

A Week in the Horn

10th January 2014

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News in Brief

Ethiopia

The Minister of Foreign Affairs of the People's Republic of China, Wang Yi, arrived in Ethiopia on Monday (January 6) at the start of a five-day African tour which will also take him to Djibouti, Ghana and Senegal. He met with President Mulatu and Prime Minister Hailemariam, and held talks with Foreign Minister Dr Tedros Adhanom, in which he stressed the need for the two nations to deepen bilateral relations, strengthen cooperation in various fields including education, culture and technology, and uphold their positions on the international arena. **(See article)**

Japanese Prime Minister Shinzo Abe will arrive in Ethiopia on Monday (January 13) at the start of a week-long tour of Africa, which will also take him to Mozambique and Ivory Coast. It is the first visit to Africa by a Japanese leader in almost eight years, and he is leading a business delegation which includes representatives of trading, natural resource and construction companies.

Foreign Minister Dr Tedros Adhanom attended a business lunch on Thursday (January 9), organized by UK companies investing in Ethiopia, in collaboration with the UK Embassy. The UK companies, which included Pittards, JCB, Diageo and Stratex, are engaged in Ethiopia in leather, breweries, mining and garment businesses.

The newly appointed Ethiopian Ambassador to the European Union, Ambassador Teshome Toga, presented his credentials on Wednesday (January 7) to EU Council President Herman Van Rompuy in Brussels. Teshome said he would be working hard to strengthening existing relations with EU institutions.

Djibouti

President Ismail Omar Guelleh sent a message to the Emir of Qatar, Sheikh Tamim bin Hamad Al Thani, on Tuesday (January 7), concerning relations and issues of mutual interest. Investment Affairs Adviser, Fahmy Al Hajj, handed the message to Qatar's Foreign Minister Dr Khalid bin Mohamed Al Attiyah.

Djibouti's President Ismail Omar Guelleh met with Chinese Foreign Minister Wang Yi on the second leg of his African tour, on Tuesday (January 7) for talks on bilateral relations and on China's support for Djibouti's growth and development. Mr Wang Yi, who also held talks with Foreign Minister Mahamoud Ali Youssou, said China is willing to step up cooperation with Djibouti in various sectors, including infrastructure projects for transportation and livelihood improvement.

Eritrea

Eritrean and Sudanese asylum seekers in Israel staged several days of protest this week. The protests began in Tel Aviv on Sunday over Israel's policy toward the 60,000 migrants it regards as "illegal" job-seekers, calling for "direct and open dialogue" with the government. In December, the Israeli Knesset passed a law allowing "illegal migrants" to be detained without trial and opened a detention facility in the Negev desert.

Kenya

The Managing Director of the International Monetary Fund, Christine Lagarde, on a visit to Kenya pledged the IMF's commitment to partner Kenya to foster economic growth. She said she was impressed with the efforts of the Kenyan government and people to advance their country's success as a frontier economy, and she was confident in Kenya's continued progress. The IMF, she said, had always been Kenya's steadfast partner, and would remain so in the future.

The Public Investments Committee of Kenya's National Assembly is investigating the cost of a 1.3 trillion Kenyan shilling railway upgrade. The deal is controversial because of the huge cost which appears to be twice the international average price per kilometer, and because it was single sourced.

The Kenya MP whose constituency includes the Dedaab refugee camps called on Thursday (January 9) for the government to increase surveillance to end insecurity in the camps. He said the government should use the refugee leadership and the community to identify the criminals hiding in the camps.

Somalia

President Hassan Sheikh Mohamud on Monday (January 6) received the newly appointed IGAD Special representative to Somalia, Ambassador Mohamed Abdi Affey, in Mogadishu.

Former Somali Prime Minister, Abdiweli Mohamed Ali, has been elected the fifth president of the Puntland State of Somalia, defeating incumbent President Abdirahman Farole in the third round of voting by a single vote on Wednesday (January 8). **(See article).**

A seven member Somaliland delegation left for Turkey on Wednesday (January 8) to attend the next round of talks between the Federal Republic of Somalia and the Somaliland Government. These are scheduled to start on January 15 in Istanbul, but timing will depend upon when the new Somali Prime Minister forms his cabinet and has its membership approved by Parliament. The Somaliland delegation, led by the Minister of Foreign Affairs, Mohamed Biihi Yonis, includes three other ministers as well as members of parliament.

Ambassador Mohamed Saleh Annadif, Special Representative of the African Union Commission for Somalia and Head of AMISOM paid a courtesy call on the new Somalia Prime Minister Abdiweli Sheikh Ahmed to congratulate him on his recent appointment and pledge AMISOM support for his new government. He also told a press conference that AMISOM expected to free all parts of Somalia by 2016 to allow for elections, after which AMISOM troops would leave the country.

Kenya announced it had carried out an air strike on an Islamist camp in Somalia on Thursday (January 9), killing 30 militants, including key Al-Shabaab commanders. Scores of others escaped with multiple injuries. More than 5 vehicles and key assets were destroyed. The strike took place near Garbaharey, in the Gedo region.

South Sudan

The opening of formal negotiations between South Sudanese parties was announced on Saturday, (January 4), following two days of IGAD-led proximate talks between delegations representing President Salva Kiir and the rebel forces loyal to his former deputy, Riek Machar. Ambassador Seyoum Mesfin, former Ethiopian Foreign Minister and IGAD Special Envoy and lead mediator, said the direct talks would focus on cessation of hostilities and release of the detainees arrested after the mid-December outbreak of violence in Juba. **(See article)**

The Office of the United Nations High Commission for Refugees (UNHCR) said on Tuesday (January 7) it is providing assistance to more than 23,000 South Sudanese refugees who have fled to Uganda, as well as taking responsibility for 57,000 civilians in UN compounds in South Sudan and assisting 230,000 existing refugees in the country.

A spokesman for the South Sudan army, Philip Aguer, claimed on Tuesday (January 7) that General David Yau Yau, who has been leading a rebellion in Pibor county in Jonglei State for the last two years, has agreed to a ceasefire. He said General Yau Yau and his Murile forces had responded to an amnesty offer from President Salva Kiir.

South Sudan's Minister of Foreign Affairs Barnaba Marial Benjamin visited Khartoum on Thursday (January 9) with a message from President Salva Kiir to Sudan President Omar Al-Bashir. The letter related to the implementation of cooperation agreements signed last year between the two countries in a number of economic and security areas.

Sudan

Sudan President, Omer Hassan Al-Bashir, paid an unexpected visit to Juba on Monday (January 6) to hold talks with President Salva Kiir on the current political crisis in South Sudan. He was accompanied by Defense Minister Abdel Rahim Hussein, Foreign Minister Ali Karti, Oil Minister Makawi Mohamed Awad and other officials. Reports said the talks were intended to complement IGAD mediation efforts.

South Sudan peace talks continue

Representatives of South Sudan's government and of the rebels arrived in Addis Ababa last week to open talks to end three weeks of intense fighting in South Sudan, the world's newest state. Since the beginning of the conflict, the UN says that at least 1,000 people have died and according to the UN Office for the Coordination of Humanitarian Affairs (OCHA) more than 200,000 people have been displaced. The unrest began after South Sudan's President Salva Kiir said on December 15 that he had foiled a coup which, he claimed, had been orchestrated by a disgruntled faction in the army which had backed former Vice-President, Dr Riek Machar. Dr Machar had been sacked in July when the President dismissed his entire cabinet. The former Vice-President himself denied any involvement in a coup and accused President Kiir of fabricating the allegations. The government arrested 11 politicians on suspicion of involvement in the alleged coup attempt. Fighting broke out in Juba between supporters of the president and the former Vice-President in the Presidential Guard, and then spread.

Immediately after the start of the conflict, IGAD launched a flurry of shuttle diplomacy. IGAD members, supported by other regional and international agencies and players, have been working urgently to try to restore peace in South Sudan. IGAD has repeatedly called on all parties to resolve the problem peacefully and refrain from all forms of violence and hostility as well as from any actions which might encourage conflict.

On December 30, 2013, an Extraordinary Emergency Meeting of the African Union Peace and Security Council (AUPSC), at the level of Heads of State and Government, was convened in Banjul as part of continuing efforts to

contain the crisis and defuse tensions in South Sudan. The AU's Commissioner for Peace and Security, Ambassador Smail Chergui, in his opening remarks emphasized that the situation in South Sudan was grave and said that urgent action was required to prevent the crisis evolving into a destructive civil war. He said IGAD's efforts, under Ethiopia's leadership, to bring a peaceful settlement to the conflict should be recognized and that any additional effort should be directed towards reinforcing the gains already made under the mediation efforts of Ethiopia and IGAD. A report by Dr Nkosazana Dlamini-Zuma, Chairperson of the African Union Commission, to the AUPSC, echoed the call for immediate cessation of hostilities and the urgent commencement of talks between the conflicting parties. She also expressed the African Union's appreciation of the efforts made by IGAD and its chairperson, Ethiopia's Prime Minister Hailemariam Desalegn. In a communiqué at the end of the meeting, the AUPSC was unequivocal in condemnation of any unconstitutional seizure of power and underlined its intention to take appropriate measures against any parties which instigate violence and carry out violent attacks against civilians and unarmed combatants. It further commended the efforts taken by IGAD and urged all South Sudanese stakeholders to cooperate with IGAD and cease hostilities immediately.

In line with the call made by the IGAD Summit of Heads of State and Government on December 27, for dialogue and for a speedy resolution of the crisis through peaceful means, the two warring parties accepted to engage in a dialogue in Addis Ababa. The South Sudan Government's delegation was led by former Foreign Minister, Nhial Deng Nhial, and the rebel negotiating team was headed by former Unity State Governor, Taban Deng Gai. In the first stage, only "proxy talks" were held. IGAD's newly appointed Special Envoys to South Sudan, Ambassador Seyoum Mesfin (Ethiopia) and General Lazaro Sumbeiywo (Kenya) and the Ministers of Foreign Affairs of Ethiopia and Kenya held separate talks with the two negotiating teams to discuss causes and possible solutions. These "proxy talks" were also intended to help map out the framework and set the agenda for negotiations. According to a statement by IGAD both sides endorsed the modalities of South Sudan Dialogue, Rules of Procedure, and Structure and Terms of Reference to guide the talks. The statement said that the two delegations appreciated the gravity of the situation and the need and urgency of resolving the crisis in South Sudan.

After several days of negotiation through mediators, the delegations finally agreed to start face-to-face talks on January 5. The IGAD Special Envoys, Ambassador Seyoum and General Sumbeiywo, led the face-to-face negotiations, which focused on cessation of hostilities and the release of the detainees. The release of the detainees has proved a sticking point as the rebel delegation made this a condition for further progress. The South Sudan Government said on January 5 that it was not prepared to release the politicians detained after the alleged attempted coup. Ambassador Seyoum encouraged the two sides to commit themselves fully to face-to-face negotiations, describing South Sudan as a nation that could not afford to go down "the drain of civil war" and adding that "History would ask the leaders of South Sudan if they stand up to the time...stand up [for] the people".

In a bid to speed up the negotiation process, IGAD's mediation team travelled to Juba earlier this week (January 7 to 8), to consult with President Salva Kiir as well as with the detainees. In a statement IGAD said that the Chairperson of the IGAD Mediation Team to South Sudan, Ambassador Seyoum Mesfin, and IGAD Special Envoys, General Sumbeiywo and General Mohammed Ahmed Moustafa El Dabi (Sudan), together with IGAD Executive Secretary, Ambassador Mahboub Maalim, had a fruitful visit. It said the Mediation Team had met President Salva Kiir who reiterated his government's position that the current crisis was political. The President had also reaffirmed his full support for the search for a political solution and expressed the Government's commitment to unconditional negotiations on the cessation of hostilities to bring an end to the violence in his country.

The IGAD Mediation Team also met the detainees and held discussions on the crisis with them. According to IGAD's statement, the detainees agreed that the crisis was a political crisis, requiring a political solution. In light of the ongoing peace negotiations in Addis Ababa, the detainees expressed their support for talks on an unconditional cessation of hostilities. They also said that their status as detainees should not be an impediment to reaching an agreement on a cessation of hostilities. The Government has said it can release the detainees only after "legal procedures" are carried out, while the rebels have said that the detentions remain "an obstacle" to an agreement.

The statement by the Special Envoys noted that “there is indeed major progress on the issue of cessation of hostilities as both the government and the detainees have committed to unconditional negotiations on the same.” It also noted that there continued to be progress towards political dialogue and said that “Direct negotiation between the Parties is continuing in Addis Ababa in good spirit.”

Both sides in the negotiations made statements on Wednesday, with delegates from South Sudan's government saying they were prepared to sign a cease-fire “soon”. Both sides insist they are committed to a cessation of hostilities, and have accepted that international observers should be commissioned to monitor this, but there are a number of points still at issue. The face-to-face talks between the delegations are continuing.

Meanwhile, on Thursday (January 9), Linda Thomas-Greenfield, the Assistant Secretary of African Affairs, briefed the U.S. Senate Committee on Foreign Relations in Washington on the situation in South Sudan. She said the United Nations had reported more than a thousand people had died and over 240,000 had fled their homes. Political rivalries, she said, had taken on ethnic dimensions, atrocities were being committed with men, women, and children caught in the crossfire. She said the United States was engaged in all-out diplomatic efforts to help bring an end to the fighting and detailed US support for the UN Mission to South Sudan and for emergency humanitarian assistance. She also noted that the US Special Envoy to Sudan and South Sudan, Ambassador Donald Booth, was actively trying to help resolve the crisis, working closely with IGAD which was spearheading mediation efforts. Ms Thomas-Greenfield said the US was encouraged by IGAD’s leadership in convening the parties and it strongly supported the efforts of former Ethiopian Minister Seyoum Mesfin and Kenyan General Lazaro Sumbeiywo to find a peaceful solution through political dialogue. She said the negotiations offer the best hope for South Sudan and the region. An agreement to end hostilities will provide much needed time and space for dialogue to begin to discuss the core political and governance issues that are at the root of this crisis. Both sides, she said, must recognize that there can be no military solution, adding “we have made clear to the rebels that we will not recognize a violent overthrow of a democratically elected government.” She also said “at the same time, we are encouraging the government to open political space to allow for greater inclusion”, noting that “the United States strongly believes that the political prisoners currently being held in Juba must be released.”

The Chinese Foreign Minister’s visit to Ethiopia

The Minister of Foreign Affairs of the People's Republic of China, Wang Yi, visited Ethiopia on Monday this week (January 6). Mr Wang Yi was on the first leg of an African tour also taking him to Djibouti, Ghana and Senegal and during his visit to Ethiopia he had meetings with President Mulatu Teshome and Prime Minister Hailemariam as well as discussions with Foreign Minister, Dr Tedros Adhanom in which the two Ministers discussed ways of strengthening bilateral relations between Ethiopia and China and issues related to peace and security in the African region.

Dr Tedros thanked the Foreign Minister of China for making Ethiopia his first destination in his first trip to Africa. He noted that Ethio-China relations were continuing to strengthen and this was demonstrated by the frequent high-level exchanges between the two countries. He expressed his gratitude to the people and Government of China for their continued support for Ethiopia’s economic development through the provision of development finance, investment, the transfer of knowledge, skills and knowhow and capacity building. He said China was a strong partner for Ethiopia with its all-round engagement and was now providing the largest foreign investment in Ethiopia. Pointing out that the Ethio-China relationship covered a wide range including government-to-government, party-to-party, people-to-people and business-to-business relations, he said the relationship was growing steadily stronger and more commendable.

Dr Tedros said he appreciated China's involvement in projects like the Ethio-Djibouti Railway and the Addis Ababa Light Railway projects. He also appreciated China's decision to consider financing the Mekelle-Asayita Railway development project as this will provide an opportunity to develop the huge potash products in the region. Such kinds of infrastructure development were important in making Ethiopia's economy more competitive, he said. Dr Tedros expressed his appreciation of the signing of the agreement last year between the China Association of Development Zones (CADZ) and the Ministry of Industry to work together with the

Government of Ethiopia in developing Special Economic Zones, as the establishment of special economic zone and industrial parks was of paramount importance for development. He also noted that the all-inclusive development process that China follows was a best model for Ethiopia.

Dr Tedros emphasized the importance of formulating a Joint Comprehensive Strategic Plan to strengthen the existing bilateral cooperation between the two countries, in particular to cover the agriculture, manufacturing, telecommunications, road and rails sectors, and requested a speedy start for its formulation. He also stressed the importance of the prompt release of funds for the Djibouti-Addis Ababa Railway project, as well as release of the concessional loans for the construction of the Chinese sector of the Modjo-Hawassa expressway construction. This toll road project is being financed and constructed in parallel by South Korea, China, the World Bank and the African Development Bank. Dr Tedros underlined the overall cooperation between the two countries and welcomed the commitment of the Chinese Government towards the fulfillment of the Forum on China Africa Cooperation (FOCAC) Plan of Action. He assured the Chinese Foreign Minister that Ethiopia would continue to contribute largely to further enhance China-Africa cooperation and make FOCAC an effective mechanism for China-Africa cooperation. On the political front, he noted that Ethiopia and China had built a strong relationship in terms of finding lasting peace and stability in the region and in international fora. He said Ethiopia appreciated China's contribution to solving crises in what remained a volatile region.

Mr Wang Yi commended Ethiopia's role in ensuring peace and security on the African continent. He said the Government of China was committed to supporting all peace efforts towards resolving the current crisis in South Sudan. He said he had made Ethiopia his first stop on his African trip because their relationship was in such strong shape. Their two-way economic relations were growing steadily along with vibrant people-to-people and cultural relations, he noted. In order to take this relation to a higher level, the Foreign Minister proposed deepening the mutual political relations between Ethiopia and China, increasing practical cooperation in various fields, widening friendly relations in the education, culture, technology and other sectors, strengthening cooperation and upholding their positions on the international stage.

Ethiopia and China established their diplomatic relations on December 1, 1970 and the relationship has steadily gathered momentum. Prime Minister Hailemariam visited China in June last year, meeting the country's three top officials. The Prime Minister also met President Xi Jinping twice more last year at the BRICS Summit in South Africa and at the G20 meeting.

During his visit to Beijing in June, the Prime Minister discussed relations between Ethiopia and China with President Xi Jinping. They agreed these should be guided on the basis of long-term, all round and sector based strategies and strategic plans. The two leaders agreed to forge strategic sectoral cooperation on the basis of a joint long-term strategic plan, covering the areas of agriculture, agro-processing, manufacturing, information communication technology, mining, roads, railways and power generation - whether hydropower, wind, geothermal or solar - and capacity building.

Ethiopia and China have also worked together to strengthen their bilateral relations by setting up a Joint Ministerial Commission. There have been seven Joint Ministerial Commission meetings and the eighth is expected to take place in 2014. A Trade Cooperation Agreement was signed as long ago as 1996 in order to bolster trade relations and these have shown progress in their volume from time to time. The Government of China has encouraged Chinese Investors to invest substantially in African Countries through its "GO Global" policy, and following on from this the number of Chinese investors in Ethiopia has increased significantly. In order to encourage Chinese investment in Ethiopia, the two countries also signed an Investment Protection and Promotion Agreement in 1998.

The levels of Chinese investment have now reached unprecedented heights and there is still great potential for further increase, particularly in the manufacturing sector. Overall, private Chinese direct investment in Ethiopia has been steadily increasing and it has recently taken over the top position. Additionally, the Government of China has provided financial assistance in the form of grants and loans for infrastructure developments included in the Growth and Transformation Plan. These have included the Addis Ababa City Light Railway Project, the Djibouti-Addis Ababa Railway Construction Project, the Addis Ababa-Adama Express Highway project, upgrading the National Grid Transmission Line and the country's network system as well as many other projects. In terms

of technical cooperation, the Government of China has also provided support for the establishment of Special Economic Zones and industrial parks to assist the transformation of the agriculture-based economy into an industrial economy.

Water Ministers of Ethiopia, Sudan and Egypt meet in Khartoum

The Water Ministers of Egypt, Ethiopia and Sudan met in Khartoum last weekend, (January 4-5) for the third time to discuss the establishment of a framework mechanism for the implementation of the recommendations of the International Panel of Experts (IPoE). The meeting was scheduled in order to discuss the areas where agreement hadn't been reached during the second meeting of the three Ministers, December 8-9, last year.

At their second meeting the three Ministers had agreed on three significant matters. The first and most important point related to the nature and composition of the proposed national committee. It was agreed that the national committee should be made up of experts from each of the three countries with a clear mandate to follow-up the implementation of the recommendations of the IPoE. It was also agreed that the national committee would be composed of four members from each of the three countries. The three Ministers further agreed to divide up the expenses of the national committee among themselves on an equal basis.

Agreements at the second meeting also included the duties and responsibilities of the national committee. The national committee was given a clear mandate to hire foreign consulting firms to conduct the two studies recommended by the IPoE. In addition, it was to have the mandate to determine the scope of studies to be commissioned from international experts. The national committee would also have the duty to draw up the terms of reference and internal regulations for its activities and obtain the approval of the Water Ministers of the three countries. The national committee was given further power to evaluate the reports of the consultants and present any suggestions or ideas that might augment their reports and submit the final report to the Water Ministers. The three Ministers also agreed that if there were issues within the report that the national committee failed to agree on then these should be submitted to the Water Ministers themselves. If they could not agree, then the Water Ministers would seek the advice of international experts. The national committee was given the power to draw up a document that provided for the employment of the group of international experts and to list the tasks that these should accomplish. However, the three Ministers failed to agree on the details of procedure for reference to international experts and it was then they decided to meet on January 4 and 5 for a third session.

All along Ethiopia has taken the position that the Water Ministers should create a committee of international experts to provide advice by consensus. Sudan supported this. Ethiopia also proposed that the group of international experts should be established after the submission of the final report to deal with issues where the Ministers were not in agreement and where expert advice might be required. Here also, Ethiopia's position was upheld by Sudan. However, Egypt refused to accept these proposals. Instead, Egypt argued that the international experts' committee should be established in parallel with the national committee of experts. It also said that the international committee should provide advice not only on the final report but also throughout the conduct of the two studies. Egypt also rejected Ethiopia and Sudan's position that the hiring of the international experts should be done on the basis of consensus. In what was, in effect, a complete reversal of the agreement reached at their second meeting, the Egyptian side requested that the national committee should also review other documents outside the mandate of any follow up to the implementation of the IPoE.

These were the main points of difference during the meeting, and it is unfortunate that a good deal of inaccurate comment about the meeting has been aired by the Egyptian media. The position taken by Ethiopia and Sudan in regard to the hiring of the international experts was carefully based on reason and argument. Ethiopia and Sudan pointed out that the establishment of an international experts group while the national committee carried out its agreed duties could not work, as no job could be specified for the international experts until the national committee was able to evaluate the possibilities. The national committee's agreed mandate included defining the scope of the studies to be carried out. Sudan also strongly argued that hiring international experts should be done by consensus – the Egyptian state media's report that the international group of experts would be an arbitrary body is totally inaccurate and there was no such suggestion at any point during the meeting.

It is also regrettable that a good deal of inaccurate comment has also been aired by Egyptian officials who took part in the discussions and who should know better. The attitude of the Egyptian media is no surprise as it has always been hostile to the GERD and has been engaged in deliberate distortion and disinformation about the GERD. What is more surprising, and disappointing, is that Egyptian officials have also taken a hostile attitude towards the GERD. We do not believe they will succeed in this unfortunate exercise as fortunately there has been a third party present in the discussions at Khartoum, namely the Sudan, which knows the true state of affairs. With regard to the construction of the GERD we hope nobody will be under any illusions that any vituperative campaign against the project will derail its progress. That is not going to happen under any circumstances. The inexorable march of the project towards completion, on schedule, is a reality which those who have chosen to take a negative attitude towards the project should accept and live with.

Equally, the Egyptian state media's referral of talks 'floundering', because of Ethiopia's rejection of 'confidence building measures', is simply wrong. It should not be necessary to repeat that it was Ethiopia which came up with the idea of establishing the International Panel of Experts specifically to build confidence between Ethiopia and the lower riparian states. It should also be remembered that the report of the IPoE proved that the construction of the Grand Ethiopian Renaissance Dam (GERD) will not pose any appreciable harm to the downstream countries. Ethiopia has also repeatedly made it clear it is willing to go the extra mile to reassure Egypt and Sudan that the construction of the GERD is beneficial to all by implementing all the unilateral recommendations of the IPoE, and without delay. Ethiopia has also made it abundantly clear that the bounty of the Nile waters should be shared among the riparian states on the basis of the principle of equitable and reasonable utilization as envisaged under the Comprehensive Framework Agreement. It is on the basis of this principled stance that Ethiopia has refused trilateral discussion of what the Egyptian side presented as a supposed "confidence building principle". This was never intended to be an objective of the Water Ministers' meeting last weekend. Nor is any such discussion necessary given the comprehensive multilateral arrangements already reached in the Comprehensive Framework Agreement.

Election of a new President for the Puntland State of Somalia

The election of the President of the Puntland State of Somalia was held on Wednesday this week (January 8) in Puntland's capital, Garowe. Former Somali Prime Minister, Abdiweli Mohamed Ali, was elected President, defeating incumbent President Abdirahman Mohamed Mohamud Farole in the third round of voting by a single vote. No candidates secured the required two-thirds majority in the first and second round of voting, though Abdirahman Farole led in both rounds. Most candidates were eliminated in the first round voting. In the third round, President-Elect Abdiweli Gaas won 33 votes of the total 66 votes, while President Abdirahman Farole won 32 votes, with one vote spoilt. The whole voting processes was broadcast live on local TV and radio stations and observers included Mr Nicolas Kay, Special Representative of the UN Secretary General to Somalia; Ambassador Michele Cervone d'Urso, EU ambassador to Somalia; Ambassador Mohammed Affey, the Special envoy of IGAD to Somalia; Ambassador Wondimu Asamenw, Ethiopian Ambassador to Somalia; and other international representatives.

Abdiweli Mohamed Ali, who has an MA from Harvard and a PhD in Economics from George Mason University, Washington, served as a minister and Prime Minister of Somalia under Somali President Sheikh Sharif. He was appointed Prime Minister of Somalia in June 2011 and remained in office until October 2012 when the new president Hassan Sheikh Mohamud appointed Abdi Farah Shirdon to replace him. He also stood as a candidate for the presidency of Somalia in 2012. In his acceptance speech, the new President expressed gratitude for the work of his predecessor and his administration. He pledged to defend and adhere to the Puntland Constitution and called for collaboration in development and security. After the announcement of his victory, the new president said "I am congratulating those of you who voted for me and those who voted against me," adding "rest assured that I will deal with you equally." Former President Abdirahman Farole felicitated Abdiweli on his victory, accepted the results and reminded his successor of the responsibility now bestowed upon him as leader. He called on all government officials, workers and security forces to cooperate with the new leadership. In an editorial, the website Garowe online, said "the true victor of the Puntland electoral process is the Puntland people and their politicians, who have built Puntland's political foundations so they are capable of holding peaceful elections where the contestants concede to the victor in an openly democratic and transparent manner. This is

the true victory and today Puntland remains a shining example and role model for other states of Federal Somalia to follow.”

Somali President Mohamud congratulated Abdiweli Mohammed Ali, describing the result as “a victory for the new Somalia.” He said he looked forward to working closely with him as the government continues to build a federal Somalia. President Mohamud said Puntland was a model for the rest of the country and he said the campaign had been carried out in a civilized manner and “Puntland had shown the rest of Somalia and the world that the democratic culture is alive and well here and this is what must guide us as we rebuild our country.” He also praised the Puntland Parliament for its “remarkably responsible role” managing the electoral process, noting that “the people’s representatives have spoken with their votes today, bringing to a close a productive political campaign in which the many issues facing Puntland were vigorously debated.” The traditional elders of Puntland, the Electoral Commission and the courageous security forces deserve every credit for making this process such a success.”

Somali Prime Minister Abdiweli Sheikh Ahmed and the Special Representative of the Chairperson of the African Union Commission for Somalia, Ambassador Mahamat Saleh Annadif, also congratulated the new President of Puntland. Ambassador Annadif pledged the support of AMISOM to the government and the people of the Puntland state and said he looked forward to working with him in his new role. He paid tribute to the outgoing President, Abdirahman Mohamed Farole, for his leadership in enabling the Puntland state to register tremendous achievements on the political and security fronts. Prime Minister Abdiweli Sheikh Ahmed said this was a great day not just for Puntland but for all of Somalia, adding that Puntland was “leading the way on the development towards a federal Somalia and serves as an example to other states.”

Other congratulations came from Dr Tedros Adhanom, Minister of Foreign Affairs of Ethiopia, and from the UN Special Representative for Somalia, Nicholas Kay, who welcomed the smooth and peaceful transfer of power and the constructive role of the outgoing President Abdirahman Mohamed Farole, noting that “despite numerous challenges, through compromise and perseverance, the Puntland-led process had achieved its goal of selecting the region’s new leadership.” He said Puntland was “leading the way on the development of a federal Somalia”, adding that the United Nations supported the people of Puntland and all of Somalia as “they move together towards peace, reconciliation, democracy and prosperity.” Ambassador Michele Cervone d'Urso described the vote as a positive development for Somalia's democratization process and urged national reconciliation. The Special Representative of the Chairperson of the African Union Commission (SRCC) for Somalia, Ambassador Mahamat Saleh Annadif also said the election had demonstrated the maturity of the Puntland people.

One of the new President’s first tasks will be to deal with relations with the Government in Mogadishu. Puntland severed its ties with the Federal Government in August last year, accusing it of failing to distribute power or share resources including foreign aid with the regional state. The former president had accused the Federal Government in Mogadishu of adopting a "defective" constitution. President Abdiweli Mohamed Ali will also have to deal with security problems (the port of Bosasso was hit by a suicide car bombing last month with seven killed and nearly forty injured) and the aftermath of the tropical cyclone which hit the region in November, killing at least 300 people and causing widespread devastation along the coast, destroying houses and villages as well thousands of livestock.

Ethiopia and Somaliland agree on importance of transit cooperation mechanisms

Ethiopia and Somaliland agreed on Monday (January 6) to exercise maximum effort to establish short- and long-term transit cooperation mechanisms. These are intended to help find mutually agreed directions for modalities for Ethiopia's use of Somaliland ports. In a meeting between Somaliland officials and Ethiopia’s Consulate General Office in Hargeisa, the two sides discussed details of the opportunities and challenges on usage of transit services raised by both sides. Of particular emphasis was the possibility of revising the current status of transit service deliveries to the Ethiopian private sector. This has recently come to a halt following Somaliland insistence that a lasting trade and transit agreement should be signed. Somaliland’s Minister of Foreign Affairs chaired the *ad hoc* committee, made up of senior officials of the ministries of finance, defense, aviation and planning, which has been tasked to look into the issue. Among those present were Somaliland’s Minister of Defense, Ahmed Haji

Ali Adam, the Minister of Aviation, Mohamoud Hashi Abdi, the Minister of National Planning, Dr Sa'ad Ali Shire and the Deputy Minister of Finance also addressed the meeting. Ethiopia's Consul General in Somaliland, Brigadier General Berhe Tesfay, led the Ethiopian delegation.

General Berhe said the establishment of the *ad hoc* committee and the convening of its first meeting was an indication of the Somaliland government's determination to address issues of mutual interest. Describing security, trade and transit, infrastructure and capacity building as the four main pillars for cooperation between Ethiopia and Somaliland, he said Ethiopia was fully aware of the port potential available in Somaliland. He expressed his optimism that this would provide Ethiopia with the opportunity to have improved access for imports or for exports originating from parts of Ethiopia relatively proximate, especially in eastern and south-eastern areas. The amount involved was up to approximately 30% of Ethiopia's total transit traffic, and this amount could pass through the ports once these were properly developed and improved in terms of capacity and quality. This, he added, would also need a more secure, affordable, competitive and seamlessly structured service delivery system. He said constructive engagement between the two sides would also be of paramount importance in gaining the necessary international support.

The Consul General said Ethiopia had been using Berbera port until recently on the basis of earlier agreements. Although there were no officially available figures, estimates suggested that Ethiopia has been spending hundreds of thousands of dollars in transit fees every year. The number of Ethiopian businessmen using Somaliland ports had steadily increased until recently. Now, however, this trend seemed to be facing challenges which, if left unaddressed, might discourage existing and new customers from using the Somaliland ports. Customers who preferred to continue to use Berbera were facing problems and some had already turned to Djibouti. Two reasons were cited. One was the demand for an import tax in addition to transit fees, effectively doubling costs. The second was Somaliland's expressed desire to temporarily suspend transit services until the comprehensive agreement under negotiation had been finalized. Ethiopia, said the Consul General, recognized the legitimacy of this wish, but he pointed out that reaching a lasting and comprehensive agreement might take some time as it required detailed and continuous negotiations to accommodate the mutual benefits of both sides as well as the synchronized development of transit corridors.

General Berhe therefore suggested that the two sides should agree on a temporary mechanism which could be open to continuous improvements, including harmonized pricing, in order to ensure the current transit service could be maintained while a comprehensive agreement was negotiated. This would help avoid any undesirable precedent which might harm broader future customer engagement.

Somaliland's Foreign Minister, Dr Mohamed Bihi Yonis, expressed his government's welcome for the growing relations in political, security, trade and other areas. He said his office was ready to address any issues which could help to strengthen this cooperation. He agreed the two sides should exploit the potential of cooperation over transit goods and expressed the Somaliland government's desire to work with Ethiopia in developing transit corridors and expanding port facilities. He said every opportunity should be used to expand cooperation in trade and to balance the volume of trade between them. General Berhe shared the Minister's view and expressed Ethiopia's readiness to encourage Somaliland-produced trade items to enter the Ethiopian market at minimum tax rates. He added that encouraging the expansion of transit services would also help to increase Somaliland revenues.

Among other issues discussed was the need to work to improve the trade balance and expansion of transit corridors and port capabilities. The meeting concluded with plans to convene similar discussions in the near future.

Creating jobs: an important element in Ethiopia's poverty reduction strategy

Ethiopia's recent leap in economic growth is often praised for its speed and sustainability, and indeed the last decade has seen an economic revival unprecedented in scale and extent. It is during this decade that Ethiopia has become the poster child for Africa's potential as an economic powerhouse and its previously underrated capacity for forging its own peace and security directions. The uninterrupted economic growth registered for the ten

years to 2013 have caught the attention of development scholars, policy makers, international organizations, development partners and international investors. And the fact that this growth is widely expected to continue at its current pace for the foreseeable future is just another point underlining the strength of the country's development policies.

One of the most remarkable aspects of Ethiopia's economic achievement has been that it is primarily the result of policies that prioritize poverty reduction and social development. Since the adoption of the 1995 constitution, the major focus of its economic policy exercise has consistently been aimed at lifting as many citizens out of poverty as possible and improving their living standards. In order to attain the desired reductions in poverty, it was necessary to define pro-poor and broad-based development policies for the country. The strategies developed were also carefully tuned to enable growth to have the widest impact on as many lives as possible. This meant they should be focused on enhancing agricultural productivity and the development of basic infrastructure across the country.

The result of these policies and the associated strategy implementation has been a significant growth in agricultural productivity, a dramatic increase in employment and in the diversity of sectors generating jobs. With agriculture providing a livelihood for more than 80 per cent of the population, the massive investment in the sector has paid off in reducing extreme poverty in rural areas, increasing agricultural productivity and providing new employment opportunities for millions of new entrants to the job market. Indeed, employment dynamics have also been showing important new developments in other areas recently. Sectors with previously insignificant levels of employment are now providing jobs for substantial numbers, and particularly youth.

In fact, according to the Ministry of Urban Development and Construction, in just the three years since the start of the Growth and Transformation Plan (GTP) period some four million new jobs have been created. That is a million jobs more than the GTP's target for the period, and these new jobs have been created not in agriculture, the traditional employment-providing sector, but in the new areas of manufacturing and service sectors, as well as in the major projects the government is undertaking within the GTP framework.

Overall, the government's initiatives to provide employment opportunities through its focus on small and medium scale enterprises have also been successful in creating better paying jobs and a far better standard of living than has been attainable for the majority of Ethiopian citizens previously. Already, only a few years down the line, many of these small- and medium-scale enterprises have expanded vastly and accumulated large capital bases. A significant number of the enterprises have even managed to transform themselves into large-scale industry-grade concerns. These in turn have created more jobs.

The success of the small and medium scale enterprises development strategy can be attributed to a number of factors. One of these is the Government's commitment to encouraging these enterprises. Its determination to see them flourish and serve as a base for rapid expansion of the manufacturing sector was effectively implemented through workable programs that enabled the enterprises to pass through the inevitably difficult start-up period. To provide the support they required, the government put in place an extensive financing service that offered low interest, collateral-free, long-term loans to those willing to start a small and medium enterprise. With the country still in the early stages of capital creation such financial support has been indispensable for the successes of such enterprises.

The Government has also taken note of the short supply of technology, skills and knowledge that was available in the majority of such cases. To correct that deficit, it set up a training program, particularly for youth, which equipped those prepared to start up these enterprises with the crucial skills of management, financial planning, sales and other skills relevant to their respective engagement. These programs also included the introduction of new and cost-effective technologies that such enterprises could either easily access by themselves, or which were provided by the Government.

These were not the only elements in the Government's strategy of nurturing small and medium enterprises (SMEs) that were capable of providing employment opportunities, jumpstarting the manufacturing base and providing competitive services to the domestic market. The new enterprises were provided with convenient work places without having to pay the costly rentals usually required. Various government agencies have

implemented a policy of preferential treatment for SMEs to avoid some of the higher costs of participating in government procurement processes. A waiver for some tax categories has also been an important incentive extended to these enterprises. Together, these measures have resulted in a proliferation of SMEs and have created millions of jobs for their owners and employees.

The four million jobs created in these three years of the GTP, however, have not only come from small and medium enterprises. The huge investments in the key projects of the Plan have also provided enormous job opportunities for professionals as well as skilled and semi-skilled workers. From the beginning, these mega-projects were designed as the basis of a policy of easing the transition from a primarily agrarian economy to one based essentially on manufacturing industry. The plans, from the outset, provided job creation and technology transfer as objectives of the major infrastructure and manufacturing projects in infrastructure development, power generation and other similar developments.

With historically narrow employment opportunities in the industrial sector causing severe urban poverty in recent times, the fact that the manufacturing sector is now creating significant numbers of jobs underlines the effectiveness and satisfactory nature of the long-term effects of the Government's policies and strategies. Additionally, the fact that the labor dynamics of the country are now expressed most clearly in terms of a major expansion of the supply side of the economy, prioritizing the industry sector as the main provider of employment is clearly the most plausible economic policy.