

A Week in the Horn

23rd May 2014

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News in brief

African Union

A statement from the African Union said the Chairperson of the Commission of the African Union, Dr Dlamini-Zuma, strongly condemned the terrorist attack resulting in numerous casualties in Nairobi, on Friday (May 16), and called for renewed efforts to combat the scourge of terrorism.

The first-ever Pan African Medical Doctors and Healthcare Conference (PAMDHC) opened on Wednesday (May 21) in Addis Ababa, focusing on the need for better regional health care infrastructure partnerships, access to affordable pharmaceuticals, distribution of medical supplies and equipment, and growing concern over Africa's continued medical brain-drain.

Ethiopia

Prime Minister Hailemariam held talks with the Governor General of New Zealand, Jerry Mateparen, on Tuesday (May 20). The recently opened New Zealand embassy in Addis Ababa was formally inaugurated during the visit of the Governor General.

Ethiopian Shipping Lines, now the Ethiopian Shipping and Logistics Service Enterprise, celebrated its 50th anniversary on Saturday (May 17) in Djibouti with the arrival of nine new ships. President Ismail Omar Guelleh of Djibouti and Prime Minister Hailemariam attended. (See article)

President Mulatu Teshome attended the Global Alliance for Vaccination (GAVI) meeting hosted by the European Union on May 20, in Brussels. President Mulatu said the work undertaken with partners like GAVI has helped Ethiopia achieve its impressive reduction in under-five mortality.

Foreign Minister Dr Tedros Adhanom held discussions with visiting Lithuanian Foreign Minister, Linas Linkevicius, on Monday, (May 19). They agreed on the importance of improving economic relations. Minister Linkevicius thanked the Ethiopian government for its support of Lithuania's bid for a seat at the United Nations Security Council.

Foreign Minister Dr Tedros Adhanom on Tuesday (May 20) held talks with Mr Jimmy Smith, Director General of the Addis Ababa based International Livestock Research Institute (ILRI). The ILRI is planning to commemorate forty years of research in Addis Ababa this year.

Ethiopia's Ambassador to France, also accredited to the Holy See, Ambassador Nega Tsegaye, presented his letters of credence to His Holiness, Pope Francis, on Thursday last week (May 15). Ambassador Nega also met senior Vatican officials and visited the Ethiopian College Seminary in Vatican City.

Ethiopia's average life expectancy has improved dramatically, from an average of 45 years in 1990 to 64 years in 2012 according to the World Health Organization. Its report on the state of health around the world for 2014 said Ethiopia's was second biggest gain in Africa, after Liberia.

Djibouti

President Ismail Omer Guelleh, Minister of Religious Affairs, Aden Hassan Aden, and religious scholars from East African states, this week attended a conference to discuss ways to tackle radicalism and fundamentalism. The President called on the meeting to release a Fatwa on the Islamic perspectives concerning militancy in order to respond to increasing radicalism ideology.

On Saturday (May 17) Djibouti President Ismail Omar Guelleh inaugurated the E-Campus of the University of Djibouti, the first university in Francophone Africa to have a virtual technology campus. The digital platform will be operational from the start of 2014 academic year.

Eritrea

Eritrea celebrates the 21st anniversary of its formal independence this week, on May 24, following the referendum held in May 1993. It is also the 23rd anniversary of its de facto independence from Ethiopia in May 1991.

Kenya

Kenya Defense Force fighter jets on Sunday (May 18) struck an Al-Shabaab base at Jilib, in the Middle Juba region. Kenyan military spokesman, Major Chirchir, said the target had been a command and explosive device-making compound. The strike had destroyed a main armoury, food stores and a meeting place and caused significant casualties.

Somalia

United Nations' Humanitarian Coordinator for Somalia, Philippe Lazzarini, said on Monday (May 19) that over US\$60 million was urgently needed to provide critical humanitarian assistance to Somalia. Somalia was experiencing drought, a shortage of aid money and conflict which has disrupted planting and displaced people, (See article)

The Secretary-General's Special Representative and Head of the UN Assistance Mission in Somalia (UNSOM) and the Special Representative of the Chairperson of the African Union Commission for Somalia briefed the Security Council on Thursday (May 22). (See article)

The Special Representative of the Chairperson of the African Union Commission for Somalia, Ambassador Mahamet Saleh Annadif, speaking at the one day Puntland Donor Roundtable Meeting on Wednesday (May 21) called on the donor community to support Puntland's priorities and development goals.

On Sunday (May 18) Somaliland celebrated the 23rd anniversary of its self-proclaimed independence from Somalia. Addressing crowds in Hargeisa's freedom square, President Silanyo said Somaliland had successfully "laid the foundation for governance based on the tradition of peace, human rights protection as well as democratic elections".

South Sudan

The Government of South Sudan welcomed pledges of more than US\$600 million made at the international pledging conference held in Oslo this week. They bring available funds for South Sudan's humanitarian crisis to \$1.2 billion, still short of the \$1.8 billion UN agencies say is required for urgent needs. (See article)

The Intergovernmental Authority on Development (IGAD) announced on Monday (May 19) that the third session of Phase II of the South Sudan peace negotiations had been postponed to June 4. IGAD said two working Committees on Security Arrangements and a Humanitarian Affairs Committee and Political Committee had been set up by the two sides.

Sudan

Sudan's President Omar Al-Bashir on Monday (May 19) delivered a strong warning to the media, saying that repeatedly dealing with national security, military affairs and justice issues in a negative and destructive manner, threatened the safety of the nation and weakened its cohesion.

The Head of the African Union High Level Implementation Panel (AUHIP), Thabo Mbeki, held intensive meetings with government officials, opposition leaders, and civil society organizations in Khartoum on Saturday (May 17) in order to push forward the national dialogue.

International conference pledges US\$600 million for South Sudan

The international humanitarian pledging conference, attended by delegations from 41 donor countries, was held on Monday and Tuesday this week in Oslo (May 19 and 20). The conference was co-hosted by Norway and the UN Office for the Coordination of Humanitarian Affairs. Norway Foreign Minister, Børge Brende, stated the aims of the conference in his opening speech: "firstly, to mobilize resources to meet the urgent need for increased humanitarian assistance; secondly, to agree on joint measures to provide better protection and assistance to the millions of people affected by the conflict."

Those present agreed that the ongoing conflict in South Sudan has exacted a terrible human toll, causing severe disruptions to livelihoods and crop planting across the country, leading to a steep decline in food production and raising fears of a possible famine. Foreign Minister Brende said the crisis was expected to escalate significantly in the months ahead, adding that "the Norwegian Government is therefore allocating a further \$63 million to humanitarian efforts in South Sudan". He said that "by making this substantial contribution, Norway is sending a clear signal about the gravity of the situation." These funds, he said, would be "channeled through humanitarian actors on the ground" in South Sudan and through the neighboring countries which are hosting hundreds of thousands of refugees who have fled the fighting.

Recalling the great expectations of the new state of South Sudan when it declared its independence in 2011, Foreign Minister Brende noted the positive results achieved during its first years, most importantly bringing peace to a country that had been ravaged by war for decades. However, he added, since December last year, armed conflict had once again displaced people, destroyed markets and disrupted livelihoods. As a result of this renewed conflict, he told the conference, more than 1.3 million people had been displaced, and some 4.9 million people, out of a total population of 11.5 million, were in need of humanitarian aid. He also emphasized that "the number of people that are facing serious risk of food insecurity is increasing from day to day, and is expected to reach 4 million within seven months."

Noting that the continuing deterioration of the security situation severely limited the operational space for humanitarian actors, Foreign Minister Brende said the agreement signed on May 9 by President Salva Kiir and Riek Machar in Addis Ababa should mark a turning point. He said firmly: "we expect all parties to fully honor the agreement and stop fighting." He went on to say that "implementation of the agreement and commitment to the further political process are preconditions for a political solution to the conflict. The parties must enter into serious negotiations and put the interests of the people of South Sudan first." South Sudan's Foreign Minister Barnaba Marial Benjamin told the opening session of the conference on Monday that the ceasefire agreement was holding, and reiterated his government's commitment to reaching a peaceful settlement to the conflict.

The Norwegian Foreign Minister also commended IGAD, and its Chair, Ethiopian Prime Minister Hailemariam, for "its work to bring the parties to the negotiation table with a view to achieving a sustainable political solution." He urged the parties, on behalf of the entire international community to make the right decision: "to put people first and bring South Sudan back on the track of development."

Ambassador Woinshet Tadesse, Ambassador of Ethiopia to Sweden and other Nordic Countries, in her remarks to the Conference, expressed Ethiopia's appreciation to the Government of the Kingdom of Norway for convening the Humanitarian Pledging Conference, and reiterated Ethiopia's firm commitment to contribute everything possible to assist a speedy return of normality in South Sudan, and avert a tragedy whose consequences would be incalculable. She said the conflict in South Sudan and the associated humanitarian problems could only be mitigated and addressed, if the two parties showed their commitment to respect the January 2014 Cessation of Hostilities Agreement, reinforced by the agreement signed by the two leaders in their meeting in Addis Ababa earlier this month. She noted that this also required speedy arrangements for the deployment of the IGAD Protection and Deterrence Force for the Monitoring and Verification team, and she urged the Security Council to expedite the process of authorization. Equally important for addressing the humanitarian challenges in the country, she said, was "a generous response by the international community to assist the people of South Sudan to avert the huge humanitarian challenges they face."

Noting the exacerbated humanitarian situation, which was also reflected in the influx of refugees into neighboring countries, including Ethiopia, Ambassador Woinshet said that Ethiopia was now hosting more than 120,000 South Sudanese refugees in four refugee camps. She said Ethiopia has responded to the crisis by establishing an emergency response under the leadership of UNHCR and the Administration of Refugees and Returnees Authority of Ethiopia, with support from the Gambella Regional State Government and NGOs. She said land had been provided for camps, health centers were made available along with water and other facilities for the use of the refugees. The Ambassador said Ethiopia would continue to maintain its "open door" policy for refugees and asylum seekers and it remained "committed to continue receiving and assisting refugees from South Sudan until durable solutions are found in their country."

The Conference has resulted in a doubling of the funds being made available by the international community for humanitarian efforts in South Sudan, from US\$600 million to over US\$1.2 billion. In advance of the conference, the Norwegian Government announced that it was allocating a further US\$63 million for humanitarian efforts in South Sudan in addition to US\$17 million pledged in emergency aid earlier in the year. The United States pledged US\$300 million, including US\$50 million for refugees in neighboring countries, with the EU pledging US\$191 million, the UK US \$100 and Switzerland US\$27 million.

The United Nations which described the donor conference as the "last chance to prevent famine" expressed satisfaction with the outcome of the conference, saying pledges had "surpassed" expectations. The pledges bring the total available funds for South Sudan's humanitarian crisis to \$1.2 billion. Valerie Amos, UN Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator after the conference said, "these generous pledges will, once paid, translate into life-saving relief to the most vulnerable people in South Sudan and to those who have sought refuge in neighboring countries. The UN and our humanitarian partners must now do our part and deliver." At the same time, this is still short of the US\$1.8 billion UN agencies say is required to avoid a full scale humanitarian crisis; and Valerie Amos warned at the conference that famine was a real possibility in South Sudan if the required financial aid is not secured on time.

Somalia's Prime Minister speaks about progress over the last six months

Somalia's Prime Minister Abdiweli Mohammed has been speaking about his government's activities in the six months since he took office. He underlined the progress made to US based media, detailing the towns that had been liberated and emphasizing this was an important security gain. During the March offensives, AMISOM forces had liberated large areas of Central and Southern Somalia including Hudur, the capital of Bakool region, and other towns there and in Gedo and Bay regions. Prime Minister Abdiweli also stressed that despite attacks by Al-Shabaab the security in Mogadishu had improved. He pointed out that "we foiled many attempted attacks aimed at causing harm to the Somali people; we stopped numerous vehicles they had filled with explosives." Overall, the Prime Minister said, Al-Shabaab had not only lost control of many strategic towns, it had also been weakened economically. It had lost significant income after the liberation of the nine towns in these regions from which Al-Shabaab used to take funds. These towns had also been used as centers for the recruitment and training of new combatants. The loss of these towns had seriously

affected the finances of Al-Shabaab already hit badly by their losses and expulsion from Kismayo and Mogadishu, which used to bring them millions of dollars in charcoal sale tax and port fees.

The Prime Minister noted that a comprehensive plan had been prepared and was in the process of implementation in regard to the delivery of services and the stabilization of the newly liberated areas. He said that the training of 165 caretaker administrators and police officers which started last week was an important leap in the stabilization process. He added that the Government was also supplying food, specifying that “there are about 18 food trucks in Baidoa that were taken to Wajad and Hudur.” Equally, he said, the Government was also using air transport to provide food aid where roads were blocked by floods or before roads controlled by Al-Shabaab were reopened. He described as “evil” Al-Shabaab’s habit of trying to prevent food reaching towns that had been liberated. President Mohamud had noted back in March that any stabilization plan should be concerned with immediate peace dividends in the form of humanitarian and food aid.

The Prime Minister had said in March that the stabilization process was already in operation overseen by four Deputy Ministers who had been deployed to liberated areas. The delivery of food aid had begun following the defeat of Al-Shabaab forces by Ethiopian troops and Somali National Army units in Gedo, Bay, Bakool and Hiiraan regions. Reflecting on what constitutes stabilization, the Prime Minister said that stabilization would remain an ongoing effort gradually expanding during the coming months. He said a necessary foundation was to ensure “that each town has police and intelligence forces, an administration and critical services such as health and education. We are planning to achieve that in the coming two months. The Plan is underway now and is being carried out by districts.” The Prime Minister cited his recent visit to Qoryooley, where rebuilding of the hospital and reorganization of the police and intelligence forces was taking place, as part of the process of stabilization.

Prime Minister Abdiweli pointed out that funding remained the number one challenge to carrying out the Government’s plans. Somalia’s parliament approved a US\$218 million budget for 2014, double the 2013 budget of US\$114.3 million. The Government also set out its aim of increasing the domestic sources of revenue to US\$130 million for the year. This was in line with its intent to reduce dependence on foreign aid and to foster self-reliance as well as create awareness among Somali people and businesses that they must be part of the plans for development. In this context, Prime Minister Abdiweli said the Government was working on ways of how best to engage the public with the concept of Vision 2016. Vision 2016 has three main elements: revision of the provisional constitution to remove contested elements and create a constitution that will allow the Somali people to resolve their issues politically in the future; formation of regional administrations, districts and states; and the establishment of democracy in the country so that people can elect and enjoy a multiparty system. The Prime Minister also noted his Government was trying to work with parliament to pass the necessary legislation. He added “we want to have a good relationship and to support the Parliament because it is the federal government that is leading the process to form the government.” The Prime Minister also underlined the prime importance of reinforcing the Somali National Forces, including the police, the national armed forces and the intelligence services. He said the Government would like to integrate all these elements and move them away from clan-based militias and create a capable national army through proper training, integration and re-equipment. The Government also wanted to improve the system of justice.

The Prime Minister noted that one of his most important achievements had been the preparation of clear work plans by the 25 Ministries of the Federal Government, covering such areas as economic development, service delivery, justice and security. He said the Ministries were now working on the implementation of these plans. He said a lot of work had been done but “we still have a lot left to accomplish.” Prime Minister Abdiweli’s cabinet is made up of 25 Ministries, a significant increase in size from that of the 10 person cabinet of his predecessor, Prime Minister Shirdon.

This week the danger of another famine in Somalia has attracted media attention. Large areas of the country are suffering serious drought. This is in addition to a shortage of aid money and continuing conflict, which has disrupted planting and displaced people, as well as making it difficult for traders and humanitarians to deliver food to some areas. Philippe Lazzarini, the U.N.’s Humanitarian Coordinator for Somalia, said that the world should not wait until a famine was declared in Somalia before responding to the worsening hunger caused by drought and conflict. He said US\$60 million was needed urgently to save the lives of 50,000 children over the next two months and to deliver food and water to 857,000 people, most of whom have been internally displaced. The U.N.’s 2014 appeal for Somalia has only received 17% of the necessary funding so far, that is US\$160 million, only half of the amount of money received at the same time last year.

Underlining the gravity of the emergency, Mr Lazzarini said “One of the main lessons learned from 2011 was that if we wait for the official declaration of a famine to start to respond to the needs, it will be far too late.” That was what happened in 2011 and by the time the international community responded, half of the 260,000 people who died because of the famine, were already dead.

....the Secretary-General's Special Representative briefs the Security Council

The Secretary-General's Special Representative and head of the UN Assistance Mission in Somalia (UNSOM) said in a briefing to the Security Council on Thursday (May 22) that Somalia had made political, economic and security progress in the last 12 months. At the same time, he warned, the country was approaching a “danger zone” in a number of areas. He said this year was critical for the country. He said he himself remained a firm optimist, but he added it was clear the Government and its international partners must make faster progress. Speaking via a video conference from Mogadishu, Mr Kay said the Federal Government had started to address some of the major political disputes between the centre and the regions and that the country has continued to show signs of economic growth. There had also been recent improvements in security in Mogadishu. The Government of Prime Minister Abdiweli Sheikh Ahmed had injected fresh momentum but progress on state-building had not been as fast as needed. The Federal Government had still not finalized a detailed blueprint for building a Federal Somalia, revising and implementing the constitution, and preparing for elections in 2016. He said there needed to be “urgent progress in establishing the mechanisms to revise and implement the constitution, oversee the establishment of federal states and prepare for elections.”

Mr Kay also said he was concerned that the current political crisis in Mogadishu, which included a call by over 100 Members of Parliament for the President to resign, could mean a return to a cycle of infighting between Somalia's political institutions that has paralyzed previous governments. He said Somalia could not afford further delays in its state-building process. There was also an urgent need for progress on security and stabilization in newly recovered areas with acceptable administrations established and visible peace dividends. He also noted that progress in building a sustainable, professional and truly national Somali army was still “fragmentary and insufficient”. He mentioned the lack of military helicopters for AMISOM and the need for further contributions to the Somali National Army Trust Fund to support further logistical support. Mr Kay also stressed that ongoing conflict, poor rains and lack of sustained access to towns due to Al-Shabaab tactics of blocking main supply routes was likely to intensify the critical humanitarian situation in Somalia.

Mahamat Saleh Annadif, Representative of the Chairperson of the African Union Commission and Head of AMISOM, also briefed the Security Council, detailed the phase of military operations that had just ended. He said logistical obstacles were being overcome, and security had clearly improved, despite persistent suicide attacks, targeted killings and the use of improvised explosive devices. He said an “after-action review” in Addis Ababa would be held to record lessons learned and challenges to overcome. He said AMISOM continued to support supply routes around freed towns and it was training the Somalia military to secure rural areas and continuing to conduct quick-impact projects. He emphasized that the need for helicopters remained crucial. Ambassador Annadif said the African Union was supporting local elections for freed towns' administrations. He also agreed the humanitarian situation remained of great concern, as did the financing of the special fund to support Somalia forces.

The Security Council adopted a presidential statement on Thursday, in response to recommendations from the Secretary General to assist the Federal Government's obligations in arms and ammunition management. It said it remained concerned about the possible diversion of arms and ammunition to Al-Shabaab and stressed control of these were a fundamental component of greater peace and stability and called on Member States to offer necessary financing and technical assistance and suggested creation of a verification mechanism including international experts. The Security Council welcomed the Federal Government's establishment of an Arms and Ammunition Steering Committee as the overall body responsible for arms and ammunition management. It also said that when it next considers continuation of the suspension of the arms embargo in October, its decision would be affected by the Government's compliance with its obligations.

...and an unfriendly travel warning on Kenya

Kenya has recently been hit by a number of terror attacks from Al-Shabaab terrorists, posing security challenges. These included the murderous attack on the Westgate shopping mall last September which claimed the lives of sixty-seven innocent and unarmed civilians in an attack staged by al-Qaida-affiliated, Al-

Shabaab terrorists. The aim of the attacks has been to put pressure on Kenya to withdraw its troops from South Somalia particularly from Kismayo. They have included a recent attack on a bus which claimed the lives of six people in Nairobi, but even earlier some countries had issued travel warnings for Kenya and particularly for any journey to the eastern part of the country, including Mombasa.

The Government of Kenya called these travel alerts "unfriendly", pointing out they would increase panic and give advantages to those responsible for such cowardly acts of terror. The warnings might also further damage Kenya's tourism sector, which President Kenyatta had described as being greatly affected by security challenges. A press release, signed by Karanja Kibicho, the Principal Secretary at the Foreign Affairs Department, described these travel advisories as "unfriendly acts coming from our partners who have equally borne the brunt of global terrorism and no doubt understand the repercussions of terror menace. The challenges arising from acts of terrorism require concerted efforts to fight them and not behaving in a manner that accelerates it by causing fear and panic. Issuance of such travel advisories only plays to the whims of bad elements in society whose aim is to spread fear and panic among otherwise peace loving people." The statement went on: "The Government of Kenya would like to assure all Kenyans and friends of Kenya that our security forces remain vigilant and will continue to thwart any attempts to disrupt peace. Visitors are assured of the utmost security and safety while in Kenya."

In fact, given the security challenges that terrorism continues to pose and its very nature of instilling terror to meet certain political ends, it is hard to ignore that unwarranted travel advisories can lead exactly to the situation sought by the terrorists themselves. In this regard, it is important to take precautions before issuing travel advisories and avoid falling into the traps of terrorists who are making every effort to freeze Kenya's tourism industry, the backbone of its economy. Given the delicate nature of the tourism industry, issuing a travel warning can have an unnecessarily shattering effect on the economy. The associated repercussion on neighboring countries should also be taken into account as many tourist package tours cover more than one country. Such travel advisories may spill-over into the region, which has been showing remarkable economic progress, especially in tourism. Issuing travel warnings is not uncommon but caution should always be taken to avoid undesired and unwarranted consequences on the peace, stability and economy of the region. There have been some sporadic attacks in Kenya but it is hardly appropriate to label Kenya as a dangerous tourist destination. Such travel advisories can also unleash a backlash threatening the effectiveness of the global alliance against terrorism. Kenya should be assured that Ethiopia and its neighbors will stand firmly by its side in fighting Al-Shabaab in Kenya and on Somalia soil.

Ethiopian Shipping Lines celebrates 50 years and acquires nine new ships

The 50th Anniversary of Ethiopian Shipping Lines, now the Ethiopian Shipping and Logistics Service Enterprise (ESLSE), was marked on Saturday (May 17) in Djibouti. The celebration was attended by Prime Minister Hailemariam Desalegn of Ethiopia, heading a delegation that included Deputy Prime Minister, Demeke Mekonnen, Foreign Affairs Minister, Dr Tedros Adhanom, Minister of Transport, Workneh Gebeyehu and the Director General of Ethiopian Revenues and Customs Authority (ERCA), Ato Beker Shale. The ceremony was also attended by President Ismail Omar Guelleh of Djibouti and Djibouti ministers and officials. The celebration, which coincided with the arrival of nine new vessels for the ESLSE, was organized by ESLSE management staff in collaboration with Port of Djibouti, the Ethiopian Embassy in Djibouti, the Government of Djibouti and other companies which participated in the ship building project.

At the ribbon-cutting ceremony for the nine new vessels, Prime Minister Hailemariam thanked the Government and people of Djibouti for their support for Ethiopia's efforts to broaden and increase its capacity to move goods across the world. Backed by the "sacrifice" of Ethiopians and the "right mix of appropriate policies and strategic leadership" of the Government, Ethiopia's economy, he said, had witnessed substantial growth over the last ten years, extricating millions out of poverty. Its remarkable double digit growth had given a new impetus for its people to push forward the fight against poverty and meet the target of becoming a middle income country in a limited time. It had also helped Ethiopia to successfully complete the ship building project.

The Prime Minister said that to extend and indeed to guarantee Ethiopia's growth, peace, and stability, other Horn of African countries including Djibouti needed to grow as well. The Government of Ethiopia, he said, was fully cognizant of the reasonable interests and needs of neighboring nations. It is committed to making use of this opportunity for the common benefit and shared interests of both the Djiboutian and Ethiopian peoples and to provide a brighter future for them both. He stressed that Ethiopia's long struggle against poverty, its quest for peace and prosperity and its policies emanated from the comprehension that "Ethiopia

cannot grow in isolation.” He said Ethiopia highly valued its dealings with Djibouti and appreciated the inclusive and shared prosperity of their bilateral relations. The construction of the railway line between the two countries, he said, also offered a clear demonstration of Ethio-Djiboutian economic integration for the benefit of both. The cooperative relationship between the Port of Djibouti Authority and Ethiopian Shipping and Logistics Service Enterprise was also an expression of the strategic, deep-rooted and enduring partnership for peace and prosperity between Ethiopia and Djibouti. The inauguration of nine new vessels, he said, underlined Ethiopia’s championship of economic integration and respect for the values of mutual benefit. The Prime Minister reiterated that Ethiopia and Djibouti enjoyed friendly and mutually beneficial relations, and were swimming together equally in the economic, trade, businesses, social, people-to-people, security and political arenas.

The Prime Minister noted that the economies of both countries had grown substantially and they had agreed on various bilateral legal frameworks and modalities to facilitate the smooth flow of goods and services across their borders on mutually beneficial terms and conditions. He now called for these to be updated and reviewed in order to make the Ethiopian Shipping and Logistics Service Enterprise more competitive, efficient and effective in its shipping and logistics services. This would help harmonize present needs and future economic development trajectories for the export and import trade. He emphasized that competitive, effective and efficient shipping and logistics services were indispensable for harnessing the competitive advantages of Ethiopia and Djibouti and expanding the smooth flow of goods and services to compete competitively in global trading relations.

Prime Minister Hailemariam said the new vessels were an asset for “not only Ethiopia but also for Djibouti.” Both countries were determined to push forward infrastructural development and were embarking jointly on various investments to modernize the logistics sector and enhance its carrying and moving capacity in order to increase benefits for both countries as much as possible. The Prime Minister took the opportunity to thank the EXIM Bank of China, Poly China Inc, the Huanghai and Jinling Shipyards, the American Bureau of Shipping and Djibouti Port Authority officials and employees for their contributions to the building, delivery and deployment of the new ships. He also expressed his hopes that this pragmatic and cooperative partnership would continue to “grow by leaps and bounds.”

Speaking at the ceremony, President Ismail Guelleh of Djibouti said Djibouti had reaped benefits from Ethiopia’s economic development and its own development had created favorable conditions for Ethiopia to succeed and make full use of the comparative advantages presented in the two countries. He pointed out that the bilateral ties of the two countries were broadened and expanded in various economic and social spheres for the betterment of the respective populations of the two countries. The President said the inauguration of new nine vessels would increase the cooperative partnership of the two countries, expand areas of cooperation and further cement the already excellent existing people-to-people and government-to-government relations. Noting that Djibouti provided a port service to Ethiopia “but it does not consider that it is giving the service to another country but regards it as it is doing it for itself,” President Guelleh said “we believe that Ethiopia is Djibouti and Djibouti is Ethiopia, no difference at all.”

Ethiopia’s Minister of Transport, Workneh Gebeyehu, described the inauguration of new nine vessels as a symbol of the true manifestation of economic integration and pragmatic friendship between Ethiopia and Djibouti. Effective and efficient transport and logistics services, he emphasized, were a *sine qua non* for Ethiopia’s efforts to add value to its economic growth. He said the Government of Ethiopia attached special importance to infrastructure as a central element for the realization of economic development. Ethiopia and Djibouti had signed several agreements to modernize the transport sector, including intensification of railway connectivity between them, and their cooperation in this sector remained central to development. He emphasized the importance of infrastructural networks, adding that in recognition of infrastructure, the Government had incorporated infrastructure as a central element in Ethiopia’s Growth and Transformation Plan in recognition of its multi-dimensional indispensability as a passport to social, economic and human development.

Ahmed Tusa, Chief Executive Officer of the Ethiopian Shipping and Logistics Service Enterprise (ESLSE), said the nine new vessels were named after the capitals of the regional states of Ethiopia and this was underlined the both the value of the Ethiopian federation and the role played by Ethiopia’s nations, nationalities and peoples in the successful completion of the shipping project. He gave a brief historical account of the Ethiopian Shipping Lines since its inception in 1964 as a share company of the Government of Ethiopia and Taurus Investment Inc., a US private company. He explained the way the national carrier had developed successful, competitive and efficient shipping and logistics services following the redefinition of the role of

state-owned enterprises in the development of the economy, the formulation of new policies and strategies to support the sector as a priority area and the subsequent economic transformation of the country.

The overall project aimed at addressing the concerns of exporters, importers and investors, he said, included the building and deployment of nine new vessels, the restructuring of the public enterprises involved in the maritime sector, the construction and expansion of dry ports and increased implementation of the multimodal transport system to reduce transit time and costs. The Chief Executive said the ship building project was an element of the Growth and Transformation Plan and the total cost of the ships was US\$294 million. He said 80% of this had been covered by a loan from the EXIM Bank of China where the ships were built and the remaining 20% was financed by a credit from the Commercial Bank of Ethiopia. Following the deployment of the new ships in the main trading regions, including the Far East and China, the Gulf region and the Indian Sub-continent, ESLSE's transit time performance would be substantially enhanced. He also noted the new ships would mean a significant increase in the carrying capacity of the shipping and logistics sector.

Following the speeches and ribbon-cutting, President Guelleh and Prime Minister Hailemariam, along with Ministers and Ambassadors, made a tour of inspection of the new ships. Prime Minister Hailemariam also presented awards to EXIM Bank of China, the Huanghai and Jinling Shipyards, the Commercial Bank of Ethiopia, the Ethiopian Insurance Corporation, Poly Technology Inc of China, and the supervising companies, including ABS and CEMIT, in recognition of their contribution to the success of the ship building project.

Annual consultation between AU and EU Political and Security Committees

The 7th annual consultation meeting between the Peace and Security Council of the African Union (AUPSC) and the Political and Security Committee of the European Union (EUPSC) took place in Brussels last week on May 15. The meeting was part of the political dialogue within the framework of the Africa-EU strategic partnership. Co-chaired by the Ambassador of Tanzania, Chair of the AUPSC for the month of May and the Permanent Chair of the PSC of the European Union, it was also attended by the Commissioner for Peace and Security of the African Union and the Managing Director for Africa at the European External Action Services.

The two sides exchanged views on various conflict situations in Africa and deliberated on strengthening the capacity of the African Union in the prevention, management and resolution of conflict. They also looked at ways and means of enhancing cooperation between the two organs, and discussed regional and international issues of common interest and concern.

On South Sudan, the meeting expressed its full support for the IGAD-led mediation process and appreciated the role of Prime Minister Hailemariam Desalegn. It welcomed the May 9 agreement on a ceasefire reached in Addis Ababa between President Salva Kiir and Riek Machar under the auspices of IGAD. It called for its full and urgent implementation. In this regard, the meeting also emphasized that action should be taken against anyone impeding the implementation of the agreement. It emphasized the importance of the role of the IGAD Monitoring and Verification Mechanism and called upon the United Nations Security Council to adopt the revised mandate of UNMISS to allow for deployment of the IGAD Protection Force. The meeting also expressed its concern about the worsening humanitarian situation in South Sudan and stressed the urgency of mobilizing resources to meet the humanitarian needs.

On Central African Republic, the meeting underlined the seriousness of the security situation and urged the parties to commit themselves to reconciliation. It expressed its support for neighboring countries like Chad and Cameroon, which are hosting thousands of refugees displaced by the conflict in Central African Republic. The meeting recognized the efforts of MISCA and the Sangaris Forces as well as the recently deployed EU mission. It agreed that establishing an effective administration and political system was critical for stabilizing the country. The importance of coordinating international efforts in support of Central African Republic was also emphasized. In that respect, the role of the International Contact Group for Central African Republic was considered essential.

With regard to Mali and the Sahel, the meeting encouraged the process of national reconciliation and reconstruction of the state in Mali. In this regard, the meeting emphasized the urgency of the political negotiation track. It also underscored the need to remain firm in the fight against terrorism and adopt a regional approach to fight this menace. The meeting particularly condemned the abduction of schoolgirls in Nigeria by Boko Haram and expressed its full support to the Nigerian government in all its efforts to ensure

their safe return. The meeting also agreed to coordinate closely all efforts to address the challenges facing the countries of the region, including migration.

On the spread of small arms and light weapons, the meeting noted the need for collective action in ensuring respect for international law and particularly for the Arms Trade Treaty. It also expressed its support for the United Nations Program of Action on Small Arms and Light Weapons. Noting the link between Terrorism and Transnational Criminal Networks involved in illicit trafficking, it recognized the importance of international coordination to fight terrorism and transnational crimes. The parties exchanged views on maritime security in Africa with particular emphasis on the growing threat of piracy in the Gulf of Guinea.

In terms of enhancing the capacity of the African Union, the importance of preventive diplomacy was highlighted. The AUPSC explained the efforts being made to find alternative sources of funding to support the AU's efforts for the promotion of peace and security on the continent. It said that specific proposals are expected to be submitted to the AU Summit in Malabo in June. It was pointed out that a number of partners have pledged to provide assistance to enhance the capacity of the African Union. The AUPSC welcomed the commitment of the EUPSC to allocate increased funding to the African Peace Facility and other relevant instruments.

The two sides also exchanged views on ways and means of enhancing cooperation between them. The AUPSC made a number of proposals to strengthen the processes of consultation and exchange of relevant experiences. The two committees agreed to undertake a joint mission to Mali in the course of this year.

EUPSC also gave a briefing on the latest developments in the Ukraine and explained the EU's position. In their joint communiqué, both sides recalled the Declaration of the 4th EU-Africa Summit of Heads of State and Government held on April 2-3, reaffirming their commitment to peace and security on both our continents in conformity with the aims and principles of the United Nations charter."

"A Dynamic Industrial Policy in Africa" - the ECA's Economic Report on Africa 2014

The ECA's Economic Report on Africa 2014, a joint report on the state of the African economy by the United Nations Economic Commission for Africa and the African Union Commission, was produced last week. It praised the overall recent economic growth of the continent but warned that failure to have an effective and government-supported industrial policy threatened to severely cut back the achievements so far gained. The report, entitled 'Dynamic Industrial Policy in Africa' is explicit in stating that African governments and stakeholders should now realize that state support was necessary to address market failures and stimulate industrialization across the continent. The Economic Report Africa 2014 in fact focuses on how to build innovative, effective and flexible industrial policy institutions, processes and mechanisms to enhance industrialization and structural transformation in Africa.

The report emphasizes the need to put Africa's recent economic developments in perspective. It said the economic growth of the continent, while far higher than the global average, nevertheless remained in need of a structural transformation. It also noted that this growth has not delivered much in the way of job creation or in making the economy more inclusive. Africa's economy in general and its recent growth in particular are still disproportionately driven by natural resources and commodities. The high reliance on commodities, the report emphasized, has left the continent vulnerable to global economic disruptions and fluctuations in demand and at the mercy of volatile prices.

All these factors, together with an expanding continental population with increasing numbers of youth, have made structural transformation and industrialization absolute necessities. In the words of the report: "the failure to experience inclusive growth has been reinforced by several developments in the world economy ... highlighting the perils of strong economic growth without concurrent industrial development and structural transformation". At current levels of industrialization, the report noted, Africa's level of value addition on primary commodities remained next-to-zero. The concomitant effect has been to keep its share of global trade to a pittance – latest figures establish it is no more than 3.3%.

The report called for a well-designed industrial policy with high-level government participation and involvement in its execution and the integration of such policy within overall development plans for a country. These measures, the report argued, would at least ensure government support and positive intervention in the areas of industrial policy priorities. It adds that "African government intervention through industrial policy can help spur structural transformation by addressing these market failures".

Structural transformation, according to the report, is closely linked with “the reallocation of resources, especially through new investment, from low to higher productivity activities, typically from agriculture to industry and modern services”. The African reality remains far from this ideal economic state as “resources [have] moved from higher to lower productivity sectors, slowing growth in national productivity”. To reverse this negative tide, the report suggested investing in education and health services and planning a more equitable economic development strategy.

The report notes that once the need for intervention is accepted, the focus must be on how to design industrial policy organizations capable of supporting an industrial/structural transformation. On the basis of dozens of interviews in the countries on which it concentrated (Congo, Cote d’Ivoire, Gabon, Kenya, Mauritius, Morocco, Nigeria, Rwanda, Senegal, South Africa, and Tunisia), it stresses the importance of building dynamic industrial policy frameworks organically, ensuring high-level coordination and political support, holding private/public sector dialogues, giving autonomy to embedded IPO officials, resolving operational failures, being prepared to start slowly with “pockets of efficiency, build coalitions, plan coherently, enhance technology, build infrastructure, respond effectively to climate change and focus on growth poles”. It notes that countries that industrialize also trade and governments need to bring down the current very high trading costs and “greater capacity to coordinate, negotiate and lobby for lower tariffs on imported intermediate inputs”. It also emphasizes that most of this “and all of industrialization, will cost.” Industrial development depends heavily on “securing public and public finance in priority areas, especially infrastructure, education and technology acquisition”, and it suggests governments should promote better access to credit, especially for small and medium enterprises to improve prospects for expanding and diversifying output.

At the same time, the report is careful to avoid prescribing that African countries as a whole adopt one simple industrial policy to achieve structural transformation. It points out that “the exact design of national industrial policy will vary among countries based on the needs of the private sector, resource attributes and national development objectives”. It adds the “key is to institutionalize industrial policy so it becomes part of the regular decision-making mechanism of government.”

Ethiopia, for example, cited by the report as the top performer in economic growth rate for the period covering 2009- 2013, has achieved a significant increase of its total economy. The most encouraging part about the country’s fast economic growth remains the very significant reduction in poverty and the centrality of pro-poor development schemes in the overall economic policy of the country. Its broad-based economic growth has been remarkably successful in providing unprecedented access to education and dramatic improvements in health services provision that have made the country the leading performer in reducing child mortality rates and increasing average life expectancy. It is on track to meet a majority of, possibly all, the Millennium Development Goals.

Similarly, the government’s commitment to increasing productivity in agriculture and to making the sector the pillar of the projected transformation to industrialization has paid off substantially. The focus on agricultural productivity, improvements and diversification, has ensured that agriculture, the most important sector of the economy in terms of GDP and as a source of employment, remained a strong central element in economic growth. It also set the stage for the necessary transformation of the economy to one based on manufacturing. Indeed, the very success of the agricultural sector and the cross-fertilization of developments have encouraged the process of industrialization, if not yet to the desired levels. The government’s long held view and its policy of encouraging the importance of agriculture as the foundation for future industrialization has ensured the policy’s effectiveness, making the country’s agricultural developments and its vast labor resources the base for establishing a manufacturing sector.

At the same time, the most important element in Ethiopia’s industrialization policy has been the decision to insist on high-level political ownership of the project and the centrality of structural transformation in the country’s five-year economic development plan. The Growth and Transformation Plan (2010-2015) envisages a continuation of Ethiopia’s decade-old double digit economic growth trajectory while at the same time transforming the country’s agriculture-based economy into a manufacturing-dominated economy. This transformation, according to the country’s industrial development strategy, prioritizes textiles, leather, agro-processing and similar sub-sectors of the economy with high potential in value addition to the primary goods the country already produces.

Progress has been impressive, but overall assessment of the country's industrialization performance still falls short of the government's set goals in the short term. Equally, the country's policy is very much on track to achieve what is often referred to as "the most ambitious economic development plan on the continent". The record, so far, underlines the progress made and confirms the diagnosis. As "A Dynamic Industrial Policy in Africa" points out, Ethiopia is one of the few countries that have "experienced growth-enhancing structural change as employment in manufacturing increased". With massive on-going public expenditure in energy, transport, communication and industrial zone infrastructures, Ethiopia is on its way to becoming one of the industrial hubs of Africa.

Ethiopia working to transform its tourism industry

With the ambition of making Ethiopia a global tourist destination, Ethiopian Airlines announced on May 1 that it had forged a new partnership with the newly-established Ethiopian Tourism Organization. The CEO of Ethiopian Airlines and Board Chairman of the Ethiopian Tourism Organization, Mr Tewolde Gebre Mariam, indicated that the partnership of the two entities was designed to make Ethiopia a major tourist destination. According to Mr Tewolde, Ethiopian Airlines has spent more than US\$10 million to promote Ethiopian tourist attractions. It has recently discounted domestic flights by 40 percent to encourage tourism. He said that as a national carrier "we have an obligation to promote the tourism sector as well as offer affordable prices for tourists on domestic routes". Following this announcement, the Ethiopian Tour Operations Association disclosed that prices of tour operations would be cut by 20 percent and this was expected to significantly reduce tour operation costs.

Ethiopian Airlines remains a key driving force for the sustainable development of travel and tourism in Ethiopia. The national carrier engages in a number of activities to help solve the problem of destination accessibility. Apart from introducing new flights to major cities around the world, the airline, Africa's most profitable carrier, also helps make it possible for Ethiopian tour operators to participate in different international travel expositions and exhibitions, to promote the attractions of the nation. It has signed Memoranda of Understanding with a number of African countries, covering promotion and advertising agreements, which have resulted in a dynamic increase in tourist flows to and from the region.

Ethiopia, with a diversity of tourist attractions, which include cultural, historical and archaeological attractions, as well as a great variety of flora and fauna, has continued to record positive growth in tourist arrivals. The country has attracted larger numbers this year, thanks to increased participation in international travel and tourism exhibitions. Showcasing the nation's tourism products globally has enabled Ethiopia to promote its attractions to the rest of the world. Participation in these platforms has also generated increased tourism revenue. Some of the more notable international tourism and trade fairs in which Ethiopia has participated in recent years include the Shanghai Expo, the ITB, International Tourismus-Borse in Berlin, the World Travel Market in London, and the Moscow International Tourism Fair, as well as exhibitions organized in France, Japan and Brazil.

Equally, despite being endowed with the advantage of rich natural, historical and cultural resources, Ethiopia's tourism industry still remains relatively undeveloped. In 2012, 52.3 million tourists visited Africa, out of which only 596,341 reached Ethiopia. The Government has embarked on a number of measures to preserve and develop tourist sites throughout the country and to increase revenue earnings from the tourist sector. It recently launched two new entities, the Tourism Transformation Council and the Ethiopian Tourism Organization, both designed to help transform the industry. The establishment of these two organs was based on the necessity to coordinate the activities of various stakeholders in the industry. It is expected to help make the country one of the top tourist destinations in Africa, an aim outlined in the Government's Growth and Transformation Plan.

The Tourism Transformation Council is expected to raise the standards of the industry to a higher level and help to elevate the level of the tourism industry. The Council has the advantage of being drawn from members of various institutions along with influential individuals. In addition, tourist infrastructure in various national parks is being upgraded and renovation work on roads linking the parks with major roads and lodges is being carried out. Other measures include the protection of animals from illegal hunting in sanctuaries and parks, as well as the conservation of heritage sites, nine of which are included on the UNESCO World Heritage lists, the highest number of any country in Africa. This has helped Ethiopia to see an increase in the number of tourists visiting its many attractions recently. Overall, in a bid to satisfy international standards, as well as provide world-class services for leisure and travelers, Ethiopia is investing in the modernization and expansion of major infrastructures. Once these projects are completed,

they will provide a real boost of travel experience for customers as well as strengthen Addis Ababa's role as a leading travel hub in Africa.

Internationally, there is a growing trend towards more exotic destinations, as many tourists are becoming more adventurous and are looking for more far-flung and remote destinations. With its magnificent scenery and long and impressive historic and cultural heritage, Ethiopia is rightly considered as an exotic holiday destination. It can expect to benefit in terms of increased arrivals and the tourism industry will be able to provide real potential for sustainable growth and development within the travel and tourism sector. In the first half of this Ethiopian budget year, 2013-2014, the Ministry of Culture and Tourism says the number of tourists showed an increase of 36% over the same period of the previous year. The Government expects to earn US\$3 billion from tourism by the end of the Growth and Transformation Plan next year and it aims to turn Ethiopia into one of the top five tourist destinations in Africa by 2020. These are ambitious targets but they are currently on track.