

A Week in the Horn 12th December 2014

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News in Brief

Africa and the African Union

The Second New Nile Conference on “**New Nile Opportunities: Scientific Advances towards Prosperity in the Eastern Nile Basin**” opened on Wednesday (December 10) at the UNECA Conference Centre in Addis Ababa. It will focus on understanding the Nile water resources system, the Eastern Nile water development status, water diplomacy and hydro politics.

Ethiopia

The 9th Ethiopian Nations, Nationalities and Peoples' Day was colorfully celebrated in the Benishangul Gumuz Regional State on Monday (December 8). More than 4,000 people representing all the nations, nationalities and peoples of Ethiopia were present at the celebration held at the Grand Ethiopian Renaissance Dam's construction site. The ceremonies, which also marked the 20th anniversary of the Constitution, were attended by President Dr Mulatu Teshome, Prime Minister Hailemariam Desalegn, other high-ranking government officials, and members of the diplomatic corps as well as by the Presidents of Sudan and Djibouti.

Prime Minister Hailemariam opened the 2nd Ethio-Turkish Business Council Forum took place at Africa Hall this week (December 11-12). The Forum was attended by the Turkish Minister of Economy, Nihat Zeybekci, Ethiopia's Minister of Industry, Ahmed Abitew, and State Minister of Foreign Affairs, Dewano Kedir. (See article)

Minister of Foreign Affairs, Dr Tedros Adhanom, met with Turkey's Minister of the Economy, Mr Nihat Zeybekci and members of the Turkish delegation to the Ethio-Turkish Business Council Forum on Thursday (December 11). They discussed areas of cooperation between the two countries including the proposed free trade agreement, and the opening of Turkish investment banks in Ethiopia.

Dr Tedros also met with Matt Baugh, Head of the UK's East and West Africa Department at Foreign and Commonwealth Office on Thursday (December 11). They exchanged views on Ethiopia-UK bilateral ties and regional topics of common interest.

On Wednesday (December 10), on the side-lines of the COP20 meeting in Lima, Minister of the Environment

and Forests of Ethiopia, Belete Tafere, signed an agreement with the UK, Norway, France, Sweden, Germany, and Denmark to expand and renew the strategic partnership between Ethiopia, Norway and the UK agreed at Durban in 2011 and to promote implementation of Ethiopia's **Climate Resilient Green Economy strategy**. Ato Belete Tafere also underlined Ethiopia's commitment to mitigating the damages of climate change in his address to the High-Level Segment of the Conference of the Parties to the Framework Convention of the United Nations on Climate Change COP20 in Lima this week. (See article)

Ethiopia created a world record for the biggest concrete pour ever at the Grand Ethiopian Renaissance Dam (GERD) construction site on November 29; 16,949 cubic meters of concrete were poured in 24 hours. The previous record was for 16,800 cubic meters at a power plant construction site in China.

Djibouti

President Ismail Omar Guelleh on Monday (December 8) visited the site of the Grand Ethiopian Renaissance Dam in Benishangul Gumuz Regional State and attended the commemorative festivities of Ethiopia's Nations, Nationalities and People's Day. The event, in its 9th year, coincided with the celebration of the 20th anniversary of the adoption of the Constitution of the Federal Democratic Republic of Ethiopia.

Eritrea

President Isaias Afwerki returned to Asmara on Monday (December 8) after a three day working visit to Qatar where he held talks in Doha with the Emir of Qatar, Sheikh Temim Bin Hamad Al-Thani, on enhancing bilateral ties and cooperation as well as issues of interest to both countries. Qatar Airways began regular flights to Asmara from Doha on Friday (December 5).

The Danish Immigration Service has rescinded its decision to limit the granting of asylum to Eritrean refugees who could show specific threat to their personal safety. (See article)

Reporters without Borders, the Paris-based press freedom organization, has launched a fund-raising campaign based on the plight of jailed journalists in Eritrea, China and Saudi Arabia. The Eritrean prisoner is Dawit Isaak, a Swedish journalist, who has been imprisoned without trial in Eritrea for 13 years after being arrested along with other newspaper editors in 2001. According to RWB, Dawit is reported to be dying slowly in a prison camp where detainees are tortured by being shut inside steel containers during periods of intense heat.

Kenya

All charges against President Kenyatta of Kenya have been dropped by the International Criminal Court (ICC). The Chief Prosecutor of the Court, Fatou Bensouda, on Friday (December 5) filed a notice withdrawing the charges of crimes against humanity in connection with post-election ethnic violence in 2007-08. She said "Given the state of the evidence in this case, I have no alternative but to withdraw the charges against Mr Kenyatta."

President Uhuru Kenyatta told departing Ethiopian Ambassador to Kenya, Ambassador Shemsedin Ahmed, on Wednesday this week (December 10) that Kenya was determined to implement the **Special Status Agreement** signed between the two countries. The President said the agreement aimed to create opportunities for communities at the border. The President also underlined that Kenya was committed to winning the war on terror.

Kenya's parliament has begun debating tougher security laws. Proposals in the Security Laws (Amendment) Bill 2014 include extending the time authorities can hold suspected criminals beyond the current 24 hours, capping the number of refugees and asylum seekers in the country to 150,000 and establishing a specialized Counter-Terrorism Centre bringing together all the branches of the security forces.

The UNHCR said on Tuesday this week (December 9) that it plans to repatriate 10,000 Somali refugees in Kenya who wish to return home. UNHCR Kenya Representative, Raouf Mazou, said the first returns, which started on Monday, marked the beginning of a six-month pilot project, during which returning refugees will be provided support by UNHCR. Three areas have been identified for returns, Luuq, Baidoa and Kismayo.

Somalia

Prime Minister Abdiweli Sheikh Ahmed lost a vote of no-confidence in Somalia's Federal Parliament on Saturday (December 6) bringing a month-long political standoff with the President to an end. (See article)

The UN Security Council said on Wednesday (December 10) that it welcomed the resolution of the current political crisis in Somalia through the proper Parliamentary channels. It called for the President to quickly appoint a new Prime Minister and establish an inclusive and representative government. (See article)

Somalia's Attorney General Ahmed Ali Dahir and Auditor General Nur Jumale Farah issued a directive on Saturday (December 6) following the defeat of the Prime Minister, banning the 25 cabinet members, all deputy ministers and state ministers from leaving the country pending the results of an investigation into alleged corruption. Last week Transparency International's annual Corruption Perceptions Index ranked Somalia as the most corrupt country in the world for the third year in a row.

The United Nations Office for the Co-ordination of Humanitarian Affairs (OCHA) in a statement on Monday (December 8) said more than three million people in Somalia, 20% more than last year, needed urgent help because of malnutrition, war and other crises. Around 319,000 children under the age of five were being treated for acute malnutrition. OCHA said it had only received just 40% of the funding needed address the crisis, \$376 million of the total \$933 million it has requested from donors.

AMISOM peacekeepers have completed a two month training course for over 350 soldiers of the Somali National Army in the town of Tiye glow in Bakool region. AMISOM Sector 3 commander Brigadier-General Gebremedhin Fikadu congratulated the soldiers and praised the community for their cooperation.

South Sudan

South Sudan's SPLM-in-Opposition led by former vice-president, Riek Machar, officially opened a consultative conference on Monday (December 8) in the border town of Padek to deliberate on proposals put forward during the last round of Addis Ababa peace talks with the government. It is being attended by members of the opposition leadership council, top military officers, traditional leaders and representatives from the Diaspora, as well as civil society organizations and faith-based groups, and foreign observers. (See article)

The first group of 30 South Sudan students, out of a total of 155, left for Ethiopia this week to take up post graduate and PhD degrees at various universities under scholarships offered by Ethiopia's Ministry of Education. Students will be attending universities in Sudan, Egypt and Zimbabwe as well as Ethiopia.

Sudan

President Omer Hassan Al-Bashir paid a one day visit to Ethiopia on Monday (December 8) to attend the 9th Nations, Nationalities and People's Day celebrated at the Grand Ethiopian Renaissance Dam construction site. He also attended a Conference of Sudan and Ethiopian Border states at Asosa the capital of Ethiopia's Benishangul Gumuz Regional State.

The African Union High-level Implementation Panel (AUHIP), mediating the peace talks on the Two Areas, the Blue Nile and South Kordofan states, suspended the talks on Monday (December 8). Both sides accused each other of obstructing efforts for comprehensive peace in Sudan. The Government said negotiations should focus on a ceasefire and security arrangements in the Two Areas; the SPLM-N wanted a comprehensive cessation of hostilities and preparation for a "national constitutional dialogue" to include opposition parties.

Prime Minister Hailemariam on an official visit to Germany

Prime Minister Hailemariam Desalegn paid an official visit to the Federal Democratic Republic of Germany last week (December 3-6). During his visit, the Prime Minister, leading a delegation that included Foreign Minister, Dr Tedros Adhanom, Minister of Transport, Workineh Gebeyehu, Government Communication Affairs Minister, Redwan Hussein, and State Minister of Finance and Economic Development, Ahmed Shide, met German President, Dr Joachim Gauck, Chancellor Angela Merkel, Foreign Affairs Minister, Dr Frank-Walter Steinmeier, the East Africa Parliamentary Friendship Group of the Bundestag and representatives from different companies.

In their talks, Prime Minister Hailemariam and Chancellor Merkel exchanged views on a wide range of subjects and agreed to expand their practical cooperation on global, regional, and bilateral issues. Prime Minister Hailemariam expressed his satisfaction over the longevity of Ethio-German diplomatic relations. These had lasted for over a hundred years and an agreement over Ethio-German development cooperation had been signed fifty years ago in 1964. The Prime Minister recalled that during the first decade after 1991 economic growth in Ethiopia had not been as fast as subsequently, registering only 5% a year. However, for the last eleven years, the economy had registered double digit growth and the main focus of this had been in **pro-poor** development, for rural areas and for the country's human capital. He underlined the importance of Germany's role in these achievements through its support for vocational and technical education in Ethiopia. Germany's support to engineering capacity building efforts in Ethiopia had also contributed to the notable expansion of medium and small scale industries, he said. With reference to the democratization process in Ethiopia, Prime Minister Hailemariam emphasized that building a democratic nation was central to Ethiopia as well as to the region. This, he stressed, was why Ethiopia wanted stability in the neighborhood. Any spill-over of conflict and destabilization could affect the process of Ethiopia's democratization and national development efforts.

At their joint press conference after the talks, the German Chancellor urged German companies to play a greater role in Africa. She said **"Europe should not miss out on things at this point."** Prime Minister Hailemariam also called on companies from Europe's biggest economy to step up their engagement in Africa and in Ethiopia. He noted that the **expansion of renewable sources of energy** in Ethiopia was a particular area that could attract German investors. He stressed the importance of expanding and deepening cooperation between the two countries and said Ethiopia would make every effort to do this. Government Communication Affairs Minister, Redwan Hussein, said that during the talks between Prime Minister Hailemariam and Chancellor Merkel, the Chancellor had said she would see to it that Germany would develop a comprehensive package to **support companies** to tap the ever-growing opportunities in Ethiopia in particular and Africa in general.

In his discussions with Germany's Minister of Foreign Affairs Dr Frank-Walter Steinmeier, the Prime Minister gave a briefing on Ethiopia's efforts to encourage and develop peace and stability in the region. They exchanged views on the IGAD mediated peace process in South Sudan and on political developments in Somalia. The Prime Minister also briefed the East Africa Parliamentary Friendship Group of the Bundestag on these areas. He highlighted Ethiopia's active role in working to ensure peace and stability in the Horn of Africa and its efforts to create cooperative mechanisms to tackle peace and security challenges as well as encouraging economic integration within the IGAD region. He said the South Sudan peace process was going in the right direction even though the lack of commitment on the part of the South Sudanese parties was slowing the process down. On Somalia, the Prime Minister noted the weakening of Al-Shabaab and he emphasized that this achievement on the military front in terms of defeating Al-Shabaab needed to be backed up by real progress on the political front. Commending Germany's support to the peace efforts in the Horn of Africa and to AMISOM he noted that any support given to Somalia should also focus on the provision of social services to the Somali people.

The Prime Minister also briefed the Bundestag's East Africa Parliamentary Friendship Group about the economic developments in Ethiopia which were bringing millions out of poverty. He noted Ethiopia would achieve almost all of the UN Millennium Development Goals before the target date of 2015. He also highlighted the importance of attracting German investment to Ethiopia which, he said, was one of the purposes of his visit. He pointed out that Africa as a whole was becoming the **next frontier of economic opportunities** and this was particularly true of Ethiopia, one of the fastest growing economies in the world. He emphasized the advantages for German companies of seizing the opportunities as soon as possible. The Prime Minister stressed that Ethiopia was in the process of transforming itself from a purely agrarian to an

industrial economy. The Prime Minister told the parliamentarians that the Government's priority sectors for manufacturing development included leather, pharmaceuticals, shoes and footwear and textiles. These were areas in which German companies could engage. Industrial parks, he said, were being built in such a way that they were ready for "plug-and-play." These would be suitable for the requirements of German companies, he said, as they were free of bureaucratic impediments. Another sector offering real possibilities for German investment was the floriculture sector, which offered opportunities to provide the German market with fresh cut flowers direct from Ethiopia, instead of buying through third countries like the Netherlands. Other potential areas for investment, he suggested, were beef production, gas and oil exploration and mining. Ethiopia, the Prime Minister said, offers a large and low-cost labor force. Prime Minister Hailemariam also underlined these possibilities during his chairing of the Ethio-German Business Forum in which some sixteen German companies participated.

A Regional Symposium on the Grand Ethiopian Renaissance Dam in Asosa

Following the celebration of the 9th Nations, Nationalities and Peoples Day at the GERD site on Tuesday December 9, a Regional Symposium on GERD and its contribution to regional economic integration was held in Asosa, the capital of Benishangul Gumuz Regional State. **Jointly organized by the Ethiopian and Sudanese governments**, the symposium was attended by representatives of the Eastern Nile countries and of the international community, ministers, state ministers and regional governors from Sudan and Ethiopia as well as academics, and members of civil society and the diplomatic corps.

The Speaker of the House of Federation, Kassa TakeleBerhan, giving a keynote speech, expressed his deep satisfaction at the presence of the Sudanese delegation in this GERD Regional Symposium. Pointing out that the occasion was also the 20th anniversary of the Constitution of Ethiopia, he noted that the constitution included a clause that declared the commitment of the peoples and government of Ethiopia **to support and contribute towards African regional and continental integration**. Africa's vision for continental integration, he said, was centred on the Regional Economic Communities serving as building blocks for Africa-wide integration. In this sense, he said, the Government of Ethiopia believed that the riparian countries of the Nile Basin should consider issues related to regional cooperation and integration in terms of the unique opportunities offered by GERD. He reminded participants that from the outset, the Government had called on the riparian countries to participate in the project so it could become one of the shared African achievements of this century, as a concrete manifestation of the collective progress towards long lasting people-to-people cooperation and integration in Africa. The Speaker also pointed out that the Constitution was the greatest expression of the collective commitment of the Nations, Nationalities and Peoples of Ethiopia to building a united Ethiopia on strong and genuinely democratic foundations. He underlined that the progress of the country was to be attributed to the benefits and opportunities brought about by the Constitution, one of whose major elements was to accept local diversity as a source of beauty and enrichment.

Dr Yacob Arsano, Associate Professor of Political Science and International Relations at Addis Ababa University, told the symposium that the decade-long hydro-political processes in the Nile Basin had, most importantly, included the negotiation and signing of the Cooperative Framework Agreement (CFA), the unprecedented initiation by Ethiopia of the International Panel of Experts and the current tripartite dialogue and consultations on the hydrological, environmental and socio-economic impact assessment study of GERD. Dr Yacob emphasized that Ethiopia had negotiated with the Nile Basin countries in good faith and unequivocally agreed on the importance of water security to all the Nile Basin riparian countries. He said Ethiopia was very aware of the importance of the issue and that was why it had adopted careful diplomatic engagements in regard to her trans-boundary water resource development. The construction of GERD, he said, is premised on sharing benefits and causing no significant harm to downstream countries. GERD, he said, had changed the *status quo* and the whole trajectory of hydro diplomacy for the Nile Basin. Dr Yacob said this had led to a coalition of the upstream nations with Ethiopia in the process of the CFA negotiations. Sudan's support for the GERD project was firm, Egypt had now chosen to negotiate with Ethiopia over the use and management of the Nile waters, and both countries would benefit immensely from cooperation.

Papers were presented by Dr Osman Eltom Hamad from Sudan, and by two Ethiopian members of the International Panel of Experts (IPoE), Ato Gedion Asfaw and Ato Wubshet Demeke, covering "Looking to the future: Egypt, Ethiopia and Sudan"; "The Current Status of GERD; and "Outcomes and Prospects of the Tripartite Ministerial Meeting" respectively. The presentations were followed by discussions, in which

participants agreed that shared development would benefit all, that there was great potential to foster regional, social and economic development, as well as significant opportunities to improve transportation and infrastructure development. GERD would also enhance development in the Eastern Nile Economic Block and as a cooperative project to provide basin-wide benefits.

Ethiopia's Minister of Water, Irrigation and Energy, Alemayehu Tegen, in his closing remarks thanked the House of Federation for organizing the symposium for representatives of the Eastern Nile countries. He said it had been a momentous week, with the celebration of the Nations, Nationalities and Peoples of Ethiopia Day, the 20th year of the Constitution, the visit to the GERD project site and the series of symposiums and cultural events. The Symposium had provided details on the status of the GERD project, now 42% complete, and of the tripartite discussions between the ministers of water affairs and experts of the countries of Egypt, Ethiopia and Sudan. It had also covered the environmental, social and safety issues of GERD. Ato Alemayehu thanked Ambassador Mutaz Musa, Minister of Water and Electricity of Sudan, for his assistance in the success of the tripartite discussions. He also appreciated the openness and constructive engagement of Professor Hossam Mohamed Mohgazy, Minister of Water and Irrigation of Egypt. He said he was confident that the two downstream countries recognized the commitment and transparency of the Government of Ethiopia in sharing the study and design documents of the GERD during the work of the International Panel and its continued commitment to genuine cooperation. He emphasized that Ethiopia would continue to adhere to its policy of genuine cooperation and equitable and reasonable utilization of the water, causing no significant harm and promoting a win-win approach in trans-boundary water management. It would also promote the all-inclusive Nile Cooperative Framework Agreement and continue to encourage all riparian countries to sign and ratify the CFA.

Ethio-Turkish Business Council Forum meeting in Addis Ababa

The 2nd Ethio-Turkish Business Council Forum took place at Africa Hall this week (December 11-12) with Prime Minister Hailemariam as a guest of honor. Participants included the Turkish Minister of Economy, Nihat Zeybekci and Ethiopia's Minister of Industry, Ahmed Abitew, as well as the State Minister of Foreign Affairs, Dewano Kedir, the Chairman of the Ethio-Turkish Business Council, Yusuf Aydeniz, the President of the Ethiopian Chamber of Commerce and Sectoral Associations, Solomon Afework, the Ethiopian Ambassador to the Republic of Turkey, Ambassador Ayalew Gobeze, and the Ambassador of Turkey to Ethiopia, Ambassador Osman Riza Yavuzalp, the Director General of the Ethiopian Investment Commission, Fitsum Arega, other senior officials from both countries and investors and representatives of leading companies of various sectors from the Republic of Turkey and Ethiopia, including more than a hundred potential new investors from Turkey.

The Forum provided the opportunity for bilateral discussions between the two governments, the opportunity of interaction between senior government officials and investors about the investment environment in Ethiopia, and for partnerships between Turkish investors and their Ethiopian counterparts in cooperating in projects in Ethiopia. In addition to speeches and presentations on the investment opportunities and priority sectors in Ethiopia, it allowed for extensive bilateral business meetings between members of the Turkish delegation and their Ethiopian counterparts.

Prime Minister Hailemariam in his speech at the opening of the Forum, welcomed the emphasis given by the Government of Turkey to its partnership with Ethiopia. He noted that the presence of the large delegation led by the Minister of Economy was a testament to the seriousness with which Turkey regarded the possibility of involvement in Ethiopia in the areas of development finance, investment and bilateral trade. The Prime Minister said "Turkey is one of the reliable development partners that the Government of Ethiopia has in its endeavor to extricate our country out of poverty in more ways than one." He said while there was still ample room for further expansion in terms of volume and quality, "the level of project financing that the Government of Turkey has been putting at our disposal has been steadily increasing." At the same time, the Prime Minister also noted that "the palpable presence of Turkish Government financed infrastructure projects in Ethiopia, while encouraging, nevertheless needs to be further enhanced both in terms of volume and quality."

The Prime Minister underlined the need for the deployment of investment from Turkey's private sector in a range of areas where, he suggested, Ethiopia offered uniquely competitive and comparative advantages. Mentioning the attractive investment possibilities and Ethiopia's suitability as an investment destination today, Prime Minister Hailemariam said that as many Turkish first generation industries in areas such as

textiles, clothing and other light manufacturing areas were being affected by steadily increasing labor costs, Ethiopia represented an ideal destination for relocation or as a place to start similar industries by capitalizing on the abundance of a large and easily trainable semi-skilled labor, the low cost of electricity, and the ever increasing expansion of roads and other critical infrastructure development. Equally important was the favorable policy regime that offered premiums to ensuring competitiveness at global level. The Prime Minister also emphasized the Government's commitment to do everything possible to encourage investments that could link with the country's development priorities.

Mr Zeybekci, Minister of Economy of the Republic of Turkey, acknowledged the achievements of the governments of Ethiopia. He said Turkey had been closely following events in Ethiopia and "we have witnessed that it is one of the fast growing countries in the world," and as a secure and stable country it was a place for investors to choose. He said Turkey and Ethiopia had a number of similarities as both could show increasing stability and increasing economic development. The minister noted that Turkey was expanding its flight destinations and trade ties with African countries. He said "We see Ethiopia not only with its abundant young population in the country, but also we see it beyond its borders, as a gateway to the region and to Africa". He said that Turkey in Africa had a win-win strategy and had chosen Ethiopia as one of its prime destinations for investment and development. The Minister expressed his hope that free trade agreements between the two countries would soon be signed, and he said the Bank of Turkey would open a branch in Ethiopia to facilitate trade and investment partnerships and cooperation. The Minister also encouraged investors from Turkey to invest in Ethiopia.

In fact, the number of Turkish investors now involved in Ethiopia has reached over 150, a significant increase since 2004, and Turkey is now one of the leading investment injecting countries in Ethiopia with companies like AYKA creating thousands of job opportunities. The trade exchange between the two countries has also been growing significantly in recent years. The total turnover of trade exchange between the two countries increased from US\$110 million in 2004 to US\$559 million in 2013, a 400% growth. Ethiopia's export to Turkey increased from around US\$17 million in 2004 to US\$77 million in 2013, while imports from Turkey increased from US\$94 million to US\$418 in the same period.

Ethiopia and its Climate Partners sign an agreement during the COP 20 Lima conference

On Wednesday (December 10), on the side-lines of the COP20 meeting in Lima, Ethiopia's Minister of the Environment and Forests, Belete Tafere, met with the UK's Secretary of State for Energy and Climate Change, the Minister of the Environment and Development Cooperation of Norway, the Secretary of State for Development and the Francophonie of France, the Deputy Prime Minister of Sweden, the State Secretary of the Environment, nature Conservation, Building and Nuclear Safety of Germany, and the Minister for Climate, Energy and Building of Denmark. The meeting was to discuss the expansion and renewal of the strategic partnership between Ethiopia, Norway and the UK agreed at Durban in 2011 and to promote an ambitious and binding climate treaty for COP21 in Paris next year by supporting the implementation of Ethiopia's Climate Resilient Green Economy strategy. This is setting an example for other countries.

The joint communiqué noted that "given the progress of Ethiopia's implementation of this CRGE strategy, development partners are scaling up their support." It detailed what was being done and noted that Ethiopia and its climate partners would continue "to work energetically together on climate change issues in general and on climate resilient green economic growth in particular. The partnership would continue to enhance political collaboration to advance international climate policy and also provide long term financial and technical collaboration on the implementation of Ethiopia's CRGE strategy. It also noted the partnership would be based on the principles that support for Ethiopia's CRGE strategy would be results-based and aligned to aid-efficiency, maximizing country ownership, value for money and delivery of development results. Contributions would be used within the framework of the development and implementation of Ethiopia's CGRE strategy through mutually agreed channels. They would be rooted in transparent, inclusive, multi-stakeholder processes involving local communities and community-based organizations, and efforts to promote commercial investments would be encouraged and rewarded through the implementation of results-based funding approaches including public-private cooperation.

The High-Level Segment of the Conference of the Parties to the Framework Convention of the United Nations on Climate Change COP20 opened in Lima on Tuesday (December 9) in the presence of the Secretary-General of the United Nations, Ban Ki-Moon. Addressing the conference, the UN Secretary-General urged the Conference to deliver a balanced, well-structured, and coherent draft text for the 2015 Agreement and

provide a clear and solid foundation for next year's negotiations. He emphasized the need for tangible progress in solidifying the climate finance regime and called for priority to provide adaptation support and resilience building for the most vulnerable, especially the least developed countries and small island developing states. The Secretary-General also urged the Conference to make a decision to stimulate and facilitate cooperation on a more comprehensive range of actions by all actors, and in conclusion, he called on all those countries that had not yet done so to swiftly ratify the Doha Amendment to the Kyoto Protocol, an amendment that established its second commitment period.

The Executive Secretary of the United Nations Framework Convention on Climate Change, Ms Christiana Figueres, in her opening address to the High Level Segment, reiterated that "Never before have we had such urgency for transformation." She encouraged the parties to take ambitious decisions to "plant the seeds of a new, global construct of high quality growth, based on unparalleled collaboration bridging all previous divides". Ms Figueres linked in the fight against climate change as an essential element in the battle against poverty. "Ambitious decisions, leading to ambitious actions on climate change, will transform growth; opening opportunities instead of propagating poverty, safeguarding resources instead of depleting them," she said.

Ethiopia's Minister of the Environment and Forests, Belete Tafere, in his statement to the Conference, underlined Ethiopia's commitment to mitigating the damages of climate change. Despite its insignificant contribution to the atmospheric content of greenhouse gases, he emphasized that Ethiopia was doing everything it could to this end. It had developed a Program of Adaptation to Climate Change and formulated the vision to become a zero net carbon emitter as well as achieve middle income status by 2025. The Minister noted the fact that **all the electricity in Ethiopia's grid was generated entirely from renewable energy sources** – mainly hydro power, but also including wind and geothermal power sources. He said the Government was now making wood fuel-efficient cooking stoves and biogas technology available to rural homesteads in order to supplement efforts to reduce carbon emissions until the rural electrification program reaches its climax shortly. He said Ethiopia was also making efforts to enhance bio-fuel (ethanol) utilization in the transport system. The ethanol was being produced from sugar cane products and *Jatropha carcus* without compromising the food production system. At the moment, he said, a 10% ethanol blend of fuel was widely available in Addis Ababa. The Minister also noted that another program to plant billions of tree seedlings each year to rehabilitate and reforest degraded landscapes was underway. Under this, people volunteered up to 45 days each year during the dry season when agricultural activities were limited, to terrace mountain slopes.

The Minister also urged the Conference to conclude a draft agreement ready to be adopted in the Paris UN Climate Change conference. He said such an agreement must include specific provisions on mitigation, adaptation, finance, technology generation and transfer, unimpeded by intellectual property rights, capacity building and transparency of action. "It is only then", he said, "that we can all openly unite to take the actions which are required by the gravity of this environmental crisis in which we all find ourselves and into which we, humans, are dragging all life on Earth."

During the COP20 meetings, the African Ministerial Conference on the Environment (AMCEN) also convened a high-level ministerial briefing meeting on the negotiations taking place in Lima. Representatives of the African Group of Negotiators gave a presentation on the status of the negotiations and underlined the key messages of the continent. The outcome of the negotiations will, of course, feed into the new global climate change agreement which all hope will be signed next year in Paris. It will then enter into effect by 2020. The meeting was chaired by the President of AMCEN, Tanzanian Minister of State, Binilith Mahenge. Together with the representative of the African Union Commissioner for Rural Economy and Agriculture, Olushola Olayide, and the Chair of the African Group of Negotiators on Climate Change, Nagmeldin Goutbi Elhassan, they commended the sustained efforts of the negotiators and Africa's leadership to develop a coherent and common position for the continent, to address the challenge of climate change and its adverse effects in Africa.

It was announced that African positions for the negotiations should include: finance should be allocated based on a country's capacity, needs and geographical representation; the scale of provided finance should be reviewed periodically on the basis of assessment reports of developing countries; and the delivery of adaptation finance should be reviewed on an annual basis and necessary measures taken by developed countries to ensure delivery to developing countries. Financial resources should be provided on the basis of quantified targets, and should be predictable, sustainable, adequate, new and additional to the current

development finance flows, and distributed according to clear allocation criteria. This, it was underlined, meant that each continent could get its share in line with the challenges it faced. The ANG [African Group of Negotiators] and the African Ministers all agreed on the importance of adaptation for Africa and recognized that actual funds were not sufficient to meet the large needs of the continent. They agreed that adaptation finance must be a cornerstone in any future agreement and should be part of the legal agreements and have the same legal parity with mitigation. Different institutional options were presented to enhance the possibilities and capacity of the most vulnerable countries to receive funds from the Adaptation Fund, the Least Developed Country Fund of the Global Environment Facility and the Green Climate Fund. Concerns were expressed about the way assessment of country needs was being related to climate change and related costs. On the mitigation front, experts had prepared a pre-2020 action agenda with identified opportunities to offer high potential. New initiatives by the African Group of Negotiators were also proposed. These included the establishment of a Global Renewable Energy Support Program that could enter into action after 2015.

Somali Prime Minister loses no-confidence vote in Parliament

The six-week long political standoff between Somalia's President Hassan Sheikh Mohamud and Prime Minister Abdiweli Sheikh Ahmed came to an end on Saturday (December 6) when the Somali Federal Parliament passed a no-confidence motion against the Prime Minister. Of the 235 MPs present, 153 voted in favor of the no-confidence motion, 80 voted against and 2 MPs abstained. It was the fourth attempt to vote on the no-confidence motion; on three previous occasions, rowdy behavior by the supporters of the Prime Minister prevented a vote.

After the session, Parliament Speaker Mohamed Sheikh Osman Jaware urged President Hassan Sheikh Mohamud to appoint a new head of government within the 30 days required by law. The Speaker called on lawmakers to remain united and move on beyond the conflict which had inhibited parliament's ability to hold sessions. He said "Parliament is the only governmental institution where each member is free to vote [according to] his conscience and take responsibility for his view and where the conflicting views of the Somali public can be democratically resolved." He thanked members for carrying out their duties peacefully and responsibly, and called on the President to name a prime minister as soon as possible so that the government's work did not come to a halt.

Names of possible replacement have already begun to appear in the Somalia media, as President Mohamud has begun consultations with senior officials, clan elders, members of parliament, and others. Among names being put forward are the outgoing Minister of Finance, Husayn Abdi Halane; the Somali ambassador to the United States and former Prime Minister in 2009-10, Abdirashid Umar Ali Sharmarke; former Foreign Minister and MP, Fowzia Yusuf Haji Adan; and MP, Abdirahman Hosh Jibril.

President Mohamud, who welcomed the decision of Parliament, has pledged to appoint a new prime minister as soon as possible. He said the parliamentary process had demonstrated the ability of Somali institutions to take decisions on internal differences rather than solving these differences outside Somalia. He said Parliament's action was a testament that the "fears and concerns that the government would fall apart, that there would be ongoing conflict and destruction" were unfounded. He said the process had set a historical first for Somalia: "we are saying Somalia has overcome the civil war, it has overcome the feuds and anarchy, and it has overcome the time where it could fall apart easily." He said "today, Somalia has achieved progress and its governmental institutions are working fully." He said "I want to thank all the lawmakers, the ones who voted yes, the ones who voted no and those who abstained." The President said there were no winners or losers and he thanked the Prime Minister and his cabinet for their service and urged Somalis to show them due gratitude and respect for their efforts.

The outgoing Prime Minister accepted the parliament's decision and called on all Somalis and international partners to remain focused on achieving Vision 2016 and the goal of delivering long-term stability, development and reform for Somalia. He said "we must eradicate a culture of impunity, disregard for the law and corruption if Somalia is to make meaningful progress." He said his administration "has been relentless in our pursuit for reform and we leave a solid foundation that carries the hopes and aspirations of all Somalis. These dreams must be realized." He also said that the outcome of the vote "must serve as a moment of reflection for leaders on their responsibility to the country and its people" adding that "I am extremely grateful to the Somali people for the regular moral and material support they provided me during my tenure."

The Special Representative of the Chairperson of the African Union Commission (SRCC) for Somalia and Head of AMISOM, Ambassador Sidikou, welcomed the manner in which the Federal Parliament had conducted its session, and the way the President and the Prime Minister accepted the decision. The Special Representative of the UN Secretary General, Nicolas Kay said, "Somalia now needs unity of political purpose between its institutions and leaders and a significant period of stability." He added that he hoped that "once a new Government is in place, Somalia's leaders will reach agreement on how to prevent such crises and instability in the future."

The UN Security Council on Wednesday (December 10) also welcomed the resolution of the political crisis through the proper Parliamentary channels. It "commended the prime minister of the Federal Government of Somalia for his acceptance of the result, and recognized the positive contribution he and his government had made to peace, security and development in Somalia." The Security Council expressed its concern at the recent political instability and its impact on peace and stability, but reiterated support for fast implementation of 'Vision 2016'. It emphasized the importance of the President swiftly appointing a new Prime Minister and the rapid establishment of an inclusive and representative government. It stressed that swift and sustained restoration of political stability was vital at a time when operations against Al-Shabaab were continuing and "when political progress, in line with 'Vision 2016', must accelerate." It expressed concern that further political instability in Somalia could jeopardize progress, and stressed the importance of the new political leadership in Somalia focusing on priority areas, including resumption of the implementation and review of the Provisional Constitution and the passage of key legislation to establish electoral institutions. It emphasized the importance of developing effective mechanisms to prevent prolonged political crises in future.

AU keen to encourage the IGAD-led South Sudan peace talks

The 474th meeting of the Peace and Security Council of the African Union, held last week (December 5) in Addis Ababa, discussed the situation of South Sudan, opened up new possibilities of support to the IGAD-led peace negotiations and to the South Sudanese stakeholders to try to secure sustainable peace and stability. It resulted in a decision to urgently establish "an AU High-Level Ad-hoc Committee of Heads of State and Government" to re-energize and re-establish the IGAD-led South Sudan peace negotiations as the driver for an immediate end to the conflict and for a successful and peaceful conclusion of the crisis. It also aimed to place South Sudanese parties and stakeholders at the heart of creating sustainable peace and security within the IGAD-led mediation framework. According to the Communiqué issued by the Peace and Security Council, this Ad-hoc Committee of African Heads of State and Government will comprise one representative from each of the five regions of the continent. This decision came after the Council took note of the statement made by the Permanent Representative of South Sudan and a briefing made by the Commissioner for Peace and Security on the situation in South Sudan.

The Council's decision to create the Committee was a result of the lack of any appetite for peace among the conflicting parties, or for continuation of the IGAD-led peace talks to bring an immediate end to the conflict, as well as the failure to avert the alarming level of the ongoing humanitarian crisis and further displacement of civilian population. The parties have failed to sink their political differences and start afresh to create a stable, resilient and prosperous South Sudan or advance the hard-won freedom of South Sudan. The underlying cause of Africa's readiness to support the IGAD-led South Sudan peace talks is the urgent need to speed up the journey for peace, security, dignity and prosperity of all Africans, including South Sudanese, and the importance of unity and integration in all spheres. Africa's support and re-commitment for the IGAD-led mediation underlines the place of African solutions for African problems for the restoration of peace and stability in South Sudan. Renewing and broadening Africa's support to the IGAD-led peace negotiations is a clear sign of the continent's collective and internal agenda for the promotion of the collective peace, security and prosperity of the continent.

The AU Peace and Security Council's Communiqué reiterated that if the parties failed to stand up for what they had so far committed and continued to spoil the ongoing peace negotiations "stern measures will be taken, including recourse to the UN Security Council for further action." Earlier, the IGAD Summit (November 7) requested that the Parties commit to an unconditional, complete and immediate end to all hostilities, and bring the war to an end, stressing that any violation of the Cessation of Hostilities Agreement, of 23 January 2014, would invite collective action by the IGAD region against those responsible for such violations, including but not limited to, the enactment of asset freezes, of travel bans within the region, and denial of the supply of arms and ammunition, as well as any other material that could be used in war."

It expressed its concern over the failure of the parties to meet the November 22 deadline set by the 28th Extraordinary Summit of IGAD Heads of State and Government to finalize “consultations on outstanding matters and reach a political settlement, as well as avoiding back-tracking on issues already agreed.” It called upon AU Member States to extend the necessary political, diplomatic and financial support to the efforts of IGAD to deliver sustainable peace to South Sudan. The Council called on Member States and the international community to offer the urgent humanitarian support for internally displaced people in South Sudan and the refugees in neighboring countries. It also urged international humanitarian organizations to help support the affected populations. It appealed to the South Sudanese parties to facilitate the safety and protection of humanitarian personnel and ensure the unimpeded flow of humanitarian assistance to the affected population. It also appreciated the role played by IGAD and its Chair, Prime Minister Hailemariam of Ethiopia, for their leadership and commitment in the pursuit of a political solution to the crisis in South Sudan. It commended the IGAD Mediation Team and its Chairperson, Ambassador Seyoum Mesfin, as well as other stakeholders, for their continued support and efforts to move away from the course of war. It applauded the generosity, hospitality and support extended by neighboring countries to South Sudanese refugees and appealed them to continue “this exemplary demonstration of African solidarity.”

IGAD in association with its Member States, South Sudan’s international partners and friends and the international community, has devoted its time and energy to trying to bring an immediate end to the war. Unfortunately, the mismatch between the commitments made to end the conflict and the practical implementation of those pledges, has underlined the glaring weakness of the political leadership of South Sudan.

Meanwhile, one of the warring parties, the SPLM-in-Opposition, led by former vice-president, Riek Machar, officially opened its consultative conference on Monday (December 8) to deliberate proposals put forward during the last round of the IGAD-mediated Addis Ababa peace talks with the government. The IGAD mediation gave the opportunity to the Government and to the SPLM-in-Opposition to consult with their constituencies on contentious issues in the peace process before the next round of talks resume. The Government’s consultation exercise was held earlier. The SPLM-in-Opposition conference officially started on Monday, delayed from Friday last week as some of its military commanders had not arrived. The consultative conference, convening in the opposition-controlled town of Padek, close to the Ethiopian border, was opened by Dr Machar. The head of the SPLM-in-Opposition negotiating team, Taban Deng Gai, briefed the hundreds of delegates, including members of the SPLM leadership council, top military officers, traditional leaders, representatives from the Diaspora, as well as civil society organizations and faith-based groups, and foreign observers.

Danish Immigration Service changes its mind on granting asylum for Eritreans

The Danish Immigration Service announced on Tuesday this week (December 9) that it had changed its mind about the conclusions of its recent, much-criticized report, on Eritrea. In a press release on Tuesday, the DIS said that the reactions to its report raised doubts about whether there were risks to people returning to Eritrea after illegally leaving the country and avoiding national service, and that sending deserters from Eritrea’s compulsory military service back to Eritrea did, after all, present a danger. It, therefore, said that it found that after concrete and individual assessments, there can be a basis for granting asylum to people seeking it under this motivation of avoiding compulsory national service. DIS now says that Eritreans are likely to be granted asylum in Denmark even if they aren’t personally persecuted, concluding that the agency now “expects to grant asylum in many cases”. The original report, using mostly anonymous sources, had called into question previous claims that Eritreans can face retribution or even possible death if they flee the country. It claimed that Eritreans who had tried to avoid military service could merely sign a repentance letter and agree to pay an extra two percent ‘Diaspora tax’. It therefore recommended that Denmark only provide asylum to Eritreans who can show that they face a specific personal threat.

The report, “Eritrea: Drivers and Root Causes of Emigration, National Service and the Possibility of Return”, was published last month. It was based on a three person fact-finding mission which visited Eritrea and Ethiopia over a three week period in August and October. Earlier this year, a sudden increase in the number of refugees from Eritrea arriving in Denmark led the Danish Government to put the granting of asylum for Eritreans on hold. From about a dozen or so refugees arriving every month earlier in the year, the number rose to over 500 in July. The Government asked the Danish Immigration Service to evaluate the reasons for this sudden upsurge. Eritreans make up the second largest number of refugees arriving in Denmark this year

after Syrians, and there are reportedly some 1,400 Eritreans waiting in Danish asylum centers for their cases to be processed by the Danish Refugee Appeals Board.

The report concluded that the human rights situation in Eritrea might not be as bad as ‘rumoured’ and that Denmark should no longer offer blanket asylum to Eritreans fleeing compulsory indefinite military service generated immediate and widespread criticism. Basing its conclusions almost entirely on anonymous sources, the report questioned claims that Eritreans could face serious punishment or even death if they fled the country. It said the alleged “shoot-to-kill’ policy targeting Eritreans trying to leave the country illegally might have been partly true previously but “people are not being shot at just because they try to cross the border into Ethiopia”. The report said that international reports of up to 10,000 political prisoners were “difficult to harmonise with the reality on the ground”, and that overall, the human rights situation was not as bad as was normally claimed. It dismissed all the reports of international institutions as well as numerous reports of journalists, academicians and various governments over a decade or more, as untrustworthy, remarking that: “hitherto available reporting on the conditions in Eritrea to a large extent seems to be based on information obtained from sources that were not present in Eritrea or on interviews with Eritrean refugees abroad.”

The report was welcomed by the Danish Ministry of Justice, which said in a press release on November 25 that Eritreans would once again be eligible for asylum but under much stricter criteria than before. They would no longer be automatically granted asylum if they fled from Eritrea’s authoritarian rule but only if they could show they faced a specific personal threat. The Minister of Justice, Mette Frederiksen, said that the report had given “new and relevant information on the asylum situation in relation to Eritrea,” and had shown that “there was a need for updated information and that it was necessary for the Immigration Service to carry out a fact-finding mission.”

The report was immediately and strongly criticized by its only named source, Professor Gaim Kibreab of London’s South Bank University, a leading and internationally respected expert on Eritrea and the status of Eritrean refugees. Despite being quoted extensively in the report, Professor Kibreab distanced himself from the published version, telling Danish media that he was “shocked and very surprised” at the way his input had been used. He said the authors had quoted him out of context, ignoring facts and “either used my name generally to lend credibility to your anonymized sources or picked words of half sentences to fit into your account.” Indeed, Professor Kibreab sent a strong letter to the Immigration Service saying that the authors had ignored the “substantial changes” he had made to their version of their conversations. In his letter, Professor Kibreab said: “The way you have chosen to quote me contradicts the findings of the studies I have been conducting on the Eritrean National Service and the full information I provided you in our oral communication and in the edited version of the draft you sent to me for comments and approval. Instead of approving the draft you sent to me, I edited it substantially and your report does not reflect that. I would, therefore, like to dissociate myself from your report and its conclusions.”

Even before Professor Kibreab spoke out, Danish NGOs, including the Danish Refugee Council and various international bodies had strongly advised against using the findings of the report. They criticized the authors for talking to no more than 12 anonymous sources in Eritrea, nine of which were international organizations including five “Western” embassies; the other three were a “regional NGO based in Asmara”, a representative of the Eritrean Foreign Ministry and a “well-known Eritrean-intellectual”. The Stop National Service Slavery in Eritrea Campaign said the report ignored the host of other human rights violations being perpetrated in Eritrea. The Eritrean Human Rights Council (EHRC), a London based organization which is unable to operate in Eritrea, asked how the stated goal of getting “updated and first-hand description of the conditions on the ground” could be achieved by talking to Western Embassies and International Organizations in Asmara “whose tenure was short and who were only able to have minimal contact with Eritrean nationals and had no access to those who live outside Asmara. The EHRC also pointed out that in any case the authors should have looked at the evidence they collected rather more carefully as “despite the skewed conclusions” the interviews with Western embassies do in fact provide “evidence of the dire situation in the country: the hopelessness, unpredictable and arbitrary nature of the laws, malnutrition, the way the government greatly benefits from Diaspora remittances and retains two thirds of value of remittances by manipulating the exchange rate, that the Government is a predator that uses its citizens in any which way to save money (indefinite service) or increase revenue (Diaspora), that it does not see its citizens as the ones who give it legitimacy or as full participants in deciding their own and their country’s future.”

Other critics suggested that officials from the unnamed “Western” embassies quoted, were “obviously

motivated by the need to curtail the flow of refugees to Fortress Europe.” They also pointed out that the authors had not even tried to contact the UN Special Rapporteur on human rights in Eritrea, Ms Sheila Keetharuth who recently told the UN General Assembly that the Eritrean Government was responsible for systematic and extensive human rights violations including indefinite forced conscription, random arrests and imprisonment, solitary confinement and other inhumane prison conditions, assassinations, disappearances and torture.

Following this barrage of criticism, disagreements also surfaced among the three officials who had carried out the mission and who were responsible for the report. Danish media said two of the officials involved had criticized the way information was gathered and had expressed dissatisfaction with the findings, but the head of the mission had decided to publish the report despite all objections. This week’s change by the Immigration Service came after a request of the Minister of Justice for an explanation of the events in the report following the widespread criticisms. That move was welcomed by critics of the report; this week’s change in the Immigration Service’s decisions will also be appreciated.

Ethiopia’s sovereign bond issue substantially oversubscribed

Ethiopia’s first ever sovereign bond debut, worth US\$1 billion, as we noted last week, was issued with a 6.625% interest rate with a maturity date of 10 years. It was all taken up on December 4 and the issue was rightly regarded by the international media as a great success story for Ethiopia. A press release issued by the Ministry of Finance and Economic Development said “Ethiopia attracted high quality investor interest despite a challenging market environment,” adding that “investors remained engaged throughout the process and reflected a sizeable appetite to participate in the deal.” The Ministry said the issue went primarily to U.S investors (50%), followed by those in the UK (35%), Europe (14%) and others (1%). Fund Managers dominated the allocations, taking some 96% of the issue. This underlined the high caliber of demand. Furthermore, the issue of the bond was oversubscribed by 260%, meaning US\$ 2.6 billion dollars was offered by potential buyers for the US\$1 billion issue. Importantly, Ethiopia was the first African country to include the terms and conditions of the Collective Action Clause. This is a body of contractual clauses issued by the International Capital Market Association and CAC rules enable debt restructuring through the collective decisions of a super majority of bond holders. It allows the super majority to modify essential payment terms including the date of maturity, principal owed and interest rate, and for more flexible implementation of the contract.

The success of the issue is attributable to Ethiopia’s strong economic growth registered over the past decade. In the words of the press release, “This landmark financing affirms widespread and positive receptivity to Ethiopia’s track record of significant economic growth, prudent fiscal management and targeted reform agenda.” The quick sale of the issue was a success in itself, and provided a significant boost to Ethiopia’s image among investors and to the world at large. This was important because an outdated image of Ethiopia’s past history of famine, poverty, low economic growth and socio-economic under-development has lingered despite its impressive overall development and changing trends of reporting by international media outlets.

Prior to the issue of the bond, a high level delegation led by the Minister of Finance and Economic Development, Sofian Ahmed, had a chance to speak to more than 80 fund managers engaged in managing trillions of dollars of capital around the globe. Given this opportunity to detail Ethiopia’s impressive development story, the delegation made a compelling presentation of the country’s vibrant economy and effective finance management.

Nothing has demonstrated the change in the perceptions of Ethiopia’s economy more than this oversubscribed purchase of its Eurobond. It demonstrates a real confidence in Ethiopia’s debt management, credit history and repayment capacity among these fund managing investors. The Eurobond sale was also preceded by the issue of a sovereign credit rating that emphasized Ethiopia’s potential for investment as well as its impressive growth trajectory. The press release said “this landmark financing affirms widespread positive receptivity to Ethiopia’s track record of significant economic growth, prudent fiscal management and targeted reform agenda.” The prudent fiscal policy referred to had focused on improvements in tax administration and tax collection and the strong fiscal discipline that has helped Ethiopia maintain a significantly low budget deficit. A report on the Growth and Transformation Plan performance for 2012/2013 noted that the budget deficit for three consecutive years remained at 1.6% of Gross Domestic Product as well as underlining commendable figures in export-debt and export-GDP ratios.

This investor ‘road show’ has, in fact, once again underlined Ethiopia’s prospects as a country of immense

potential for growth and rapid development. This has also been emphasized by the response of the international media. *Global Capital*, for example, in its December 4 edition, carried a story headlined “Ethiopia makes savvy \$1bn debut, sets strong tone for future issuers,” and discussing at length what the sale meant to Ethiopia. It quoted Maryam Khosrowshahi from Deutsche Bank as saying that “investors were impressed with Ethiopia’s metrics relative to peers in terms of a record of significant economic growth and prospects, a prudent fiscal management, debt and debt sustainability, and the level of focus on infrastructure development.” Similar stories were carried by the *Irish Times*, the *Wall Street Journal*, *Bloomberg* and a number of other organizations describing the boost the Eurobond gave to the changing image of Ethiopia’s economy. Overall, the success of the quick sale of the bonds has already brought immeasurable benefit, selling the idea that Ethiopia is ready for business.

Another achievement of the sale relates to the role it is playing in diversifying Ethiopia’s financial sources. Ethiopia, until now, has been essentially dependent upon concessional loans and grants from multilateral and bilateral sources. Despite the country’s growing demand for finance for development, the fact that there was no significant increase in finance coming from external sources, meant that private finance was needed as an alternative source. The GTP report for 2012/2013 read “in general, the first three years of the GTP period saw no significant growth in the disbursement of external resource over the years and the annual disbursement remained more or less similar at US\$2.7 billion per year.” The Growth and Transformation Plan states that meeting the goals stated in the plan demands diversifying the sources of finance due to “the unpredictability of external financing, and the inability to project financial inflows in the context of scaling up; and its predictability on a number of national and external circumstances, which makes the projection of the amount and sustainability of external assistance difficult.” The sovereign bond sales, in fact, will usher in a new era in which the private capital market is added as a major new source of finance for development. The success of the US\$1 billion debut can be seen as a highly successful venture in diversifying sources of finance.

Another point to be underlined is that this will ease the problems related to disbursement of pledged external finance. The report of the Ministry of Finance and Economic Development to the House of Representatives showed that in the year 2012/2013, only 32 billion birr was disbursed out of a pledged amount of 64 billion birr. Given the number of major development projects that require foreign currency, there was an obvious demand for reliable alternative financial sources. Ethiopia’s moves into the international sovereign bond market will, therefore, have a positive role in curbing the challenge faced in financing these projects. It will also help provide the finance to keep these projects on schedule. Finance is needed for several of the projects currently under implementation, such as the Tana Beles III Dam and the Kuraz sugar projects. Power transmission and distribution lines are another area where the funds generated through bond sales will be used. All of these projects, once completed, will be able to repay the money borrowed through bond sales.