

A Week in the Horn **10th October 2014**

News in Brief:

- **Africa and African Union**
- **Ethiopia**
- **Djibouti**
- **Kenya**
- **Somalia**
- **South Sudan**
- **Sudan**

Articles from page 3:

- **President Dr Mulatu opens the Parliamentary session**
 - **Ethiopia addresses the UN General Assembly on the Post-2015 Development Agenda**
 - **IGAD's South Sudan peace talks adjourned for further consultations**
 - **Somalia's Foreign Minister Beileh says the country has turned the corner**
 - **The 4th Nile Basin Development Forum**
 - **Ethiopia at the Dubai Africa Global Business Forum**
 - **World Bank and Ethiopia cooperate on the Productive Safety Net Program**
 - **IMF hails Ethiopia's economic progress**
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News in Brief

Africa and African Union

IGAD Executive Secretary, Ambassador Maalim on Wednesday (October 8) asked the International Criminal Court to postpone the trial of Kenya's President Kenyatta at The Hague, until he leaves power. Ambassador Maalim said his presence at The Hague was "a show of solidarity by the Greater Horn of Africa and IGAD member states". It was not intended to interfere with or criticize the jurisdiction of the ICC or its resolve to prosecute suspects, but, he said, in face of the clear and present threat to regional security this was "no time to weaken a country and a region by removing its President for trial."

The Sixth session of the AU Conference of Ministers on Drug Control (CAMDC6) was held in Addis Ababa this week to discuss ways of tackling drug trafficking and organized crime. Ethiopia's president, Dr Mulatu, opening the conference, [highlighted] the launch of two reports on the illicit drug trade and organized crime, and said he hoped the meeting would produce guidance to help provide for concrete action in addressing the challenges posed by drugs.

The Fourth Nile Basin Development Forum opened in Nairobi on Monday (October 6) on the theme, "Building Sustainable Trans-boundary Cooperation in a Complex River Basin: Challenges, Lessons and Prospects". (See article)

Ethiopia

President Dr Mulatu Teshome addressed a joint session of the two chambers of Parliament, the House of Peoples' Representative (HPR) and the House of Federation (HoF), to open the new parliamentary session on Monday (October 6). (See article)

State Minister for Foreign Affairs, Ambassador Berhane Gebre-Christos, held discussions on Monday (October 6) with Swiss State Secretary for Foreign Affairs, Yves Rossier. A Memorandum of Understanding to enhance bilateral co-operation was signed. The two countries are expected to sign agreements soon for Switzerland to provide training on federalism and technical assistance in science and technology.

State Minister, Ambassador Berhane Gebre-Christos met with Dr Barbara Hendrie, Head of the Global Partnerships Department of DFID on Wednesday (October 8) to discuss next year's Third Conference on Financing for Development (FfD) to be held in Addis Ababa, July 13-16.

Sofian Ahmed, Finance and Economic Development Minister, announced on Monday (October 6) that the Government plans to issue a ten year international bond at the end of the year. This follows the sovereign credit ratings of "B" and B1" given to the country by three top international rating agencies last May.

Ethiopia's year-on-year inflation rate fell to 5.6% in September, down from 7.2% in August. The Central Statistics Agency said inflation for non-food items slowed to 7.8% from 9.4% the previous month and food inflation fell to 3.6% from 5.2% in August.

Ethiopia will host the 10th International Conference on Information and Communication Technology for Development, Education and Training next May. The Ministry of Communication and Information Technology agreed a Memorandum of Understanding on the organization of the conference with the Integrated Communications, Worldwide Events on Wednesday (October 8).

Ethiopian Power said on Monday (October 6) that Ethiopia has connected its power grid with Sudan, Kenya and Djibouti and is currently **exporting 195 megawatts of electricity to Sudan (100MW), Djibouti (35MW) and Kenya (60MW).**

A report entitled "**Strategic assessment of the Ethiopian mineral sector**" launched on Tuesday, October 7, suggested Ethiopia has the potential to earn US\$5 billion annually from the mining sector. The study was conducted with the assistance of the World Bank and other developmental partners from Australia, Canada, Denmark and the United Kingdom.

Ethiopians and Ethiopian Americans in Washington demonstrated in front of the State Department on Tuesday (October 7) to express support for the excellent relations between Ethiopia and the United States and to call for an investigation of the activities of Ginbot 7 and its media arm, ESAT, against Americans of Ethiopian origin, Ethiopians resident in the US and visiting Ethiopian officials and diplomats.

Djibouti

The 6th Ethio-Djibouti Joint Commission Meeting that opened on Wednesday (October 7) was told that over 50% of the Sebeta-Dewele stretch of the Ethio-Djibouti railway reconstruction has been carried out. The rest of the work should be completed within the next 18 months. 50% of the project had also been finalized on the Djibouti side of the border. The respective Ministers of Transport said the project was progressing as per schedule.

Kenya

Kenya's President Uhuru Kenyatta appeared at the International Criminal Court in The Hague on Wednesday (October 8) to attend a status hearing to set a date for his trial. His lawyers called for an end to the process due to the Prosecutor's failure to find sufficient evidence. The President went to The Hague in a personal capacity, not as President, in order not to compromise the sovereignty of Kenya. He returned to Kenya on Wednesday evening and resumed his official duties after the legal instrument appointing Deputy President William Ruto as Acting President expired at 6pm.

On October 1, Kenya lost free access to the European market due to the failure of the East African Community and the European Union to reach agreement on an Economic Partnership Agreement. As result more than half of Kenyan exports to Europe will face tariff increases.

A report by the Independent Policing Oversight Authority released on Monday (October 6) says Kenya's intelligence and security agencies need to improve their coordination and command structures to avoid a repeat of the slow response to attacks in June that killed about 65 people on the coast.

Somalia

Somali Prime Minister Abdiweli Sheikh Ahmed has urged neighboring countries to prevent Al-Shabaab fighters crossing their borders in the wake of the successes of the on-going military offensive against them in Somalia. (See article)

A joint force of Somali Army and AMISOM forces took control of Barawe port in Lower Shebelle region on Sunday (October 5). Barawe had been the center of Al-Shabaab activities since it was driven out of Mogadishu and Kismayo. (See article)

President Ahmed Mohamed Silanyo of Somaliland held talks with the British Ambassador to Somalia, Neil Wigan, on Monday (October 6) in Hargeisa.

A second Somalia Oil and Gas Summit will be held on October 20 in London to explore possible development of Somalia's oil and gas industry and showcase the resources available. The event is being sponsored by Soma Oil and Gas, a British Company which has an offshore concession in Somalia.

The New Zealand Defense Force announced on Monday (October 6) that New Zealand and Australian forces had seized a major cargo of illegal drugs valued at US \$245.76 million during anti-piracy operations off the coast of Somalia.

South Sudan

The IGAD Mediators announced on Sunday (October 5) that the South Sudan peace talks have been adjourned until October 16, to allow further consultations with the principals of the two warring parties over contentious issues, while underlining that the session of talks had made more substantial progress than before. (See article)

In a report "From Crisis to Catastrophe", on Monday (October 6), leading aid agencies operating in South Sudan warned that parts of the country, already facing one of the world's worse food crises, could experience famine early next year. They warned the end of the rainy season could lead to an upsurge in fighting and push areas into famine by March 2015.

Sudan

A report issued by the Arab Industrial Development and Mining Organization (AIDMO) has confirmed that Sudan has large reserves of gold, chrome and manganese. According to the report, estimated mineral reserves include 700,000 tonnes of chrome, 100,000 tonnes of manganese, 150 million tonnes of gypsum and more than 15 million tonnes of magnesite.

Sudan's chief negotiator, Ibrahim Ghandour, has said that the talks between the Government and the Sudan People's Liberation Movement/North (SPLM-N) on the Two Areas have been postponed until after October 25th.

President Dr Mulatu opens the Parliamentary session

President Dr Mulatu Teshome addressed a joint session of the House of Peoples' Representatives (HPR) and the House of Federation (HoF), to open the new parliamentary session on Monday (October 6).

The President highlighted the four years of the [5-year] Growth and Transformation Plan (GTP), which ends this fiscal year, and recent achievements as the basis for the Government's direction this year (2014/15). He told the Parliament that the economy had registered 10.3% growth last fiscal year and shown an average 10.1% growth over the last four years. He predicted 11.4% growth this year. Apart from sustainable growth, the President noted that the economy remained healthy and the country's macro-economic performance was stable. He noted that increasing the role of the manufacturing sector in the economy and fast tracking greater employment opportunities were critical to bringing about structural changes in the economy, and said the Government would be working on this. The last four years' experience would be benchmarked to double efforts to quicken industrial transformation.

The President said the Government would strengthen the performance of the manufacturing sector to help sustain economic growth. FDI in the sector was increasing but involvement of local investors remained very low. He said efforts would be made to circumvent the bottlenecks and encourage active participation of all stakeholders. Development of small and medium scale industrialists would be a priority. Despite government efforts to increase the productivity of factories, the revenue raised last year was below expectation. There had been shortages of production inputs, lack of product quality, ineffective management, limited technology usage and infrastructure problems including electric power interruptions. He said the Government would be implementing new export-oriented projects and capacity building activities to help solve the problems of the manufacturing sector. It would also be working to increase industrial inputs, improve logistics and customs processes and create expanding market links to support the private sector. The President also noted that strict mechanisms would be put in place to encourage the provision of investment finance and to ensure a stable power supply. He indicated that the Kaizen philosophy would be fully implemented to improve work discipline and help make industries productive and competitive. The Government, he said, had crafted strategies and would make a continuous effort to maximize the benefits of small scale industries, the basis of the industrialization process.

The President said the mega development projects had created jobs for 2.7 million people and were making good progress. He mentioned the Addis Ababa Sebeta-Meso modern railway project, and the light rail project in Addis Ababa which should start operations this fiscal year. The Grand Ethiopian Renaissance Dam Project was going as planned with full participation of the people and was now 40% complete. The Gilgel Gibe-III and Genale-Dawa Dams, as well as other wind and geothermal projects, were also on schedule. The country was now producing 2,300 MW of electricity but demand had still not been met. The Government was therefore focusing on improving capacity for implementing these mega projects including dams, telecom development, sugar and fertilizer factories, developing other renewable energy sources, improving old power transmission lines and building new ones.

The President noted that agricultural productivity had grown by 21.7 quintals per hectare on average, a 7.6% increase from last year, and that more than 26 million people had participated in development and natural resource conservation activities. These had been carried out in two rounds and had enabled 220 new irrigation schemes to be set up and 2.5 million hectares irrigated. This had been carried out through **farmers' cooperatives**. He said government support would be given to increase food supplies, raw materials for agro-industries and to expand exports, as well as maximize animal productivity and improve development of hybridization. Another focus would be on agricultural extension activities in semi-pastoralist and pastoralist areas. The President stressed that agriculture would continue to be the backbone of the economy.

The President said more than 18,800 *kebeles* had benefitted from telecom services, reaching 96% of the target set out in the Growth and Transformation Plan. The number of mobile users had reached 28.5 million, there were 6.7 million users of the internet, and wireless telephone lines now covered 73% of the nation. He said that there was still much to be done, although he welcomed the resolution of the network problem in Addis Ababa. He noted that the GTP planned to supply water to 6.5 million people a year by 2015. This had not yet been met and additional efforts would be made this year. He added that urban sanitation and sewage would be given special attention this year to improve the cities and help encourage tourism. He confirmed that women and civil servants would continue to be beneficiaries of the housing programs in Addis Ababa and said cooperatives would get land to build houses. Last year some 22,000 houses were transferred to beneficiaries; the figure this year would be 73,000. Last year 65,000 houses were constructed; another 65,000 will be started this year.

The President emphasized that the Government would also make every effort this budget year to keep inflation down to single figures. All necessary monetary and fiscal measures would be implemented to keep basic food prices constant and create a modern and effective market system. He said last year's export earnings had shown a 4.6% increase over the previous year but this still fell far short of the target. The main reason for this had been a failure to increase the yield of major export products, and an inability to compensate for the poor earnings from coffee and gold due to the fall of world prices. The inability to produce sufficient quantity or quality of industrial products for the world market also resulted in a substantial trade deficit. Last year, this had been compensated by earnings from tourism and from Ethiopian Airlines. This year, the federal and regional governments would be coordinating activities to achieve a US\$5 billion target for export earnings.

The President said tax revenue had risen by 17.6% and the Federal Government had raised 122 billion birr in revenue from tax, non-tax, and direct budget support and debt cancellation. This was 106% of the planned target and it indicated that the capacity to cover development expenses from internal sources was increasing. These improvements indicated better budgetary discipline in planning and in government expenditure and the Government would continue its efforts this next year. He noted that tax revenue was still much below the sub-Saharan average. The President emphasized that the GTP needed high levels of investment and it was necessary to increase the current low levels of saving, even though the GTP's target of 15% savings would be achieved ahead of time. The Government would continue to encourage savings, expand financial institutions, improve interest rates, and implement private and government social security schemes. The Grand Ethiopian Renaissance Dam bonds and other new saving mechanisms would also continue. The President said a significant element of national investment was still covered by foreign sources. The country's loans had been increasing but it was still one of the less indebted nations.

Other priorities would include improving the quality of education and building up teachers' capacity. There were regions, he said, which needed special attention for low performance in elementary education. There was a need to continue improvements in higher education. A campaign would also be implemented to improve the coverage and quality of secondary education. The Government would also be making efforts to mobilize the public to bring about fundamental changes in practice-oriented adult education. In health, the President noted encouraging improvements in the number of beneficiaries of family planning. Efforts to solve accessibility to health facilities were showing promising results, with big increases in the amount of maternity assistance. Controlling HIV/AIDS had been made an integral part of the health extension program and vaccination programs had shown satisfactory results. Health extension packages will be fully implemented through strengthening the health development army, and special emphasis will be placed on lowering maternal mortality rates. Coordination between health posts, hospitals and health centers and other capacity building programs would be a priority.

The president said good governance and improving government services, making them free from partiality and increasing public participation, improving religious tolerance, organizing women and youth participation in governance and putting them at the forefront of the democratic system, would get higher attention. Efforts would be exerted to curb illegal human movements and human trafficking, illegal activities, extremism and terrorism. Capacity building in the communications, information and media sector would be given extra attention. This is a basic tool to provide for consensus on major issues and the Government would continue to work to encourage a responsible media. The Government would also work to make next year's general election "fair, free and participatory." The President called on all parties and the population in general to use the opportunity to take the country's democracy to a higher level.

The President also referred to foreign affairs and said the country would consolidate its efforts to bring about durable peace in the region, especially in Somalia and South Sudan. He noted the efforts of the National Defence Force had been much appreciated in Somalia. In South Sudan, Ethiopia had done a lot to minimize casualties. Ethiopia had received a significant number of visits by government and business leaders and investment delegations, to considerable effect. The Government would continue its efforts to encourage investment. The President noted the change in attitude by Egypt over the Nile and welcomed the progress being made in improving relations with Egypt. He said the two countries would reach a level of understanding on ways to benefit from the waters of the River Nile. The one area in which no progress had been made was with Eritrea which remained reluctant to accept Ethiopia's calls for peace and which continued to destabilize the region. Over the last year, Ethiopia had had to deal with terrorist activity from Ginbot-7, the ONLF and the OLF. These were designated terrorist organizations by the House of Peoples Representatives, and all, the President said, continued to be sponsored by the regime in Eritrea. He urged the Government and the people to work together to prevent terrorism, and added "I need not remind anyone that as in the previous year, the Government will take proportional measures against any armed provocation by the Eritrean regime and its collaborators."

Ethiopia addresses the UN General Assembly on the Post-2015 Development Agenda

Ambassador Aman Hassen, Deputy Permanent Representative of Ethiopia to the United Nations in New York, spoke in the debate of the Second Committee of the General Assembly on Wednesday (October 8). He said Ethiopia aligned itself with the statements delivered by Bolivia on behalf of the Group of 77 and China, by Benin on behalf of the Group of the Least Developed Countries, and Malawi on behalf of the African Group.

He noted that the deliberations of the committee were of particular significance in terms of crafting the Post-2015 Development Agenda, and emphasized the common understanding that “poverty eradication remains the greatest global challenge facing our world today and an indispensable requirement for sustainable development.” He welcomed the decision adopted by the 68th Session of the General Assembly to make the outcome of the Open Working Group on Sustainable Development Goals the main basis for integrating sustainable development goals into the future development agenda. He said there was now a common understanding that **providing access to food, sustainable agriculture development, quality education, jobs, health, energy, water and sanitation, sustainable inclusive industrialization, infrastructure development and inclusive growth** should be included in the next generation of the development goals. These were, he pointed out, goals necessary to reduce poverty. Equally, there was a need for targets to **reverse environmental degradation and protect the ecosystems** on which we depend. The next agenda needs to be universal but also to take account of national policies, priorities, capacities and levels of development.

Ambassador Aman said Ethiopia was of the view that more efforts must be made in the conference of the parties to reach a legally binding agreement on climate change. He said we anticipate that a major breakthrough will be achieved in Lima at the end of this year and Paris next year to reach a globally binding climate agreement. He called on developed countries to fulfil their commitment to mobilize a US\$100 billion dollars a year for the Green Climate Fund by 2020. He said without adequate resources it is hardly possible for African countries to implement national adaptation programs in a sustainable manner. Implementation of the post-2015 development agenda will of course depend on a global partnership for sustainable development and reduction of poverty, as the report of the Inter-Governmental Committee of Experts on Sustainable Development Financing underlined. The Committee offered strategies and recommendations designed to stimulate discussions on financing the post-2015 development agenda. Ambassador Aman quoted the international development cooperation report of the Secretary General which noted that “ODA to the African continent decreased by 5.6 percent in 2013, despite Africa being considered an international priority for ODA allocation.” Given the poor record regarding the MDGs and the fact that ODA still represents over 70 percent of total external finance to least developed countries, he said the prospect of a decrease to the least developed countries especially in Africa is worrisome.” He commended calls for urgent action to reverse this trend.

Ambassador Aman said Ethiopia had been implementing policies and strategies to bring about sustainable growth and development for more than a decade. It had managed to increase its sustainable energy generating capacity significantly and now reached over 53% of the population. This was testimony to its commitment to implementing a **Climate Resilient Green Growth Strategy** and harness renewable resources to achieve sustainable development.

Significant federal and local road construction was underway across the country; the business environment had improved to provide a conducive atmosphere for both domestic and foreign investors and in the last three years a total of US\$3.6 billion of FDI has been registered following the introduction of attractive private sector investment incentive schemes. Ethiopia's efforts to engage the private sector in the development process had produced significant results in job creation and in boosting investment. **Ethiopia has achieved most of the MDGs, including reducing the number of people living in poverty by half, and meeting the target of reducing child mortality three years ahead of 2015.** He emphasized that none of these achievements would have been possible without the strong commitment of the people of Ethiopia and the strong support of development partners.

Ambassador Aman noted that the General Assembly was being held at a time when preparations are well underway for the comprehensive 10-year Review Conference on the Implementation of the Almaty Program of Action on LLDCs, to be held in November 2014. This, he said, would provide an excellent opportunity to critically consider special needs of and challenges faced by LLDCs, and help develop priorities for a new, more comprehensive, action-oriented framework for them for the next decade, while taking into account new challenges and opportunities. He said Ethiopia had high hopes and expectations for this Conference. Its success would demonstrate the spirit of genuine partnership among members of the international community. He concluded by emphasizing that the concerns and special needs of LLDCs deserved special attention in all international agenda, including in the process of Post-2015 development agenda and sustainable development goals.

IGAD's South Sudan peace talks adjourned for further consultations

The IGAD-mediated South Sudan multi-stakeholder peace negotiations adjourned this week after marking out a new beginning in working out substantive issues, opening up new hope for making real progress for the peaceful resolution of the conflict as well as expanding converging interests. The adjournment has been made with the aim of helping the stakeholders to conduct further consultations on relevant issues. The IGAD Special Envoys said that more than at any other time the latest session of the talks had shown “substantial progress in determining the arrangements necessary to implement a Transitional Government of National Unity in South Sudan.” The Special Envoys expressed satisfaction that the negotiating parties had laid solid groundwork for future progress with “a great deal of political will and seriousness” in pursuit of a negotiated political settlement as well as practical implementation of agreed points. The parties, they said, had worked together to seek common ground on issues of critical concern, including the system of governance, the structure and functions of the Transitional Government of National Unity, with a view to ending the war and opening new horizons for the creation of a united, stable and prosperous South Sudan. The Special Envoys further stressed the need for solidifying and strengthening efforts to carry forward and consolidate the successes made so far and demonstrate “more flexibility in the spirit of give and take, and compromise.” The negotiations are expected to resume on October 16 in Addis Ababa.

In a statement, IGAD said that the negotiating parties had addressed such important issues as the system of governance, the function and mandate of the Transitional Government, its structures including the size of the cabinet, and its seat, as well as its decision making mechanisms. They had also considered the structure and size of the legislature, the length of the pre-transitional and transitional periods, dispute resolution mechanisms in relation to the agreement and the duties and responsibilities of the executive and of the prime minister. The statement said that many agreements had been reached in a number of areas including “system of Governance, whereby federalism is agreed to in principle; the structure and functions of the Transitional Government of National Unity and its seat, the size of the Council of Ministers, and the duration of the transition period.” The statement noted that there were a few remaining issues that necessitated the principal parties’ resolution and for ‘bold decisions’ to salvage the people of South Sudan from the present disastrous humanitarian, political and security situation. It underlined that they had made clear their demand for immediate stoppage of the conflict. It said the IGAD-led mediation would continue to assist the parties to address the root causes of the deadlock at sources and promote the participation of all parties in the next session of peace talks. The statement, expressing its disappointment over the failure to implement the Cessation of Hostilities Agreements and all the implementation modalities including the Matrix, emphasized that the war must end and stressed the crisis demanded a negotiated political settlement. It also called on all parties to ensure an unimpeded flow of humanitarian assistance and relief services to the needy as well as to assist the free movements of all personnel working for humanitarian organizations.

The IGAD Special Envoys will continue their engagement with the leaders of IGAD, the principals of the peace process including President Salva Kiir Mayardit of South Sudan and Dr Riek Machar, former Vice-President and leader of the SPLM/A- In-Opposition, and with the friends and partners of South Sudan. IGAD renewed its call to all the parties to show goodwill and flexibility in finding a just solution to the crisis. It also expressed its gratitude to the AU, the UN, the EU, the Troika, the Governments of China, Japan, Netherlands, and all the members of the IGAD Partners Forum for their sustained support. It urged them to continue their support and cooperation to help resolve the crisis.

On the occasion of Eid al-Adha, Ambassador Seyoum Mesfin, Chief of IGAD Special Envoys, said at a dinner organized by members of the religious leaders’ delegation to the talks, that South Sudan and the region had made sacrifices for peace, dignity, equality, liberty and the aspirations of the people. Now it was high time to make further sacrifices to salvage the lives of a young generation and put an end to senseless killings. He said: “the last 15 days in Bahir Dar demonstrated the positive spirit of the representatives of the stakeholders, including the leadership and the people, to make a bigger pie of common interests with a view to facing the challenges, narrowing the differences and making group and personal sacrifices for the advancement of the cause of peace, stability and betterment of the people.” Contrasting the previous sessions of peace talks, he said the last session had been “exceptional.” While what had been achieved could have been achieved earlier, but, at least, the stakeholders had now made a stride forward. He said the session could be regarded as “a major step forward towards the ultimate objective of achieving peace in South Sudan,” with both the technical and leadership committees successfully carrying out their tasks in working out what could be achieved in the area of system of governance, in the areas of the structure of the transitional government, and major principles.

The talks had come at a critical time during which the principals of the two warring parties were urged to take the winning course of a lasting peaceful and negotiated political settlement and “make sacrifices in the interest of the people, in the interest of South Sudan.” The people were calling upon the leadership of South Sudan to make peace. The adjournment would help the negotiating parties to take the time and the opportunity to discuss with their principals, and with their constituencies, to pave the way forward in the next phase or session. The IGAD mediation and the Special Envoys would also consult IGAD leaders as well as the principals and constituencies of the stakeholders. This, Ambassador Seyoum said, would support efforts to complete the remaining issues left unresolved. He said the adjournment came with great hope and “visible light that we see at the end of the tunnel of this process.” He added that the mediation has never been “so close to achieving peace than we are at the moment, compared to our journey of the last nine months.” He added “We are not in a mission without end; the mission must come to an end,” underscoring that the mission should deliver enduring peace to usher a new era of stability, tranquility and prosperity.

The new Special Representative of the United Nations Secretary General to South Sudan and head of the UN Mission in South Sudan (UNMISS), Ms Ellen Margrethe Loej, in her first news conference since she was appointed in July, called on South Sudanese political leaders to make the necessary compromise for peace to end the conflict in the country. She said progress on the peace talks appeared to be taking longer than “we all hoped and prayed for and which we believe the people of South Sudan deserve.” She said the sooner the guns were silent, the quicker both the UN Mission and aid agencies could focus on assisting South Sudanese people in building and developing the country. She said UNMISS would focus on its mandate: “We need to ensure that humanitarian assistance reaches areas of need and we need to ensure that there is accountability for human rights violations.” She added that “protection of civilians remains central to South Sudan's stability and, thus, a core priority of UNMISS' mandate.” This was clearly stipulated by the Security Council's resolutions and underlined that UNMISS' responsibility for protection of civilians extended to all parts of the country. She said “We are determined, within the limits of our resources, to establish a presence in areas of need.” Earlier this year, the Security Council extended the mandate of UNMISS until November 30 and authorized it to use “all necessary means” to protect civilians, monitor and investigate human rights abuses, create the conditions for delivery of humanitarian assistance, and support the implementation of the cessation of hostilities agreement.

Somalia's Foreign Minister Beileh says the country has turned the corner

Abdirahman Dualeh Beileh, Somalia's Minister for Foreign Affairs and Investment Promotion has given his views on the progress Somalia is making to the Somali website, Hiiraan.com. He briefly outlined the history of the 23 years, noting the enormous changes between the collapse of the last official government of Somalia in 1991, led by military strongman Siad Barre, to the election of this new government led by President Hassan Mohamud Sheikh in September 2012. After 1991, state institutions broke down, “government buildings, entire streets and even towns became the strongholds of warlords; many Somali cities, including the capital city Mogadishu, were utterly destroyed by clan-based violence and governed through fear and death.” Somalia became “a failed state” and was neglected for over two decades by the international community. Now, however, Somalia today may still be a patient in critical care, but it is slowly turning the corner. The Government is working toward achieving its six-pillar plan, which includes security, constitutional reform and a clear, equitable and workable federal model for a stronger, prosperous and united Somalia.

The Minister says it is easy for a government minister to speak of changes and, of course, these will often be referred to as propaganda by critics. However, he says, a simple inspection of facts on the ground can actually illuminate the progress of the country. He itemizes a number of points: the Somali Diaspora, scattered across the world, is returning in large numbers to work and invest; the Somali National Army is getting stronger by the day and is capable of fighting effectively alongside AMISOM in operations and in liberating cities and entire regions that once were no-go zones controlled by Al-Shabaab. He said that “once dark streets infested by terror, fear and almost owned by militias are now lively hubs of business, commerce and family homes”, adding that “as I travel across the capital Mogadishu, while the physical signs of the past conflict are visible, the hope the public has invested in a better future, eclipse these.” In sum, the Minister says, “the Somali people have had enough of the failed politics and society. They want peace, prosperity and progress. And they want it now, not later.”

The Minister accepts that turning around a once failed state is, of course, extremely difficult. He says it is impossible to do alone even if the resources were available. Now, the state building process is going well, and the government has every expectation of fulfilling its six-pillar plan. It is hopeful that, if it can continue with inclusive politics, accountability and joint partnership working at the heart of all the policies, the government will be able to deliver Somalia “to a new historical dawn in 2016.” He also stressed that none of this would be possible without the assistance of the international community, and he singled out the help and support of Turkey, whose President Recep Tayyip Erdoğan and his family made the first visit by an international leader for over twenty years in August 2011. His delegation included former Foreign Minister and current Prime Minister, Ahmet Davutoğlu, who predicted at the time that many other nations would come to open their embassies in Mogadishu. Foreign Minister Beileh said Somalia had much for us to learn from Turkey on its journey to peace, security and prosperity, and he welcomed Turkey’s return to the international scene as a donor.

His comments came in a week that saw significant military advances against Al-Shabaab. At the beginning of the week, on Sunday (October 5), the Somali National Army and AMISOM forces underlined the progress being made in Operation Indian Ocean, which is aimed at forcing the militants out of all their bases along the coast, by taking control of Barawe port in Lower Shebelle region. Barawe, 220 kilometers south of Mogadishu on the road to Kismayo, had been the center of Al-Shabaab activities since Al-Shabaab had been driven out of Mogadishu and Kismayo. Al-Shabaab resistance on the outskirts of the town was rapidly dealt with and the Somali Army and AMISOM forces entered the town without difficulty. They are now stationed in the town and the region’s administration will hold meetings with local elders and residents. The capture of Barawe is a significant victory as Al-Shabaab used the port to import arms as well as export charcoal to the Middle East, a lucrative multi-million dollar business that served as one of its main source of funding. The areas around the city were also being used as training areas for fighters.

The Special Representative of the UN Secretary-General for Somalia, Nicholas Kay, welcomed the recovery of Barawe and called it a “critical milestone in Somalia’s path to peace and stability.” He encouraged any remaining Al-Shabaab to lay down their arms, adding that “now is the time for peace and political progress for all Somali people.” The Acting Head of AMISOM, Lydia Wanyoto, congratulated the Somali and AMISOM forces for their bravery and resilience in taking over Barawe and other operations. She said Barawe was now under Somali government control for the first time in 23 years, since the last government of President Mohamed Siad Bare; and locals thronged the streets to welcome the allied forces as they advanced into the city.

Two days earlier, the Somalia National Army supported by AMISOM troops liberated the coastal town of Adale in the Middle Shebelle region after Al-Shabaab fled the town. Adale is a port in Middle Shebelle region over 200 kilometers north east of Mogadishu. Ms Wanyoto described the capture of the port on October 3 as “good news and a timely Eid al Adha present to the people of Adale and Somalia.” She pointed out that Al-Shabaab did not mount any resistance in Adale “simply because they have lost support from the public in Adale who came out to welcome the Somalia forces and AMISOM”. These victories bring to seven the number of strategic towns liberated to date under Operation Indian Ocean which started on September 1.

Meanwhile, Prime Minister Abdiweli Sheikh Ahmed has urged neighboring countries to carry out precautions to prevent Al-Shabaab fighters crossing their borders. Prime Minister Ahmed said Al-Shabaab fighters were fleeing from the ongoing military offensive against them in Somalia and there was a danger that they might try to cross into Somalia’s neighbors. The joint Somali National Army and AMISOM offensive has retaken large areas from Al-Shabaab in recent months. The Somali Prime Minister, who was speaking at a press conference in Mogadishu along with senior government officials including the Ministers of National Security and of Defense as well as senior military officers, said the objective of the current military campaign was to completely destroy Al-Shabaab’s power. He appealed to Somali youth fighting along with Al-Shabaab to take advantage of the 45-day amnesty offered by the Government.

Elsewhere, forces of the Jubba interim Administration along with AMISOM troops have been making advances against Al-Shabaab positions in Lower Jubba region in preparation for an advance up the Juba River towards Jilib and other towns still held by Al-Shabaab. At the beginning of the week they captured Bula-Gaduud town, approximately 30 km north of Kismayo on the road to Jamaame and Jilib. Kenyan fighter jets also attacked Al Shabaab positions in Jilib and other towns and villages. The Acting Head of AMISOM, Lydia Wanyoto, congratulated the AMISOM and SNA troops that liberated the town: “The fall of the town is a major victory that will provide opportunity to its residents to access government services and enjoy the

freedom they have been denied for years.” Bula Gaduud had been a gateway for Al-Shabaab militia coming from Jamaame and Jilib and been used as a springboard for attacks on Kismayo town and its environs in the past. According to reports from the Jubba region, Al-Shabaab, in apparent anticipation of the advance of the SNA forces and AMISOM is ordering residents of the Middle Jubba region to round up the livestock that has survived the drought and turn them over to Al-Shabaab. It is collecting camels, cattle and goats in the towns of Buale, Jilib and Sakow and surrounding villages and taking all the surviving animals.

The 4th Nile Basin Development Forum

The two day Fourth Nile Basin Development Forum was held in Nairobi this week on Monday and Tuesday (October 6-7) on the theme, “**Building Sustainable Trans-boundary Cooperation in a Complex River Basin: Challenges, Lessons and Prospects**”. The official opening ceremony was presided over by Professor Judi W. Wakhungu, Cabinet Secretary-Ministry of Environment, Water, and Natural Resources of Kenya and key note addresses were given by ministerial level officials from Tanzania, Sudan, and from the World Bank. Professor Wakhungu told participants: “We are hoping that cooperation around the Nile is going to increase security and stability. The key words are equitable and responsible use of the Nile resources.” She said the NBI had advanced a cooperative process to realize tangible benefits, build trust and confidence among its members. Mutaz Musa Abdalla Salim, Sudan’s Minister of Water Resources and Electricity, Chair of the NBI Council of Ministers, told the participants that the overall investment preparation leveraged under the NBI currently stood at \$6.5 billion. However, he also stressed that the NBI was now at a critical juncture. Resources would dwindle as the World Bank-managed Nile Basin Trust Fund would be closing in December this year. He appealed to member states to honor their obligations to the NBI, and to development partners to continue their support to enable effective implementation of its programs. The NBI Forum was followed by a donor round table on Wednesday (October 8) seeking to mobilize resources for the implementation of NBI-facilitated investment projects.

The Nile Basin includes 10 countries that either use or are the source of much of the river water. They are Burundi, Democratic Republic of Congo (DRC), Egypt, Ethiopia, Kenya, Rwanda, South Sudan, Sudan, Tanzania, and Uganda. Eritrea participates as an observer. The Nile Basin Initiative was created in 1999 to start negotiations for a treaty that would lead to an “all-inclusive” use of the river. The Comprehensive Framework Agreement was signed in 2010/11 by six countries but it has only been ratified by Ethiopia and Rwanda so far; Kenya says it will do so before the end of the year, and it was reported this week that the Tanzanian cabinet had approved the CFA and that the Tanzanian Parliament would ratify it by the end of the year. The CPA needs the ratification of six parties before implementation.

The Nile Basin Development Forum (NBDF) is a high level bi-annual regional event that brings together the members of the Forum and other interested parties from within the Nile basin and from outside. The Forum deliberates on the opportunities and challenges facing the Basin and considers the sustainable management and development of water resources in the Nile River.

The main objectives of the Forum are to enhance and continue building confidence and trust among countries of the basin through participation in development projects; to raise awareness of the benefits of sharing in the cooperative development of the Nile Basin; to provide a forum for opening discussion of Nile Basin Initiative projects and developments; and to introduce new ideas, and share knowledge and best practices. Those attending include government officials as well as representatives of the private sector, civil society, interested NGOs, local water users and external funding agencies and partners.

Previous Fora have all been carried out with specific themes, laying emphasis on current knowledge and experience, as well as considering the lessons learnt, and identifying gaps in the Nile cooperation process. This week’s Forum, under the theme “**Building Sustainable Trans-boundary Cooperation in a Complex River Basin**” is intended to provide opportunities for identifying lessons learned during the last 15 years of cooperation and to further consider new possibilities.

This Forum is dedicated to transboundary cooperation among the Nile Basin states in a river basin that is facing growing political and development pressures, while also being exposed to uncertain climate change impact. There is a very real need to ensure conditions for sustainable and equitable use of a scarce resource and to create and maintain peaceful relations among states.

All the riparian states are facing multiple and complex development and developmental challenges and ongoing population growth is putting unprecedented pressure on water resources.

Since the Nile Basin Initiative was established in 1999, efforts have continued to strengthen cooperation among the riparian states. Important progress has been made. The Nile River Basin today is witnessing visible improvements in both the extent and quality of cooperation among its member states. The benefits of cooperation are no longer questioned. What remains under discussion is the shape of cooperation and how it could be pursued. NBI centers have grown into strong regional institutions that provide an inclusive platform for the countries to deliberate on the management and utilization of the common resource of the Nile River and provide for extensive exchanges of information. Despite the stalled political process of the Comprehensive Framework Agreement, member states continue to work together and are committed to the cooperation process. Indeed, the NBI's development track continues to operate smoothly and effectively, focusing on technical issues and building practical channels for transboundary cooperation.

Ethiopia at the Dubai Africa Global Business Forum

At the invitation of the Government of the UAE, a delegation from Ethiopia, led by President Dr Mulatu Teshome, participated in the Africa Global Business Forum - 2014, held last week (October 1-2) in Dubai. The Ethiopian delegation, of more than twenty, included some ten private sector representatives as well as government officials, including State Minister for Foreign Affairs, Dewano Kedir. Ethiopia's high-level participation at the Forum underlined the Government's determination to attract more investment from the UAE and the Gulf.

President Dr Mulatu was one of the panelists at one of the 10 high-level debates prepared by the organizers under the title of "Leading the Continent towards Change". The Panel was moderated by CNN TV anchor, Becky Anderson, and among the other panelists were the President of Rwanda, Paul Kagame, and of Ghana, John Dramani Mahama. President Dr Mulatu explained that the recent optimism about the continent of Africa as an emerging market for the 21st century was not a hope, but was also a reality. He stressed that African governments were making their continent the next frontier of growth by transforming their nations at domestic level and collaborating at sub-regional and continental level within the framework of the African Union. In this context, he pointed out that Ethiopia was building the necessary institutions required to sustain the country's current economic performance through fast government service delivery, improved infrastructure development and the provision of support for global businesses, while developing a transparent legal system and displaying zero tolerance of corruption. The President also noted that that peace and stability were key factors for economic progress across Africa. He said Ethiopia was contributing its share to maintaining peace in the East Africa region in collaboration with neighboring countries and the international community.

Ethiopia's representation at the highest level is proof of the importance it attaches to advancing business links between Ethiopia and the UAE in particular and the Middle East more generally. Dubai is, of course, an international and global business hub. The Forum, therefore, was a valuable occasion for giving visibility to Ethiopia and helping to attract investors within the region and beyond, as well as persuading businesses of the value of becoming partners in its development endeavors.

The Africa Global Business Forum was first held in 2013 under the patronage of His Highness, Shekih Mohammed Bin Rashid al Maktoum, Vice-President and Prime Minister of the UAE and the ruler of Dubai. Following the popularity of the first Forum, it was decided to make it a yearly event. The objective of the Forum is to encourage international financial flows into Africa by bringing together leading decision makers of the global investment scene, as well as highlighting the role of Dubai as an international gateway to Africa.

A bilateral Ethio-UAE Business Forum was organized on the sidelines of the Africa Global Forum, by the Ethiopian Embassy in Abu Dhabi and the Consulate General in Dubai together with the Dubai Chamber of Commerce on Wednesday (October 1). This Forum brought together over 50 businesses from the UAE and representatives from nearly 20 Ethiopian businesses. President Dr Mulatu Teshome presided over the occasion while presentations were made by Mr Kebede Abera, from the Business Diplomacy Directorate-General of the Ministry of Foreign Affairs, Solomon Afework, President of the Ethiopian Chamber of Commerce and Sectoral Associations and Zemedeneh Negatu, head of Ernest and Young, Ethiopia. A presentation was also made on the best practices of Ayka Addis - the textile giant. Participants were briefed on the investment opportunities that Ethiopia offers in all sectors, with particular reference to agriculture. A question and answer session was conducted with the President and State Minister Dewano Kedir. President Dr Mulatu also held meetings with the chief executives of a number of companies and discussed ways in which investment could be fostered in Ethiopia on a mutually beneficial basis. The Forum is expected to

attract investment from the UAE and other areas, particularly in the areas of agro-processing, manufacturing, infrastructure finance and ICT value added services.

On October 2, President Dr Mulatu also held a meeting with representatives of the Ethiopian Community in UAE. During their meeting, the community representatives expressed their appreciation for the Government's continued efforts for Ethiopia's progress and emphasized their support for the construction of the Great Ethiopian Renaissance Dam. They also raised concerns about continued illegal trafficking of Ethiopian nationals into Middle Eastern countries. Assurances were given by Government officials that legal and orderly arrangements were being negotiated with the respective governments to create proper and effective working conditions for Ethiopian nationals residing in the region.

World Bank and Ethiopia cooperate on the Productive Safety Net Program

Ethiopia has achieved remarkable economic developments over the past decade and become one of the countries that have made fastest progress in a considerable number of sectors. This growth and development is the result of various factors, including government-led development commitment and investment, domestic stakeholder contributions, increasing Foreign Direct Investment and cooperation with other countries and international development partners.

The first Growth and Transformation Plan (2010/11-2014/15), which set out the long-term goal of becoming a middle-income country by 2025, prioritized various sectors for sustained economic growth and defined the government's commitments to comprehensive development. It also presented the government's commitments in social sector development.

One of the major cooperation areas between the government of Ethiopia and the World Bank and other development partners in previous years has been the Productive Safety Net Program (PSNP). This has also played an important role in addressing development agendas in rural areas of the country. The Growth and Transformation Plan sets out the strategy and policy for food security and for reduction of extreme poverty. This represented a pivotal shift from annual emergency food aid appeals to a planned approach to food security and predictable drought risk management. Within this spectrum, the PSNP program, launched in 2005, and funded by Ethiopian Government and by development partners, has been responsible for remarkable achievements in the growth and development of rural communities across the country. It should be underlined that the Productive Safety Net Program is implemented almost entirely through government systems with harmonized donor support, and it had continued to contribute significantly to improve food security and capacity building in rural areas over the past nine years.

In addition to ensuring the food security for people, the PSN Program has also led to important improvements in rural infrastructure and has contributed to improved access to education and health services, enhanced water retention and reduced soil and water run-off, and protected land in area enclosures, increasing soil fertility and carbon sequestration. Another benefit from the program has been the significant strengthening of the capacity of local governments to undertake planning and implementation of projects. In sum, the program has demonstrated considerable investment and benefit from planning to impact evaluation, with its evidence-based approach to implementation and continuous improvement.

The Government of Ethiopia and development partners' engagement model also allows for improved harmonization and enables enhanced supervision and monitoring of the program and its projects, while avoiding excessive transaction costs. The overall success achieved meant that the Productive Safety Net Program was highlighted as a model for coordination as well as for aid effectiveness at the 4th High level Forum on Aid Effectiveness in Busan, Korea, in 2011.

Last week (September 30) the World Bank's Board of Executive Directors approved a US \$600 million International Development Association (IDA) credit for the next round of the Productive Safety Net Project, PSNP 4. PSNP4 builds on the successes of the previous 10 years of the program, and will continue to contribute to reducing poverty and promoting shared prosperity by providing a safety net for Ethiopia's food insecure and vulnerable people in the rural areas. It will also contribute to the building of systems for social protection over the next five and half years. This element of the program, starting September 30, 2014, was laid out in the project appraisal document. This is aimed at expanding access to safety net and disaster risk management systems, as well as providing nutrition services and income support for food insecure families living in rural areas.

The Growth and Transformation Plan set the broad institutional framework for the next phase of the PSNP; and PSNP 4 is expected to be in line with the Growth and Transformation Plan 2, now being developed by the Government for the next five years. PSNP4 has four complementary elements which will be embedded in the GTP. Indeed the plan's Social Protection Policy, and its National Policy and Strategy on Disaster Risk Management (NPSDRM), will also provide a foundation framework for PSNP 4. The framework of the program is also aligned with the National Nutrition Program (NNP) and the Climate Resilient Green Economy (CRGE) strategy.

At the household and community level, the Productive Safety Net Program also has its own benefits and contributes to the overall economy through improvement in household well-being as a result of asset protection, avoidance of negative coping behaviors, reduction of losses through more efficient disaster response; and enhancement of livelihoods through increased asset and agricultural productivity as a result of community constructed public works.

The PSNP, in general, will contribute to comprehensively address Ethiopia's development agenda and contribute to it effectively. Its three main well-designed components, intended to contribute to the achievement of the overall PSNP development objectives, cover social protection and disaster risk management systems; productive safety nets and links to livelihoods services; and institutional capacity building and project management support. The first element of this, social protection and disaster risk management systems, will include targeting, registry, capacity development, early warning triggers and response mechanisms. The second component will be done through 3 sub-components delivering key services to targeted households. These will include safety net transfers to chronically food insecure households, support to response mechanisms for transitory needs, sustainable community assets and human capital investments and enhanced access to complementary livelihood services for client households through crop and livestock production, off-farm income-generating activities, and labor-employment linkages. The third element will support sustainable capacity development and institutional strengthening to help implement PSNP 4.

The Productive Safety Net Program (PSNP4) builds on the significant lessons learned during the previous phases of the PSNP. These lessons have been documented through bi-annual impact evaluations. PSNP4 also draws on a large number of studies, assessments and suggested improvements as well as incorporating experiences from various other countries. There is every reason to believe it will become even more successful than the previous PSNPs as it is implemented over the next few years.

IMF hails Ethiopia's economic progress

The International Monetary Fund (IMF) hailed Ethiopia's economic progress in its latest report published earlier this month. The Executive Board of the IMF, after the conclusion of the Article IV Consultation with Ethiopia, noted that Ethiopia's investment-led development strategy has delivered robust growth and significant progress toward Millennium Development Goals. It said restrained fiscal and monetary policies had also helped maintain the country's macroeconomic stability and [permitted] inflation to be contained in single digits. The report added that Ethiopia's economic growth had been supported by higher agricultural production and large public sector and foreign direct investment. There was also considerable progress made in "expanding employment" last year, the IMF noted; however, it criticized the continuous expansionary impulse of public enterprises in the economy.

The report commended the Government's budget implementation in 2013/14 and said it reflected "conservative spending". It said "Recurrent spending is estimated to remain at 7.4 percent of Gross Domestic Product (GDP), and the capital spending-to-GDP ratio will only increase by about 0.3 percentage points to 11.0 percent of GDP." The IMF reported that Ethiopia's budget deficit rose to 2.7pc in 2013/14, increasing by 0.7 percentage points from the previous year. The report indicated that public enterprises continued borrowing from the banking system and from external sources to finance their investments. Latest debt sustainability analyses, however, showed that Ethiopia would remain at a low risk of external debt stress and would also remain at low risk of debt stress in 2013/14 and in 2014/15. It noted that the Government's continued prudent fiscal policy, coordinated with its monetary policy to combat inflation, had yielded remarkable achievements, while it also maintained the momentum of spending in physical and social infrastructure.

According to the report, the developments in the external sector have been mixed, with the deterioration in the trade balance offset by net inflows of services and transfers. It said the current account deficit was

estimated to have widened from US\$2.8 billion (6.0 percent of GDP) in 2012/13 to US\$3.5 billion in 2013/14 (7.1 percent of GDP). The deficit, the report indicated, was financed largely by concessional and non-concessional inflows as well as by foreign direct investment.

Regarding the exchange rate, the report said that while the premium in the parallel market remained modest, the gradual nominal depreciation was insufficient to prevent an appreciation of the real effective exchange rate. It therefore recommended reduction of the overvaluation of the real effective exchange rate through enhanced exchange rate flexibility. The Minister of Finance and Economic Development, Sufian Ahmed, told *Fortune* newspaper last week: "We find it hard to agree with their suggestion to devalue the Birr as they would want us to."

The IMF report said it was encouraged by the economic outlook of Ethiopia as "the 2014/15 budget plan targets the general Government deficit at 3 percent of GDP and maintains a strong pro-poor focus." Overall the report commended the authorities for delivering robust and broad-based economic growth, maintaining inflation in single digits, expanding employment and improving social indicators, as well as welcoming the considerable progress toward the Millennium Development Goals. The report did have some reservation over the sustainability of the current public sector-led growth strategy. It cited several downside risks, including external financing of the public investment program, declining prices for export commodities, and weather-related shocks. It called on the government to take measures to mitigate these risks and suggested these should include greater policy coherence, appropriate structural reforms and a shift in the balance towards greater private sector-led, sustainable growth.

In fact, the Ethiopian Government's position on the role the private sector should play in the economy has been very clear from the outset. In two policy documents the Government adopted prior to the current Growth and Transformation Plan (2010/11-2014/15), the Sustainable Development and Poverty Reduction Program (SDPRP) and the Plan for Accelerated and Sustained Development to End Poverty (PASDEP), it spelt out the importance it attached to the development of the private sector. These documents specified agriculture, manufacturing, export promotion and education as the main areas in which the private sector could play a critical role. The Growth and Transformation Plan also underlined the importance of the private sector's development and its contribution to the rapid and sustainable growth of the economy. As a result, private investment, particularly in manufacturing and commercial farming has been promoted and supported during the Growth and Transformation Plan and the bases of private sector development further enhanced during the last few years.

The Government, in turn, has also continued to emphasize the strengthening of peace and stability, to guarantee property rights, and to ensure macroeconomic stability with prudent fiscal discipline and sensible exchange and interest rate policies. In formulating these policies and defining the respective roles undertaken by the state and the private sector, the government also took care to give due attention to the historical setting that had left the private sector weak, uncompetitive and largely incapacitated and unproductive. Indeed, the government has committed itself to the development of key sectors necessary for meaningful change in the economy, while also working to build up the capacity of the private sector. As a result of this, the private sector has shown remarkable and encouraging improvement over the past decade in line with the growth of the overall economy.

Then IMF Directors underscored the need for continued fiscal prudence in order to achieve the goals of the Growth and Transformation Plan, while also reducing any crowding out of the private sector. They called for stepped-up efforts to increase domestic revenue, by broadening the tax base, improving customs and tax administration, and removing tax exemptions. Here, the report missed the fact that the Government's efforts for domestic revenue collection have made significant improvement. Vigorous tax reform measures and improved tax administration and trade-facilitation efforts have increased tax revenue by 24.8% in 2012-13. It also increased as a ratio of GDP, by 0.1 percentage point from 11.6% in 2011/12 to 11.7% in 2012/13. Improved domestic revenue collection also enabled the Government to finance 81% of its expenditure from domestic sources in 2012/2013. In fact, the Government's strong fiscal stance in tax administration and other coordinated policy mechanisms, has already improved the overall fiscal position.

On the expenditure side, the IMF welcomed the planned implementation of a new high-level oversight mechanism designed to carefully monitor the operations and financial position of public enterprises and any contingent liabilities. It concurred that monetary restraint was still required in the wake of food and energy price shocks and domestic demand pressures stemming from large public investment.