



# Ethiopian News

March 2010 Issue

## PM Meles co-chair's climate change finance group in London

Prime Minister Meles Zenawi and UK Prime Minister Gordon Brown co-chaired the first meeting of the UN Secretary General's High Level Advisory Group on climate change on 31<sup>st</sup> March in London.



The group was established to study potential sources of revenue for financing mitigation and adaptation activities in developing countries, and to make progress on this key issue in the course of 2010.

The United Nations Secretary-General Ban Ki-moon, selected Meles and Brown to co-chair the new High-level Group on 12<sup>th</sup> February this year. The Group will work to mobilise the financing that was promised for climate change, especially for Africa, during the UN conference on climate change held in December 2009 in Copenhagen. The meeting was also attended by Guyanan President Bharrat Jagdeo and Norwegian Prime Minister Jens Stoltenberg, as well as US President Barack Obama's chief economic adviser Larry Summers and climate and economy experts including Lord Stern and the financier George Soros.

The advisory committee identified different sources of financing, including private/public finance from climate-related and non-climate-related sources, finance generated through carbon markets and other international financing mechanisms, including CDM (Clean Development Mechanisms).



Front row (l-r) Bharrat Jagdeo, President of the Republic of Guyana, Meles Zenawi, PM of the FDR of Ethiopia (Co-Chair), Gordon Brown, PM of the UK and Northern Ireland (Co-Chair) and Jens Stoltenberg, PM of Norway

Meles was selected by the African heads of states to represent Africa at the on-going climate change negotiations. Developed countries had promised to give Africa annually \$10 billion for the coming three years and \$100 billion by 2020 to tackle the impact of climate change. Africa contributes almost nothing to climate change, and is pushing the developed nations to compensate it for the damage caused by climate change. A follow-up meeting of the Copenhagen climate change conference is due to be held later this year in Cancun, Mexico.



### **PM praises effort to collect Copenhagen pledges**

Prime Minister Meles Zenawi praised ongoing efforts to collect the funds pledged by rich countries at Copenhagen for developing countries to cope with the impacts of climate change.

While conferring with International Monetary Fund (IMF) Managing Director, Strauss-Kahn in Nairobi, Kenya, the Premier said that the efforts to solicit pledges are satisfactory. The PM expressed his belief that in the next conference decision would be made based both on the report presented by him and his British counterpart, Prime Minister Gordon Brown and on the IMF proposal.

### **Ethiopia to implement climate change programmes**

Ethiopia is preparing a draft programme for the country's adaptation to the effects of climate change.

The Ethiopian Environmental Protection Authority (EPA) said that Ethiopia is developing hydro, wind and geo-thermal power to cope with the challenges of climate change, which has become an international concern.

The draft highlights the resulting expansion of human and veterinary health services, infrastructure, disaster prevention systems and organisational preparedness at community level. It also includes the need for capacity building to prevent reduction of biodiversity, prevent depletion of land, and disasters related to agricultural production and water supply.

Financial and technological support is expected to become available this year for the implementation of the programme, in keeping with the Copenhagen Accord.

### **Top UK civil servant praises Ethiopia's progress**

Head of the UK Civil Service and Cabinet Secretary, Sir Gus O'Donnell, said that Ethiopia has made tremendous progress in the last decade when presenting a lecture on 11<sup>th</sup> March at Addis Ababa University Business and Economics Faculty on the theme, "The Role of the Civil Service in Responding to Global Challenges." This event was sponsored by the UK IDEAS talk and debate series.

The Cabinet Secretary said that his government would offer experience and technical support to ongoing civil service reforms in Ethiopia, adding that the UK will work closely with Ethiopia to address global challenges to the sector.

The Ethiopian government has registered encouraging results in implementing a range of civil service programmes and has attained tremendous results in the expansion of higher learning education and primary education.

The Cabinet Secretary said that he had held fruitful discussions with other officials of the Ministry of Capacity Building, the Federal Civil Service Agency and the Civil Service College.

The lecture was attended by Ambassadors, university community and invited guests.

### **IMF praises Ethiopia's economic achievements**

On 24<sup>th</sup> March, the IMF praised the Ethiopian government's control of inflation and maintenance of economic growth.

The IMF attributed the success to strenuous engagement in social infrastructure development and the share of budget allocated to the sector as well as to considerable measures to expand a range of sector industries.

An IMF mission was in Ethiopia for two weeks to hold annual consultations and to review Ethiopia's performance in implementing the programme, supported by the 14-month arrangement under the high access component of the IMF's Exogenous Shocks Facility over the past six months.

Mission chief Paul Mathieu and Finance and Economic Development Minister, Sufian Ahmed gave a joint press conference at the conclusion of the mission.

"Good progress was made in the first half of 2009-2010 in macro-economic stabilization. Macro-economic conditions continued to improve - whole broad-based growth momentum has been maintained," Mathieu noted. He added that as a result of government measures, inflation had decreased sharply to 7.1% at the end of 2009, following very high inflation in 2008 and early 2009.

Sufian said the government had used a range of measures to lower inflation and continues to intensify efforts to further lower it. He said relations between the government and the IMF had improved in the last three years and that the government remained committed to working closely with the IMF.

Ethiopia expects its economy to expand by 10.1% in the 2009/10 fiscal year, up from 9.9% in the previous year.

### **Coalition of 10 to observe elections**

On 9<sup>th</sup> March, the Coalition of Ethiopian Civil Society Organisations became the first recognised observers of the upcoming national election to be recognised by the National Electoral Board (NEBE).

The coalition has ten member organisations, including the Ethiopian Employers' Federation

(EEF), the Confederation of Ethiopian Trade Unions (CETU), the Ethiopian Teachers' Association, the Ethiopian Women Traders' Association, the Ethiopian Patriots' Association, Ye Ethiopia Hidase Mahiber, the Ethiopian Youth Federation, the Ethiopian Women's Federation, the Ethiopian Tour Operators' Association and the Ethiopian Lawyers' Association. It was formed on 2<sup>nd</sup> January 2010.

The coalition is the first to fulfil the requirements of nationality, impartiality and other requirements. The coalition, formed with the instigation of the EEF and CETU, plans to deploy observers to over 40,000 polling stations. The observers will come from each of the organisations, which together boast over 400,000 members.

Observation reports will be compiled regularly through the coalition.

### **Massive increase in broadband capacity**

The Ethiopian Telecommunications Corporation (ETC) has announced that on 8<sup>th</sup> April it will increase the capacity of broadband internet in Ethiopia by 445%.



A trial of the international broadband fibre connection through Djibouti is currently being conducted. The connection is owned by Mauritian company SEACOM.

A new IT chapter for Ethiopia is about to begin, as the enhancement of international



connection capacity is expected to support fast, reliable and high bandwidth connectivity.

At a signing ceremony held on 18<sup>th</sup> March between ETC and SEACOM, CEO of ETC, Amare Amsalu, said that the corporation will provide a 20 STM-1 (3,100 mbps) public internet service. The new international connection will provide the capacity for many extra users to access the internet at much higher speeds than have been available up until now, which is only 897.1 mbps.

In related news, according to a new study published by Canadian research firm Technology Strategies International in partnership with BroadGroup TMT Ventures, the telecommunications market in Ethiopia is on the verge of massive growth, leading to a wide range of investment opportunities in telecommunications and downstream information and communications technology (ICT) segments.

The report, entitled *“Investment Opportunities in the ICT Sector in Ethiopia: 2010”* predicts that over the next five years the number of mobile subscribers in Ethiopia will grow at an annual rate of 43%, to reach almost 20 million subscribers by 2014.

The 37-page report looks at the investment opportunities in the ICT sector in Ethiopia and at future trends in fixed line communications, mobile communications and internet usage, stating that the next four years will be critical in shaping the future of the Ethiopian ICT sector.

### **Ethiopia sees boost in export returns**

Ethiopia has secured over \$1.8 billion from export earnings over the past eight months - a \$200 million increase on the same period last year.

The revenue was generated from exports of more than 716 million tonnes of mainly agricultural products. Coffee, oil seeds - principally sesame - pulses, gold, khat (narcotic leaves), flowers, fruit, cotton, textiles, livestock and minerals were among the items exported. Major buyers are Asian countries, India, China, Middle Eastern countries, Turkey, Greece, Sudan, Somalia, South Africa and North African states.

The Ministry of Trade and Industry said that the government has exerted immense efforts to boost export earnings. The current pace of export returns could almost double its earnings by the end of the year.

Coffee accounts for the lion’s share of the country’s foreign exchange revenue, roughly up to 60% of total returns. Leading buyers of Ethiopia’s coffee are Germany, Saudi Arabia, Japan, the United States and The Netherlands. Ethiopia prides itself on being the birthplace of coffee. Some 15 million smallholder farmers grow the crop, mostly in forested highlands in the west of the country.

Ethiopia is also the world’s fourth largest exporter of sesame seeds after China, India and Myanmar.

### **Ethiopia earns \$47 million from gold, tantalum**

The Ministry of Mines and Energy has announced that Ethiopia made \$47 million from gold and tantalum exports in the first half of the financial year.

Most of the money was made by the Midroc Gold Co., which earned \$40 million from exports. Midroc is owned by Ethiopian-born Saudi business tycoon, Sheik Mohammed Al Amoudi.

Tantalum exports from the state-owned Ethiopian Mines Development Share

Association, earned more than \$4 million. Tantalum is used by consumer electronic groups.

The rest of the money was made by Ethiopia's national bank from exporting gold excavated by artisan miners.

Ethiopia is offering exploration licences to foreign firms interested in mining unexploited gold reserves. Ethiopia has signed agreements with Midroc and Britain's Golden Prospecting Mining Co. to extract an estimated 43 tonnes of recoverable gold over the next 11 years.

The Ethiopian government has identified possible reserves of up to 500 tonnes in a number of regions.

Last year, Ethiopia made \$105 million from gold exports the Ministry said.

### Tullow Oil to prospect in Ethiopia



London-based Tullow Oil Plc. is expected to prospect for oil in Ethiopia after a deal signed with US Southwest Energy which holds acreage in Ethiopia.

According to the *HIS International Oil Letter*, a weekly newsletter on the oil industry, Tullow will explore oil in the Ogaden basin. The Ogaden basin, which covers 350,000 sq km, contains gas reserves of some 4 trillion cubic feet.

Field specialists point to neighbouring countries such as Sudan and Yemen as evidence there could be major oil deposits under Ethiopia.

### Beles Hydropower to start generating soon

Ethiopia's biggest hydropower project to date, Beles, which is expected to generate 460 megawatts, will begin operating soon.

One of the four turbines at Beles, with the capacity to generate 115MW, is scheduled to start powering the national grid in mid April. The other three turbines will enter the national grid gradually as part of test trials, with one coming online every three weeks.



The power shortage currently being experienced will be resolved after the turbines at Beles begin producing electricity. Beles is one of the first plants that will feed the planned 400kv grid for long-distance transmission to neighbouring countries.

According to the project design, the discharged water will be a source of irrigation for the arable land in the Beles basin. The over 5.1 billion birr project, financed by EEP Co and loans from development partners, was initiated on 8<sup>th</sup> June 2006.

### Ethiopia strives to meet MDGs in water sector

Every citizen will have access to clean water and sanitation services in the next five years and Ethiopia will meet the Millennium Development Goals (MDGs) in the water sector, said Minister of Water Resources, Asfaw Dingamo. Ethiopia's clean water coverage has reached 66.2% from just 20% nineteen years



back, following efforts made to expand clean water and sanitation coverage in urban and rural areas.

The minister was speaking at an event organised to mark this year’s *World Water Day* with the theme, “Clean Water for a Healthy World”.

## **World Water Day**

*Help make the difference*

Asfaw Dingamo said the government has been undertaking a range of activities to ensure the availability of clean water to all citizens and that it has designed and implemented sound policies, strategies and legal frameworks to sustainably develop the country’s water resources and bring about social and economic growth.

Efforts are also underway to curb women’s burden of fetching water from remote areas and also to reduce maternal and child mortality due to lack of safe drinking water and proper sanitation services.

The government has set up health extension programmes and deployed over 35,000 health extension workers nationwide. This year’s World Water Day gave prime attention to good quality of water, ecosystems and biodiversity.

In related news, on 30<sup>th</sup> March the World Bank Board of Executive Directors approved an International Development Association (IDA) credit of US\$80 million in support of Ethiopia’s Water Supply and Sanitation project.

The additional financing has been provided for the ongoing Water Supply and Sanitation Project (WSSP), which has been implemented since November 2004. The objective of the original project, which remains unchanged, is increased access to sustainable water supply

and sanitation services, for rural and urban users, through improved stakeholder capacity in the sector.

The project will be implemented by ministries, regional bureaux and *woreda* offices of water, health and education until March 31, 2013.

### **State airline exceeds 2010 performance targets**

Ethiopian Airlines exceeded its “Vision 2010” targets in all but the number of passengers carried, CEO Girma Wake has said.



THE NEW SPIRIT OF AFRICA

Ethiopian Airlines set “Vision 2010” goals in 2005, aiming at increasing its passenger traffic to three million, its destinations to fifty, its operation revenues to \$949 million and its operating profits to \$92 million.

Driven by this vision, it also planned to increase the number of aircraft in its fleet. It has 45 aircraft on order, 12 A350-900s from Airbus, ten 787 Dreamliner jets, ten 737-800s, five 777-200LRs from Boeing and eight Q400 aircraft from Bombardier.

Ethiopian reported an operating revenue and profit of \$1.2 billion and \$92 million, respectively. This is 122% and 123% of what it had aimed to accomplish in 2010. The number of passengers it transported stood at 2.8 million, 200,000 passengers short of its plan. The number of passengers is, however, higher by 12.3% from its performance in 2007/08.

## Ethiopia Company “Tannery of the Year”

In a dramatic finale to the awards dinner held in conjunction with the Asia Pacific Leather Fair (APLF) in Hong Kong, UK company Pittards’ recently acquired African partner Ethiopia Tannery Share Company (ETSC) was designated ‘Tannery of the Year’ by the judges in the competition organised by World Leather magazine.

Nominated in the African category last year the team attending the awards were delighted to receive the regional award for this category but exceeded all expectations, against stiff competition from around the globe, in winning the overall trophy. The award was collected by John Moriarty, Pittards’ Managing Director at ETSC who had made the final presentations to judges and had fielded some searching questions during the judging process.

Pittards has managed Ethiopia Tannery for the last 5 years under contract from the Ethiopian Government before announcing the purchase of the business in December 2009.



“The award is an award for our people at ETSC,” said Moriarty “we are justifiably proud of all of them and it is an honour to receive it on their behalf.” Moriarty was joined on the podium at the awards ceremony by Teferi Tilahun and Dagnachew Demelash from ETSC’s Commercial and Financial teams as well as Pittards Chairman and Managing Directors Stephen Boyd and Reg Hankey.

The award came at the end of a busy and successful first day at the show for the Pittards team.

## Tourism

### Ethiopia secures over 963m Birr from tourism

The Ministry of Culture and Tourism has announced that more than 963 million Birr was secured from tourism in the first half of this budget year.

The revenue was earned from 192,767 tourists – a 15% increase on the same period last budget year. The tourists came from North America, Europe, Africa and Asian countries and visited Axum, Gondar, Lalibela, Harar, heritages registered in UNESCO’s world heritage list as well as various Ethiopian religious festivals, such as Meskel, Christmas and Timket (Epiphany).

The number of tourists visiting Ethiopia is increasing owing to the expansion of tourist facilities. The ministry is working to boost the sector and build a positive image of the country by expanding tourist destinations as well as participating in various international expos, tourism and trade fairs. Ethiopia will take part in Expo 2010 to be held in Shanghai, China.

### Lewi’s 5 star resort hotel to be inaugurated

Lewi’s General Plc opened a five-star resort and hotel on the shores of Lake Hawassa on 3<sup>rd</sup> April.

The construction of this tourist facility, the fourth built by the company, started in 2007 and cost more than 100 million Birr in total, said Donald Pool, the manager.

The facility stands on a 10,000sqm plot and has 86 bedrooms, steam baths, private safe boxes, and electronics facilities. In addition to this, separately built luxury bungalows have been constructed in traditional designs. There are also villa-sized luxury bungalows, two



swimming pools which can accommodate 350 to 400 swimmers at a time, and four conference halls with 50 to 1,400 seats, as well as shops, a playground for children and a garden that can serve for weddings and other functions.



Lewi's fourth tourist facility stands on a plot of 10,000sqm on the shores of Lake Hawassa

Eighty boats that accommodate one person are available along with four larger boats that can carry 15 to 20 people.

Room rates will range from \$49 to \$149.

Hawassa, the seat of the Southern Nations, Nationalities and Peoples (SNNP) Regional State, has 105 hotels, of which 25 are one to three star and 55 are pensions. The town also has 120 restaurants.

## **Sports**

### **Gena wins Rome Marathon**

Siraj Gena of Ethiopia took off his shoes to sprint across the finish line to win the Rome Marathon on 21<sup>st</sup> March 2010.

Gena ran barefoot in the last 500 metres to beat his Kenyan rivals for the top honour in 2:08:39.

By running barefoot, Gena was paying homage to compatriot Abeba Bikila, who won the 1960 Olympic marathon gold in Rome, having run the entire course without shoes.



Siraj Gena (left) winning the men's Rome marathon barefoot, replicating Abebe Bikila's famous barefoot victory at the 1960 Olympic Games (right)

In the women's race, Firehiwot Dado led an Ethiopian sweep of the podium positions in 2:25:28. Kebebush Haile was second in 2:25:31 and Mare Dibaba third with 2:25:38.

### **Gebreselassie set for Manchester return**

Ethiopian distance legend, Haile Gebreselassie will chase a third victory in the Great Manchester Run after confirming his entry for the 10km race on 16<sup>th</sup> May 2010.

In 2009, Gebreselassie came close to bettering the world record for the distance, currently held by Kenya's Micah Kogo in a time of 27 minutes and one second, but a strong headwind forced him to slow down finishing in 27:39.

Gebreselassie, who set a then UK All-Comers' record of 27:25 on his first Manchester appearance in 2005, said, "I have always stressed how important it is to have perfect weather conditions in record attempts – last year I was in perfect shape to do so but the wind made it an impossible task."

He added, "Manchester is a very fast course and one which I like very much and obviously I

want to produce something special when trying for a third win.”

### **Defar wins 4<sup>th</sup> straight indoor 3000m title**

Ethiopian Meseret Defar won a record fourth consecutive women’s world indoor 3,000m title on 13<sup>th</sup> March in Doha.



Defar, who won Olympic 5,000m gold at the Athens Games and a bronze in Beijing, clocked 8 minutes 51.17 seconds, finishing 0.68 seconds a head of Kenyan world 5,000m champion Vivian Cheruiyot.

Defar’s team-mate, Sentayehu Ejigu, took the bronze at 0.91 seconds.

### **News in Brief**

#### **Ethiopian Cultural Evening 2010**

On 9<sup>th</sup> March, more than 250 guests enjoyed Ethiopian food, drink and culture at the 11<sup>th</sup> annual Ethiopian Cultural Evening at the House of Commons.

Among the guests were members of the House of Lords and Commons, diplomats, writers, artists, filmmakers and academicians.

The All Party Group on Ethiopia hosted the evening and, in his first introductory speech as the chairman of the All Party Group on Ethiopia, Laurence Robertson mentioned the

solid ties that now exist between Ethiopia and the UK, and thanked John Austin for his hard work over the years as the previous chairman of the group.

The evening celebrated the strengthening of Ethiopia’s democracy and the expanding political space.

The Ambassador spoke of the advances that have been made in the past year. Speaking of the upcoming elections, the Ambassador said that the government of Ethiopia has been taking all measures necessary to ensure the credibility of the 23<sup>rd</sup> May national elections. He said the country has undertaken important reforms and institution-building measures to strengthen the foundation of democracy. This year’s elections will be different from the three preceding elections as they will take place immediately after a series of democratic reforms have begun to bear fruit.

He added that, despite the global economic and financial downturn, double digit economic growth rate has continued uninterrupted in the country for the last seven years. Ethiopia is duly recognized by the IMF and the World Bank as the fastest growing non-oil producing Sub-Saharan African country. The total GDP has reached \$35 billion.

The Ambassador finally called on the people and government of the UK and other friends to join Ethiopia’s effort to establish an irreversible democratic system, alleviate poverty, build a middle-income democratic society and ensure sustainable development.

#### **EU assists Safety Net Program**

The Ethiopian government and the European Union (EU) signed a €20.23m grant agreement on 3<sup>rd</sup> March, for the implementation of the Productive Safety Net Programme (PSNP).

The grant will be used to assist chronically food insecure people in 286 target *woredas*. A year ago, the EU also granted €42m for the same programme which focused on increasing access to and improving food security in mine-affected areas of Somali, Tigray and Afar States.

### Ethiopia launches electric car

On 30<sup>th</sup> March, Ethiopian based environmentally friendly automobile assembler, Freestyle Plc., has launched an electric car, becoming the second African country to do so, after South Africa.



Two versions of the Solaris Elettra will be manufactured in Addis Ababa, retailing at around \$12,000 and \$15,000.

Carlo Pironti, general manager of Freestyle Plc said at the launching ceremony, that the Solaris Elettra 50 and Solaris Elettra 85 are assembled from imported parts from seven countries and from 37 companies. The current assembling capacity is six cars a week, but when the assembly industry at Gewassa, Legetafo, west of Addis in Oromia Special Zone, starts its production in three months' time the capacity will rise to over 30 cars a week.

Although the company is focusing on the Ethiopian market, it has plans to export the cars to other African nations and to Europe.

After eight hours charging time, the two vehicles are ready to drive for a minimum of 96km.

Electric cars are becoming popular due to low running costs and because they emit no carbon emissions once manufactured. Although electric cars have not spread rapidly so far, the demand for them is said to be fast increasing.

### Young researchers win Tore Global Prize

The Armauer Hansen Research Institute (AHRI) granted the 9<sup>th</sup> Tore Global Prize to three young Ethiopian researchers on 16<sup>th</sup> March, for their outstanding findings on infectious diseases.

The three Ethiopians – Manaye Mamo, Misgana Ibrahim and Haileyesus Adamu – made remarkable findings in the areas of skin disease treatment, drug doses for children suffering from tuberculosis and the effects of ARV on HIV-positive persons.

Each winner received a medal and certificate as well as a cheque for 3,000 Birr.

AHRI Deputy Director, Dr. Abrahm Assefa said on the occasion that AHRI had given awards to 27 Ethiopian researchers during the last nine years, of whom six were women. According to Dr. Assefa, thirteen youth Ethiopian researchers were nominated for the 9<sup>th</sup> Tore Global Prize.

### New Africa Series

Look out for a new three-part series on Africa by veteran broadcaster Jonathan Dimbleby. ***An African Journey with Jonathan Dimbleby*** will include footage of Ethiopia in the second part which will cover East Africa. More details in the next newsletter.

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