

A Week in the Horn of Africa

23rd October 2015

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News in Brief

Africa and the African Union

IGAD Executive Secretary, Engineer Mahboub Maalim attended the Global Consultation of the World Humanitarian Summit in Geneva last week (October 13-16). He met with UN Under-Secretary General for Humanitarian Affairs and Emergency Relief Coordinator, Stephen O'Brien, and discussed the IGAD-OCHA partnership. He also held meetings with officials from the Organization of Islamic Countries, from Qatar, Sweden and the Secretary General of the Norwegian Refugee Council.

The 11th Northern Corridor Integration Project Summit was held in Nairobi, Kenya on Saturday (October 17). The Summit, attended by the Presidents of Kenya, Uganda and Rwanda and a representative of South Sudan, considered progress on implementation of projects. Also present as observers were Dr Tedros, Foreign Minister of Ethiopia; the Foreign Minister of Burundi; the Minister of Transport and Communication of the Democratic Republic of Congo; and the Secretary General of the East African Community. The Heads of State agreed to continue the discussion on political federation at the November EAC Summit.

A six-week trial training program for peacekeeping military engineering units closed on Friday (October 16) in Nairobi. Ten military personnel from Kenya, Uganda, Tanzania and Rwanda successfully completed the training, aimed at enhancing rapid deployment of engineering capability in peacekeeping.

Ethiopia

The President of the Federal Democratic Republic of Ethiopia, President Dr Mulatu Teshome, told participants at the 8th National Flag Day celebration in Addis Ababa on Monday (October 19) that the current generation had the obligation to lift high the national flag and rally behind the efforts being made to fight poverty and build democracy. (See article)

President Dr Mulatu Teshome opened **Origin Africa 2015**, a three-day event (October 21-23) for Africa's Lifestyle and Fashion industry, showcasing textiles, cottons, home textiles, decorative materials, fashion accessories and other associated products.

Prime Minister Hailemariam Desalegn led a high-level delegation on a two-day official visit to the Kingdom of Saudi Arabia on Tuesday (October 20). The delegation, which included the Minister of Finance and the Head of the Government Communications Office, discussed cooperation between the two countries, as well as regional and international issues. The Prime Minister held talks with King Salman, the Crown Prince and Minister of the Interior, the Deputy Crown Prince and Minister of Defense.

Prime Minister Hailemariam Desalegn gave details of the Government's response to the impact of the drought in an interview with the Ethiopian Broadcasting Corporation and Zami FM on Friday last week (October 16). (See article)

Prime Minister Hailemariam addressed the Consultation Forum between the Government and developmental partners on the Second Growth and Transformation Plan on Tuesday (October 20). (See article)

The Prime Minister and Foreign Minister Dr Tedros held meetings with the High Representative of the European Union for Foreign Affairs and Security Policy, Ms Federica Mogherini, during her visit to Ethiopia this week to mark the 40th anniversary of EU-Ethiopia relations. (See article)

Dr Tedros held bilateral discussions with Mr Philip Hammond, the UK Secretary of State for Foreign and Commonwealth Affairs, in London on Wednesday (October 21). The two ministers agreed to raise their level of political consultation to further strengthen the strategic partnership between Ethiopia and the UK.

The **UK-Ethiopia Trade and Investment Forum** was held in London on Wednesday (October 21). Foreign Minister Dr Tedros Adhanom, and Mr Grant Shapps MP, Minister of State, Department for International Development gave keynote speeches. (See article)

Dr Tedros addressed the **UK-China-Africa Collaboration Forum for Investment and Growth** held in London on Thursday (October 22) called to consider a workable strategy on how to forge a UK-China partnership to promote investment and growth in Africa.

Dr Tedros held discussions with representatives of the Ethiopian Diaspora community in London on Thursday (October 22).

Ethio-Telecom said this week that there were now **38.8 million telephone subscribers** in Ethiopia, compared to 6.5 million at the start of the First Growth and Transformation Plan period in 2010/11. Ethio-Telecom now provide services to 98% of the 18,000 *woredas* in the country.

The first ever mission of Ethiopian women business entrepreneurs to Scandinavia, led by First Lady, Mrs Roman Tesfaye, visited Norway earlier this month (October 3-8).

State Minister, Ambassador Taye Aske-Selassie, signed a Memorandum of Understanding with the President of the African Aviation Training Organization, Mr Tchagbele Saolamba on Tuesday (October 20).

Dr Biniyam Wondimu, Chairman of the Swedish-Ethiopian Friendship Association, welcomed members of the association to its autumn meeting in Stockholm on Saturday (October 10). The meeting was addressed by Ambassador Woinshet Tadesse, Ambassador of Ethiopia to Sweden and other Nordic countries.

Djibouti

President Ismail Omer Guelleh met with King Salman of Saudi Arabia, the Custodian of the Two Holy Mosques, on October 18. He was accompanied by Mahmoud Ali Yusuf, Minister of Foreign Affairs and International Cooperation, and the talks were attended by the Crown Prince and the Deputy Crown Prince, as well as the Ministers of the National Guard, of Finance, Foreign Affairs and Culture and Information.

President Ismail Omar Guelleh of Djibouti opened the 19th Ordinary Meeting of the Council of Ministers of Defense and Security of the Eastern Africa region in Djibouti on Saturday (October 17). All ten members of the East African Standby Force were represented.

Kenya

At least 700 Kenyans are reported to have abandoned Al-Shabaab and quietly returned home to Kenya.

The United States Embassy in Kenya announced on Thursday (October 22) that the travel restrictions it issued to US citizens on visits to most parts of Kenya's coastal region had been lifted. It said there were no longer general restrictions on travel to Malindi, through Mombasa and Kwale counties to the Tanzanian border.

Somalia

Somalia's National Consultative Forum met on Monday and Tuesday this week (October 19-20) in Mogadishu for two days of discussions on the most appropriate process for the electoral process in 2016. The Forum will re-convene in December to reach a consensus (See article)

The Federal Government and the regional administrations agreed on Thursday (October 22) to set up a joint commission, which will oversee the development of a framework to share natural resources between the two levels of government. The Commission will be sponsored and organized by the Ministry of Petroleum and Mineral Resources.

A joint statement by UNICEF, World Health Organization and the partners of the Global Polio Eradication Initiative on Thursday (October 22) declared Somalia to be polio free; the 2013 to 2014 polio outbreak in Somalia, which affected nearly 200 people, most of them children, was over. The statement said the achievement was a great credit to Somalis and those volunteers, who "put their lives at risk to save lives of others in need."

The UNHCR and the European Union organized a pledging conference to rally international support for Somalia on Wednesday (October 21) in Brussels to consider a plan of action to prepare for the sustainable return of Somali refugees from various countries in the region and to rebuild the areas of return.

South Sudan

The IGAD Special Envoys announced that a meeting of the senior military officers, from the two sides to resume negotiations on implementation of the Unification of Forces as provided for in the Peace Agreement, began this week on Wednesday (October 21) in Addis Ababa.

IGAD has appointed the former president of Botswana, Festus Gontebanye Mogae, to head the Joint Monitoring and Evaluation Commission (JMEC) to be set up to monitor the implementation of the peace agreement signed between South Sudan's warring parties.

The South Sudanese military leadership said this week that all Ugandan People's Defense Forces (UPDF) will complete their withdrawal from Bor, Jonglei state's capital, by Friday (October 23). The Ugandan government last week announced its troops had started to withdraw from South Sudan in implementation of the peace agreement.

Sudan

Addressing a joint session of the two houses of the National Legislature on Monday (October 19) President Omer Al-Bashir affirmed his commitment to the national dialogue as a method for reaching national accord. He also said that Sudan's foreign policy would remain based on the respect of sovereignty and commitment to the principles of non-intervention in the domestic affairs of other nations, and that the Government would work seriously to consolidate relations with the neighboring countries.

President Omer al-Bashir has asked Saudi Arabia to mediate between Sudan and Egypt to resolve the dispute over the Halayeb triangle which has been a contentious issue between Egypt and Sudan since 1958. The area has been under Egyptian control since the mid-1990's. In a statement published on Wednesday, President al-Bashir emphasized that Halayeb is Sudanese territory and Sudan would not abandon it.

Prime Minister Hailemariam on drought mitigation and assistance

On Friday last week (October 16), the Ethiopian Broadcasting Corporation and Zami FM interviewed Prime Minister Hailemariam on the effect of the drought in various parts of the country and the government's responses. The Prime Minister explained the causes of the drought had nothing to do with government or the actions of people. It was not man-made. It was the result of global climatic change and in particular the result of the El Niño. The Prime Minister noted that the world was facing extensive effects from climatic change, which had, directly or indirectly, placed a great burden on many Sub-Saharan African countries, one of which was Ethiopia.

Ethiopia's persistent double-digit economic growth over the last couple of decades has helped to change the previous image of Ethiopia significantly. International financial institutions have predicted that Ethiopia could become the third largest economy on the continent in three or four years' time. Ethiopia has certainly reached a stage of development in which it can comfortably manage to launch multiple mega projects, such as the Grand Ethiopian Renaissance Dam, the Bole International Airport expansion, building an oil pipeline to Djibouti and the planned construction of over five thousand kilometers of railway line. This hasn't, of course, meant that that it can avoid the impact of climate change or other natural phenomena. As national and international news media and aid organizations have recently

underlined, the Horn of Africa in general, and Ethiopia in particular, are threatened by a serious drought caused by the El Niño phenomenon.

The Prime Minister noted that the Government had begun to make efforts to mitigate the effect of the El Niño phenomenon as soon as the alarm had been sounded by its early warning systems some months ago. It had also been working intensively over a number of years on forecasting and early warning systems designed to help mitigate the most serious effects of drought or other climatic effects. This was, he emphasized, part of its efforts to protect people from the effects of environment-related insecurity and now from the impact of the El Niño effect. It would continue to do everything possible. The Government has been working to provide health provision, food and other necessary help for those in need of assistance. The Prime Minister confirmed the Government would continue importing wheat and purchasing maize from various farmers to avoid inflation. He also affirmed that a request for assistance and support from various countries and donors would be made.

The Prime Minister also emphasized that the Government would not be relying on external financial assistance. It was already utilizing its own available resources and calling on its own reserves. It had, he said, already spent two billion birr in providing assistance to those affected. It would continue to exert every necessary effort to safeguard all those affected by any environment-related insecurity. Indeed, The Prime Minister noted that as the drought appeared likely to persist for several more months, the Government was committed to making every effort to mitigate its effects for as long as necessary.

The Prime Minister reiterated the Government's determination and concern when he visited some of the drought affected regions in the Somali and Afar Regional States at the weekend. Meeting members of different communities, delegates of religious institutions, women and youth groups and others, in Shinile in Somali Regional State, he said funds were being allocated to help people withstand the effects of the drought. He heard from residents of the Siti Zone about the severity of the drought and the fact that livestock deaths were already occurring in some parts of the region. They emphasized that further support from the Government was a critical necessity. They also said particular attention needed to be paid to assisting breastfeeding mothers, pregnant women and children. The Prime Minister said the Federal Government, in collaboration with the Government of the Somali Regional State, was already extending support to those affected. It would continue to do everything possible to ensure adequate funds and that support reached those people in need.

Earlier last week, the Secretary of Ethiopia's National Disaster Prevention and Preparedness Committee, Mitiku Kassa, told a meeting of UN agencies, NGOs, and Donor representatives on Monday (October 12), that due to the El Niño phenomenon, the number of people in need of relief assistance had now increased to 8.2 million. A Government led inter-agency assessment last month identified an additional 3.6 million people in need of food assistance as well as 300,000 children in need of specialized nutritious food. He said the Government had already committed US\$192 million to addressing emergency food and non-food needs following the failed spring *belg* and poor summer *kremt* rains. More would be needed. Affected areas include southern Tigray, eastern Amhara, Afar, and parts of the Somali region, the eastern SNNP, East and West Hararge, and the Arsi and West Arsi, and lower Bale zones of Oromia Regional State. The number of *woredas* which have been prioritized for nutrition intervention had doubled from 97 in July to 142 in September.

The head of UN OCHA said “Donors have been generous, but if we are to meet the significant needs before us today, and more in the months ahead, we need far more support.” The Mid-Year Review of Ethiopia’s Humanitarian Requirements Document, in August, listed US\$432 million in funding requirements of which contributions had reached US\$258 million, but the adjusted requirements for 2015 amount to US\$596.4 million. **The indications are that the on-going effects of El Niño may further affect weather patterns in the next few months.** The National Meteorological Agency is predicting strong rains along the Omo, Shabelle and Awash Rivers which may have a further impact on harvests in some areas and cause flooding in Somalia.

Consultation Forum with Development Partners on the GTP II

The Consultation Forum with Development Partners on the Second Growth and Transformation Plan (GTP II) was held at the United Nations Economic Commission for Africa on Monday and Tuesday (October 19- 20). The meeting was organized and facilitated by the Ethiopian National Planning Commission, the United Nations Development Program, Ethiopia’s Ministry of Finance and Economic Cooperation, and the Development Assistance Group (DAG). The Development Assistance Group of Ethiopia is made up of 28 bilateral and multilateral development agencies providing development cooperation to Ethiopia. It was established in 2001 as a forum for donors to share and exchange information to foster meaningful dialogue with the Government.

The objective of the Forum was to share information on achievements and challenges, as well as on lessons to be drawn from the implementation of the First Growth and Transformation Plan (GTP I). From the Ethiopian side, ministers, deputy ministers and other senior officials attended the forum. Prime Minister Hailemariam Desalegn also joined the Tuesday morning session of the Forum to respond to concerns raised from development partners. The DAG was led by Co-Chair Paul Sherlock, Head of Development at the Irish Embassy in Addis Ababa, and included representatives of donor countries and of International Non-Governmental Organizations.

Addressing the opening session of the Forum on Monday, the Minister of Ethiopian Finance and Economic Cooperation, Abdulaziz Mohammed, noted that development partners had made an enormous contribution to the implementation and actualization of GTP I and to Ethiopia’s efforts to meet the Millennium Development Goals. The Minister emphasized that the Second Growth and Transformation Plan aimed to continue the country’s rapid, inclusive and sustained socio-economic development, as well as the coordinated environmental protection registered during GTP I. He called upon development partners to sustain their support for the implementation of GTP II as well as for Ethiopia’s efforts to reach lower middle income status by 2025.

The National Planning Commission Commissioner, Dr Yinager Dessie, said that the ambitious plans of GTP II could be used to direct, manage and utilize additional financial resources from developmental partners. The plans, he told the Forum, included transparent, accountable and extensive public participation, both at the federal and regional level, as well consultation with different sectors of society.

Development Assistance Group Co-Chair, Paul Sherlock, said that the DAG appreciated macroeconomic development, stability, health and educational accessibility, and the public participation achieved during GTP I. He expressed the interest of development partners to

consult on a number of subjects, including foreign exchange reserves, manufacturing and export sectors, public debt and inflation, quality of education, health and other basic services as well as citizen participation and engagement in the transformation agenda. He indicated the keen interest of development partners to give continued support to Ethiopia's ambitious plans. He thanked the Government for organizing the Consultation Forum and for inviting development partners.

The Deputy Commissioner of the National Planning Commission, Getachew Adem, emphasized that the main achievements of the GTP I included meeting human development targets and most of the Millennium Development Goals, rapid economic growth, macro-economic stability, encouraging industrial sector performance, expanding infrastructural coverage, improving education and health facilities and creating an environmentally friendly economy. He pointed out that GTP II had been drafted taking into consideration the implementation of GTP I and other factors impacting on Ethiopia's economy, including the Africa Union Agenda 2060, the WTO accession process, post-2015 Sustainable Development Goals, and global and regional economic scenarios.

These presentations on the achievements, challenges of full performance, lessons drawn from implementation of the ambitious GTP I, and on the views, opportunities, dangers and evaluation mechanisms of GTP II, were followed by discussions and a plenary session. The plenary session divided into five sector discussion groups covering macroeconomic issues, the economic sector covering agriculture, industry and other areas, infrastructure, the social sector including education and health, and capacity building and good governance.

In the discussions and reflections on the presentations, participants raised concerns over the huge gaps Ethiopia was experiencing: between import costs and export earnings, between investments and savings, and between government expenditure and income. They raised questions over debt sustainability, regional and global peace and security threats, rent seeking and the problems of good governance, the dominance of government corporations and enterprises over the private sector, drought and emergency problems, nutrition, educational quality drawbacks and other issues.

On the second day of the Forum, Prime Minister Hailemariam Desalegn addressed the meeting, responding to some of the concerns and issues raised by participants earlier. He said the gap between import and export earnings, between investment and savings, and between import costs and exports earnings, and between government expenditure and income earnings that had hampered full implementation of GTP I, could be addressed through the mobilization of domestic savings, effective and efficient implementation of major projects, improved and increased tax collection and administration, and improved administration and selective budget expenditure during the implementation phase of GTP II. On debt sustainability, the Prime Minister said that the effective performance package laid out for public corporations and enterprises, as well as the actualization of the major infrastructural projects such as Gilgel Gibe III and the Addis-Djibouti rail line and the Addis Ababa light train railway, could guarantee debt repayment.

The Prime Minister explained that public participation and consultation on all levels and plans, including GTP II, was now a salient feature of Ethiopian's democracy and governance system. He noted that the government had set up mechanisms to address practical and structural bottlenecks affecting higher agricultural growth. It would encourage a speedy transformation to industrial-led development. Regional and international peace and security

threats were, he said, major challenges to the realization of GTP II, the Prime Minister said, but he added that the contemporary world economic order favored Ethiopia's transformational agenda. Underlining the fact that Ethiopia was pursuing a green economy and environmentally friendly growth, Prime Minister Hailemariam asserted that GTP II would be able to effectively and efficiently respond to drought or any rainfall shortages that might affect the country.

Prime Minister Hailemariam explained that Ethiopia now had quality educational packages for all levels of education to resolve the problem of education quality, and strategies of nutrition to resolve nutritional problems. He thought that the keen support of development partners in implementing these packages would minimize the problem. He stated firmly that the Government of Ethiopia intervened in the economy in areas where the private sector was unable or uninterested in investing.

The Prime Minister stressed that the achievements of GTP I were the result of the joint activity of the Ethiopian people and Government, and their development partners. He called on all of Ethiopia's development partners to extend their cooperation with the government and people so that the country could achieve full performance of the GTP II ambitious plan. This, he said, would also coincide with Ethiopia's endeavor to reach lower middle income status by 2025.

The UK-Ethiopia Trade and Investment Forum in London this week

The UK-Ethiopia Trade and Investment Forum was held in London on Wednesday (October 21). Organized by Developing Market Associates (UK), the Embassy of Ethiopia in London, Wafa Marketing and Promotion PLC, the Ethiopian Chamber of Commerce and Sectoral Associations and the Embassy of the United Kingdom in Addis Ababa, it provided an important opportunity for British companies to see and hear about opportunities in Ethiopia. Among those attending were Dr Tedros Adhanom, the Foreign Minister of Ethiopia, and Mr Grant Shapps MP, Minister of State, Department for International Development with a portfolio held jointly between the Foreign Office and DFID, as well as the Ambassador of Ethiopia to the UK, H.E. Berhanu Kebede and the Ambassador of the UK to Ethiopia, Ambassador Greg Dorey. The Ethiopian delegation also included Solomon Afework, President, Ethiopian Chamber of Commerce and Sectoral Associations, Solomon Tadesse, Chief Executive, Ethiopian Tourism Organization, Azeb Asnake, Chief Executive, Ethiopian Electric Power Corporation and other officials. There were sessions on investing in Infrastructure and Energy, on tourism, minerals and manufacturing and agriculture as well as the role of the Diaspora.

Foreign Minister, Dr Tedros, who described the Forum as an important platform for promoting and strengthening economic cooperation between the two countries, noted that Great Britain was one of the most dependable partners in Ethiopia's fight against poverty, and Ethiopia, he emphasized, valued the qualitative cooperation from the UK. The two countries shared many issues of common concern, not least the desire to see a stable and secure environment in the Horn of Africa. He said he was very glad to see the trade and investment relations growing. He welcomed the investment participation of British companies and the flagship investments by Diageo, Pittards, New Age, Kefi Minerals and others. Ethiopia was also receiving a growing number of private equity investments from the CDC, Duet and Silk Invest. TESCO was engaged in sourcing products from Ethiopia. Unilever and GSK were in the process of investing substantial amounts of capital to establish

manufacturing facilities. Tullow was expanding its exploration acreage. Last year alone, more than 30 UK companies carried out pre-investment visits to Ethiopia. He said he hoped more companies would come as a result of the Forum. Trade between UK and Ethiopia was also growing and had doubled between 2005 and 2014, from US\$90 million to US\$208 million, though the balance remained hugely in favor of the UK.

The Minister emphasized that Ethiopia today was a great place to invest and do business. Ethiopia is beginning to overcome poverty, and is on the right development trajectory. He said it is one of the fastest non-oil producing economies in sub-Saharan Africa, even in the world, with double digit growth over the past 12 years. In 2015, it was the 4th largest destination of FDI in Africa. The Government was continuously making efforts to implement policies and strategies to demonstrate and support Ethiopia's value as a place for productive investment. It had established an appropriate institutional framework and generous incentives to encourage foreign investment inflows. These included important legal frameworks, including Investment Promotion and Protection Agreements as well as Avoidance of Double Taxation to promote business relations. It was making heavy investment in human and physical infrastructure with a development program which had already resulted in large expansion of installed electricity capacity and distribution, road and rail networks, water supply and telecommunication services. Its infrastructure ambitions were even greater. Alongside this, some 32 universities and numerous technical and vocational schools had been established to enhance the country's scientific and technical capacity. The Government also committed to building a green non-carbon economy by 2025.

Ethiopia has the second largest population in Sub-Saharan Africa (90 million). It is located at the crossroads between Africa, the Middle East and Asia, and membership of the Common Market for Eastern and Southern Africa (COMESA) offers access to a further 400 million people. It has a rapidly expanding economy, one of the fastest urbanization rates in the world, and an overwhelmingly young population (73% of population under 30 years of age). This offers good prospects for Fast Moving Consumer Product industries. Foreign investors, said Dr Tedros, had begun to recognize this potential over the last three years. The Government has recently sold off all the breweries under its control!

Dr Tedros explained that the Government was concentrating on the development of industrial zones as a key strategy to facilitate and support foreign and domestic private-sector partnerships and enhance exports. The strategy was designed to help companies involved in agro-processing, pharmaceutical production, and textile manufacturers produce and sell value-added goods and boost exports. The zones come with on-site roads, power and telecommunications infrastructure, and offer tax incentives for industries based there.

The Minister noted that it was hoped that FDI into Ethiopia would reach US\$ 1.5 billion this year, marking a significantly upward trend. It hoped to increase this even further through aggressive investment promotion activities and through providing even greater support to investors. Ethiopia, he said, was well placed to attract FDI that demands relocating manufacturing industries and production facilities to low cost locations from which output is exported to regional and international markets. Ethiopia's advantages lay in natural resource endowment, abundant and trainable labor and cheap electric power. It was also, he noted, one of the least explored countries for mineral resources with most of the country yet to be evaluated for mineral deposits. Other advantages include one of the cleanest business climates in the developing world with routine bureaucratic corruption virtually absent.

Ethiopia hosted the African Union and United Nations Economic Commission for Africa and offers a stable political environment with a very low crime rate.

The Minister said he looked forward to increased investment because the opportunities were many, the returns good, protection was guaranteed and incentives were competitive. He also hoped to see increasing trade between Ethiopia and UK and re-emphasized that the Government was very ready to facilitate efforts. He added: “Ethiopia has everything that you need to look for in taking a decision about where to invest: a conducive business environment, political stability, sound economic policies, macro-economic stability, abundant natural resources, a trainable work-force, a sizeable and captive market, and the cleanest business climates.” And he stressed “the government is facilitative.”

Mr Grant Shapps, UK Minister of State, Department for International Development, spoke about Ethiopia’s impressive economic achievements over the last decade, noting the tripling of the economy and its increasing diversification with services, including Africa’s leading airline, Ethiopian Airlines, overtaking agriculture as a share of GDP. He noted that a recently published Barclays Trade Index ranked Ethiopia third after South Africa and Nigeria for opportunities in unmet consumer demand. At the same time wage rates in Ethiopia remain low, energy generation is growing fast, and Ethiopia’s massive investment in health, education, infrastructure, light manufacturing and agricultural productivity has made a significant contribution to economic growth.

Mr Shapps said he believed the aspiration to reach middle income country status within 10 years would be realized through Ethiopia’s “Growth and Transformation Plan 2”. This had, he said, the full support of the British Government, not least, because of its great potential around industrialization including areas in which British industry could share its expertise. Indeed, Ethiopia, he said, “represents perhaps Africa’s best prospect of an East Asian style development miracle, presenting huge potential for trade and investment.”

Of course there were challenges. The success of GTP II will depend critically on whether domestic and external financing assumptions are realized, and whether it achieves a broad-based private investment boom. The British Government and private sector stood ready to help, to provide, for example, expertise in the financial services and capital markets. He said opening up the financial services sector, alongside other sectors such as telecoms, would attract significant UK investment. He said the UK was also helping efforts to generate jobs and DfID was supporting garment, leather and horticulture value chains, to boost investment and break into new export markets. It was also supporting the strengthening of land certification, which will give secure tenure to 6 million farmers. The UK was also looking ahead to moving its relationship with Ethiopia beyond one about aid, to one focused on trade and investment.

In this context, Mr Shapps wondered how the economic and trade relations between the UK and Ethiopia could be deepened. He said the trade relationship was not what it should be, with UK trade to Ethiopia totalling only a modest £150 million last year. Things were better in investment, but there was still much untapped potential. So, he said, the UK and Ethiopia should be looking to set a target to double trade and investment during the next cycle of their respective parliaments. In conclusion, Mr Shapps told the Forum that prosperity and economic development was driven not by Governments but by the private sector - by entrepreneurs and innovators, indeed by Forum participants.

The UK Ambassador to Ethiopia, Ambassador Dorey, also emphasized the potential opportunities that Ethiopia presented in 2015. He described the scope of the Government's ambition as breath-taking and said he had seen some of this during his time as Ambassador in Ethiopia. He noted Ethiopia had some of the cheapest energy in Africa and the country is well-placed to produce supplies for its burgeoning textile industry. It was, he said, on the cusp of a light manufacturing revolution. He noted that the World Bank and IMF believe Ethiopia would continue to enjoy one of the highest growth rates on the planet for the next few years. The Ambassador said he believed British resources, skills and expertise would be able to provide the professional expertise and support needed to match Ethiopia ambitions, and that many of the UK companies present would be able to benefit from the possibilities opening up in Ethiopia, a country with a huge and growing market "which you should not and cannot ignore."

Dr Tedros at the UK-China-Africa Collaboration Forum for Investment and Growth

The UK-China-Africa Collaboration Forum for Investment and Growth was held in London on Thursday (October 22), to consider how to come up with a workable strategy on how to forge a UK-China partnership to promote investment and growth in Africa. The UK's Secretary of State for International Development, Justine Greening; the Chairman of China Development Bank, Mr Hu Huaibang; and the Chairperson of the African Union Commission, Dr Nkosazana Dlamini-Zuma, delivered statements. There was agreement on the importance and timeliness of the initiative. Participants strongly recommended that the issue be developed at inter-governmental level by the UK and China and concerned African countries.

Ethiopia's Foreign Minister, Dr Tedros Adhanom, who had been in the UK for a UK-Ethiopia Trade and Investment Forum, attended. He told the Forum that it would be able to clarify the respective strengths of the UK and Chinese governments and how the financial and business establishments of the two countries could best be combined to stimulate investment and inclusive growth in Africa. He said that the occasion was particularly important for Ethiopia as it had close and productive partnership with both the UK and China. The sectors on which the Forum concentrated, manufacturing and agro-processing as well as infrastructure, were, he said, central to the economic transformation of African countries and completely in accord with Vision 2063, adopted unanimously by African Heads of State and Governments. He said that Ethiopia will actively participate at all levels to make this initiative a success.

Dr Tedros noted that Ethiopia was changing, and changing for the better. It had never witnessed before the kind of rapid economic development that had occurred over the last decade - pro-poor, broad-based development drastically changing the livelihoods of the majority of the people. At the same time, Ethiopia as a predominantly agrarian country, faced the challenge of improving agricultural productivity, expanding manufacturing and developing the capacity for value-addition. Ethiopia was committed to completely eradicating poverty by 2030, in line with the Sustainable Development Agenda. Dr Tedros expressed his belief that this could be done. The number of people living in poverty had declined by 33% from 2000 to 2011, Ethiopia was making rapid progress on growth and poverty reduction with the largest social protection system in the developing world, while also keeping inequality levels very low.

Dr Tedros said the contention of the working document of the Forum underlining the necessity to ensure development is sustainable was of the greatest importance. Ethiopia, he said, wanted to see development that lasted and could become the building block for the future. This was why its massive program of energy investment was being built on diverse forms of renewable energy. Equally, Ethiopia was mobilizing rural communities to carry out afforestation and soil and water conservation works, and this was why, ahead of December's crucial climate summit in Paris, Ethiopia was putting on the table an offer to reduce its emissions by **2030**, the first least developed country in the world to do so.

The Minister also emphasized the importance of addressing the structural fragility of the economies of African countries, something to which partners should pay attention. Africa's rapid economic growth can only be sustained if it is accompanied with structural economic transformation. The promotion of sustainable agricultural development and industrialization, to generate productive employment and foster innovation, was of paramount importance to sustaining the gains of recent years. Ethiopia, Dr Tedros underlined, was pursuing structural transformation through improving productivity and competitiveness of small-holder agriculture, as well as promoting industrialization, value addition and export development.

He welcomed the Forum's stress on the importance of government, business, civil society and international organizations working hand-in-glove. Workable partnerships were, he said, necessary. He noted that it is business that creates 60% of GDP in developing countries and that, he said, was why Ethiopia was making itself an attractive destination for business. In addition to significant achievements in health, education and in promotion of investment, it was also developing infrastructure on a substantial level. It had recently inaugurated sub-Saharan Africa's largest wind-farm; it was constructing one of the largest hydro-electric power projects in the world – the Grand Ethiopian Renaissance Dam; by the end of the year it would inaugurate the Addis-Djibouti railway, powered by clean electricity; and Addis Ababa now had a mass transit system, the first light-rail system in sub-Saharan Africa.

Dr Tedros emphasized that Ethiopia strongly believed that economic transformation also depended upon international partnerships. That is why Ethiopia continued to strengthen these with traditional partners as well as with emerging economies such as China. Ethiopia, he said, is expanding industrial parks and economic zones and has the potential to become a global hub for manufacturing and agro-processing production. Its partnerships with the UK and China will enable sub-Saharan countries like Ethiopia to attract the necessary quality investment, offering the chance to access new markets in Europe and around the world. These partnership, he concluded, are also instrumental for mobilizing financial resources and building up the necessary human capacity.

The EU High Representative for Foreign Affairs and Security Policy visits Ethiopia

Ethiopia and the EU have been observing the 40th anniversary of EU-Ethiopian relations as we noted last week, and Ms Federica Mogherini, the European Union Commission's High Representative for Foreign Affairs and Security Policy, and Vice-President of the Commission, made her first visit to Ethiopia and the African Union Commission this week. Ms Mogherini met with Prime Minister Hailemariam Desalegn to discuss economic growth, investments, climate change and migration. She said afterwards "I had concrete and substantial meetings on the things we can do together, as partners" adding "We will seek a boost to investments, work together on security and **jointly tackle the issue of migration.**"

Another aspect of her visit was the launching of a High-Level Dialogue ahead of the Valletta summit on migration, **to discuss with the Ethiopian government a common agenda of steps to be taken over migration**. In Valletta, she said, the EU expects to agree on concrete actions to maximize the development benefits of migration and address root causes in order to “better organize legal channels for migration and mobility; to ensure protection for asylum seekers, to intensify the fight against criminal networks and to step up our cooperation on return and readmission”.

Ms Mogherini also met Ethiopia’s Minister of Foreign Affairs, Dr Tedros, on Tuesday (October 20). Their talks covered the EU’s interest in investing further in its relationship with Ethiopia and the importance of putting in place a mechanism for high-level political dialogue. Other subjects covered included the current humanitarian situation in drought-affected areas, organizing an Ethiopia-EU business forum, which Dr Tedros welcomed, and the EU’s wish to work with Ethiopia on climate change before the upcoming Paris Climate Change Conference of Parties, as well as tackling irregular migration.

Following this meeting, Ms Mogherini and Dr Tedros, issued a joint statement: “We met today and confirmed the strategic relationship, 40 years strong, between the European Union and Ethiopia in promoting economic growth, enhancing peace and security in the region, managing migration and mobility and strengthening the foundations of democracy and inclusivity. In this regard, we have agreed to elevate the level of our relations into a "Strategic Partnership". We will start a regular dialogue at foreign minister level, steering political dialogues that will include new areas of common interest and more regular meetings at ministerial level.

“We recognized that our strong development cooperation should be supported by more private sector engagement. The EU already being Ethiopia's first trading partner, we are determined to enhance our economic relations by upgrading the existing EU-Ethiopia Business Forum and promoting investment from Europe into Ethiopia, creating more jobs and growth.

“Migration is an issue that is of concern to the region, where Ethiopia is host to so many refugees, and for the European Union. We agreed on the principle of a Common Agenda on Migration and Mobility and have made considerable progress on its text that will guide our cooperation in this area. We agreed to work together in particular on tackling migrant smuggling and human trafficking, to support the reintegration of returned migrants, **to support Ethiopia in its hospitality for refugees from neighboring countries** and to strengthen resilience of most vulnerable communities. We look forward to presenting the Joint Declaration on the Common Agenda on Migration and Mobility at the upcoming Valletta Summit.

The statement concluded: “Ethiopia's contribution to peace and security in the region, particularly the peace process in South Sudan and the state building in Somalia, was acknowledged. In this regard, we are determined to continue coordinating our efforts and to extend support through the African Union and the Inter-Governmental Authority for Development.”

The European Union is a key partner in Ethiopia's socio-economic progress. It is Ethiopia’s major trading partner in both exports and imports and it has assisted to develop a number of programs related to development of trade, including the Micro and Small Enterprise

Development Program; the Economic Partnership Agreement Impact Assessment Studies and the World Trade Organization Impact Assessment Project. During the last 20 years, the EU had invested more than an estimated 24 billion birr in Ethiopia, providing a huge transfer of technology in key sectors as well as opening up large employment opportunities. The European Union is also one of the major donor partners of Ethiopia, contributing about 230 million Euros a year, representing 10% of the country's total annual Official Development Aid. Jointly with its member states, the European Union makes available around 34% of the total aid assistance, amounting on average to 800 million Euros. Ethiopia has also received more than 2 billion Euros from the European Development Fund as well as additional aid from the general budget, largely for food security and food aid. The EU has shown firm support for Ethiopia's efforts to eradicate poverty through sustainable development, democracy, peace and security. The EU also covers about 17% of the resources of the Promotion of Basic Services and 31% of the Productive Safety Net Program of the country, two of the country's flagship pro-poor development programs which have delivered particularly impressive results. The European Union is, in fact, the country's major development fund partner – and the 11th EDF will make available 745 million Euros in development assistance. Ethiopia is in turn a strong partner in fighting terrorism, tackling human trafficking and the problems of migration, as well as promoting peace and stability in the region.

In a first ever visit by the EU High Representative to the African Union, Ms Mogherini also spoke at the African Union and met with the Chairperson of the AU Commission, Dr Nkosazana Dlamini Zuma, to discuss the progress of relations between the two continents since the EU-Africa Summit held in April 2014 in Brussels. During that summit, leaders of more than 60 countries from Africa and Europe confirmed their commitments to the objectives set out in the 2007 Joint EU Africa Strategy, among them the key priorities and areas for joint action, including peace and security, democracy and human rights, and sustainable and inclusive development. Their discussions also focused on cooperation on **migration** and other issues including the African Peace facility and AMISOM, as well as ongoing crises in Africa. Welcoming the EU High representative, the Deputy Chairperson of the AU Commission Erastus Mwencha, said the Africa-EU partnership was significant in three ways. He said “We are neighbors tied together for good or bad, we have a shared history spanning centuries and we have common opportunities and threats.” He stressed that a prosperous and peaceful Africa was as much an interest of Europe as a prosperous and peaceful Europe was an interest of Africa.

Ms Mogherini also spoke to the AU Ambassadors, stressing the importance of investment and resilience instead of aid. This, she said, would provide for a better future in the EU-Africa partnership. She said “We must move forward from the donor- receiver approach and focus on investment.” As a leading investment partner with Africa, she said, the EU supports the African Union in its ambition to create a continental **free trade area**. She emphasized that a peaceful Africa mattered not only for itself but for the entire world. She said: “We support Africa's aspiration to silence the guns and provide good governance by 2020”, stressing that there could be no development without peace and security. Ms Mogherini said that putting resilience at the center of policies made it possible to make the next crisis less likely to happen, and “economic prosperity, good job opportunities, the rule of law and political legitimacy help to make resilience possible.” She said inclusive and democratic elections were essential; but what happened before and after the election matters a lot as well, adding that “constitutions must be respected including presidential limitations.”

The EU High Representative also spoke of the pressing issue of **migration**, underlining that this was not just an EU crisis, but a global problem. She reminded her listeners that part of the measures taken by the European Union Commission included the setting up of the EU Trust Fund with a **1.8 billion Euros grant from the EU to assist countries that have border issues**. She said this was “not an exchange in which countries take the money and keep people from migrating to Europe.” It was by building opportunities not by building walls that the crisis could be solved. Other measures being taken by the EU included confronting and inhibiting the illegal migration routes and smoothing the legal channels of migration.

Ms Mogherini said: "We can only deal with the current flow of migrants and refugees if we realize this is not about numbers, but about people – men and women seeking a better life. This is something the European Commission has been repeating for months. Europe can only manage migration by working with you to create new opportunities in your countries." Quoting Nelson Mandela, who described Africa as "a region of vast untapped potential", Ms Mogherini reaffirmed the continent's immense potential: "Making the most out of this potential – this is the goal of our cooperation between Africa and Europe. A cooperation we both need – a vital one, for Africa as well as for Europe." Africa is not only a receiver of aid, she said, but a political partner for us." She stressed the importance of **enhancing partnerships with countries of transit and origin** and with the African Union to tackle the challenge of migration. "The challenges we face are huge, and they will not be easy to overcome. But if we join forces, I am sure we can make it. Our partnership has not yet met all its potential."

During her visit, Ms Mogherini also called on Tuesday for greater respect for human rights in Eritrea, a major source country of refugees. The UNHCR says 5,000 people flee Eritrea each month many claiming to have fled to escape indefinite military conscription and other human rights abuses. She told journalists: "In Eritrea there is a relevant need for important reforms inside the country, to improve on the one side the human rights record and on the other the living conditions of the population. She said “An Eritrea that is reformed from within would be very beneficial not only when it comes to the issues related to migration flows but also to the overall stability and security of the region.” In fact, of course, engaging with Eritrea must be based on real evidence that Eritrea has changed its policies and stopped its efforts to destabilize the region or Ethiopia.

Origin Africa 2015 opens at the Millennium Hall

Origin Africa 2015 opened at Addis Ababa’s Millennium Hall on Wednesday (October 21). It is a three-day event for the Lifestyle and Fashion industry, showcasing textiles, cottons, home textiles, decorative materials, fashion accessories and other associated products. Origin Africa 2015 highlights the creativity and innovation of the African cotton, textile and clothing industries and the event has a specific focus on business, trade and investment, both regional and international, capturing the spirit, style and innovation of modern Africa. The event, organized by the African Cotton and Textile Industries Federation, together with Trade and Fairs East Africa, also includes the Africa Sourcing and Fashion Week.

At the official opening, President Dr Mulatu Teshome told participants that Africa was still a continent with abundant resources available for conversion to value added products and services. He noted Ethiopia’s efforts to expand the manufacturing sector and pointed out that

it aimed to become a leading country in light manufacturing industry in Africa. The textile industry offered, he said, value-addition, generation of foreign currency, job opportunities and technology transfer. The President noted that specific institutions had also been established in the textile and leather industries, as well as in other areas, to provide support to the private sector in assisting in the provision of skilled human resources, research and development and technology transfer. Direct linkages were also being established as appropriate between universities, technical institutes and the industrial sector.

Conducive and enabling economic environment and good governance have become key elements in attracting investment and promoting trade. The Ethiopian Government is committed to creating an enabling environment to create a secure, stable and accessible investment environment for the private sector, both local and foreign, so that it plays a pivotal role in the country's economic development. In this regard Ethiopia has made remarkable strides and has improved its standing as witnessed by global rating agencies.

The President noted that the country's Second Growth and Transformation Plan, now being launched, envisaged further expansion in power, road networks, railway lines and telecoms. The railway to Djibouti, he said, is expected to start operation by February and contribute significantly to the global competitiveness of Ethiopia's industries. In order to strengthen the competitiveness of the manufacturing sector, capacity and reform programs were being implemented to improve service delivery.

Development of Industrial Parks is another key element being implemented to accelerate industrialization. The President mentioned that one park now being built at Hawassa was expected to become operational by February next year. It had already attracted considerable attention and interest, and 40 globally known companies had already booked their own plot within the Park. He pointed out that Ethiopia was also focusing on measures that would strengthen the country's human capital by expanding and ensuring quality health and education services, in anticipation of meeting the Sustainable Development Goals.

In conclusion, the President emphasized that Origin Africa 2015 and the exhibition allowed for manufactures, buyers, sector specialists and policy makers to come together at a single venue and consider investment potential and promote Africa's textile industry. The occasions would, he said, also strengthen existing market links and create new investment and market opportunities, encouraging the combined efforts of the private sector and Governments to lift production to a critical level to take advantages of the opportunities that exist in Africa and the rest of the world.

Ethiopia observes National Flag Day

The 8th National Flag Day was colorfully celebrated across the country on October 19, under the theme "Ethiopia: a nation striving to restore its renaissance and keep its flag flying even higher." President, Dr Mulatu Teshome; Speaker of the House of People's Representatives, Abadula Gameda; Speaker of the House of Federation, Yalew Abate and Mayor of Addis Ababa City, Diriba Kuma were present at the celebrations in the National Stadium in Addis Ababa.

President Dr Mulatu said the flag is a source of national identity, pride and it was the emblem of the new Ethiopia. The 8th National Flag Day has special resonance, he said as it came at a point when the country was commencing the Second Growth and Transformation Plan (GTP

II), which would take the country to the level of middle income status. He called upon the people to work diligently to this end and he reiterated his Government's commitment to shoulder the responsibility given by the public to improve good governance in the country. The current generation, he said, had a national obligation to preserve the country's cultures and values, and to lift high the national flag and rally behind the efforts being made to fight poverty and build democracy. The major development projects now underway in the county, including the Grand Ethiopian Renaissance Dam, were, he said, the flagship projects of the aspirations of Ethiopians to end poverty and transfer a prosperous nation to the coming generation. "We should foil any destructive ideas by maintaining our unity," he said, and urged all citizens work hard for the success of the GTP II.

The Speaker of the House of People's Representatives, Abadula Gemeda, said Ethiopia was currently branded as a country with a promising future and it was changing its past image of backwardness, civil war and poverty. This was a compliment to the prevailing constitutional order and the level of democracy in the country. The Speaker said Flag Day was important to sustain and take the journey towards the renaissance of Ethiopia to a higher level and discourage those groups who preferred to see Ethiopia's failure. He added: "We have come a long way from the verge of disintegration nearly 25 years ago, and reached a stage of exemplary growth and development under a democratic governmental system." Now, he said, "this is a time to stand together and celebrate the success by hoisting our flag high as a symbol of our national identity."

The Mayor of Addis Ababa city, Diriba Kuma, said the national flag was a symbol of the unity of the Nations, Nationalities and Peoples of Ethiopia. He said the National Flag Day was a day that represented the peoples' oath to live in mutual respect and unity. He said "We need to keep the values that tie us together and join hands to ensure and sustain Ethiopia's renaissance". The Mayor urged the people of Addis Ababa and the country at large to resist religious fundamentalism which he described as a challenge to the centuries-old mutual respect and tolerance that the different religions in Ethiopia enjoyed. He said "We should honor the martyrs who sacrificed their lives for unity, freedom and justice as well as pledge to realize the renaissance of the country while observing National Flag Day."

When celebrating the National Flag Day at the premises of the Ministry of Foreign Affairs, Ambassador Taye Atskeselassie, State Minister for Foreign Affairs, underlined that the National Flag Day was a symbol of the sovereignty, equality and national pride of the Nations, Nationalities and Peoples of Ethiopia. It was the embodiment of their common interests and shared aspirations in jointly tackling poverty and indignity. He noted that Ethiopia was no longer a place where poverty and backwardness preoccupied the minds of millions, and pointed out that the Nations, Nationalities and Peoples of Ethiopia were committed to removing any stumbling-blocks on the path towards peace, stability, prosperity and democracy. The people of Ethiopia, he said, were committed to laying the foundations for Ethiopia's Renaissance and rebirth. He said the role of the Government and the people had enabled the nation to improve its international standing positively. It was now a country of opportunities. Ambassador Taye said the Flag was a symbol of a forward-looking approach that aimed to usher in a brighter future. The Flag Day was also an opportunity for Ethiopian missions abroad and the Ethiopian Diaspora to renew their commitments to the modernization of the nation. Flag Day stood, he said, for a common development, equality and unity in diversity.

The occasion was celebrated all over the country and included military and police parades, theatre performances, music and other artistic works aimed at showcasing the values of the national flag, a tri-color of green, yellow and red with a blue star in the middle. Green symbolizes hope and the land and its fertility; yellow stands for peace and harmony; and red represents strength and the blood spilt in defense of Ethiopia; with the blue star representing peace and the diversity and unity of Ethiopia's various ethnic and religious groups. Upon gaining independence from colonial rule, several African countries adopted these colors in homage to Ethiopia's resistance against foreign occupation; and the colors are often referred to as pan-African colors. The National Flag is a sign of identity, a symbol of sovereignty and freedom; a sacred entity; and something to be always guarded, honored, safeguarded and respected.