular progress reports on the main indicators, and by sequencing the remaining reforms so that each step has time to settle before the next one begins. A stable currency is the foundation on which everything else is built, and the government will want to guard it with consistent monetary policy and a steady supply of foreign exchange.

A home-grown economy remains the stated aim: an economy that mobilises Ethiopian savings, expands Ethiopian ownership, and builds productive capacity that reduces external vulnerability. The capital market is a practical place to turn that aim into reality. A growing exchange can channel Ethiopian savings into Ethiopian companies, give state-owned enterprises a route to broader ownership on transparent terms, and give investors a trusted place to put their money. The more companies that list, and the clearer the rules on disclosure and investor protection, the more the market will deepen. Technical oversight of state-owned enterprises by professional boards would support that process and give investors confidence.

The industrial sector deserves particular attention. Ethiopia has built industrial parks, a growing manufacturing base and major energy capacity, including the Grand Ethiopian Renaissance Dam. The next stage is to link these into a connected industrial chain: reliable power for factories, logistics that

move goods quickly to port, and finance that reaches manufacturers as well as traders. Steady attention to textiles, agro-processing, pharmaceuticals and construction materials would let the country replace imports and expand exports, which in turn strengthens the currency and advances the home-grown objective.

Finally, a strong economy benefits from good checks and balances. Independent audit, open procurement, a capable central bank and an empowered parliamentary budget process all increase trust in the system and lower the cost of doing business. With a large majority in the House, the government has the ability to strengthen these bodies and show that economic reform and transparent oversight advance together.

Security Strength Under Clear Rules

Security is the base on which everything else rests. A country cannot attract investment, deliver services or hold a national conversation if parts of it are unsettled. The government's declared aim is to restore calm across the whole country, and the lessons of recent years point to a patient, region-by-region approach, from the Somali region in the east to the north, the centre and the south. Each area has its own history and needs. Where local grievances can be met through dialogue, development spending and local participation, the case for lasting calm is strongest, and the government has the strength and the standing to lead such efforts. Strong authority remains essential; without it, security itself becomes a hindrance to every other national goal.

The intelligence system deserves special mention. It has changed greatly in a short time and has become a far more capable institution. It is being equipped with modern technology and is developing into a well-resourced, authoritative body that commands respect. The next logical step is to give it a clear legal foundation: a statute that defines its mandate, assures its professional autonomy in day-to-day operations, and sets out how it is overseen and controlled. An effective intelligence service is not friendly to everyone; it is respected and in necessary cases it is feared. That combination of capability, authority and clear control is what allows it to protect the state. Autonomy and oversight go together. The more clearly an intelligence service is defined in law, and the more it is reviewed by a parliamentary committee and an independent inspector, the more confidently it can act. The same applies to the wider security sector, where clear lines between federal and regional law enforcement help each to do its job.

People are the second half of the answer. Strong institutions depend on capable, experienced professionals in leadership roles, and the new government has an opportunity to place technocrats of depth and character in senior posts. Professional training academies, merit-based promotion, and clear career paths in the civil service, the security forces and the economic ministries help to build a leadership bench that lasts beyond any one term.

First Signals to Watch

The opening months of a new executive usually reveal its true priorities far more clearly than formal speeches. Four early signals will offer the first concrete evidence of the 2026 government's commitment to institutional consolidation over crisis management. First, the initial cabinet appointments will establish the executive's working culture, indicating whether political continuity is balanced with fresh technocratic expertise across economic, security, and diplomatic leadership. Second, the fiscal year budget presented to the new House will demonstrate how resources are allocated between macroeconomic stabilization, core industrial infrastructure, and essential social services.

Simultaneously, early movement on the legislative calendar, particularly draft statutes governing intelligence autonomy, capital markets, and parliamentary oversight will clarify whether governance reforms are being codified into durable legal frameworks.

Beyond executive setup and budget allocation, the timeline for national dialogue and diplomatic engagement will indicate how Ethiopia intends to project its domestic consolidation outwardly. With the National Dialogue Commission's final recommendations formally handed over alongside government formation, the immediate establishment of a parliamentary implementation framework will signal how effectively citizen consultation is integrated into active lawmaking. Concurrently, the destination, sequencing, and strategic substance of the Prime Minister's initial bilateral visits particularly regarding Red Sea commercial access, border stabilization with neighbors, and engagement with international financial partners will test whether Ethiopia is executing a proactive, interest-based multi-alignment strategy. Moving early on these rules, statutory frameworks, and transparent benchmarks will give citizens, domestic investors, and foreign partners a clear reason for confidence from the outset.

Conclusion

The government taking office in October 2026 does so under conditions that differ from those of 2021. It has a large parliamentary majority, a set of federal institutions that are more established than they were five years ago, and a national dialogue process whose recommendations arrive at the same moment as the new term. Each of these shapes what is possible in the years ahead, and each will be tested by how it is used.

The coming term will be judged in several areas at once. In the economy, the question is whether the reform programme produces results that households and businesses can see in prices, the currency and access to credit. In security, it is whether institutions that grew quickly in demanding circumstances can settle into clearer legal frameworks while armed opposition and regional instability remain part of the picture. In foreign policy, it is whether the Horn, the Red Sea, Sudan and the major powers can be managed as parts of one consistent approach. In governance more broadly, it is how the large majority, the national dialogue recommendations and the role of other parties in the House come together over five years.

This article has set out the considerations in each area and offered suggestions in a supportive spirit. How far events follow them will depend on decisions yet to be taken, on the cabinet that is announced, and on conditions inside Ethiopia and across the region that no government fully controls. The first budget, the legislative agenda and the early appointments will show more about the direction of the term than any assessment written at its start.