

## **A Week in the Horn** **29<sup>th</sup> April 2016**

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### **News in Brief**

#### **Africa and the African Union**

The **Transformative Industrial Policy in Africa Report**, recently released by the UN Economic Commission for Africa, notes that Africa is now the subject of significant optimism, though it cautions that it isn't clear whether Africa can turn the recent economic recovery into sustained economic development. The report also believes Ethiopia could soon catch up with China and Vietnam in light manufacturing. (See article)

#### **Ethiopia**

Prime Minister Hailemariam attended the UN General Assembly High-level Thematic Debate on achieving the Sustainable Development Goals at the end of last week (April 21-22). He also participated in the historic signing of the Paris Agreement on Climate Change on Saturday (April 23) at the UN headquarters in New York. (See article)

Deputy Prime Minister, Debretsion Gebremichael, Coordinator of Finance and Minister of ICT attended the 13<sup>th</sup> Summit of the Northern Corridor Integration Projects at the Speke resort in Kampala, Uganda last weekend on April 22 and 23. He headed a delegation that included State Minister for Foreign Affairs, Ambassador Taye Atske-selassie. (See article)

Foreign Minister Dr Tedros Adhanom, on an official visit to the Russian Federation, met with Russian Foreign Minister Sergey Lavrov on Monday (April 25) for discussions on bilateral issues, development cooperation, energy projects, regional peace and security. Dr Tedros said Ethiopia and Russia should enhance cooperation in the areas of trade, investment, tourism and other economic cooperation to benefit peoples of both countries. (See article)

Foreign Minister, Dr Tedros, at the end of last week, on the second leg of a European tour, visited the Republic of Serbia, following his three-day official visit to Sweden. He met with First Deputy Prime Minister and Minister of Foreign Affairs of the Republic of Serbia, Ivica Dacic, in Belgrade on Friday (April 22). (See article)

State Minister of Foreign Affairs, Ambassador Taye Atske-selassie, signed an agreement with the **Eastern and Southern African Trade and Development Bank** to open a regional office in Addis Ababa on Thursday (April 28). Mr Admassu Yilma, CEO of the African Trade and Development Bank, said opening a regional office in Addis Ababa would give easy financial access to clients and projects.

State Minister Ambassador Taye briefed Addis-based Ambassadors on Wednesday and Thursday (April 27 and 28) on the recent cross-border raid into Gambella Regional State. He said the response to the unusually massive raid was being "very careful, a very targeted and a very calculated move" and Ethiopia was coordinating measures with South Sudan to rescue the children seized. The second incident involved clashes between South Sudanese Refugees in Jawi camp and the local community and had no connection with the earlier attack.

State Minister Ambassador Taye and Mr John Morris, Country Director of Farm Africa, signed a Memorandum of Understanding (MOU) on Tuesday (April 26) to open Farm Africa's regional office in Addis.

State Minister Ambassador Taye on Tuesday (April 26) met with the representative of Crisis Action, Mrs Emebet Getachew. Mrs Emebet briefed the State Minister on Crisis Action that works with civil society and international organizations seeking lasting peace in conflict-ridden areas and presented the organization's request to open an office in Addis Ababa, Ethiopia. The State Minister welcomed the organization's interest to open an office in Addis Ababa.

Ethiopian Airlines was voted the **Best Cargo Airline of the Year from Africa** at the "2016 Cargo Airline of the Year" award event held in London on Saturday (April 23). Roger Hailey, editor of *Air Cargo News*, said Ethiopian Airlines was a worthy winner of this award "as recognized by peer group professionals who voted in recognition of its valuable contribution to African air cargo".

### **Djibouti**

President Ismail Omar Guelleh has invited Sudan President Omer al-Bashir to attend his inauguration ceremony for another term in office. The Djibouti Ambassador to Sudan gave the invitation to Sudan Foreign Minister Ibrahim Ghandour at the weekend.

Ilyas Dawaleh, Minister of Economy and Finance in charge of Industry, headed a delegation to Jordan last weekend on a visit aimed at developing commercial ties and facilitating Jordanian trade with Africa. Djibouti has agreed to provide facilities to establish a Jordanian logistic village in its free zone to store Jordanian goods and re-export them to African markets. The two countries also agreed to hold talks on bilateral agreements on commercial preferences, investment and protection.

### **Eritrea**

The magazine, *Jane's Defense Weekly* has published satellite images showing that the United Arab Emirates (UAE) appears to be constructing a new port next to Assab International Airport in Eritrea. This, it suggests, could become the UAE's first permanent military base in a foreign country. Naval vessels using Assab since September last year have included Emirati landing ships and, in March, a UAE corvette warship was docked at the port.

A new report by Freedom House on press freedom ranked Eritrea fifth from bottom and lowest in Africa because all private news outlets were outlawed, local media is strictly controlled and many journalists remain in prison.

Eritrea's Permanent Ambassador to the United Nations, Girma Asmerom, signed the Paris Agreement on the UN Framework Convention on Climate Change on behalf of the Government of Eritrea at the UN in New York on Friday (April 22).

Sunridge Gold Corp. announced on Tuesday (April 26) that it had sold its 60% interest in the Asmara Mining Share Company to the Sichuan Road & Bridge Mining Investment Development Corp. Ltd. The price paid was US\$65 million.

## **Kenya**

President Kenyatta issued a statement on Tuesday (April 26) to say that it was with a deep sense of sadness and loss that he had learnt of the untimely death of the Former First Lady, Mrs Lucy Kibaki, who died in London. On behalf of all Kenyans and his Government he offered heartfelt condolences to former President Mwai Kibaki.

Kenya's Interior Cabinet Secretary, Joseph Nkaissery, told a security conference with Marehan elders at the weekend that the construction of the 700km Kenya-Somalia border fence to prevent unwanted persons from illegally entering Kenya will continue as planned. (See article)

## **Somalia**

President Hassan Sheikh Mohamud said on Monday (April 25) that Somalia will go to the polls to vote in presidential and parliamentary elections in August. He said "The upcoming Somali presidential and parliamentary election will be held this August," adding "The election process needs to be completed in a democratic way. We do not care which party wins. The winners will be the people of Somalia." The President announced last week he would be seeking re-election.

Prime Minister Omar Abdirashid Sharmarke has appointed Mohamed Jama Mursal as Minister of Posts and Telecommunication to replace Guled Hussein Qasim. No reason was given for the change.

Abdusalam H. Omer, Minister of Foreign Affairs and Investment Promotion, on a visit to the United Arab Emirates, met with Sheikh Abdullah bin Zayed Al Nahyan, Minister of Foreign Affairs and International Cooperation of the UAE, on Wednesday (April 27) to discuss bilateral relations and review areas of co-operation and co-ordination.

Francisco Madeira, Special Representative of the African Union for Somalia and head of the AU mission in Somalia (AMISOM), and Somalia's Deputy Prime Minister Mohamed Omar Arte, met in Mogadishu over the weekend to discuss the need for more coordinated collaboration between AMISOM and the Somali National Army operations.

Ambassador Francisco Madeira, head of AMISOM, told a two-day workshop on **Human Rights and Due Diligence Policy** in Mogadishu (April 26-27) that AMISOM forces were committed to complying with international Human Rights law. He said a board of inquiry had been set up to handle all incidents involving AMISOM troops, police and the Somali people.

A session of the Puntland Parliament on Sunday (April 24) overwhelmingly approved the names for the Transitional Puntland Electoral Commission (TPEC). Puntland President Abdiweli Mohamed Ali and Speaker Ahmed Ali Hashi picked nine nominees and the former Puntland State Television Director-General Ahmed Mohamed Ali was named as Chairman of the Commission.

Twenty-three nongovernmental organizations working in Somalia appealed on Tuesday (April 26) for a concerted and collective effort from all actors to avoid a repeat of the 2011 famine, when more than a quarter of a million died. According to FAO, more than 731,000 people are estimated to be severely food insecure. The call came as the United Nations Office for the Coordination of Humanitarian Affairs in Geneva is holding meetings on the UN Global Call for Support and Action on El Niño.

Drought conditions in Puntland and parts of Somaliland have significantly deteriorated according to the latest rainfall analysis by the FAO-managed Somalia Water and Land Information Management earlier this week. Nearly 385,000 people in Puntland and Somaliland face acute food insecurity and an estimated 1.3 million people are at risk of slipping into acute food insecurity if they do not receive assistance.

### **South Sudan**

Riek Machar, head of the SPLM-IO, returned to Juba on Tuesday afternoon (April 26) and was sworn in as First Vice-President. President, Salva Kiir called on Dr Machar, and Wani Igga, Vice-President, to cooperate with him in the new government that will be formed soon. The President said he would not expect an opposition in either the executive and legislative branches of his government when a transitional unity government is formed inclusive of opposition parties. He called for cooperation to "return our country to peaceful coexistence." (See article)

The UN Security Council had a briefing on South Sudan on Tuesday (April 26) from Herve Ladsous, UN head of peacekeeping. Mr Ladsous said the arrival of Riek Machar should allow "the real transition to begin" but stressed the security situation was still precarious and there was a worsening humanitarian and human rights situation. He said the transitional government would have to "start work from day one" to address governance, financial misappropriation and improving the rule of law. (See article)

The United Nations Secretary-General, Ban Ki-moon, on Tuesday welcomed the return of Dr Machar to Juba on Tuesday (April 26) and his swearing in as the country's first vice-president, describing it a "new phase" in the implementation of the August 2015 peace agreement.

UN Secretary-General Ban Ki-Moon on Tuesday (April 26) announced the appointment of Abiodun Bashua of Nigeria to lead the special investigation into the attack on February 17-18 against the UN Mission in South Sudan (UNMISS) when at least 25 civilians died and an additional 144 were injured. The investigation would complement the UN Headquarters Board of Inquiry announced on March 11.

### **Sudan**

President Al-Bashir told Sudan's newly appointed ambassadors to Ireland, Yemen, the Sultanate of Oman, Qatar, Lebanon, Djibouti and Norway, to work to consolidate Sudanese relations and cooperation with these countries.

The Darfur Referendum Commission announced on Saturday (April 23) that 97% of the registered voters in the region's recent administrative referendum had voted to keep the current five states in Darfur and retain the status quo. Only 2.2% had voted for the option of a single region. The turnout for the vote was 3.15 million; opposition parties boycotted the referendum.

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### **Prime Minister Hailemariam attends UN General Assembly SDG debate**

The UN General Assembly (UNGA) held a **High-level Thematic Debate on Achieving the Sustainable Development Goals** at the end of last week (April 21-22). High-level officials from over a hundred and thirty UN member states made statements on the action they were taking or planning at country level. Interactive dialogues also addressed "financing poverty eradication and sustainable development" and "technology and data for SDGs." There is general agreement that achieving the Sustainable Development Goals requires action at all levels, from the local to national and global levels. Indeed, strong national ownership is considered the foundation of all efforts. If the SDGs are incorporated into national and local plans, policies, and budgets, then there is a good chance that action will follow. In other words, the global agenda will only work if it is domesticated. This requires unreserved government approaches with compulsory collaboration of relevant ministries and sectors. Action on the implementation of the 2030 Agenda by governments is vital, but it is not sufficient on its own. International organizations, civil society, and media all have roles in supporting and monitoring SDG achievements.

On the opening ceremony on April 21, at UN Headquarters in New York, United States, the General Assembly President, Mogens Lykketoft, said the 2030 Agenda, the Addis Ababa Action Agenda on financing for development, the Sendai Framework for Disaster Risk Reduction 2015-2030, which was adopted at the Third UN World Conference in Sendai, Japan, in March last year and the Paris Agreement on Climate Change provide the international community with a framework to solve the root causes of world problems, including migration and humanitarian crises. The UN Deputy Secretary-General, Jan Eliasson, said achieving the 2030 Agenda would require breaking down barriers "across borders, across sectors, and across functions."

Prime Minister Hailemariam Dessalegn led a high-level Ethiopian delegation to the debate on the follow-up to the Sustainable Development Goals. The Prime Minister said in his statement to the debate that the international community in 2015 had achieved "an incredible and historic achievement." He went on: **"The agreement reached on the 2030 development agenda, which is both transformative and ambitious was without precedent. We showed what we can do when we are committed to move together. The commitment made to eradicate poverty in fifteen years is a major achievement." But, of course, he added, "what remains is the implementation of what we have agreed upon, and as we all realize, implementation is a daunting task."**

In this context, the Prime Minister noted that the **Addis Ababa Action Agenda was a critical pillar designed to support the implementation of the SDGs. He spoke of the "enormous challenges ahead of us, largely related to the difficulty of financing our development plans."** That, he pointed out, was why the commitments made in the Addis Ababa Action

Agenda and the various planned actions contained there were so critical." He stressed the importance of being mindful of the enormous and multiple challenges which could impede efforts. The world was certainly passing through turbulent times and there were major challenges in the area of peace and security. These coupled with the global economic slowdown as well as the effects of climate change and other natural calamities would, he said, have their own impact.

As far as SDGs were concerned, he said, Ethiopia was putting unreserved efforts into implementation of the Sustainable Goals. Indeed, the Government had already started to prepare the ground for their successful implementation. "In leveling the ground to implement the SDGs, we have started undertaking important tasks," the Prime Minister said. Ethiopia had already conducted consultations in different parts of the country by sector institutions both at federal and regional levels in order to reach a common understanding on both the national development plan and the SDGs. He also mentioned various workshops and training sessions organized at the federal level by the government in collaboration with the United Nations to create awareness and understanding among different actors and stakeholders. In a similar vein, he pointed out, a Policy Matrix constituting sets of indicators had been developed to track the progress of implementation of the national development plan both at macro and sectoral levels. This Matrix would also be instrumental in tracking the implementation of the SDGs. Further steps are now underway to review the SDG indicators and identify those which are easy to monitor within the framework of national realities, capacities and policy priorities.

The Prime Minister underlined that the Thematic Debate undoubtedly afforded Member States the opportunity to learn from one another and create necessary partnership in their pursuit to implement the SDGs. He said the fact that "we are having this debate one day prior to the signing ceremony of the Paris Agreement makes our deliberation much more productive and memorable." In conclusion, he asked the Assembly to use "this opportunity to make our collective efforts bear the necessary fruits to effectively address the myriad of development challenges our world faces."

Following the High-level Thematic Debate, Prime Minister Hailemariam was among those world leaders and other representatives who signed the Paris Agreement on Climate Change on Saturday (April 23) at the UN headquarters in New York. The 196 Parties to the UN Framework Convention on Climate Change adopted the Paris Agreement last December at COP21 in Paris. The Convention aims to limit global temperature rises "to well below two degrees Celsius. UN Secretary-General Ban Ki-moon said, "This is a moment in history" at the opening of the formal ceremony. He noted that "the world is in a race against time", adding that "The era of consumption without consequences is over". He told the assembled leaders "Today you are signing a new covenant with the future. This covenant must amount to more than promises."

The occasion attracted the largest number of countries ever to sign an international agreement on a single day. France was given the honor of signing the pact first, in recognition of its hosting of the UN Climate Change Conference. Prime Minister Hailemariam put his signature next to that of French President, Francois Hollande. Ethiopia is one of those countries expecting a great deal from this agreement as effective global cooperation on climate change is necessary to enable nations to take the real and necessary action to begin to resolve the issue. **Last year, the thirty nations, which are members of the Climate Vulnerable Forum, elected Ethiopia to chair the Forum for 2016-17.**

## Foreign Minister Dr Tedros makes an official visit to the Russian Federation

Foreign Minister Dr Tedros has been on a series of European visits over the last two weeks, to Sweden, to the Republic of Serbia and at the beginning of this week to the Russian Federation where he held bilateral discussions with Russian Foreign Minister, Sergey Lavrov, in Moscow on Monday (April 25). Recalling that Ethiopia and Russia have enjoyed long and historic relations, Foreign Minister Dr Tedros underlined that their bilateral discussions would help deepen the cooperation between the two countries. He said bilateral cooperation should further be strengthened in areas of infrastructural development, investment, bank-to-bank cooperation, education, and science and technology among other areas. Dr Tedros also suggested Ethiopia and Russia should enhance cooperation in areas of trade, tourism and other economic cooperation for the benefit of the peoples of both countries.

Dr Tedros noted that the Joint Commission on Economic, Scientific, Trade and Technical Cooperation, established in 1999, provided a strategic joint mechanism to bolster multi-layered cooperation between the two countries. He said Ethiopia was working hard to make sure that the Commission remained both sustainable and fruitful. The Minister also pointed out that Ethiopia was preparing to host the **6<sup>th</sup> Ethio-Russia Inter-Governmental Commission** later this year. It hoped that the event would create a successful and conducive platform to deal with most of the strategic and economic concerns of both sides.

Russian Foreign Minister Sergey Lavrov said that Ethiopia and Russia had enjoyed longstanding multi-faceted relations for over a hundred years. Ethiopia, he said, was one of Russia's key partners in Africa. The Minister pointed out that Russia welcomed Ethiopia's desire to promote cooperation with Russia in education, science and technology. Mr Lavrov mentioned that Russian companies were interested in enhancing energy and hydrocarbon cooperation and building infrastructure in Ethiopia. He stressed that the key role in settling African conflicts must belong to Africans themselves.

At a press conference, the Russian Foreign Minister said Russia appreciated its more than a century of friendship with Ethiopia, reiterating that it was a key partner on the African continent. "During the period of development of our relations," he said, "we have gained a very solid experience in various fields". Noting that the bilateral discussions covered the prospects of expanding bilateral ties with a focus on enhancing trade, economic and investment ties, the Foreign Minister said Russian companies were keen to join forces with Ethiopian partners in implementing promising joint projects in energy, including production of hydrocarbons, and in building infrastructure. Gazprom, a Russian company, has begun investment in Ethiopia, and Foreign Minister Lavrov commended Ethiopia's support to the firm. He called for similar support for other Russian companies. In this context, he welcomed Ethiopia's expression of interest to expand cooperation in the fields of education, science and high technologies. He said, "We have appropriate plans. We expressed the hope that we could hold the next meeting of the intergovernmental commission on trade-economic cooperation as soon as possible."

Foreign Minister Lavrov, mindful of Ethiopia's key role at both regional and international fora, said, "We appreciate Ethiopia's balanced policy on the international stage, in particular its active roles in the African Union, sub-regional organizations and the peacekeeping efforts

of Africa's community. Ethiopia's independent foreign policy is strengthening its international standing." He added: "Russia and Ethiopia have consistently advocated for the formation of a just and democratic polycentric architecture, based on international law and respect for the identity of peoples and their right to determine their own future. Our countries are committed to the collective search for answers to the challenges and threats of our time."

During his stay in Russia, Foreign Minister Dr Tedros also met with Konstantin I Kosachov, Chairman of the Committee on International Affairs of the Federation Council of Russia. The two sides reiterated the need to enhance the Ethio-Russia partnership, particularly in trade investment, deepen inter-parliamentary partnership and strengthen the cooperation in the fight against terrorism.

#### **.....following his visit to the Republic of Serbia last week....**

During his official visit to Belgrade, Dr Tedros held bilateral discussions with Aleksandar Vucic, Prime Minister of the Republic of Serbia and Ivica Dacic, Serbia's First Deputy Prime Minister and Foreign Minister. The two sides emphasized the need to boost the historic relationship between Ethiopia and the Republic of Serbia. They also agreed to establish a Joint Commission to boost relations to a higher level. Serbia has shown interest in investing in Ethiopia, particularly in the construction, pharmaceutical and energy sectors. After their discussions, Serbia extended its support to Ethiopia's bid for a non-permanent seat at the UNSC.

Dr Tedros also paid a visit to the National Assembly of the Republic of Serbia where he met Mrs Maja Gojković, Speaker of the National Assembly of Serbia. They agreed on the importance of revamping parliamentary cooperation between Ethiopia and the Republic of Serbia. Dr Tedros emphasized that members of parliament, the true representatives of the Serbian and Ethiopian people, should cooperate.

The Minister later met with Marko Čadež, the President of the Chamber of Commerce and Industry of Serbia. Mr Marko pledged to work with Ethiopia in a bid to reinvigorate the longstanding ties between the two countries. Recalling the historic relations between Ethiopia and Serbia and taking note of the fact that Ethiopia has now become a favored destination for international investment and trade, Dr Tedros emphasized the need to strengthen bilateral ties and expand the level of cooperation between the two countries. The two sides agreed to coordinate an Ethio-Serbia Business Forum in the near future. Dr Tedros subsequently paid a visit to the giant global company, Vlatacom, which provides cutting edge solutions in the field of Information and Communications Technology.

During his visit, Dr Tedros was awarded with the Decoration of the Order of the Serbian Flag, the highest honor that can be bestowed by the Serbian Presidency. Dr Tedros was given the award for the role he has played in expanding Ethio-Serbia relations.

#### **The Northern Corridor Integration Projects Summit held in Kampala**

The 13<sup>th</sup> Summit of the Northern Corridor Integration Projects was held at the Speke resort in Kampala, Uganda last weekend on April 22 and 23. The Summit was attended by President Yoweri Museveni of Uganda, the host; President Paul Kagame of Rwanda; President Uhuru Kenyatta of Kenya and Ethiopian Deputy Prime Minister, Debretsion Gebremichael, Coordinator of Finance and Minister of ICT. In addition to representatives of South Sudan,

Burundi and the DRC, also present were Dr Augustine P. Mahiga, Minister of Foreign Affairs, East African Community, Regional and International Cooperation, the United Republic of Tanzania, the current Chair of the East African Community Council of Ministers; Mr Gabriel Negatu, Regional Director, African Development Bank and Mr Donat Bagula, Executive Secretary of the Northern Corridor Transit and Transport Coordination Authority. Others present included regional economic community officials and other high-level participants and guests as well as private sector representatives. Expert and ministerial sessions over the previous few days (April 19-23) preceded the Summit itself.

The Summit welcomed the progress made in the implementation of the various Northern Corridor projects and renewed the resolve to continue fast tracking the Northern Corridor Integration Projects, taking into consideration accelerating regional integration initiatives and the need to improve the livelihood of citizens in the region. The Heads of State stressed the need to implement the projects with a sense of urgency and resolve outstanding issues by the 14<sup>th</sup> Summit. In its 15-point joint communiqué, released at the end of the summit, the Summit covered the progress of implementation on the Standard Gauge Railway, ICT Infrastructure, the issue of Oil Refineries and Crude oil, Political Federation, Project Financing, Power generation, Air Space management, Human Resource Capacity Building, Commodities Exchange, Land for the Infrastructure Corridor, Immigration, Tourism, Trade, Labor and Services, Single Customs Territory, Defense, Peace and Security Cooperation; and the Private Sector. The Summit also agreed on the issue of the route for the oil pipeline from Uganda with the final decision providing for **a 1,410 kilometer (876 miles) pipeline from the western Uganda region of Hoima to the Tanzanian port of Tanga**, while Kenya will build **another link between the towns of Lokichar and Lamu in Kenya**. Uganda and Kenya agreed to continue cooperating on petroleum issues.

Among the resolutions on the Standard Gauge Railway development, the Summit welcomed the progress of the construction works on Mombasa-Nairobi section, which has now reached 75% completion and is due to be finished in July 2017. The construction of the Malaba-Kampala sector is expected to begin in July 2016. On Political Federation the Summit decided the East African Community should handle the matter. With reference to Project Financing, the Summit directed Ministers of Finance to establish harmonized financing models to facilitate the participation of the private sector in projects. For Power Generation, Transmission, and Interconnectivity, the Summit directed Ministers to address delays in the completion of transmission lines, acquisition of land and rights of way that have hindered the commencement of power trading.

Policies already operational include the issuing of a single visa for tourists to the East African region covering Kenya, Rwanda and Uganda, and use of National IDs to ease travel within the region. Another is the harmonization of cross-border ICT connectivity, legal and regulatory frameworks. This has culminated in the establishment of the One Network Area for telephone communication. The establishment of a Single Customs Territory and One Stop Border Posts have enhanced elimination of most on-tariff Barriers, reducing the cost of doing business. The transit time for cargo from the Port of Mombasa to Kampala has reduced from 18 days to 4 days. Business volumes have increased as well as earnings both for Revenue Authorities and private sector operators. The NCIP is also encouraging the private sector to participate in the projects in several ways including public-private partnerships.

This was the first time that Ethiopia attended the Northern Corridor Integration Projects Summit as a full member, though it has been an observer at several previous summits. The

Ethiopian delegation headed by Debretsion Gebremichael, Coordinator of Finance with a Deputy Prime Minister portfolio and Minister of ICT, included State Minister of Foreign Affairs of Ethiopia, Ambassador Taye Atske-selassie, and other senior officials and experts. In his statement to the Summit, Dr Debretsion thanked the other members for **their prompt decision to accept Ethiopia as a partner State of the Northern Corridor Integration Project at the previous summit held in December 2015 in Kigali Rwanda**. He said he was "honored to be here, on behalf of Prime Minister Hailemariam Dessalegn, to participate in this very important meeting, to follow up implementation of the highly encouraging development projects being considered", all of which will, he suggested, be of immense benefits for the region, and more widely.

Dr Debretsion noted Ethiopia's attachment to the importance of the agenda of regional economic integration, pointing out that "**regional integration is a central element in Ethiopia's foreign policy and strategy**." He briefed participants on the way that Ethiopia was in effect practically demonstrating elements of the agenda in its own major projects including **the rebuilding of the Standard Gauge Railway from Djibouti to Addis Ababa, the building of trans-boundary and cross-border highways to Sudan and Kenya, and Ethiopia's power generation and transmission lines to provide regional interconnections**. All these projects, he said, were aimed at producing a real basis for regional economic integration. He also underlined that Ethiopia was, of course, also one of the signatories of the LAPSET project. It was very keen to see its implementation.

Concerning trans-boundary economic programs, Dr Debretsion said that in collaboration with other development partners Ethiopia and Kenya had jointly launched a **trans-boundary economic development program along their common border**. It was already showing encouraging progress. Dr Debretsion reminded participants that Ethiopia had participated as an observer for the previous seven summits, clearly demonstrating its commitment to be a party to the NCIP vision and objectives. Indeed, he said, Ethiopia believed the shared vision of the Northern Corridor Integration Projects was essentially identical to the main pillars of its own foreign policy and strategy, in sum: fighting poverty and backwardness through economic development. Ethiopia, he said, believes that given this visible determination and the impressive follow-up mechanisms that are being put in place, realization of the sixteen identified and clearly defined Northern Corridor projects now agreed, will become a reality as planned. He also underlined that Ethiopia also believed that regional integration was not merely an issue of the interconnectivity of physical infrastructure. It also required the harmonization of different policy issues if an economic corridor is to operate smoothly.

Dr Debretsion assured participants that Ethiopia was fully committed as a partner state of the Northern Corridor integration projects to do everything possible to fulfil whatever is expected, or necessary, for the realization of the regional development plans. He reiterated Ethiopia's commitment to actively participate in the implementation of the two initial projects, the Standard Gauge Railway and the Power Generation, Transmission and Interconnectivity projects. Dr Debretsion also underlined that Ethiopia was prepared to become involved in as many other projects as possible, depending upon their relevance to Ethiopia and the sub-region. Ethiopia has already formed a national committee to vet possible experts for the joint technical committee and provide a national coordinator for following-up implantation of projects.

### **Dr Riek Machar sworn in as First Vice-President of South Sudan**

After two years in his headquarters at Pagak, close to the Ethiopian border in Upper Nile State, Dr Riek Machar finally arrived back in Juba on Tuesday (April 26). He was immediately sworn in as First Vice-President of South Sudan. Dr Machar was dismissed as President Salva Kiir's vice-president in mid-2013 and went on to lead the opposition, the SPLM-IO, when civil war broke out in mid-December that year.

His return had been anxiously awaited, after the announcement by the Joint Monitoring and Evaluation Commission (JMEC) overseeing the implementation of the Peace Agreement that Dr Machar would be arriving in Juba on April 12. However, James Gatdet Dak, Spokesperson for the Sudan Peoples' Liberation Movement-in-opposition (SPLM-IO), promptly explained that Machar would not actually arrive until 18 April; but there were to be further delays.

On April 11, the JMEC announced that 1,370 SPLM-IO troops and police had been transported from Malakal to Juba as required by phase one of the transitional security arrangements agreed in February. Ethiopia, China and the three troika countries (the US, the UK and Norway) contributed for this key move to take place. Government forces said they had pulled all but 3,420 of their troops from the city as agreed in the peace agreement. All other combatants will have to remain outside the capital. Despite this, Machar and the Chief of Staff of the SPLM-IO failed to leave Pagak on either April 18 or on April 19. The delay, according to the party's spokesperson, was because of "logistical reasons", largely due to Dr Machar wanting to bring in additional troops and heavy weapons. This led the JMEC on April 19 to issue a strong statement urging both parties to demonstrate their full cooperation in ensuring the return arrangements for the First Vice-President-designate as soon as possible.

With the delay threatening the whole peace agreement and given the gravity of the situation, on Thursday (April 21), IGAD and the Troika countries took a hand, issuing a statement insisting that Dr Machar should return to Juba by Saturday (April 23) at the latest. On Saturday, however, Dr Machar said he was denied permission to land at Juba by the South Sudan Government as the airport was closed. On Monday (April 25) General Simon Gatwech, SPLM-IO Chief of Staff, was able to arrive in Juba and the next day (Tuesday) Dr Machar himself finally appeared in Juba and took the oath as First Vice-President.

The ceremony was also attended by Festus Mogae, Chairman of the Joint Monitoring and Evaluation Commission and President Omar Alpha Konare, Special Representative of the African Union. President Kiir recalled it was nearly 28 months since "my brother Dr Riek Machar left Juba." The President added, "I have no doubt that his return to Juba today marks the end of the war and the return of peace and stability to South Sudan." President Kiir also noted, "All of us who are the stakeholders have the collective responsibility to make sure that we cooperate and work together as one team so that we deliver results. I therefore call upon all of you, and especially the First Vice-President and the Vice-President, to cooperate with me so that we return our country to peaceful coexistence."

The President said that now Dr Machar had taken the oath of office as the First Vice-President of the Republic of South Sudan "we will immediately proceed to establish the Transitional Government of National Unity". This, he said, would restore the confidence of the people and the international partners in their abilities as the leaders of the country to implement the peace agreement. The President acknowledged that there were unresolved issues related to the agreement, but promised "we will resolve those matters amicably. This is the only choice for us to relieve our people from the undeserved suffering associated with the armed conflict imposed upon them. I believe this is the only way to return South Sudan to the path of peace,

stability and prosperity." He also apologized "to the people of South Sudan for the situation we the leaders have created." President Kiir also commended the international community, the UN Security Council, the UN Human Rights and humanitarian agencies, UNMISS, the Troika, AU, IGAD, EU, Russia, China, Japan and "our other regional and international partners", for their positive efforts and commitment.

Dr Machar, on his part, said: "I will cooperate with the president... I want to underline my desire to start a new page with the president." He added, "The war was vicious... we need to bring our people together." Speaking to reporters on arrival in Juba Dr Machar also said: "There are challenges that we need to overcome. First challenge is security. Second challenge is stabilizing the economy. Third, we have a lot of displaced people – internally and internationally. We need to reach out to such people. We need to ensure humanitarian access is done so that humanitarian relief is channeled to the rural areas or [and] in the urban areas."

The United Nations Secretary-General, Ban Ki-moon welcomed Dr Machar's return to Juba and his swearing in as the country's First Vice-President, describing it a "new phase" in the implementation of the August 2015 peace agreement. Mr Ban Ki-Moon called on the Security Council to work closely with the Intergovernmental Authority on Development (IGAD) and the African Union Peace and Security Council (AUPSC) to mobilize the required support for the peace process.

Mr Machar's return to Juba and swearing-in as President Salva Kiir's deputy marks a major step in implementing the August 2015 Peace Agreement to end the country's civil war. In accordance with this, the former opposition leader will also be the commander-in-chief of a separate army and police, with separate structures from the army and police commanded by President Salva Kiir. The two national armies and police forces will however reunify during the transitional period after achieving the security sector reforms laid out in the peace agreement. Dr Machar is also expected to make consultations with his officials and with President Kiir on the long-awaited formation of the transitional government of national unity. President Kiir and Dr Machar are now expected to make rapid progress in consultations over the long-awaited formation of the transitional government of national unity. In this, there will be 16 ministers appointed by President Kiir, the SPLM-IO will have 10 ministers and other political parties and former detainees will have 4 ministers, 2 each.

Meanwhile, the United Nations Security Council also met on Tuesday (April 26) to discuss the situation in South Sudan and be briefed by Henri Ladsous, the UN Under-Secretary-General for Peacekeeping Operations. Mr Ladsous said it was vital that the political and security trends underway in the country changed rapidly if we wish to see a possibility for the peace process to succeed. It was equally vital that the parties "should take this opportunity to show genuine determination to move forward with the peace process." He urged the Security Council to demand that the parties and all armed actors immediately uphold their obligations under international humanitarian and human rights law.

Mr Ladsous also underlined that the transitional government would have to "start work from day one" to address governance, financial misappropriation and improving the rule of law. He noted that the slump in oil prices had pushed South Sudan to the brink of economic collapse and stressed that, even if the parties fully implemented the peace agreement, the economic challenges could only be overcome with significant reform and international assistance. Mr Ladsous said that "other conflict drivers, such as the creation of the new 28 states, should be addressed in accordance with the IGAD Summit Decisions and the position of the Joint

Monitoring and Evaluation Commission". He said that decision was detrimental to the peace efforts and it would also require tremendous resources that South Sudan could not afford. He urged the Security Council, in coordination with the African Union, to engage President Kiir on this issue with the aim of halting implementation until the issue could be mutually resolved within the transitional government.

Mr Ladsous told the Security Council that "The South Sudan peace process is extremely fragile and will require a concerted and sustained effort at national, regional and international levels," adding that without political leverage generated by concerted international and regional efforts, it would not succeed.

### **Construction of the 700km Kenya-Somalia Border Fence to continue**

Kenya's Interior Cabinet Secretary, Joseph Nkaissery, has said that the construction of the 700km Kenya-Somalia border fence to prevent unwanted persons from illegally entering Kenya will continue as planned. He was speaking at a meeting in Nairobi with Marehan clan elders from Northeast Kenya who had come to discuss cross-border security issues in the Mandera region of Kenya.

Mr Nkaissery said the fence would run along the whole Kenya-Somalia border from Kiunga in Lamu County to the Mandera-Ethiopia border at the River Dawa. It would be designed to help keep a check on people like al-Shabaab from crossing to and from Somalia, he said, but he emphasized that it would not limit movement of other people. The Cabinet Secretary gave some details of the way the fence would operate. There would be entry points with immigration officers at Mandera, Elwak, Liboi and other areas all the way down the border to Lamu County to screen those moving in and out of the country. Designated border points would also have police posts, Kenya Revenue Authority officers and other government offices to provide services as needed. Mr Nkaissery also said the fence would have CCTVs installed at strategic points. It would consist of various obstacles including a ditch and a patrol road for security forces to use.

The three-day meeting in Nairobi (April 24 to 26), which included top Kenyan security officials and Marehan elders, was attended by former Somali prime ministers, as well as MPs and cabinet ministers, businessmen and scholars and Kenyan government officials. Among the issues discussed was the deadly al-Shabaab attack on the Kenyan military troops at El Adde on January 15. Some suspicion had been expressed that the attack, in which dozens of Kenyan troops were killed, had been coordinated with local tribal militias in the area.

The Marehan clan leaders, who included Ugas Mohamed Ugas Hashi, and two former Somali Prime Ministers, Abdiweli Sheikh Ahmed (Prime Minister 2013-2014) and Abdi Farah Shirdon (Prime Minister 2012-2013), assured Mr Nkaissery that this was not the case. They emphasized that al-Shabaab was a common enemy that needed a united response from both Kenya and Somalia. Former Somali Prime Minister Said Abdi Shirdon told the meeting that cooperation between the Somali community across the border and the Kenyan government was key in dealing with insecurity, especially terrorism, and also for development. He said "The conference is aimed at building trust and confidence between Marehans and the Kenyan communities along our common border and fostering peace, security and development. The Kenyan Cabinet Secretary in turn reiterated Kenya's support and cooperation in the fight against terrorism and extremism in Somalia.

Mr Nkaissery said the Kenyan government had now launched a multipronged approach to fighting terror that would involve working with Somalia's Marehan community. This had been adopted because of the poor flow of information, especially intelligence, which has hindered Kenya Defense Forces operations along the Kenya-Somalia border. He said KDF operations had been hindered for a long time because of the clan rivalry between the Marehan and the Ogaden, and he urged the local clans to continue their support to help Kenya and Somalia achieve security and stability. A communique at the end of the meeting, reaffirmed the Marehan community's commitment to reinforcing security and countering extremism; proposed the establishment of a council of elders to act as the custodians of traditional law for the Marehan community; committed the leadership to promoting dialogue for peace and reconciliation in the Gedo region of Somalia; welcomed the Kismayo agreement between the Marehan community and the Jubaland leadership; appealed to the Somali Federal Government, the Kenyan Government and the International Community to support community initiatives for development in Gedo region; and appreciated the Kenyan Government's support to restore peace and security in Somalia, especially in Gedo.

### **UNECA believes Ethiopia can catch up with China and Vietnam in light manufacturing**

The Transformative Industrial Policy in Africa Report recently released by the UN Economic Commission for Africa notes that Africa was once written off as a continent uniquely suffering from structural impediments to economic growth and development. These included poor climate, disadvantageous geography, ethnic diversity, poor institutions, cultural prejudice and so on. Now, however, Africa is the subject of significant optimism. There is talk of 'Africa rising', and 'African lions'. At the same time, the Report cautions, it isn't "yet clear whether Africa can turn the recent economic recovery into sustained economic development."

Some of the acceleration in economic growth over the last decade is the result of one-off factors, like the finding of oil or mineral reserves and much of it has been based on high prices of primary commodities. There has been relatively little upgrading within the commodity sectors themselves, and this has meant that the recent fall in commodity prices has dimmed the prospect of growth in the short- to medium-term. Indeed, the Report describes the failure of most African countries to use the recent commodity-based growth to start more sustainable growth on the basis of manufacturing sector development as "worrisome". It notes that no states, except for a few exceptionally rich in oil like Qatar or Kuwait, or small financial havens such as Monaco, have achieved high, sustainable standards of living without developing a significant manufacturing sector. It, therefore, argues that it is important for African countries begin to think seriously about ways to upgrade their commodity sectors and promote development of higher-productivity sectors, especially manufacturing, but also some high-end services.

The Report critically looks at the discourses of Africa's failure and of 'Africa rising' before looking at why developing countries need to use industrial policies that mainly target the manufacturing sector to transform their economies. It looks at economic theories that justify industrial policy and shows how theories that caution against industrial policy are based on flimsy evidence.

In its 4<sup>th</sup> Chapter the report provides empirical evidence demonstrating that in virtually all cases of successful economic development "an active industrial policy has played an important transformative (and often decisive) role." To this end, it examines the role of industrial policy in developing countries, including more developed ones: China, Brazil, Chile, Malaysia, and

the United Arab Emirates; and less developed cases: Ethiopia, Rwanda, Vietnam, and Uzbekistan. It looks at both the manufacturing and at primary sectors as well as services.

After looking at the way industrial policy has played a critical role in economic success stories, the Report examines the effect of the shrinkage in 'policy space' that has followed the establishment of the WTO and the proliferation of bilateral and regional trade and investment agreements, as well as the proliferation and the strengthening of global value chains (GVCs) controlled by giant global corporations. These are often supposed to make it impossible for poor countries to draw lessons from the experiences of the more economically advanced countries. The Report demonstrates that, although these issues may have changed what industrial policy measures are the most effective, they have not prevented their use. Equally, they have made it more necessary for developing country industrial policy-makers to be more effective in devising development strategy and relevant industrial policy measures.

A good example of this is the way Ethiopia has operated over the last decade or more. In the section on Ethiopia, the Report notes that only two countries in Africa have managed to keep their GDP growth consistently high for over a decade without relying on a natural resource boom. One was Ethiopia, the other was Rwanda. Other high-growing African economies, such as Angola, Mozambique and Nigeria, relied heavily on natural resources. In fact, between 2004 and 2013, per capita GDP growth in Ethiopia was 8.1 per cent per annum, "the highest on the continent during this period and very high by any standard." The report identifies 2004 as a critical year for Ethiopia's development when results from the policies of the Sustainable Development and Poverty Reduction Program (SDPRP), the first development plan (2002-2005), started to appear. Then followed the Plan for Accelerated and Sustained Development to End Poverty (PASDEP) (2005-2010) and subsequently the Growth and Transformation Plan (GTP I) (2010-2015), and now the Growth and Transformation Plan II, to cover 2015-2020. It also notes that during this period the manufacturing value-added (MVA) grew at a rate of 11% a year with manufacturing exports increasing from \$21 million to \$237 million, largely thanks to the increasing export earnings of the leather, textile, and clothing industries. This, in fact, was a more than doubling in the manufactured exports' share of total merchandise exports. Overall exports more than quintupled during the same period, from \$922 to \$4786m.

The report underlines that Ethiopia scores below the African Center for Economic Transformation (ACET) average on most structural transformation indicators, including diversification, export competitiveness, productivity, and technological upgrading. Nevertheless, it goes on: "it is probably not unreasonable to believe that Ethiopia will be able to catch up with China and Vietnam in the light manufacturing industries in the near future. These are industries for which labor costs are very important, and Ethiopia has a labor cost advantage over both China and Vietnam.

It also adds that there are several reasons to believe that Ethiopia's development, its "catch-up" may expand beyond the light manufacturing sector and the more obvious areas of development. One major point is that Ethiopia's developmental orientation resembles the policies of such states as South Korea and Taiwan which it defines as having a "relatively 'authoritarian corporatist' structure and centralized economic planning." It notes the late Prime Minister Meles' view that the East Asian success was based on "a prudent combination of market forces and state intervention, in which the state not only provided basic infrastructure and services but also a conducive environment for the private sector to develop productive capabilities." It notes, approvingly, that the Ethiopian state has been characterized by its developmental aims,

with its central focus on development, public mobilization around a grand vision, a commitment to improving state capability, and embedded autonomy.

A second reason for optimism is the "impressive industrial policy-making capability that it has accumulated since 1991." The Report sees this in the way the first Growth and Transformation Plan designated priority manufacturing industries on the basis of resource availability, labor intensity, linkages to agriculture, export potential and low technological entry barriers. This included garments and textiles, agro-processing, meat processing, leather and leather products, and construction industries. It notes that for each of these, the state set up supporting institutes to coordinate value chains effectively and assist firms with technological upgrading.

The Report points out that two state-owned banks, the Commercial Bank of Ethiopia and the Development Bank of Ethiopia provide most of the required credit for these industries, the former offering working capital and international banking services, the latter long-term loans at subsidized rates. **Foreign banks are not allowed to operate in Ethiopia; they will be allowed in only when domestic banks have developed the financial, managerial and technological capacity to compete effectively.** The Report also notes that the government has largely focused in the last two decades on horizontal, rather than vertical, industrial policies, such as education and infrastructure. It describes the results as impressive, detailing the increase in primary and secondary school improvement and the increase in the number of universities, as well as the massive investment in infrastructure development, particularly in power generation and transport.

With 80% of the population dependent on agriculture, the Report says it is hardly surprising that industrial policy in Ethiopia has focused heavily on promoting manufacturing industries linked to the agricultural sector such as leather and textiles and garments. It points out that the government has invited foreign investors to provide much needed investment capital and technological capabilities and encouraged their presence by a whole range of incentives including subsidized land rent in industrial zones; generous credit schemes; 100% exemption from payment of duties on necessary import of all capital goods and raw materials; and a five-year tax holiday on profits. These sectors have shown positive trends, but the results aren't yet near the necessary level to make a significant contribution to structural change. However, cement and floriculture have shown tremendous growth. Ethiopia is the third largest cement producer in Africa and although cement factories are not labor intensive, this created significant employment through links to cement product manufacturers. The government's large-scale housing and infrastructure programs, combined with expansion of private sector construction, have provided substantial demand for cement. Support for the industry has included entry incentives for domestic firms, including long-term loans for capital investment; easy access to mining resources; and the allocation of foreign currency on preferential basis.

Floriculture has similarly made important contributions to the country's overall economic development through linkage effects, but additionally through its ability to earn foreign exchange and directly generate employment. It grew from a single firm in 2000 to about 100 firms in 2014 and has created numerous indirect jobs through the associated expansion of horticulture with linkage effects to packaging products and to cold chain logistics and air transport. While Ethiopian firms initially started this sector, foreign firms now account for 63% of the companies involved. Indeed, "FDI has played a key role in contributing to technological development and market access in this industry." Foreign investors identified Ethiopia as an attractive investment because of its appropriate land and altitude, low-cost labor, and

government investment incentives which included tax holidays on profits, duty free privileges, provision of construction materials, and subsidized loans.

The Report concludes that the exact lessons to be learnt depend upon the values, goals and ambitions of countries and policy-makers as well as local conditions. Overall, however, it emphasizes the importance of productive capability-building in economic development; the need for industrial policy makers to clearly understand the key themes and arguments and to look at a range of policy experiences; and the necessity to understand industrial policy is highly relevant for long-term development. It also notes that good industrial policy can be run in difficult circumstances, "as shown by the examples of Korea and Taiwan in the past and of Ethiopia or Uzbekistan today", if "policy-makers have decent theoretical and empirical knowledge about industrial policy and, more importantly, if they have the self-confidence to defy the conventional wisdom."

### **Ambassador Taye briefs Addis-based Ambassadors on recent incidents in Gambella Regional State**

State Minister Ambassador Taye briefed Addis-based Ambassadors on the two recent incidents in Gambella Regional State. Ambassador Taye first cast a light on the background of cross-border raids in the areas of attacks. He said, "Cattle raids in South Sudan and extended communities in the region have been a source of communal violence for decades." The State Minister added that what made the April 16 incident different was that the attacks were unusually massive and appeared to be well-organized. Ambassador Taye also noted how Ethiopian forces had managed to secure the areas from further pillaging and brutal attacks. He explained the ongoing efforts being undertaken by the Government of Ethiopia. The State Minister stated that the federal government together with the regional state of Gambella is helping with sustenance and basic amenities to the displaced. He explained the support being given to nearly 20,000 displaced people while stressing that rehabilitation works have been intensified.

In addition, Ambassador Taye indicated that Ethiopia, as a country that espouses an Open Door Policy towards refugees from neighboring countries, is home to hundreds of thousands of refugees from South Sudan. He stressed that Ethiopia will continue to sustain its Open Door Policy to welcome and protect refugees from neighboring countries.

The State Minister also appreciated the pledge by the Government of South Sudan to bring abductees back to their families in no time. In addition, the Government of Ethiopia is working closely with the Government of South Sudan to bring back the abducted children as soon as possible. According to Ambassador Taye, the government is also working closely with community elders in the Gambella region in negotiations to bring back the abducted children safe and sound with all possible risks minimized. Explaining the rescue mission, the Ambassador stressed, "It is a very careful, a very targeted and a very calculated move we are pursuing. Slowly but surely we would have our children."

Speaking about the second incident of the clashes between South Sudanese Refugees in Jawi camp and the local community, the State Minister said, "It had nothing to do with the April 14<sup>th</sup> attack." He said a vehicle of Action Against Hunger, a charity organization, accidentally killed two children of South Sudanese refugees and added, what followed next was some members of the community of South Sudanese refugees, in an act of retaliation, attacked innocent Ethiopians who had been on duty serving the refugees and who, at the same time, had

no connections to the car accident. As a result of the heinous attacks, ten Ethiopians lost their lives. Investigation into the incident is now underway and over 40 suspects have been arrested so far.

While extending their condolences to the national community, the Ambassadors based in Addis on their part extended their appreciation to the Government of Ethiopia for briefing the diplomatic community about the two incidents in Gambella Regional State. The Ambassadors also hailed Ethiopia's Open Door Policy to refugees from neighboring countries. The Ambassadors noted Ethiopia's constant support and protection to refugees from neighboring countries has been exemplary.