

A Week in the Horn

5th December 2014

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News in Brief

Africa and African Union

The first IGAD International Scientific Conference on Health was held this week (December 3-6) in Addis Ababa under the theme of “Innovative approaches for equitable access to health services among pastoralist communities and cross border mobile populations.” (See article)

The 9th Ordinary Session of the Conference of African Union Ministers of Trade (CAMOT-9) is being held at the African Union in Addis Ababa this week. The Ministerial meeting on December 4-5 was preceded by a meeting of senior officials (December 1-3). The meeting was part of the preparation for the launch of the **Continental Free Trade Area** (CFTA) negotiations in June/July next year.

A high-level Conference on Global Climate Change (COP 20) opened in Lima on Monday (December 1) in a bid to reach agreement to stabilize greenhouse gas emissions and curb rising global temperatures. (See article)

Ethiopia

Prime Minister Hailemariam Desalegn and German Chancellor Angela Merkel met for talks on Wednesday (December 3) in Berlin. The Prime Minister is on an official visit to Germany, leading a delegation that includes Foreign Minister, Dr Tedros Adhanom, Government Communication Affairs Minister Redwan Hussein and other senior officials.

Deputy Prime Minister Demeke Mekonnen paid a four day official visit to the Republic of Korea this week. He held talks on boosting cooperation with South Korea in science and technology. His visit followed successful visits to China and Vietnam. In Vietnam, the Deputy Prime Minister held discussions with President Truong Tan Sang and signed a number of agreements to expand investment, avoid double taxation, establish links among institutions of higher learning and provide for a scholarship exchange program in agriculture.

Foreign Minister Dr Tedros Adhanom on Monday (December 1) opened the 3rd edition Addis Foto Fest (Photo Exhibition) at the Sheraton Addis Hotel describing it as “an important fixture of the Addis Ababa and African art calendar.”

State Minister Dewano Kedir met this week with a delegation from Korea led by Professor Jae-Sung Kwak, Professor at the Department of International Development Cooperation at the Kyung Hee University on Wednesday (December 3) to discuss a proposed solar panel assembly plan; with representatives from one of

the largest Italian garment companies, Calzedonia Holding S.p.A. on Wednesday (December 3) which is planning to open a textile factory; and with the representatives of the ReEco-San International Company, a sanitation and water waste management company, established by the Ethiopian Diaspora in Oslo, Norway on Monday (December 1).

The Director General of European Affairs at the Ministry of Foreign Affairs, Ambassador Grum Abay, received copies of credentials of the Ambassador of the Republic of Kazakhstan to Ethiopia, Yerlik Ali, and of the Apostolic Nuncio of the Holy See, Archbishop Luigi Bianco, on Wednesday (December 3).

The UN Food and Agricultural organization has honored the achievements of thirteen countries including Ethiopia for outstanding progress in fighting hunger, an achievement which included reaching international targets ahead of the end-of-2015 deadline. (See article)

The Ethio-South Africa Pre-investment Trade Mission meeting opened on Tuesday (December 2) at the Ellile Hotel in Addis Ababa in the presence of higher government officials, South African investors, representatives of Ethiopian companies, and other private and government stakeholders. The Forum will last until Saturday (December 6). (See article)

Ethiopia expects coffee exports for the 2014/15 crop to hit a record high because of drought and coffee disease in Latin America. The Ethiopian Coffee Exporters' Association expects coffee exports to rise to 235,000 tonnes by the end of the 2014/2015 fiscal year and generate US\$862 million in revenue.

Ethiopian Airlines started three weekly flights to Doha, Qatar, on Tuesday this week (December 2). This brings to 84 the number of Ethiopian Airline's international destinations. The airline was awarded the title of the **Best Airline of the Year from Africa** by the Kuala Lumpur International Airport (KLIA) this week.

The International Organization for Migration (IOM) on Friday (November 28) repatriated 253 Ethiopian migrants who voluntarily decided to return to their country of origin. The migrants, including 39 children, were repatriated through collaboration by the IOM, the Tanzania Ministry of Home Affairs and Ethiopia's Ministry of Foreign Affairs.

To mark World AIDS Day this week, Ethiopia conducted a mass HIV testing campaign in an attempt to set a new world record for the most number of people HIV tested in single venue in an eight-hour period. 3,383 people were tested for HIV status during the campaign held in Gambella Stadium. The record is currently held by Argentina, which conducted 3,733 free HIV tests in a single eight-hour period in 2012.

Kenya

The 16th Ordinary Summit of the East African Community Heads of State was held on Sunday (November 30) in Nairobi. The Summit was preceded by the 3rd EAC Retreat of the Heads of State on Infrastructure Development and Financing on 29 November 2014, also in Nairobi, Kenya. It was attended by Kenya, Rwanda, Tanzania, Uganda and Burundi.

Kenyan President Kenyatta announced security changes on Tuesday (December 2) firing Interior Cabinet Secretary Joseph Ole Lenku and accepting the resignation of the Inspector General of Police, David Kimaiyo, who said he was taking "early retirement" for personal reasons. The President appointed retired army general, Joseph Nkaissery, as the new Interior Cabinet Secretary, in charge of security.

Al-Shabaab murdered 36 workers at a quarry at Mandera early on Tuesday morning (December 2). In an earlier attack on a bus near Mandera on November 22, Al-Shabaab murdered 28 people.

A joint committee of the National Security Council and the Joint Parliamentary Committee on National Security and Defense presented a report to President Kenyatta on Thursday (December 4) with recommendations on how to fight terrorism and deal with the administrative and legal hurdles that limit the Government's ability to deal with the threat of terrorism.

Somalia

A statement from the President's Office underlined the importance of integrating various regional security forces, including the Puntland Darwish, the Interim Juba Administration Security Forces, the forces associated

with Interim South West Administration and Ahlu-Sunna Wal Jama'a, in the Somali National Army. It suggests the National Army's sector divisions should fall in line with federal boundaries to improve coordination and promote stability.

The African Union Mission in Somalia, AMISOM, has agreed on new guidelines with the United Nations Office for the Coordination of Humanitarian Affairs to enhance protection of civilians as they open access roads to deliver humanitarian needs to villages and cities, liberated from Al-Shabaab.

Kuwait's First Deputy Prime Minister and Foreign Minister Sheikh Sabah Khaled Al-Hamad Al-Sabah visited Mogadishu this week at the head of an Arab ministerial delegation, which included Mauritania's Minister of Foreign Affairs and Cooperation, Ahmad Ould Teguedi, and Arab League Secretary-General Nabil Al-Araby, for a one-day official visit.

The newly elected President of the Interim South West Administration, Sharif Hassan Sheikh Adan was sworn in on Wednesday (December 3) at Baydhabo (Baidoa). (See article)

A motion of no-confidence in Prime Minister Abdiweli Sheikh Ahmed was presented in parliament on Thursday (December 4). It is expected to be debated on Saturday.

South Sudan

The Sudan Peoples' Liberation Movement-in-Opposition is finally due to begin its consultative conference on issues in the IGAD peace proposals on Friday (December 5) at a South Sudan border town close to Ethiopia. The Government conducted its conference on 24 November in Juba but logistical problems have delayed the opposition meeting. Issues being discussed will include the proposed transitional leadership structure and power-sharing arrangements.

Sudan

The Foreign Minister of the Russian Federation, Sergei Lavrov, on a visit to Sudan announced on Wednesday (December 3) that Russia had "clear plans" to activate military-technical cooperation with Sudan without disrupting the balance of power in the region. The Foreign Minister was participating in the Russian-Arab Cooperation Forum being held in Khartoum.

The discussions, mediated by the African Union High-Level Implementation Panel (AUHIP), between the Sudan Government and two Darfur rebel groups, the Justice and Equality Movement and the Minni Minawi faction of the Sudan Liberation Movement, on a Declaration of Principles leading to a cessation of hostilities in Darfur were adjourned at the weekend; and on Thursday this week, after President Al-Bashir rejected a request to extend the government delegation's mandate to include comprehensive talks, Mr Mbeki adjourned the talks indefinitely.

Sudanese political and armed opposition forces on Wednesday (December 3) signed a "Sudan Call" for the end of war, dismantlement of the one-party state, achievement of a comprehensive peace and democratic transition in the country. The agreement was signed in Addis Ababa by leaders of the National Consensus Forces (NCF), the rebel Sudanese Alliance Forces (SRF), the National Umma Party (NUP), and the Alliance of the Sudanese Civil Society Organizations.

Ethiopia issues its first sovereign bonds

Ethiopia has entered the international financial market with the issuance of its first ever sovereign bond over the weekend. A week-long investor road-show, with the sovereign bond unveiled in London, was held in major European cities to promote the inaugural issue, with the Minister for Finance and Economic Development, Sofian Ahmed, accompanied by other high ranking officials. Ethiopian officials held a series of meetings with financiers and investors, facilitated by the German Deutsche Bank AG and American finance company, J.P. Morgan Securities, hired as lead managers and book-runners in the parlance of the financial market. Ethiopia also hired the French firm Lazard Frères, previously a consultant in choosing credit rating agencies, as a financial advisor. A prospectus provided an economic and political risk assessment for potential lenders. The process of issuing sovereign bonds was preceded by Ethiopia's unprecedented move for credit rating, using

Standard and Poor, Fitch Ratings and Moody's. Moody's rated Ethiopia B1 while the other two agencies gave a B rating which, also qualifies as stable. The credit rating testified to the country's sound levels of exports, external debt ratio and other major macroeconomic indicators as well as the average 10.9% economic growth registered for more than a decade. Ethiopia's credit rating has been an important element in boosting investor confidence and increasing foreign direct investment while proving its readiness to participate in the global capital market.

Ethiopia has become the latest sub-Saharan state to join the Euro Bond with a 6.625% yield and ten year repayment period. Minister of the Government Communications Affairs, Redwan Hussein, noted in his latest press conference that the hard currency earned through sale of the bonds would be used to finance **major energy and infrastructure projects**. He said "the sovereign bond financing will be exclusively used for projects that can only be accomplished using foreign currency" and added that "the completion of the projects will make the economy more competitive and place it in a stronger position to repay the debt." He said "the sovereign bond will be issued on the basis of the government's ability of repaying it without putting pressure on the economy." He also specified that "the issuance of the sovereign bond will be conducted in a manner that specifically targets certain projects where shortage of foreign currency is a bottleneck".

Ethiopia's debut in the bond market signifies the focus the Government is giving to access to capital markets as opposed to the more traditional bilateral and multilateral finance options. It is timely in light of the fact that the financing of the major projects of the Growth and Transformation Plan appear to have been facing challenges. For instance, the last annual report to Parliament by the Ministry of Transport showed that three railway projects, the Awash-Woldia, the Woldia-Mekelle, and Woldia-Semera-Tajura railway lines had been **delayed by lack of funding**. The next Growth and Transformation Plan (GTP II) will also detail implementation of major infrastructure projects requiring additional finance, underlining the need for diversifying financial sources. UNECA and the African Union 2012 report on the Program for Infrastructure Development indicated that the problem of infrastructure financing is continent-wide. The report says that "Official Development Assistance will continue to play an important role, [together with] major factors such as members of the Infrastructure Consortium for Africa (ICA), which includes G20 countries, the EU-Africa Infrastructure Trust Fund, multilaterals, regional development banks and targeted funds" but it also notes, with regret, that "the resources will not be enough, and they should not be relied on solely for a coherent financing strategy".

This underlines the need for alternative financing for infrastructure, such as sovereign bond sales. Ghana and Kenya had successful debuts in financing their infrastructural projects through Euro Bonds. Through finance raised by its sovereign bond issue, Kenya is expanding its ports while Rwanda has embarked on a hydro power plant and construction of the Kigali Convention Center. Since Ethiopia is the country with the highest spending on infrastructure in sub-Saharan Africa, (US\$1.3 billion per annum) the need to diversify its finance sources is all the more important. A World Bank study entitled "Ethiopia's Infrastructure: A Continental Perspective" explains that "Overseas Development Assistance accounts for 40% of total capital expenditure and is the largest source of external finance for infrastructure investment in Ethiopia." With the gap in supply of funding from OECD and non OECD members to finance major GTP projects, the need to diversify financial sources, reduce heavy reliance on the capital budget and alleviate hard currency shortages, meant looking at private sector financing options such as sovereign bonds.

Sovereign bonds are debt instruments denominated with hard currency and their utility as financing mechanisms for major developmental projects is peaking in sub-Saharan Africa. Kenya, Ghana, Nigeria, Zambia, Seychelles and Ivory Coast are among the 14 African countries that have issued sovereign bonds. Investor interest towards African bonds is increasing due to the cooling of the world's major economies after the 2008 recession. The IMF, in its report on "Issuing Sovereign Bonds : Opportunities and challenges for Sub Saharan Africa," noted that "global financial conditions, low interest rates in advanced economies and low global risk aversion leading to portfolio reallocation in search of risk-adjusted yields and diversification opportunities, are facilitating access of sub-Saharan African countries to international capital markets." Ethiopia's State Minister of Finance and Economic Development, Ahmed Shide, underlined the point when he told local journalists that "bonds were offered at the right time," highlighting the favorable market conditions for Sub Saharan African countries.

Apart from infrastructure finance, diversification of external finance from multilateral sources is also said to have a positive impact in expanding policy autonomy of developing countries. Though they have a higher interest rate than concessional loans, sovereign bonds could be alternative source of finance with no strings attached to them. The fact that sovereign bond's lesser cost of borrowing, as compared to domestic sources,

and the absence of primary and secondary markets in Ethiopia, further justify Ethiopia's move in issuing the Euro Bond. Its utility in restructuring debt and bench marking for the private sector cannot also be underrated.

Ethiopia's sovereign bonds are expected to attract investors. Reasons will include the rapid growth of the economy, expansion of infrastructure and the significant drop in the poverty level down to around 25%. Ethiopia has registered a 10.9% percent growth since 2003, significantly higher than the 6.4% average for sub-Saharan Africa, and inflation has dropped significantly and is now hovering around 8% for 2014. In addition, Ethiopia's growth is also coupled with political stability and it is categorized as a Low Risk External Debt Country with a debt of around 24% of GDP. All this makes a sovereign bond issue attractive to potential investors. Using the conventional way of assessing debt sustainability, debt /GDP ratio, Ethiopia's economy looks ready to participate in the international financial market. The Africa Economic Outlook report 2014 of the African Development Bank emphasizes that Ethiopia remains at low external debt levels. The report says "though the stock of external debt as a ratio of GDP increased from 21.6% in 2011/12 to 24.3% at the close of 2012/13, the country remains at low risk of external debt distress." In comparison, with the average for Sub Saharan Africa being 40%, Ethiopia's 24.3% shows acceptable debt sustainability levels.

In addition, Ethiopia can demonstrate significantly increased ability for debt repayment. The 2012/2013 GTP performance report by the Ministry of Finance and Economic Development details the prudent debt management policy of the Ethiopian government. According to the report "the government has paid off USD 297.2 million over the last three years (between 2010/11 and 2012/13) to service its debts, including servicing of central government, guaranteed and nonguaranteed loans. Accordingly, out of the total debt service estimated to be between 12 to 14 billion USD, 74.9 million, 100 million and 122.3 million were paid off in 2010/11, 2011/12 and 2012/13 respectively." In the same period Ethiopia obtained a US\$36 million debt relief from major multilateral financiers. The IMF, in its 2014 Article IV discussions with the Ethiopian Government, acknowledged the increase in Ethiopia's debt service capacity. It notes "debt service payments have increased in recent years, but favorable terms have kept the debt burden at low."

Overall, in fact, Ethiopia's sovereign bond issue is a timely venture, given the global market, and it is worthwhile in its own right as a diversification of financial resources. Appropriately, it is also a decision backed by conditions of strong economic growth, low debt and high repayment capacity. It was no surprise then that according to a report by Reuters on Thursday this week, the issue of the country's first Eurobond for US\$1 billion with a term of 10 years and yield of 6.625 percent, attracted an initial order book worth more than US\$2.6 billion.

FAO award for Ethiopia "for outstanding progress in fighting hunger"

Last weekend, Ethiopia was one of thirteen countries, five others in Africa, awarded diplomas by the UN's Food and Agricultural Organization (FAO) for "outstanding progress in fighting hunger". It was a welcome contrast with the images of the last century when cyclical food insecurity caused by frequent drought, conflict, poverty, poor agriculture development policies, institutional failures, and declining soil fertility, compounded by the unpredictable ecological changes in the 1970s and 1980s, perpetuated a need for food aid and dependency. That was an image of Ethiopia, part of the negative imagery of Africa: indignity, hunger and famine.

Today, as the FAO underlined, the progress made by Ethiopia and other countries in fighting hunger can be seen in their success in reaching the hunger target of the Millennium Development Goal 1c (MDG 1c), of halving the proportion of undernourished people, well ahead of the end-of-2015 deadline. Ethiopia, along with Brazil, Cameroon, Gabon, the Gambia, Iran, Kiribati, Malaysia, Mauritania, Mauritius, Mexico, the Philippines and Uruguay, won recognition from FAO "for outstanding progress in fighting hunger". The FAO noted that the proportion of hungry people in Ethiopia had fallen from 74.8% in 1990-92, to 35% in 2012-14. At a ceremony at the FAO headquarters in Rome, the FAO's Director-General, José Graziano da Silva, awarded diplomas to government representatives of the 13 countries. Minister of Agriculture, Tefera Derbew, received the diploma on behalf of Ethiopia. The FAO Director-General told recipients that "you have overcome major challenges in difficult global economic conditions and policy environments. You have demonstrated the will and mobilized the means." Mr da Silva said progress in eradicating worldwide hunger over the next ten years was gaining momentum but, he added, much more needed to be done and 805 million people still suffered from chronic undernourishment. There was a very real need, he said, to "improve the quality and efficiency of food systems, promote rural development, increase productivity, raise rural incomes, improve access to food, and strengthen social protection."

According to FAO estimates, 63 developing countries have reached the MDG target, and six more are on track to reach it by 2015. Of the 63 countries which have reached the MDG target, 25 have also achieved the more ambitious World Food Summit (WFS) target of halving the number of undernourished people by 2015. The UN State of Food Insecurity in the World 2014 report, released earlier this year, identified several critical factors driving the success achieved by countries in reducing hunger. Chief among these was transforming political commitment into effective action. It also noted that in several countries, including Ethiopia, the achievement of these internationally established goals is attributable to economic growth and the policies put in place by governments over the last two decades. In addition, in most countries, interventions in agriculture have been complemented by social protection programs aiming to provide immediate relief to vulnerable population groups.

After 1991 in Ethiopia, the current government, re-examined the previous regimes' development policies and charted new, balanced and stable development approaches suited to the country's needs and conditions. In the 1990s it embarked in efforts to launch rapid, broad-based and sustainable development as a key to the country's ills. Since then, the government has invested in the creation of strong **developmental democratic state** under committed leadership. It has articulated a clear vision for development, good governance, human rights and democratization. The process of producing such a state has been based on policies and strategies that place poverty eradication, hunger reduction and resolving the issue of food insecurity at the top of development agenda, placing the survival and the renaissance of the state on a more secure footing.

The strategy of rapid, sustainable and equitable economic growth, is built on the basis of positive gains made through the Plan for Accelerated and Sustained Development to End Poverty (PASDEP), the National Vision and the Growth and Transformation Plan (GTP) (2011-2015), as well as the commitment to the Millennium Development Goal targets. A central element in this agenda was tackling food insecurity through the understanding that rain-fed agriculture was at the heart of both the problem and the solution. "The agriculture sector," said the late Prime Minister Meles Zenawi, "remains our Achilles heel and source of vulnerability. Nonetheless, we remain convinced that agriculture-based development remains the only source of hope for Ethiopia." The country's development policies have capitalized on agriculture as the major growth driver and an engine for poverty reduction. Priority has been placed on scaling up agricultural productivity, improving natural resource conservation and utilization, improving disaster prevention and preparedness capacity and enhancing agricultural marketing as well as encouraging private investment in the agriculture sector.

In close cooperation with both the public and private sectors, the Government has enabled the agriculture sector to build the foundation for the future economic and social transformational agenda of the country through the expansion of **small-scale irrigation schemes**, extending the experiences of model farmers for small-holders generally, and enhancing agricultural input supply and application as well as the expansion of the scope and breadth of agricultural extension services. The Government recently announced a \$2.8 billion investment in new fertilizer factories which will have the capacity to produce 300,000 tonnes annually; four blending plants are also being constructed to produce site-specific fertilizers. Agricultural productivity this last year increased, on average, by 21.7 quintals per hectare; a 7.6% increase over the previous year. Over 26 million people participated in development and natural resource conservation activities. This created suitable conditions for the setting up of **220 new irrigation schemes**; when all the current projects are completed, the total area of land under irrigation is expected to reach more than 785,500 hectares boosting the productivity of small-scale farm-holders. The Government remains firmly committed to providing support to do away with food insecurity and create enabling conditions for the creation of a hunger-free environment, increasing the supply of raw materials for agro-industries, improving the promotion and expansion of exports, expanding animal productivity and the development of hybridization. The agriculture sector has become a central element of the economy with the progress towards food security and halving the prevalence of undernourished people across the country. The Food Security Program has four major components: Productive Safety Net Program (PSNP), the Household Asset Building Programs (HABP), the Complimentary Community Investment (CCI), and improved access to land through resettlement, all of which have helped Ethiopia, as the Prime Minister recently pointed out, to achieve food security at the national level if not yet at the household level.

Equally important in driving the country's move against hunger is the political commitment to public investment in pro-poor areas including infrastructure, health and education, aimed at matching economic growth with social development requirements. The commitment and determination to develop the social dimension of rural development has significantly contributed to the opening of new opportunities, including jobs, empowerment of women, technological adaptation, improved productivity and increased incomes. The UN State of Food Insecurity in the World 2014 (SOFI2014) recognized that the achievement of internationally

set goals was attributable to “interventions in agriculture...complemented by social protection programs aiming at providing immediate relief to vulnerable population groups.” Sustained and massive public investment have placed human survival and progress at the centre of the country’s social development agenda, providing the basis for more progress and greater development. This demonstrates the commitment to public investment to create key enabling conditions for the sustainability of food security and eventual elimination of hunger and malnutrition. Another driver for the reduction of hunger has been commitment to the integration and collaboration of public - private partnerships in agriculture development. Related to this is the Government’s long-term economic development strategy: the Agriculture-Led Industrialization (ADLI) policy will transform the composition of the economy. It will make agriculture the supplier of commodities for exports and improve the value added, the domestic food supply and the industrial output. It is also committed to the expansion of markets for domestic manufacturers to speed up the transition from an agrarian to an industrial economy.

Given Ethiopia’s vulnerability to the effects of climate change, a **climate smart agriculture (CSA) approach** is also being developed with the strategy of a Climate-Resilient Green Economy. This takes a comprehensive approach to climate change adaptation, mitigation and food security. The interplay of sustained political commitments, practical implementation of agricultural development policies, strategies and programs, the massive development of public investment in infrastructure and pro-poor policies, and the integrated partnership between public and private sectors, has helped Ethiopia meet the target of halving hunger ahead of the year 2015. All this has ushered in a decade of double-digit economic growth, widespread social development and a promising political and economic trajectory. The positive changes and prospects have become a hallmark of Ethiopia’s progress towards its Renaissance. The changes being undertaken across the country, to reduce poverty, speed up infrastructure projects and enhance social development, entirely contradict the past negative images of the country. Ethiopia is no longer a famine-stricken country; and this week’s FAO award emphasizes this achievement as well as underlines the importance of continuing the transition from an agrarian to an industrial economy to provide for a hunger-free society.

An Ethio-South African Trade and Investment Conference

An Ethio-South African Trade and Investment Conference was held in Addis Ababa this week with the aim of creating a forum to discuss a wide range of investment opportunities in Ethiopia, to link government officials and stakeholders, to establish partnerships between South African companies and investors and their Ethiopian counterparts and allow South African business people to assess the business and investment opportunities in Ethiopia. The Conference was attended by more than 100 participants including representatives of leading South African companies - Quantum Foods Holdings, Astra Operations Limited, Agri Mega Group, Educor Africa, Aveng Grinaker-LTA, KPMG, Standard Bank, Pioneer Foods, CNBC Africa and African Business Solutions. Generally, South African businesses have shown interest in infrastructure development, agriculture, food manufacturing and processing, poultry, infrastructure consulting and project management services, education, the construction sector and tax and advisory services. A number of Ethiopian companies in related sectors attended the conference to establish business relationships and offer cooperation to South African companies.

State Minister of Foreign Affairs, Dewano Kedir, opening the conference, noted that the relationship between Ethiopia and South Africa was longstanding and deep-rooted in all economic, cultural, political and historic areas. He said the joint forum could now take the relationship further and “deepen Ethio-South Africa’s existing relations and raise them to the higher levels through fostering strategic economic and solid business partnerships.” The State Minister underlined the government’s efforts to enhance investments and widen economic integration and development and he reminded investors about the huge potential local market in Ethiopia. He noted that “Ethiopia is pursuing pragmatic and conducive policies that have set out efforts towards the right path for economic and social development. Ethiopia also offers a strong internal market with the second largest population in sub-Saharan Africa countries.” State Minister Dewano added “in our firm bid to lower costs, to increase our competitiveness, and to move the economy forward, we have also envisaged massive capacity building in human and physical infrastructure.”

The State Minister informed participants that manufacturing was a priority for the Government and said “the Ethiopian Government is massively driving to develop industrial zones as one of the key strategies to facilitate and support foreign and domestic private-sector partners and particularly to enhance exports. This is designed to help companies such as agro-processors, leather product manufacturers, pharmaceutical producers, and textile and garment manufacturers to manufacture value-added goods and to boost the

economy.” The State Minister also expressed the government’s firm commitment to support investors in their plans and their efforts to implement investments in Ethiopia.

The Conference heard a general investment presentation entitled “Investment opportunities in Ethiopia” and presentations and discussions on specific sector investment opportunities. Participants had business-to-business discussions with various Ethiopian companies and stakeholders and visited industrial zones built outside Addis Ababa. The Conference concludes on Saturday (December 6).

Trade volumes between Ethiopia and South Africa remain relatively small, reaching about US\$70 million. Ethiopia’s main export commodities to South Africa are coffee, roses, beans, cereals, strawberries, vegetables, textile products and spices. Major imports include leather and tannery machinery, vehicles, containers of compressed and liquefied gas, concrete and mortar mixers and manufacturing and agricultural goods. Both sides agree that there is room for considerable expansion in both directions.

Canadian mining company operating in Eritrea sued over ‘forced labor’

The Canadian Mining Company, Nevsun Resources Ltd, which operates the Bisha mine in Eritrea, is facing a lawsuit alleging the company was complicit in the use of ‘forced labor’ by Eritrean local contractors owned and run by Eritrea’s military. A lawsuit filed by three Eritrean refugees last month in British Columbia’s Supreme Court in Vancouver, Canada, claims they were forced to work on the construction of the mine against their will and subjected to “long hours, intense heat and threats of torture.” The plaintiffs say they are filing the action on behalf of all Eritrean nationals whose rights were violated by being forced to work in the mine since 2008. The lawsuit alleges that by entering a commercial relationship with the Eritrean government, Nevsun “aided, abetted, contributed to and became an accomplice to the use of forced labor, crimes against humanity and other human rights abuses at the Bisha mine.” The three plaintiffs, all Eritrean nationals who fled the country after being forced to work at the mine, say that to build the mine, Nevsun engaged three government companies called Segen, Mereb and 74, all run by the armed forces, which provided the ‘forced labor’ in the shape of national service conscripts. The plaintiffs maintain that by 2008, the Eritrean regime’s use of forced labor and its massive violations of human rights were credibly established. They point to various UN, NGO and other reports to show this.

The company has denied the allegations and said it “will vigorously defend itself against this claim.” Nevsun’s Chief Executive Officer, Cliff Davis, said Nevsun’s investigations had concluded allegations of forced labor were “unfounded”, and said the Bisha Mine “has adhered at all times to international standards of governance, workplace conditions, and health and safety.” He said Nevsun was “committed to ensuring that the Bisha Mine is managed in a safe and responsible manner that respects the interests of the local communities, workers, national governance, stakeholders, and the natural environment.” After earlier claims of ‘forced labor’ at Bisha, Nevsun hired a public relations company and three years ago started publishing annual self-assessment reports. It highlighted its commitment to “corporate social responsibility” in its 2013 CSR Report. Earlier this year it also hired an international lawyer to conduct an independent investigation into claims of the use of ‘slave labor’. His report, which concluded these were unfounded, was criticized for failing to interview any alleged victims of the labor conditions at the mine and for being based on no more than two brief visits to Eritrea.

Nevsun has a 60 percent shareholding in the Bisha Mining Share Co., while the Eritrean government holds the remaining stake through the state-owned Eritrean National Mining Corporation. The mine produced only gold between 2011 and 2013, but began to produce copper last year. It plans to produce 80,000 metric tons to 90,000 tons of copper this year and aims to start zinc production at the beginning of 2016.

In fact, from the beginning of construction at the Bisha mine, Eritrean human rights groups and international advocacy organizations have expressed concerns over the use of ‘forced labor’ by military construction companies such as Segen and other sub-contracted companies involved. Segen Construction, a military owned construction company, was the major sub-contractor for construction at Bisha and more recently has also been involved in substantial road improvements and maintenance for mine traffic transporting copper for export through the port of Massawa. Segen has been the subject of a number of reports on its use of national service conscripts as ‘forced labor’ and not just at Bisha.

Eritrean human rights organizations have been consistently concerned over the treatment of these workers, with their low pay and poor conditions particularly in the construction industry. Earlier reports noted that Segen, in 1997–8, had built fifty-eight villas in Asmara all subsequently allocated to generals, high-ranking

security and party officials, and selected ambassadors; another fifty additional houses “built by the same firm in the same area using conscripts’ unpaid labor” were given to high-ranking members of the armed forces. Conscripts were also put to work on horticultural farms owned by the state, the ruling party and army officers, as well as farms owned by private investors. Before the state withdrew all licenses for private contractors in the construction industry in 2006, conscripts were also hired out to private firms and property developers. Their wages were, however, paid direct to the Ministry of Defense. Conscripts only received the normal conscript payments of 500 Nakfa a month. At official rates of exchange this would be worth US \$40, though at the unofficial rate of exchange (45 Nakfa=1US dollar) this is only equivalent to \$12 a month. Originally started in 1994, national service was extended indefinitely in 2002 under the Warsai-Yikealo Development Campaign for which all conscripts do their 18 months service and then serve in the reserve army, which involves working indefinitely for state or party companies for the same minimal wage of 500 Nakfa. Under this program, the government keeps over 300,000 people under control as national service conscripts subject to military discipline.

According to former workers at Bisha, for example, the majority of the work force is provided through government sub-contracting companies such as Segen. Some semi-skilled workers get around 1,500 Nakfa a month (US \$40), out of which they have to give a third for food while working a 16-hour day. These better off-employees are housed in a makeshift camp about four kilometers from the mine. They are provided with insufficient safety equipment and lack proper insurance cover. Most of the workers, however, are national service conscripts, who get no more than national service pay. They come either from the two brigades stationed around Bisha for security purposes or from other units. Ex-workers claim they are given work uniforms and driven onto the work site together with the civilian workers to avoid drawing attention to the difference.

In February 2009, in an article in the *Journal of Modern African Studies*, Professor Kibreab, drawing on fieldwork in different parts of Eritrea over a decade or more to investigate the national service program and the Warsai-Yikealo Development Campaign, set up in 2002 to use national service conscripts, concluded that there was no doubt that the open-ended requirement of national service and the work and service demanded, was exacted involuntarily, under the ‘the menace of any penalty’. Professor Kibreab noted the penalties imposed consisted of a substantial fine, a term of imprisonment of up to five years, or both. He added that “The existence of detention facilities and widespread practices of torture were reported by all conscripts interviewed by the author inside and outside the country.” All this, he said fell within the definition of forced or compulsory labor. Conscripts were required to perform “different types of unpaid works and services under the national reconstruction program...[including] building of all sorts of infrastructure, roads, residential homes for army officers, schools, clinics, hospitals, airports, dams, bridges, and performing agricultural labor in farms owned by the state and the PFDJ and army officers.” Professor Korea’s conclusion was that “the exaction of work or service from draftees of military service for public works constitutes compulsory or forced labor.”

It is hardly surprising that a former Eritrean Attorney-General, Adhanom Gebremariam, was constrained to call this process “slave labor”, defying “all standard international laws”. The services exacted from the conscripts, he said, have only been used for the benefit of the government, the ruling party and senior military officers, not for the benefit of the people.

As long ago as 2002, he said “the most productive section of the workforce in the country is tied up in the army and is forcibly engaged in road construction or toiling in farms belonging to army officers and the ruling party while the rest of the population are dependent upon international handouts. When such handouts [do] not arrive in time, the people [are] left with no alternative but to flee to neighboring countries.” Last year, one Eritrean commentator noted: “...investors should know that their money is being used to perpetuate misery [in Eritrea] in two ways – motivating the regime to use all the slave labor it can in the mining companies to maximize its profits... [and] using all the revenues it gets from the mining projects to terrorize its own people and the region”. A Report by Human Rights Watch on the Eritrean mining sector last year said “Nevsun’s experiences show that by developing projects in Eritrea, mining firms are walking into a potential minefield of human rights problems. Most notably they risk getting entangled in the Eritrean government’s uniquely abusive program of indefinite forced labor”.

Nevsun has also been facing concerns that mining profits have been used to violate UN Sanctions on Eritrea. The latest UN Somalia Eritrean Monitoring Group report, published in October, said Nevsun refused to disclose any financial records or statements, claiming confidentiality agreements with the Eritrean government, when asked to verify that “hard currency raised through mining revenues was not appropriated for the purpose of supporting activities that would constitute a violation of resolution 1907 (2009)”, and the UN Security

Council's sanctions regime against Eritrea. The Eritrean Ambassador to the UN, however, told the Monitoring Group that it should address specific questions to Nevsun, "especially on issues related to the issue of how movements were being transmitted to the Government of Eritrea."

Inauguration of the Interim President for Somalia's South West State

The newly elected President of the Interim Administration of the South West regional state of Somalia, Sharif Hassan Sheikh Adan, was inaugurated in Baidoa on Wednesday (December 3), and the new President promised to lead the people of the regional state to stability and development and said he will work for reconciliation between warring communities in the state. The Interim South West Administration (ISWA) covers the Bay, Bakool and Lower Shabelle Regions and is one of the states being formed in line with the ongoing federalization process in accordance with Somalia's Provisional Federal Constitution. Baidoa is the Headquarters of AMISOM's Sector 3 which is manned by the Ethiopian Contingent to AMISOM.

The ceremony was attended by the President of Somalia, Hassan Sheikh Mohamud, the Special Representative of the UN Secretary-General for Somalia, Nicholas Kay, the Special Representative of the Chairperson of the African Union Commission (SRCC) for Somalia, Ambassador Maman Sidikou, the Special Envoys of the European Union and Intergovernmental Authority on Development, and the Ambassadors of Ethiopia, Germany, Sweden and Turkey, as well as Abdi Qaybdiid of Galmudug State, Abdulkadir Mahamud Yusuf of the Interim Juba Administration and a delegation from Puntland.

Ambassador Sidikou said the realization of the new State as well as its Interim Administration was an achievement not only for the people of the three regions but also a milestone for the Federal Government in its efforts to realize the goals of Vision 2016. He encouraged Sharif Hassan to continue with the reconciliation process in order to build a solid foundation for sustainable peace and the development of the State. He urged the President of the ISWA not to betray the trust that the people of the State have placed in him. He noted that "The African Union, and indeed all the people of Africa who have committed their sons and daughters to helping their Somali brothers and sisters enjoy peace and their right to life, will continue to support restoring the country back to its place of pride and glory."

The Special Representative of the UN Secretary-General for Somalia, Nicholas Kay, said the day was "a significant step forward in building a strong, united and federal Somalia as envisaged in Vision 2016. I welcome the importance placed on the need for inclusivity and reconciliation with all local constituents of the ISWA, and I urge all stakeholders to continue these efforts." He said the establishment of the ISWA paved the way to focus efforts on building a functioning administration that is able to deliver much needed services to local communities; and he looked forward to "the establishment of inclusive institutions with participation and representation by women, youth and minority groups." He said the ISWA and other interim regional administrations had a key role to play in the review and implementation of the Provisional Constitution, including preparation for elections and the establishment of a federal system, as well as the implementation of the New Deal Compact for Somalia. Ambassador Kay reiterated "the firm commitment of the United Nations to support these processes and to help build peace, stability and prosperity in Somalia and the region."

Somalia President Hassan Sheikh Mohamud said it was an honor and a privilege to celebrate this historic day, adding "I congratulate President Sharif Hassan, and recognize the peaceful creation of the South Western Interim Administration." The President said that two years earlier his newly formed government had articulated a vision: "a vision of a peaceful Somalia, a vision of a federalized nation, a vision of a nation whose ideals and rights were enshrined in a Constitution, a vision of a people who would go to the polls, as a democratic nation in 2016. This was Vision 2016." He said that the South West Interim Administration "today is a reality of this vision." Many, he said, believed Vision 2016 was too ambitious and audacious, but over the last two years "we have proved our doubters, our detractors, our nay-sayers wrong. In two years, we laid the foundation of a functioning state, by delivering the basic building blocks of state reform." The government had "developed the path for political reform and crafted the framework for building a Somali nation. We have guided the formation of Interim Juba Administration and the South West Interim Administration. Additionally, the South Central process is now gaining strength and Puntland remains strong." So: "we are well on our way to making vision 2016 a reality."

The President, however, added that more needed to be done. He said operations, discussions, and decision-making processes must be clear and transparent. Institutions must be allowed to fulfil their mandates as they mature, and "we must invest in the rule of law to ensure safety and equality for all and create a culture sustained by tolerance and respect for all." Referring to the problem of Al-Shabaab, he went on to say that "we

have won the war, and now we must win the peace. We have much to do.” He said: “we must ensure that the legislation to establish the Boundaries and Federation Commission and the National Independent Election Commission is passed through Parliament. We must urgently address regional force integration to further strengthen the Somali National Army and deliver on the benefits of federalism.” He said the support of international partners was crucial “and we thank them, but ultimately, national unity must grow out of Somali leadership and commitment, it cannot be delivered through external intervention.” The President concluded: “We have set the foundations for a sovereign, secure, democratic, united and federal Somalia, at peace with itself and the world and for the benefit of its people. On these foundations we must now raise the pillars of stability, security, equality and prosperity.”

The First IGAD International Scientific Conference on Health

The first IGAD International Scientific Conference on Health was held this week (December 3-6) in Addis Ababa under the theme of: “Innovative approaches for equitable access to health services among pastoralist communities and cross-border mobile populations.” The Conference aimed to showcase research findings and best practices referring to sexual and reproductive health, HIV/AIDS and harmful traditional practices of present and future importance among cross-border and mobile populations, pastoralists, refugees and Internally Displaced People in IGAD member states. It also aimed to let participants exchange views on the experiences of IGAD Member States in health and social development sectors, discuss innovative approaches for equitable access to reproductive health, and HIV/AIDS services among these populations, as well as assess health policies and practices with a view to identifying the pathway for the wellbeing of the vulnerable.

Dr Kesete-Berhan Admasu, Ethiopia’s Minister of Health and current Chair of the IGAD Ministerial Committee on Health, and Engineer Mahboub Maalim, the Executive Secretary of IGAD, officially opened the Conference on Wednesday (December 3), with the recognition of the central importance of the health sector and social development activities for advancement of peace and security, stability and sustainable development goals in the region. The Ministers for Health from Djibouti, Sudan and Uganda detailed their achievements and the challenges facing pastoralists and cross-border mobile populations in their respective countries. Representatives of the IGAD Partners’ Forum (IPF), the Government of Canada, the United Nations Economic Commission for Africa (UNECA) and the African Federation of Public Health Associations (AFPHA) pledged their support for IGAD’s transformative approach in the health sector and noted the positive strides made by IGAD and Member Countries and the challenges facing vulnerable communities.

Dr Kesete-Berhan noted that IGAD has played a complementary role in making social development a core development for the region and for Member States. He said IGAD had spearheaded, coordinated and harmonized the promotion of improved health services and other capacity building assistance to mobile populations and pastoralists since its inception, noting that IGAD, together with development partners in the area of health, deserves appreciation. The Minister stated that the Conference would lay the foundation for reflecting on past achievements and challenges and consolidating closer partnerships on health, as well as charting ways to improve the lives of pastoralist communities and cross-border populations. The Minister urged IGAD and Member States to focus on serving the under-served communities as well as addressing health inequality. He also appealed to participants to scale up efforts to draw up best practices in the region: “We have plenty of best practices and experiences in our region that we ought to share and exchange among ourselves.” He called on IGAD to focus on diseases that are targeted for elimination, stressing the need to save more lives. He added that sustainability in regional and national health development could not be achieved without ownership of health policies and programs. He underlined the significance of sustaining IGAD’s cross-border HIV response harmonization project and the need to embrace a broader health response for under-served communities. He stressed the importance of finding innovative ways to respond to emerging health challenges, such as the Ebola outbreak. He also called for the development of ‘scorecards’ to assess collective commitment and the practical translation towards the transformation of the lives of the vulnerable groups.

Ethiopia is committed to the economic cooperation and regional integration agenda of IGAD in its efforts to deal collectively with global challenges and offset emerging security threats in the region. The focus of IGAD since its inception has been on development, and Ethiopia is dedicated to development that is all-encompassing and owned by all segments of society. The health of the target populations of this conference is one element of this. Within the framework of IGAD’s development cooperation, Ethiopia has played a positive and constructive role in collaboration with other Member States and international development partners in carrying forward the programs and projects of IGAD to address the needs of cross-border and mobile populations, refugees and IDPs. In addition to supporting IGAD’s health programs for pastoralists, Ethiopia has made substantial progress in providing basic services to pastoralists and has also focused on programs to

provide sustainable livelihoods for pastoralists through community-driven development and other risk management mechanisms. These social investments for the target populations are enabling them to transform their lives and enter the region's growth trajectory.

Engineer Mahboub Maalim noted that health was part and parcel of IGAD's regional development agenda and said it was a dynamo for the promotion of peace and stability in the region. IGAD in association with Member States and partners had, he said, been delivering much needed services to hard-to-reach and marginalized people. He said the Conference would help countries share experiences in the health sector, produce new insights for decisions and policies and map out priorities and actions for timely and sustainable delivery of health services. It was, he said, an opportunity to consolidate existing partnerships and forge new ones.

Special ministerial sessions addressed challenges related to the current and emerging public health emergencies of regional and international concerns and identified regional coordination mechanisms and strategic direction to address these. Presenters spoke on the issues of disease early warning, surveillance and response; Ebola and other public health threats, collective response to vaccine preventable diseases, the case of polio; and the establishment of regional centres of excellence for cancer. Following presentations, participants held in-depth discussions. The sessions stressed the urgency to carry forward the creation of a political and economic society in support of the building of sustainable health systems and consolidation of human development. Presenters also made recommendations on how to address the context of weak health systems, with particular reference to pastoralist and mobile populations. Experts drawn from the region shared experiences over the building up of the capacity of community-based groups to address HIV prevention along transport corridors in Kenya, Rwanda and Uganda, the innovative approach for access to HIV prevention services by the mobile population at Malaba hotspot, and the contribution of the IGAD Regional HIV Aids Partnership Program in Uganda.

The conference, organized by IGAD in association with Ethiopia's Ministry of Health and international partners, was attended by 300 health policy and decision makers and practitioners.

The Global Climate Change talks in Lima, Peru

A high-level Conference on Global Climate Change (COP 20) opened in Lima on Monday (December 1) in a bid to reach agreement to stabilize greenhouse gas emissions and curb rising global temperatures. The meeting aims to forge the rough draft of a binding treaty that could be finalized next year in Paris as well as look at the progress made at earlier meetings. The Executive Secretary of the UN Climate Convention, Christiana Figueres, said last week: "never before have the risks of climate change been so obvious and the impacts so visible. Never before have we seen such a desire at all levels of society to take climate action. Never before has society had all the smart policy and technology resources to curb greenhouse gas emissions and build resilience. All of this means we can be confident we will have a productive meeting in Lima, which will lead to an effective outcome in Paris next year."

In Lima, governments meeting under the "Ad Hoc Work Group on the Durban Platform for Enhanced Action" will define the scope and the type of contributions they will provide to the Paris agreement, along with clarity on how finance, technology and capacity building can be handled. Countries will also put forward their plans to contribute to the 2015 agreement in the form of Intended Nationally Determined Contributions (INDCs) by the first quarter of 2015, well in advance of the Paris conference in December of next year. In this respect, the Lima conference is expected to provide final clarity on what the INDCs should contain, including suggestions for developing countries which are likely to have a range of options from sector-wide emission curbs to energy intensity goals. As part of the "Lima Action Agenda", countries will also be deciding how to maintain and accelerate cooperation on climate change by all actors, including decisions arising from the Climate Summit last September where many climate action pledges were made. Ms Figueres emphasized that: "We have seen an amazing groundswell of momentum building this year. One of the main deliverables of the Lima conference will be ways to build on this momentum and further mobilize action across all levels of society. Society-wide actions, in concert with government contributions to the Paris agreement, are crucial to meet the agreed goal of limiting global temperature rise to less than two degrees Celsius, and to safeguard this and future generations."

One area where progress is expected in Lima is accelerating ratification of the Doha Amendment to the Kyoto Protocol under which countries that are party to the Kyoto Protocol have an opportunity to contribute to ambitious emission reductions before 2020. The Doha amendment to the Kyoto Protocol needs to be ratified before it can enter into force, and the ratification process needs to be accelerated. Clear accounting rules are expected to be adopted in Lima so that the amendment enters into force by the Paris meeting. Another issue

is transparency on the action taken by developed countries as the first round of the newly established “multilateral assessment” of developed country action to curb emissions will take place in Lima. Seventeen countries are being assessed. On the issue of Building Resilience to Climate Change, the Conference is expected to agree on how the National Adaptation Plans of developing countries will be funded and turned into reality on the ground. Regarding the financing for climate change, the Lima conference will also work to scale up and coordinate the delivery of climate finance. One focus will be on identifying ways to accelerate finance for adaptation to climate change. The initial capitalization of the Green Climate Fund is expected to reach US\$ 10 billion by the close of the Conference. Deforestation will also be on the agenda and countries are expected to detail their efforts to provide support to avoid deforestation. Several developing countries are expected to submit information to make it possible for them to obtain funding for forest protection. Providing relevant technology for developing countries and fostering carbon markets are other issues with which the conference will be dealing.

In addition to the progress being towards an agreement in Paris, the political will of countries to provide climate finance is increasingly becoming apparent. At the recent pledging conference held in Berlin, countries made pledges towards the initial capitalization of the Green Climate Fund totaling nearly US\$ 9.3 billion. Subsequent pledges took this figure to US\$ 9.6 billion, so that the US\$10 billion milestone is within reach. Ms Figueres said “this shows that countries are determined to build trust and to provide the finance that developing countries need to move forward towards de-carbonizing their economies and building resilience.” The African Development Bank (AfDB) also launched a 33 million euro (US\$41 million) Africa Climate Change Fund at Marrakesh in Morocco, in October. Experts described the initiative as a milestone in the ongoing climate negotiations which will bring some relief to communities affected by climate change and will be particularly relevant to helping Africa boost its agriculture production. The Bank is participating at the talks in Lima, with a focus on its efforts to address climate-resilient and low-carbon development in Africa. The Bank’s involvement is primarily to support efforts to strengthen the continent's voice in the negotiations ahead of any global agreement in Paris next year, to promote climate-smart development in Africa, and to facilitate access to climate finance for African countries. The AfDB said it will continue to play a facilitation role among global players and partners, from decision-makers, to investors and private companies. It said it would provide technical and financial support to the African Group of Negotiators, the body that speaks on behalf of the continent in the negotiations, and also support the efforts to ensure that African concerns are addressed and represented as the Green Climate Fund becomes operational.

A special Africa Day, scheduled to take place on December 10, has been given the title “Africa in a post-2015 new climate change agreement.” It will address the key topic of increasing climate finance access for African countries from regional and international global funds, including the private sector. The event will provide a platform to critically examine and highlight what a post-2015 climate change agreement could mean to Africa as a continent. Issues related to ongoing and planned initiatives to support inclusive and green development strategies in Africa as well as their modalities for implementation, including challenges and opportunities will be discussed.

Ethiopia, for example, aspires to achieve middle-income status by 2025 without increasing its net greenhouse gas emissions and while protecting itself and the globe against the negative impacts of climate change. Since its launch in Durban in 2011, Ethiopia has moved quickly to operationalize and implement the Climate Resilient Green Economy (CRGE) strategy. Key achievements include mainstreaming critical CRGE sectors, such as climate change and green growth, into existing development initiatives and investment. Ethiopia is allocating large amounts of domestic finance to implement CRGE initiatives in clean energy, forest conservation and management, rehabilitation of degraded land, climate-smart agriculture, urban development and transport. Currently, it is integrating the CRGE strategy into the second phase of its development plan, the Growth and Transformation Plan II (2015-2020). It has established a national, green climate fund, the CRGE Facility, and the UK’s Department of International Development (DFID) has contributed US\$26million to the Facility and Austria US\$800,000. Further funding commitments have been made by Norway (US\$10million) and Denmark (US\$4.6million). More contributions are expected in the coming months. This Facility will support projects in agriculture, water and energy, environment and forests, urban housing, development and construction, transport and industry. Disbursal has begun and the first US\$ 2million has been provided for project implementation. A further US\$ 19million will be fully disbursed by June 2015. Climate Resilience strategies are also under preparation in agriculture and health and in water, irrigation and energy sectors. These will identify the risks and costs of climate change and prioritize investments at the sector level to reduce climate vulnerability. The Government has established an advisory board for the CRGE Facility which includes representatives from civil society, academia and development

partners. Coordination is led by a management committee of the Facility together with sector and regional CRGE focal points established in all key sectors responsible for CRGE planning and implementation.

Ethiopia has continued to show leadership in other areas of climate change. It was one of the seven countries to commission September's landmark global report on climate change. The **New Climate Economy Report** found that it was possible to combine economic growth with reduction of emissions and improved climate resilience. The report provided detailed evidence for its conclusions and offered a ten-point action plan. It concluded that countries at all levels of income have the opportunity to build lasting economic growth at the same time as reducing the immense risks of climate change. This is made possible by the structural and technological changes now unfolding in the global economy and by the growing opportunities for greater economic efficiency. The Report says the capital for the necessary investments is available, adding that the potential for innovation is vast. What is needed, it emphasizes, is strong political leadership and credible, consistent policies. The Ethiopian delegation to the conference is led by Minister of Environment Protection and Forestry, Belete Tafese, who will be addressing the conference on Sunday (December 7).

The Africa Forum on Security Sector Reform

The African Union hosted the Africa Forum on Security Sector Reform (SSR), last week (November 24–26) at AU Headquarters in Addis Ababa. This brought together representatives of AU Member States, Regional Economic Communities and Regional Mechanisms, members of the Pan African Parliament and senior government officials and experts engaged in security sector reform from across Africa as well as partners, and offered a platform for stakeholders and experts to consider the challenges facing sustainable SSR programs in Africa. It was organized in collaboration with the Slovak Republic, the United Nations, the European Union, the African Security Sector Network, and the Geneva Centre for the Democratic Control of Armed Forces and its International Security Sector Advisory Team. The aim was to build on the adoption of the AU Policy Framework on SSR in 2013, which urges Member States to take advantage of the Policy, and encourages the AU Commission to provide assistance to Member States. The Forum also highlighted the role of the UN and the AU in supporting SSR in conjunction with sub-regional, regional, and multilateral organizations.

Following discussion of thematic issues, a number of key issues emerged. These included agreement that national ownership cannot be imposed from outside but must be home grown, stress the need to better integrate informal, traditional and customary security and justice institutions into the reform processes, and the need for effective political leadership at all stages of SSR, including resource mobilization, implementation, and coordination of national processes.

Limited capacity was identified as a major challenge to building effective and accountable security and justice institutions in conflict and post-conflict contexts. Participants emphasized the need for effective integration of SSR into broader development and good governance processes and stressed the need for incorporating gender. Coordination was identified as a key challenge for implementing SSR effectively and countries emerging from conflict often lacked the capacity to coordinate international assistance. Participants identified good practices, including situation and needs assessments by partners to support countries formulating their own SSR needs. They agreed that African Union SSR capacities should be strengthened to better support requests from Member States. They underlined the AU potential for providing technical SSR support. It was also pointed out that while the AU has developed numerous policy frameworks, a significant number of these were not effectively implemented. Implementation of the AU Policy Framework on SSR should therefore be seen as the way forward.

Participants agreed on the importance of placing equal emphasis on the effectiveness of core security providers and on capable oversight and management. SSR involves laying down foundations of good governance upon which government institutions must stand. Good security sector oversight and management, including public financial management, should be key priority areas for international support. It is important to equally prioritize capacity building and effective, efficient and accountable use of existing resources. SSR could be a significant expenditure burden which might crowd out other development priorities. So participants agreed reforms needed to be supported by robust accountable and sustainable public financial management frameworks.

The Forum agreed that SSR is an important peace-building tool and can enhance security for both the state and its people, bring peace and foster development and economic prosperity. Important elements for success must include inclusive structures for piloting reforms with the participation of civil society organizations and women. SSR is also of critical value for stabilization, and its ability to address underlying causes of conflict

would come from commitment to dialogue. Power sharing solutions on national security issues through inclusive dialogue do not necessitate the continuation of violent conflict. SSR can therefore be a political tool to address security challenges, particularly in stabilization contexts. Equally, the AU should not lose sight of the need to develop capacity to stop violence and atrocities in conflict areas before any SSR plans can be put in place. Regional and sub-regional organizations had a critical role to play in SSR not least because so many peace and security challenges had a cross-border factor. At the same time, the Forum noted that while AU Member States had the responsibility to provide security for their citizens, the UN had the central role in global peace and security issues.

There was also frank and open discussion on the added value of establishing an African Group of Friends of SSR. Participants felt this needed further information on how it might work and how it would complement existing structures. It was suggested the AU Commission should do more ground work to develop the concept, rationale and possible value of this, and that the AU Peace and Security Department should take the lead in this.