

A Week in the Horn

9.8.2013

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News in Brief:

African Union

Ambassador Tekeda Alemu, Ethiopia's Permanent Representative to the United Nations addressed the UN debate on "Cooperation between the United Nations and regional and sub-regional organizations in maintaining international peace and security" in Ethiopia's capacity as the Current Chairperson of the African Union, calling for increased principled, consistent and predictable cooperation between the UN and regional and sub-regional organizations. **(See article)**

The African Union Commission and the Council of African Political Parties (CAPP) signed a Memorandum of Understanding to work together to promote good governance and democracy in Africa. The MoU was signed by Ato Redwan Hussien, Ethiopia's Minister for Government Communications' Affairs, Vice-President of CAPP, and Dr. Aisha Abdullahi, AU Commissioner for Political Affairs. CAPP, headquartered in Khartoum, was founded in April this year by 45 major African political parties from 34 African countries

Ethiopia

The 12th United States- Africa Growth and Opportunity Act (AGOA) Forum held between the United States and African states eligible under AGOA opens Friday (August 9) in Addis Ababa, lasting until August 13. The Ministerial part of the Forum will be held August 12-13. **(See article)**

At the weekend a Special Envoy of the Amir of Kuwait delivered invitations for the third Arab-Africa Summit to Prime Minister Hailemariam with whom he held discussions **(See article)**, and to the African Union.

Traders transacted some 20 billion birr worth of commodities on the Ethiopian Commodity Exchange trade floor during the 2012/13 budget year; and the volume of traded commodities, which include coffee, sesame and haricot white beans, reached 552 thousand metric tons.

The Ethiopian Electric Power Corporation Board approved the start of construction for the first phase of the Aysha I wind farm project in the Somali Regional State. Phase one is expected to produce 120MW; stage two will be similar, and the final stage will raise the total energy generated to 300MW.

The 2013 MDG's report indicated that Ethiopia is on track to meet four of the eight goals of the Millennium Development Goals, and it had made tremendous strides in eradicating extreme poverty, achieving universal primary education, promoting gender equality and empowering women and improving maternal health.

State Minister of Foreign Affairs, Ambassador Berhane Gebre-Christos hosted a lunch on Tuesday (August 6) to bid farewell to a number of Ambassadors accredited to Ethiopia, including the Ambassadors of Austria, Finland, Japan, Netherlands, Somalia, Sweden, Turkey, and the United States as well as the US Ambassador to the AU.

Ato Neway Gebreab, Economic Advisor to the Prime Minister, held talks with President Ellen Johnson-Sirleaf of Liberia in Monrovia on Wednesday on the African Peer Review Mechanism (APRM). The APRM Chairmanship, previously held by Ethiopia, was handed over to Liberia at the last APRM forum meeting in May.

Ethiopian Airlines has said it is going to commence four weekly flights to Nigerian cities including Enugu, from August 24. Enugu will also be Ethiopian's 46th African and the 76th international destination.

Muslims across the country peacefully celebrated the 1,434th Eid al Fitr, the end of the month-long Ramadan fast on Thursday, August 8. In a celebration at Addis Ababa Stadium, the President of the Ethiopian Islamic Affairs Supreme Council, Sheik Kiyar Mohamed Aman, spoke of Ethiopia's long history of religious tolerance and the need to condemn religious extremism and be ready for development.

Djibouti

Djibouti security forces arrested about 50 supporters of political dissident, Guirreh Meidal, as they left a mosque in the Balbala suburb of the capital on Friday last week, though almost all were released the next day.

Following unexpected torrential rains at Tadjourah last week which left homes and property destroyed and the town without electricity, Prime Minister Abdoukader Mohamed Kamil led a

delegation including the Ministers of the Interior, the Budget, Women's Empowerment and National Education as well as the Secretary of State for National Solidarity to Tadjourah to see the damage.

On Thursday last week, the Ministry of Finance hosted a meeting of government officials and members of the Chamber of Commerce of Djibouti on the establishment of "Le Guichet Unique". This aims to bring into one area all government offices located in different areas, simplify procedures and improve the business environment and administrative environment.

Eritrea

Eritrea has apparently finally decided to recognize the Federal Government of Somalia. According to Ambassador Araya Desta, Eritrea's Permanent Representative to the United Nations, "now supports earnestly the efforts of the Government of Somalia in stabilizing the country."

Kenya

A major fire at the Jomo Kenyatta Airport in Nairobi, a regional hub for East Africa, occurred on Wednesday (August 7) in the arrivals and immigration area, closing the airport and diverting flights. The airport was able to resume full operations at midnight on Thursday.

Hundreds of Kenyans gathered in Nairobi to mark the 15th anniversary of the 1998 U.S. Embassy bombing by Al-Qaeda on Wednesday, August 7. The attack claimed 223 lives and injured thousands, mostly Kenyans.

The Kenyan government has deployed more than 150 GSU personnel to help quell tension along the Kenya-Ethiopia border following the killing of four Kenya Police Reservists, apparently shot by raiders from Ethiopia. Ethiopian authorities promised to arrest those involved.

Somalia

A Summit of AMISOM Troop Contributing Countries, Ethiopia and Somalia was held in Kampala on Sunday (August 4), chaired by President Museveni, and attended by Prime Minister Hailemariam, President Kenyatta (Kenya) and President Mohamud (Somalia). **(See article)**

The African Union Mission in Somalia celebrated Eid Mubarak with Muslims in Somalia on Thursday (August 8). The celebration came two days after Somalis marked the second anniversary of the expulsion of Al-Shabaab from Mogadishu.

Mogadishu was hit by a series of bomb explosions on Sunday night, targeting camps for the internally displaced as well as the street lights on one of the main streets. The attacks came a few days before the 2nd anniversary of Al-Shabaab being driven out of the city.

Barclays Bank UK is coming under growing pressure to reverse its decision to close the accounts of 250 UK money-transfer companies. A number of countries have been making diplomatic representations. British-Somali Olympic and world champion runner Mohamed Farah signed a petition this week asking UK Prime Minister Cameron to intervene. **(See article)**

South Sudan

On Wednesday (August 7) South Sudan's parliament on Wednesday approved the list of new cabinet ministers and deputy ministers presented to them by President Salva Kiir with two exceptions on which the special select committee was still conducting background checks.

South Sudan's President, Salva Kiir, on Sunday (August 4) appointed five more ministers and another five deputy ministers to add to the appointments he made last week, taking account of complaints by women's groups that they were under-represented, despite the government's commitment to 25% affirmative action for women.

Sudan

The African Union Border Program Technical Team committee has started its work on the ground to determine the centerline for the Safe Demilitarized Border Zone between Sudan and South Sudan, part of the job to establish a demilitarized zone between the two countries.

Sudan's foreign ministry has summoned the Saudi Arabian Charge d'Affaires for a formal explanation why the authorities at Riyadh refused over-flight permission last weekend to a plane carrying President Omer Hassan al-Bashir en route to the inauguration ceremony of the President-elect of Iran, Hassan Rouhani.

The Secretary General of the Organization of Islamic Cooperation has urged member states and humanitarian groups to provide urgent assistance to Sudan following flooding earlier this month. At least 38 people have died and over 7,000 houses have been destroyed, mostly in areas of the capital, Khartoum.

Kampala Summit of AMISOM Troop Contributing Countries, Ethiopia and Somalia

A meeting of the Heads of State and Government of the Troop Contributing Countries (TCCs) to the African Union Mission in Somalia (AMISOM), Ethiopia and Somalia took place in Kampala, Uganda on Sunday, 4th August 2013 under the theme "Towards a harmonized Approach by the Stakeholders in Building a Peaceful Somalia". The Summit, chaired by His Excellency, Yoweri Kaguta Museveni, President of the Republic of Uganda, was aimed to harmonize the approach by the stakeholders in building a peaceful Somalia. Also attending were Prime Minister Hailemariam Desalegn of Ethiopia, Chair of the African Union, President Uhuru Kenyatta of Kenya, and President Hassan Sheikh Mohamud of Somalia, as well as Hassan Darar Houfaneh, Minister of Defence of Djibouti, Gabriel Nizigama, Minister of Public Security of Burundi, and, Andrew Gbebay Bangali Permanent Representative of Sierra Leone to the African Union. Ambassador Mahamat Saleh Annadif, Special Representative of the Chairperson of the AU Commission and Head of Mission, AMISOM, represented the Africa Union (AU).

Following a report on the prevailing situation in Somalia by Ambassador Annadif there were statements from all the representatives among whom President Kenyatta stressed there was no

room for hesitation over the objective of curbing Al-Shabaab's acts of terrorism: "Our first, second and third priorities must remain to root out Al-Shabaab", he said, "and fully stabilize the Somali state. There can be no wavering or distraction from that clearly and openly stated objective." He told the Somali Federal Government that it needed to match the Troop Contributing Countries' sacrifices by deploying all its energies for the success of AMISOM. "This is an imperative from which we cannot walk away. Failure is not an option," he said, adding "We have all made enormous sacrifices towards this course. We are determined that those sacrifices will not be in vain."

In a communiqué issued at the end of the meeting, the Summit reaffirmed its commitment, under the African Union and the Intergovernmental Authority on Development (IGAD), to the unity, territorial integrity and sovereignty of Somalia and to Somalia's stabilization efforts. It commended the achievements of AMISOM, Ethiopia and the Somalia National Security Forces in restoring security and in degrading the capacity of Al-Shabaab. It encouraged other African countries to contribute to the stabilization effort in Somalia. It stressed that the fight against Al-Shabaab should continue to be the major focus of the Federal Government as well as regional and international partners, noting that there was a deteriorating security situation in some areas. It condemned recent Al-Shabaab terrorist activities resulting in the loss of innocent civilian lives and destruction of property. It underlined that the fight against Al-Shabaab was the major focus of the Government, Troop Contributing Countries and regional and international partners. In this regard, the leaders urged international stakeholders, partners and all friends of Somalia to lend their support to the Federal Government to realize its objectives.

The meeting noted the AU Peace and Security Council's view that AMISOM forces had reached their operational limit and were unable to conduct expanded operations. AMISOM is presently comprised of 6,000 Ugandan troops, 5,000 from Burundi, 4,000 Kenyans and 1,000 troops from Djibouti. There are also 850 troops from Sierra Leone, with police units from Nigeria and Uganda. It therefore supported the call to the UN Security Council to provide the necessary support to AMISOM and the Somalia National Security Forces to enable them reorganize, restructure and increase their forces. It expressed concern over the intermittent funding pattern of AMISOM and the Somalia National Security Forces. It said that the AU Strategic Concept for future AMISOM operations in Somalia adopted by the AU Peace and Security Council and the UN Security Council in January 2012 was no longer in tandem with the current situation. It therefore requested the AU, in consultation with the Troop Contribution Countries, AMISOM, Ethiopia and Somalia as well as IGAD and the UN, in the context of the planned AU-UN Joint Review, to revise the Strategic Concept. It requested an in-depth review of recent UN Security Council resolutions, in regard to the contemplated partial re-hatting of AMISOM, its mandate and its operational effectiveness. The meeting felt re-hatting AMISOM would be premature and might cause problems of command and control and in distribution of resources and therefore have negative consequences. It directed Chiefs of Defence Forces to meet on a quarterly basis to review the security situation in Somalia, and requested IGAD to meet on quarterly basis to track progress in developments in Somalia with particular reference to rebuilding the Security Forces and political outreach and reconciliation.

The leaders agreed to support the Federal Government to establish its authority in the Jubba Regions, and that control of Kismayo seaport and airport should be handed over to the Federal Government. This will, of course, require a much closer engagement of the Federal Government with other stakeholders on the ground to work out the details. AMISOM and the Chiefs of Defence Forces of Ethiopia and Somalia should work out modalities and operationalization for an AMISOM

multinational force to be deployed in Kismayo. They also agreed the ban on export of charcoal should be continued. They welcomed Ethiopia's effort of giving priority to solve the differences between the Federal Government of Somalia and the Jubba regions and called for the Addis Ababa discussions between them to be fast tracked and made inclusive.

It welcomed the Government's efforts to establish governance structures in the recovered areas, and encouraged it to speed this up. It said the Government should take the lead in the process of producing local regional leaders who could then be recognized and appointed by the Government. It underlined the need to ensure balanced participation. It welcomed the Government's commitment to hold elections by 2016 and called on the AU, IGAD, the UN, the European Union and all Somalia's partners to support this. It expressed its appreciation to all these bodies for their continued support to the stabilization of Somalia. It encouraged the convening of the reconciliation conference agreed upon by IGAD at its May meeting in Addis Ababa and requested IGAD to continue to play its supportive role, in line with the five principles as the basis of stabilization efforts in Somalia. It said the Government should prioritize the reintegration of various militias with a view to establish a cohesive Somalia National Security Force.

The Summit communiqué emphasized the imperative of continued African leadership and the need for AMISOM to sustain and strengthen its efforts to stabilize Somalia. It underlined the determination of the leaders to maintain their commitments and convene periodically to review the situation. It requested the AU Commission expand its efforts to mobilize support for an enhanced AMISOM, and called for IGAD to meet on a quarterly basis to track progress in development over rebuilding the security forces, political outreach and reconciliation. The leaders also insisted that all unfair accusations, deliberate distortion of facts or bad mouthing of AMISOM Troop Contributing Countries must stop forthwith.

Prime Minister Hailemariam meets a Special Envoy from Kuwait

Prime Minister Hailemariam received the Special Envoy of the Amir of Kuwait, Mohammed Abdullah Abu Al Hassan, last Friday (August 2). The Special Envoy delivered a message from the Amir of the State of Kuwait, Sheikh Sabah Al-Ahmad Al-Jabir Al-Sabah, and briefed the Prime Minister on the preparations for the Third Africa-Arab Summit which is being held in Kuwait City November 19-20. He emphasized Kuwait sought the support of the Prime Minister as Chair of the African Union and Leader of a friendly country, for a successful conclusion to the Summit.

Prime Minister Hailemariam told the Envoy that preparations, on both sides, appeared to be progressing well. He said he would do whatever necessary in his capacity as Chairperson of the African Union, to realize the objectives of the Summit. He took the opportunity to thank the Amir for his last visit to Ethiopia and the African Union Commission. The Prime Minister, underlining that the strong foundation of the relationship between Ethiopia and Kuwait had been laid by the late Prime Minister Meles, and he noted that his own first visit to the Middle East had been to the State of Kuwait. Political goodwill on both sides helped to expand relations. Ethiopia, he said, valued its cooperation with the State of Kuwait and wished to implement the different agreements signed by the two countries expeditiously. He told the Envoy that the investment potential in Ethiopia for Kuwaiti business people was enormous, and cooperation with Kuwait especially in the agricultural

sector and in food security was important to support development efforts in Ethiopia. The Prime Minister emphasized that the political and macroeconomic stability of Ethiopia combined with its investment potential, ranging from agriculture to manufacturing, would help businesses in both countries mutually benefit from the untapped opportunities. Energy prices and labor costs in Ethiopia, he underlined, were still very low and the manufacturing sector remained highly profitable.

With respect to Africa- Arab cooperation, the Prime Minister told the Envoy that both sides had failed to use their potential to exploit joint developments. It was now time to change this, to use financial resources from the Arab world to build infrastructure and develop agriculture in Africa to the benefit of both the Arab World and Africa. He pointed out that companies and contractors of Arab countries could sue the funds of their sovereign banks to create jobs and generate profits by working in Africa. Some 70% of the population in Africa is under 30, and the continent is exerting major efforts to transform the economies of member states, and to concentrate on manufacturing and high-tech development. The situation would certainly benefit Arab investors who are geographically and culturally closer to African countries than all other areas, he emphasized.

The Special Envoy said that for the Amir of Kuwait Ethiopia was a country that showed its friendship to the Kuwaiti people not only in good times but also during times of difficulty, particularly during the aggression of Iraq. The road map of cooperation between Ethiopia and Kuwait was agreed at the higher levels and urged the two countries to further implement their signed agreements. The Envoy called for the establishment of a Joint Ministerial Commission to help follow-up on the implementation of any agreements. He also emphasized the need to look closely at the opportunities for doing business and utilize them. He said Ethiopia was an icon of stability in Africa and its infrastructure made it an excellent destination for Kuwaiti investment in food products, but still needed to be appreciated fully by investors.

The Envoy said Kuwait and Ethiopia needed to work closely to produce a successful outcome of the Summit this time round. In this regard, Kuwait was happy to see the items being identified for future cooperation were focusing on partnership development and investment. He said the Amir hoped to get the advice of the Prime Minister on specific items of cooperation as well as the preparation of the Summit. He wanted the outcome of the Summit to make a real difference to Arab-Africa cooperation, and this would not happen without the visionary leadership of Ethiopia, he said. Prime Minister Hailemariam noted that in regard to programs and projects of cooperation Africa was well positioned as NEPAD has already studied infrastructural, agricultural and other regional development projects aiming at integration in the continent. He said Africa had had discussions with the BRICS states in these areas. This could be replicated for the Afro-Arab Summit where we could focus on railways, roads, power generation and other infrastructure projects, he said. The Prime Minister also emphasized the need to solve the problems of economic malaise since they were the root cause of every political upheaval: “Whenever the economic situation gets worse and jobs are affected, political problems become grave”, he said, “it is, therefore, important to make every effort towards easing economic problems through expansion of investment and trade.”

The 12th AGOA Forum opens Friday (August 9) in Addis Ababa

The 12th United States- Sub Saharan Africa Trade and Economic Cooperation Forum held between the United States and African states eligible for inclusion under the US African Growth and Opportunity Act (AGOA) opens today (August 9) here in Addis Ababa, and lasts until August 13. The Ministerial Forum will be held August 12-13 and will bring together senior US government officials and Ministers of the 39 AGOA eligible countries, and will include high-level dialogue on the implementation of AGOA and the future of US- Africa trade and economic relations. It will be preceded by programs for the Private Sector, Civil Society and Africa Women Entrepreneurs Program; all co-hosted by US counterparts including the Corporate Council of Africa. A US-Africa Trade Exhibition will also take place as a side event.

AGOA is a U.S. trade act with the specific goals of enhancing access for Sub-Saharan Africa states which qualify for preferential trade access to the U.S. market and intended to act as a catalyst for economic growth. It encourages governments to open their economies, building free markets and integrating into global markets through trade, investment and economic liberalization. Since 2000, the volume of trade between Sub-Saharan Africa and the United States has risen from US\$29.4 billion in the year 2000 to US\$94.3 billion in 2011. Trade with Africa made up 1.5% of total U.S. global trade in 2000 and grew to 2.6% by 2011. It has been estimated that AGOA has generated about 350,000 direct jobs and 1,000,000 indirect jobs in Sub-Saharan Africa and about 100,000 jobs in the United States. Equally, despite ten years of AGOA, the real driver of trade between the United States and Sub-Saharan economies remains energy, and oil and gas exports account for the largest portion of AGOA exports to the U.S (over 90%). AGOA has, however, done much for the establishment of non-extractive industries and the textile and apparel sector has been one of the most visible. Minerals and metals form the second largest category of non-energy exports; and the transportation sector, including motor vehicles and parts, has also been a success story under AGOA.

The outcomes of this year's Forum will be of particular interest as one of the agenda items is discussion of the issue of reauthorization of the AGOA Act. AGOA was signed by President Clinton in 2000 and extended by President Bush in 2007 for another eight years. It is due to run out in 2015, and the need for its extension by Congress is at the top of the agenda. Another item on the agenda for the Forum which has the theme of "Sustainable Transformation through Trade and Technology" is the need for an effective implementation and monitoring mechanism. Empowering Regional Economic Councils, the AU Commission and the UN Economic Commission for Africa to devise a mechanism for effective implementation has been described as vital by successive meetings of the African Ministerial Consultative Group. Other pertinent issues that will be discussed relate to ways to increase the inflow of US capital and investment to Africa, as well as issues related to capacity building and technical support, coordination of AGOA issues and integrating the REC's as viable economic mechanisms, possibly through streamlining US programs to integrate the councils and reformulating programs to take full advantage of the trade capacity building initiatives of the US administration.

In January this year, Ambassadors of the African Diplomatic Corps in Washington set up a Working Group to develop a coordinated position on the extension of AGOA and on recommendations on how to further improve and strengthen the program. The group, which is co-chaired by Ambassador Girma Birru of Ethiopia and Ambassador Somduth Soborun of Mauritius and a core group made up of representatives from Central, Eastern, Western and Southern Africa, respectively the Ambassadors of Cameroun, Kenya, Cote D'Ivoire and Lesotho, the Permanent Representative of

the African Union to the USA, had four meetings, most recently last month. They reached the decision that sustained economic growth would only be possible if the Administration and Congress vote to extend AGOA for a period of at least 15 years. The group also identified a number of priority areas that required further attention if AGOA is going to realize its full potential. These include addressing gaps in AGOA product coverage, creating greater flexibility in rules of origin for general goods and ensuring special provisions for apparel; establishing certainty in the duration of AGOA's benefits; improving links to African regional integration; addressing supply side constraints; enhancing availability of dedicated resources; aggressively building capacity in several key areas; and separately addressing accompanying measures and related trade programs. These will all figure in the Forum discussions.

The Working Group produced recommendations in six general categories which were endorsed by the AGOA Midterm Review, held in Washington at the end of May. The first of these was that for AGOA to have a lasting impact there should be greater political dialogue on relevant issues at the local, regional, national, and international levels. The Working Group, for example, proposed a Summit-level meeting during the 13th AGOA Forum in Washington, in 2014, and follow-up meetings to be held every two years. It also agreed that Congressional delegations to African regions, including in the context of AGOA, would increase the visibility of the Continent in the United States and vice-versa. This would help give political impetus for AGOA in the sub-regions and open up windows for sustained dialogue between the partners.

It suggested that AGOA be ring-fenced and re-authorized by Congress for a sufficient length of time to inspire investor confidence and allow opportunities to take root and grow. The working group suggested a minimum of 15 years with the Third Country Fabric Provision in place for the same period of time. It also noted a longer re-authorization would also be necessary to generate increases in income levels. If the prevailing economic growth rate in SSA is used as a base rate, it could take African LDCs a minimum of 20-25 years to reach the lower income level and develop the capacity to trade. Harmonizing the expiration of the Third Country Fabric Provision which allows AGOA Least Developed Countries (LDC's) to use yarns and fabrics made in any country in producing apparels and textiles was also identified as another key issue.

The Working Group noted that AGOA had successfully increased state-to-state interaction but it suggests greater dialogue with the private sector and increased business-to-business collaboration was needed. It said many of the intended beneficiaries in AGOA-eligible countries did not have the capacity to take advantage of the opportunities that AGOA could generate. African businesses needed technical assistance and capacity building initiatives to improve production strategies, increase compliance with quality standards, conduct market research, assess market development potential, connect with other businesses, and increase value-added processing. It therefore called for outreach and analysis to better engage the private sector and increased public-private dialogue around AGOA. This would help realize the program's potential. It recommended raising awareness and sharing education about potential opportunities under AGOA aimed at increasing participation by small and medium-sized businesses, increasing engagement with the private sector and greater focus on business-to-business facilitation

Countries successful under AGOA have developed effective investment and export strategies, and all AGOA-eligible countries should develop these. These should identify value chains and sectors of potential and encourage private sector involvement and measures to enhance competitiveness and

regional trade. Investment and export strategies should link with market demand and efforts to address capacity and supply side challenges, as well as reflect increased engagement with businesses. In the textiles and apparel sector, AGOA's benefits will need to be predictable and long-term. 95% of textile and apparel exports to the United States under AGOA depend upon the Third Country Fabric rule, which allow them to remain competitive in the U.S. market. The Working Group agreed that maintaining this provision was critical. It suggested that in the agricultural sector, greater focus should be placed on how to maximize potential under AGOA, recommending study of untapped opportunities and connecting to other initiatives in the agricultural sector, such as the Comprehensive Africa Agriculture Development Program to meet some of the basic capacity building needs in the sector. Increased engagement with the private sector would be critical.

The Working Group noted that at present, U.S. investment in Africa accounted for less than one percent of U.S. investment worldwide. The Working Group recommended that the U.S. Congress and Administration adopt a "development exception" for Africa to promote U.S. investment in the region. This could take the form of a zero tax on repatriated income by U.S. companies investing in priority productive, non-extractive, sectors and offer tax credits or other incentives for U.S. businesses investing in AGOA-eligible countries. AGOA could also benefit from the support for agriculture and food security under the U.S. Feed the Future program and the many new public-private alliances under the New Alliance for Food Security and Nutrition and Grow Africa. Public-private partnerships would provide one opportunity to generate additional investment and engage U.S. companies in the new opportunities in the African market, and the African Diaspora could play a significant role in encouraging and disseminating business prospects under AGOA.

Finally, the Working Group acknowledged there were related proposals in support of economic growth and development in Sub-Saharan Africa, specifically Economic Partnership Agreements and Free Trade Agreements. At the same time it stressed the immediate focus should be dedicated to the expeditious reauthorization of AGOA and ways to maximize benefits under AGOA by strengthening and improving the program. AGOA should be used to encourage increased trade and market access as much as possible, both across sectors and on a regional basis. Increased value chain development, product diversification, and value-added production are all critical for opening opportunities for trade and investment.

UN Security Council debates international peace and security

On Tuesday (August 6) the UN Security Council had a day long open debate to discuss cooperation between the United Nations and Regional and Sub-regional organizations in maintaining international peace and security. The Security Council encouraged the continuing involvement of regional and sub-regional organizations in the peaceful settlement of disputes, including through conflict prevention, confidence building and mediation. It underlined the importance of utilizing their existing and potential capabilities. A presidential statement from Argentina, this month's Council President, stressed the importance of further developing effective partnerships between the United Nations and regional entities to enable early responses to disputes and emerging crises. It recognized that regional and sub-regional organizations were well-positioned to understand causes of armed conflicts in their regions. It reaffirmed the primacy of the United Nations Charter

for maintaining international peace and security, but expressed the Council's intention to expand cooperation. The Council encouraged the establishment or strengthening of sub-regional or regional mechanisms, in particular, trans-border customs cooperation and information-sharing networks, to help eradicate illicit cross-border arms trading. The statement highlighted the contribution these organizations could make to accountability through support for enhancing the capacity of national justice systems, and through cooperation with international mechanisms, courts and tribunals, including the International Criminal Court.

In his opening address, Secretary-General Ban Ki-moon said the debate was a welcome opportunity to explore how to improve cooperation. Regional and sub-regional organizations had deep knowledge, unique insights and strong local networks, all critical for mediation, planning a peacekeeping operation or helping a country to build lasting peace. He noted Chapter VIII was as relevant today as ever and many regional and sub-regional organizations had long histories of engagement in conflict prevention and mediation, peacekeeping and peace-building; others were becoming increasingly active. He said the United Nations cooperated closely with the African Union and sub-regional economic communities, mentioning activities in Darfur, Somalia where United Nations was working hand-in-hand with AMISOM, in Côte d'Ivoire and Mali with ECOWAS and the AU, and in Congo with various African leaders, the AU, the Southern African Development Community, and the International Conference for the Great Lakes Region. He said the UN needed to learn from the lessons of collaboration to build ever more innovative and flexible partnership arrangements drawing on the strengths of regional and sub-regional organizations. There was always room for improvement, and he called for greater efforts towards swift response and long-term prevention, encouraging expanded cooperation and dialogue with a broader range of organizations in pursuit of international peace and security.

Other speakers included representatives of the Community of Latin American and Caribbean States (CELAC), the African Union, the Union of South American Nations, and the League of Arab States as well as some 60 delegates in all. Ethiopia's Permanent Representative to the UN, Ambassador Tekeda, speaking on behalf of the African Union, currently chaired by Ethiopia, noted that the debate came at a time when Africa was making tremendous efforts at continental and sub-regional levels to address the peace and security deficit that Africa continued to face. This was facilitated by a well defined strategy as demonstrated by the African Union's Peace and Security Architecture, one of the positive and innovative steps taken by the African Union in areas of human right areas, governance and protection of constitutional order. It showed how meaningful the transformation of the OAU into the AU had been. Ambassador Tekeda noted that the AU was absolutely convinced that a principled, consistent and predictable cooperation between the United Nations, on one hand, and regional and sub-regional organizations, was indispensable for the maintenance of international peace and security. He used the examples of the Comprehensive Peace Agreement in Sudan, the African Union-United Nations Hybrid Operation in Darfur and the African Union Mission in Somalia as examples of progress in cooperation based on flexibility and making best use of the advantages of the African Union and sub-regional organizations as well as the United Nations. He said it was becoming self-evident that success, even limited progress, in international and regional peace and security required effective cooperation between the UN and regional/sub-regional organizations in the context of Chapter VIII of the Charter.

At the same time, Ambassador Tekeda said much remained to be done to ensure that the comparative advantages of the UN and regional, sub-regional organizations were used optimally. He focused on two areas where greater cooperation was needed. The first involved the question of predictable, sustainable and flexible funding of Security Council authorized African Union peace support missions. There has indeed been some progress in this area as is evident in the much better arrangement for AMISOM with respect to the logistic package now funded from assessed contributions. But this is still a far cry from the African Union-United Nations Panel (or “Prodi Panel”) on modalities of support for African Union peacekeeping operations had proposed. The second was the need for consultation and effective coordination between the two organizations. The AU and its sub-regional organizations were better placed in terms of geographical proximity, political and cultural familiarity with local conditions, and shared experiences. It made sense to raise the level of consultation between the two organizations to a more substantive level, and for cooperation to involve joint planning and joint assessment for peace operations in Africa. Such efforts, said Ambassador Tekeda, must be guided by genuine respect for the strength each can bring to bear on a given situation based on a mutually agreed division of labor. He suggested the UN should accelerate its efforts to implement the United Nations-African Union Ten-Year Capacity-Building Program for the African Union, and fully operationalize the African Union Continental Peace and Security Architecture including the Standby Force and the Continental Early Warning System. The enhancement of cooperation between the Security Council and the AU Peace and Security Council was vital; and their meetings should result in concrete action-oriented initiatives for the development of strategic partnerships on specific issues of mutual interest and concern.

Ambassador Tekeda also noted that at the operational level, the United Nations Secretariat and the African Union Commission needed to ensure the complementarity of their efforts. Strengthening the efforts of the African Union and its institutional capacity to effectively plan, deploy and manage peacekeeping operations would be in the interest of both organizations, and make their partnership more meaningful and productive. At the same time, he said, all efforts would amount to nothing if “we failed to provide adequate, flexible and predictable funding for AU’s peace support missions.” The recent African Union Summit (in May) had noted the need for increased funding from within the continent to assert Africa’s ownership and leadership, as well as the challenges faced in building innovative and flexible partnership with the United Nations and other stakeholders. In conclusion, Ambassador Tekeda noted that while much has been done to ensure greater cooperation between the UN and the AU to promote peace and security in Africa, much also remained to be done. Africa, he said, was ready for such cooperation in its own interests. It was also in the interests of the international community.

There was broad agreement among speakers that the proliferation of regional conflicts made cooperation between them and the United Nations a “mainstay” of international relations; and that regional organizations were “destined to be active partners in this multi-polar world”. Regional organizations provided detailed knowledge of regional issues and could serve as mediators. Cooperation between the United Nations and regional and sub-regional organizations was most developed in Africa but in general such cooperation in Africa or elsewhere had yet to reach its full potential.

Rwanda’s representative urged the Council to continue consultations on how to expand partnership and looked forward to the annual consultative meeting between the Council and

the African Union Peace and Security Council later this year. It called for better predictability, sustainability and flexibility of financing regional organizations' peace and security-related efforts. Uganda said it was essential for the United Nations and its partners to provide effective, predictable and timely support to regional and sub-regional organizations in conflict prevention and resolution. When the African Union or any other regional or sub-regional organization undertook peacekeeping initiatives, they effectively shouldered the responsibility of the Security Council. They should be supported properly.

South Africa said intra-State conflicts in Africa warranted the African Union's increased involvement, and a clear division of labour and productive burden-sharing with the UN was critical for sustainable conflict resolution and prevention. Regional organizations could benefit from flexible, predictable financial support.

The United States' representative acknowledged regional organizations as "invaluable partners" of the Security Council, while Australia saw an "increasingly instrumental" role for regional organizations, most clearly with the African Union and African sub-regional organizations. France said the role of regional organizations would only grow. It emphasized that challenges to the United Nations relationship with regional organizations related to insufficient funding, military know-how, and oversight over Council-authorized operations should not be obstacles. The Russian Federation said regional organizations often had more nuanced understanding of a situation and, therefore, could adopt preventive and peacekeeping mechanisms that fit regional realities, but they needed to be focused on seeking peaceful and political settlements to emerging conflict. The European Union said challenges facing United Nations peacekeeping operations highlighted the need for increased cooperation with and capacity-building of regional organizations.

Roadways to Progress and Development

Over the past decade, Ethiopia's substantial economic growth has averaged over 10% a year. In April this year, the World Bank ranked it as the 8th fastest growing economy in the world. Keeping up this unprecedented rate of growth will allow the country to become a middle income country in a mere 12 years. The ambitious five-year Growth and Transformation Plan, due to end in 2015, has facilitated this successful development by opening up extensive commercial agriculture opportunities and creating massive industrial and infrastructure progress, one element of which has been a steady increase of the country's road networks by thousands of kilometers.

The establishment, sustainability and overall accessibility of road networks are a significant determinant of a nation's economic and social development. Access is measured by two elements: mobility, which reflects the ease or difficulty in traveling to or from services and facilities and the proximity of these to population centers. If this determinant is not satisfied, the problem remains a serious element that perpetuates poverty and prevents opportunities for escape from the poverty trap. According to the Ethiopian Road Authority, in order to achieve reasonably good accessibility and provide for a satisfactory national road network the country needs to construct 200,000 kms of road. However, for Ethiopia to enter into a middle income category the road transport network will need to reach to at least 330,000 kms, achieving a road density that will allow the rural population to have access to all weather roads throughout the country.

In fact, there has been some progress in road building over the last half century or so, and successive governments have demonstrated awareness of the importance of road construction, though the road network grew only slowly. During the Imperial Regime, between 1951 and 1973, the road network grew at a rate of only just over 2% year, and this was mostly confined to urban areas. During the Derg's military regime (1974-1991), there was greater progress with the road stock expanding to just over 19,999 kms at a rate of 6.25% a year, mostly for military purposes. Since 1991, however, under the current government, 28,731 kms of new roads have been constructed, increasing at an impressive average of 9.35% per annum.

This substantial growth has been part of a strategic plan formulated during the early 1990s, with the high ambition of improving the overall socio-economic condition of the country and reducing poverty. One aspect of this was the understanding that implementation of increased accessibility to social facilities, including health centers, would greatly ameliorate poverty. This was at a time when Ethiopia still had one of the lowest road densities per capita in the world. To deal with this problem, the Road Sector Development Program was created in 1997, and from the outset this placed emphasis not only on the enhancement of the quality and quantity of the road infrastructure but also on quickening the pace of expansion for the road network.

The Road Sector Development Program (RSDP) was divided into five phases, and of these three have been consummated, and the fourth is under development. The overall objectives are to contribute to Ethiopia's economic development by improving trunk road and regional rural road access and their utilization in order to meet agricultural and other developmental needs, build up institutional capacity in both the public and private sectors for sustainable road progress and maintenance, and provide economic opportunities for rural populations both through increased employment in rural road works and in establishing appropriate and affordable means of transport and services for development.

The first phase of the RSDP (1997-2002) consisted of restoring existing road networks; the second phase (2002-2007) was devoted to increasing road network connectivity and providing a sustainable road infrastructure to rural areas; the third phase (2007-2010) focused on managing the road network and strengthening development of a domestic road construction industry. The RSDP met or surpassed its targeted road density and length in all these phases and its progress has been impressive. The proportion of the total road network which is kept in good condition has gone up by 34% between the years 1997 to 2009. During the same period, the proportion of districts and areas more than five kilometers from all-weather roads fell by 15%; and the average distance from all-weather roads was reduced by nearly half. This is significant for development because the roads not only ease travel to social service facilities, including hospitals or clinics, but also facilitate the establishment and operation of these facilities, and others, in rural areas.

At the same time, despite the substantial progress made and the major successes achieved, there is still a long way to go before the country fully accomplishes the targets needed to place it in the ranks of middle-income countries. According to World Bank figures in 2010, only 10% of the rural population lived within two kilometers of all-weather roads, indicating that 90% were still disadvantaged in regard to road access. This is steadily improving but there are still a number of obstacles affecting the construction program, including the absence of consultants, shortages of contractors, delays in obtaining construction materials, and above all, financial constraints.

Construction and maintenance of roads is not a simple investment. It is something that needs more than the internal resources of the Ethiopian government, and it has required substantial amounts of external aid. Loans and assistance from other nations and organizations, including the International Development Association, the European Union and African Development Bank, have been necessary in addition to domestic finance. At the same time the Government has ring-fenced significant funds for road projects. There have been substantial increases in both internal and external financing for road developments, underlining the importance of the development of the sector. By 2008/09 internal financing had risen more than ten times above the levels of a decade earlier and external financial support had risen by five times.

The fourth phase of the RSDP is now underway. There are new and ambitious targets, aiming to road length by 87,251 kms and the proportion of rural population within 2 kms of all weather roads by 40 percent, between 2010/2011 and 2014/15. The effort to create a road network that provides effectively for development and lays the foundations for achievement of middle-income status is still working effectively.

Pressure to reverse Barclays' Bank decision to close UK money transfer accounts

Barclays' Bank in the UK is coming under growing pressure to reverse its decision to close the accounts of some 250 UK money-transfer companies which allow people to send remittances to support their families in various countries across the world, including Bangladesh, Djibouti, Ethiopia, Ghana, Kenya, Pakistan, Poland, Somalia, Sri Lanka and Yemen. The decision in May, which Barclays justified as a move to reduce its risks of being implemented in money laundering or terrorist financing, gave the companies no more than two months notice. It has not been nearly enough time for the companies, most of which are fully in compliance with the requisite regulations, to make alternative arrangements.

There are real fears that this decision could be a "recipe for disaster" particularly in countries that are highly dependent upon remittances. The largest UK based Somali money transfer company, Dahabshiil, has nearly 300 branches in Somali-speaking areas of East Africa and the Horn of Africa and thousands of agents servicing the people in towns and rural areas. It processes hundreds of thousands of transactions each year, and the average size is no more than US\$200-300. It is not just individuals who use the system. All the international aid agencies and NGOs operating in Somalia, and in many other areas, use money transfer businesses, to pay staff, to buy equipment and supplies, and to make cash payments for social safety net programs. Users include Oxfam, Save the Children, UNDP, CARE, BBC Media Action, and Islamic humanitarian agencies. Numerous local charities also use MTOs to collect donations, pay salaries and buy necessities. Another significant area of usage is the private sector with local businesses in Somalia paying for building materials or fuel from the Gulf or Ethiopia as do international oil and mining companies operating in the area. Investors send their money through these companies, and they are central to any economic development in all these areas: no business can operate without them.

All the areas to which remittances are sent will be seriously affected, but by far and away the most serious effects will be in Somalia where there is no alternative as the whole banking infrastructure collapsed over in the civil wars of the early 1990s and has never been rebuilt. The money transfer operators are in effect the banking system, and it's a system that has worked very well. In fact, the formal European or US banking systems cannot actually transfer money to anywhere in Somalia as no banks have branches there.

Barclays' critics point out that if the money transfer operators, who need bank accounts in the US or Europe to facilitate transfers from members of the Diaspora are forced to stop operations, whether in the UK, the US or elsewhere in Europe, there will be several obvious effects. One is that many millions of Somalis will need a great deal more international aid. Secondly, people will send money through unregulated and unofficial channels which will be less reliable, more expensive, and illegal. Many NGOs will be forced to stop work, and international agencies will find it far harder, if not impossible, to work in these areas. The money transfer business will be driven underground, and probably fall into the hands of people who operate unregistered money laundering activities. There may well be significant wider political impact particularly in countries threatened by terrorist activity such as Yemen and Somalia.

Not surprisingly, a number of countries have been making urgent diplomatic representations to the UK government. The Presidents of the Federal Government of Somalia and of Somaliland have both written to British Prime Minister, David Cameron to ask him to intervene. Dozens of academics, researchers and others involved in Somalia have also written to the British Government. Last week, British-Somali Olympic and world champion runner, Mohamed Farah, also wrote to the UK Prime Minister. He has added his name to a petition calling on the bank to extend its deadline of August 12, and asked his 800,000 Twitter followers to do the same. On Wednesday this week, a delegation led by the UK's shadow international development minister, Rushanara Ali, delivered the petition to ask Prime Minister Cameron to intervene. Mr. Ali said "Countries across Africa and Asia will be badly affected and none more so than Somalia...this decision will cost lives, quite apart from potentially triggering a new crisis in the region...shutting this vital lifeline risks giving people no other choice but to send money through dangerous and alternative methods out of desperation." The President of the African Development Bank, Donald Kaberuka, has said he hoped nothing would be done to interrupt the sending of remittances that provide a financial lifeline for about 40% of the Somali population, some 3.8 million people. He urged all parties concerned, governments, banks and remitters, "to handle the problems together, rather than cur of a lifeline."

Oxfam UK, and other NGOs, are also pressing the UK government to act, pointing out that the impact of the decision will be felt by ordinary people, families and communities, and that aid agencies and charities will be left to plug the gap. Oxfam said if the bank wasn't prepared to find a solution then the government should: "They must find a way round this and quickly." The UK's Minister for Africa, Mark Simmonds, has said Barclay's decision was ultimately a "private commercial matter", though he added that government officials were working with regulators and others to try to find a sustainable market-based solution. A UK Government spokesman also said the Government was committed to supporting a healthy and legitimate remittance sector, allowing UK residents to remit funds abroad whilst also ensuring a robust anti-money laundering regime.

It is not just the UK which is concerned over this issue. Last week a new report from Oxfam America drew attention to the importance of keeping remittances flowing. The report noted that members of the Somali Diaspora around the world sent approximately US\$1.3 billion to Somalia each year to help their families back in Somalia alive. Of that figure approximately US\$215 million is estimated to come from Somali-Americans and Somalis in the United States. The report noted this is almost the same amount of support as US government sends to Somalia in development and humanitarian assistance. In fact, remittances probably make up 30 to 40% of Somalia's economy and play a major role in reducing Somalia's reliance on assistance from foreign governments and international organizations as well as providing a significant part of the population with funds for basic requirements including food, medicine and schooling. The role of remittances was critical during the food crisis in Somalia in 2011 when they played a vital role in helping Somali families survive the famine of that year.

The Oxfam America report concentrated on Somalia but it might have made the same points about the other countries with Somali-speaking populations, all of which have rely on important inflows of remittances every year through Somali-run money transfer operators. The report noted that had been becoming harder and harder for the operators to obtain bank accounts in recent years even where they had invested significantly in anti-money laundering compliance systems and improved training. It found many US banks branded Somalia as a risk for money transfers and had abruptly closed the accounts of Somali-American money transfer operators often without providing any specific reasons. Oxfam's research also showed banks apparently didn't bother look if checks were in place to prevent money laundering or whether companies had tried to improve their compliance. The US Treasury has said banks can open such accounts for high-risk areas, provided they carry out effective due diligence enquiries; the banks appear reluctant.

Oxfam America concluded that putting the remittance system on a satisfactory system acceptable to government and treasury officials needed concerted and collaborative effort from both government and the private sector. NGOs and others in the UK would agree. Indeed, it is now a matter of real urgency for millions of people, including hundreds of thousands of Somalis in the Horn of Africa, who are threatened with the loss of what amounts to their only lifeline for survival.