

A Week in the Horn

11th April 2014

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News in Brief

African Union

The 8th Conference of the Association of Senates, Shura and Equivalent Councils in Africa and the Arab World (ASSECAA) was held in Addis Ababa at the weekend (April 5 to 6). The occasion also marked the 10th anniversary of ASSECAA's establishment. The conference, opened by Prime Minister Hailemariam, elected the Speaker of the House of Federation, Kassa Tekle-Berhan as Chairman in succession to Ali Bin Saleh Al-Saleh, President of the Shura Council of Bahrain. **(See article)**

IGAD Executive Secretary Ambassador Mahboub Maalim on Tuesday (April 8) presented former Kenyan President Mwai Kibaki with a medal and a 50-page book to commemorate his time as Chairman of IGAD and recognizing his contribution to regional economic integration, peace, security and development in the Horn of Africa. Mr Kibaki who urged IGAD member states not to relent in their effort to find a peaceful solution to the South Sudan conflict, was Chairman of IGAD between 2006 and 2008.

Ethiopia

Prime Minister Hailemariam led a delegation including Foreign Minister Dr Tedros, to the official commemoration ceremony for the Rwandan Genocide in Kigali's Amahoro Stadium on Monday (April 7), the date of the beginning of the genocide. The Rwandan government called for the world: to remember those who perished, to unite to support reconciliation and to renew commitment to peaceful resolution of conflicts.

Prime Minister Hailemariam held talks this week with former UK Prime Minister, Tony Blair, who was in Addis Ababa for a working visit this week. Foreign Minister Dr Tedros and other ministers also met Mr Blair who discussed ways of expanding investment activities in the country.

Dr Debre-Tsion Gebre-Michael, Deputy Prime Minister for the Finance and Economic Cluster and Minister of Communications and Information Technology, on Tuesday (April 9), opened the Africa Investment Forum, a conference to discuss African business, economic and investment opportunities with the international business community and investors. The Forum was jointly organized by the Ethiopian Government, the Pan African Chamber of Commerce and Industry, and the AU Commission. **(See article)**

Minister of Defense, Siraj Fegessa, giving the Ministry's six-month performance report to Parliament, said the Ministry had bilateral agreements to safeguard the borders with all neighboring countries with the exception of Eritrea. He said the Ministry was fully prepared to protect the Grand Ethiopian Renaissance Dam (GERD) from any possible attack, adding he did not believe there would be any direct attack on the dam.

Ethiopia's Communications Affairs Minister, Redwan Hussein, on Tuesday (April 8), told a week-long training workshop for 25 Somali media professionals drawn from radio, newspapers and other media in Mogadishu that Ethiopia would continue its efforts to encourage peace and stability in Somalia. The training was organized by IGAD and the Somali Government and supported by the European Union. The 8th session of the Ethio-China Joint Commission meeting on Economic, Scientific and Technical Cooperation and Trade convened on Wednesday (April 9) at the Ethiopian Ministry of Finance and Economic Development. State Minister Ahmed Shide, and Zhang Xiangchen, Chinese Assistant Minister of Commerce, said the discussions had been fruitful and they had agreed to advance cooperation in many areas.

Prime Minister Hailemariam has appointed Aster Mamo, deputy chairwoman of the Oromo People's Democratic Organization, as Civil Service Minister and Good Governance and Reform Cluster Coordinator, with the rank of Deputy Prime Minister. She is the first woman to be nominated as a Deputy Prime Minister.

Ambassador Giuseppe Mistretta, Italy's newly appointed Ambassador Extraordinaire and Plenipotentiary to Ethiopia, presented copies of his credentials to Dr Yinager Dessie, State Minister of Foreign Affairs on Monday (April 7). Dr Yinager also held discussions with the newly appointed Ambassador of the Kingdom of Swaziland, Ambassador Promise Sityembiso Msibi on Monday.

The newly appointed Ambassador of Ethiopia to Sweden and other Nordic Countries, Ambassador Woinshet Tadesse, presented her credentials to President Olafur Ragnar Grimsson of the Republic of Iceland, on Thursday last week (April 3).

An agreement has been signed between the Ethiopian Government and the International Development Association (IDA), part of the World Bank Group, for a US\$205 million loan to increase access to clean drinking water and improve sanitation services. It finances over 6,000 rural water schemes, water supply systems for about 70 towns and improved water supplies for clinics and schools, connecting an estimated two million plus people to water supplies.

Ethiopia's inflation rate rose slightly in March to 8.8%, up from 7.9% the previous month. The Central Statistics Agency said on Tuesday (April 8) that this had been caused by rises in both food and non-food prices.

Djibouti

Djibouti's Minister of Interior, Hassan Omar Mohamed and Somaliland's Minister of Interior, Ali Mohamed Waranadde, signed an agreement for a Djibouti-Somaliland joint committee to strengthen co-operation on security and fight terrorism. The agreement allows for measures against drug smugglers and human traffickers and encourages legitimate cross-border trade.

A three-day workshop on war reporting and international humanitarian law for Djibouti media professionals, co-sponsored by the International Committee of the Red Cross (ICRC) and the Djiboutian Red Crescent, concluded Tuesday (April 8).

An Iranian flotilla, composed of a helicopter carrier and a destroyer, visited the Port of Djibouti this week, arriving on Monday (April 7) for a three day visit after carrying out a mission to provide for the safety of Iran's shipping in international waters and training to new recruits.

Eritrea

Eritrea's Ambassador to Kenya, Beyene Russom, held talks with Kenya's Deputy President William Ruto on bilateral ties and regional issues. Mr Ruto said that Kenya was prepared to enhance bilateral relations with Eritrea. Preparations are being made for flights between Asmara and Nairobi by Kenya Airlines and by Eritrean Airlines to further trade and investment prospects.

Mr Yemane Gebreab, Head of Political Affairs at the People's Front for Democracy and Justice delivered a message from President Isaias Afwerki to President Omar Al-Bashir in Khartoum at the weekend. The message related to bilateral relations and issues of mutual interest and emphasized the importance of continued interaction between the two countries.

Ambassador Mohamed Saeed, Eritrea's Ambassador to the Sudan, called on President Al-Bashir on the expiry of his posting to Khartoum. He thanked the Sudanese government and people for their cooperation and facilitation of his mission during his time in Sudan and said he hoped that ties between the two countries would develop further in all areas.

On Sunday (April 6), Yemen's Minister of Fisheries, Awadh al-Socatri, held talks with Eritrean embassy officials in Sana, calling for implementation of the Memorandum of Understanding intended to provide a mechanism to regulate traditional fishing. Eritrea has repeatedly arrested hundreds of Yemeni fishermen, accusing them of violating Eritrean waters.

Kenya

President Kenyatta held talks with Sudan President Omar al Bashir in Khartoum en route to a state visit to Turkey this week. The two leaders discussed bilateral issues. In Turkey, President Kenyatta held talks with President Abdullah Gul and oversaw the signing of nine bilateral agreements on trade and security. He also held talks with Prime Minister Recep Tayyip Erdogan.

Following the bombing of two restaurants in Eastleigh, a massive police operation was carried out. Police arrested over 4,000 people by Wednesday April 9. During the week 3,010 were released "after ascertaining they were Kenyans without criminal record." 800 suspects were held at the Kasarani Stadium in Nairobi for screening and profiling. Police said the operation, to be extended to other areas, was designed to uncover terrorists, hidden weapons and explosives.

President Kenyatta on Friday (April 4) issued a two-week ultimatum to all people with illegal weapons to turn them over to the police, adding that "Whatever will happen after that to those who feel like not doing so, they will have themselves to blame."

The British High Commissioner, the US Ambassador and the Australian and Canadian High Commissioners assured President Kenyatta on April 5, of their commitment to supporting the Kenyan Government's effort to eliminate terrorism in the country.

Somalia

The UN Office for the Coordination of Humanitarian Affairs (OCHA) said security in Mogadishu still remains a serious problem for residents with the threat of Al-Shabaab incursions and attacks. 624 weapons-related casualties had been treated in four hospitals in January and February, a 20% increase over the previous two months.

The State Minister of Foreign Affairs, Buri Mohamed Hamza, received on Sunday (April 6) the Ambassador of Egypt, Ambassador Mohamed Mohamoud Auf, who had been on an official visit aiming to restore the Egyptian diplomatic mission. The Government has asked for Egyptian help in the efforts at stabilization in liberated areas.

A Somalia investment conference was held this week in Dubai with Somali and foreign companies participating to discuss ways to invest in Somalia. Somali Federal Government ministers and prominent politicians attended the conference as well as business representatives and investors from the UAE.

Last week's meeting of the Somali/Somaliland ad-hoc technical committee in Turkey failed to reach agreement on joint air control management of air space. The two sides agreed the air space should be returned to Somalia by January 2015, but came to no agreement over the function or shape of the Board of Management. The respective aviation ministers will attend the next round of Somaliland /Somalia talks to find a solution.

The Somaliland police on Monday (April 7) closed the *Haatuf* newspaper and its associated English language *Somaliland Times* in Hargeisa. In December last year, the police also closed the *Hubaal* newspaper which remains suspended.

The Puntland State Parliament on Sunday (April 6) endorsed the budget of President Abdiweli Mohamed Ali's government. The US\$30 million submitted by the Minister of Finance the previous week was passed by 46 votes out of 50.

The German parliament has agreed the dispatch of military instructors to Somalia to assist in a training mission mandated by the European Union. This vote allows for the German government to send up to 20 German troops to Somalia to train Somali army specialists and military instructors as well as providing advice on organizational matters.

South Sudan

President Salva Kiir after visiting Khartoum on Saturday (April 5) visited neighboring Uganda to hold talks with President Museveni. A brief statement from Uganda's State House said the two Presidents held discussions on various matters of bi-lateral and mutual interest. It was President Kiir's second trip to Uganda since conflict erupted last December.

The IGAD Special Envoys suspended the participation of the seven non-aligned members of the ruling SPLM in the South Sudan peace talks between the Government of South Sudan and the SPLM/A-in-Opposition. This followed consultations held by Ethiopian Prime Minister Hailemariam with both delegations on Saturday (April 5). The IGAD Special Envoys have said the talks will resume on April 22.

The internal SPLM reconciliation forum, facilitated by IGAD, by Ethiopia's ruling party and by South Africa's ANC, was launched in Addis Ababa on Saturday (April 5). This will prepare the ground for a SPLM "leadership review and self-assessment forum."

Sudan

President Omar Al-Bashir announced a series of resolutions at a political roundtable on Sunday (April 6) in Khartoum with the participation of 83 political parties. They included authorization of political party activities without restrictions; a pledge of enhanced press freedom and the release of political detainees. He repeated the government's willingness to allow rebels to participate in the national dialogue.

South Sudan's President Salva Kiir visited Khartoum on Saturday (April 5) and held talks with Sudan's President Omar Al-Bashir on bilateral relations and security issues including development of joint mechanisms to implementation of cooperation agreements and ways to protect the oilfields against possible attacks by South Sudan rebels.

Sudan's Central Bureau of Statistics reported on Sunday (April 6) that the inflation rate for the month of March had fallen to 35.7% from 37% the previous month. The Bureau also reported that the inflation rate for the first quarter of 2014 had dropped to 37%. This compared to a figure of 46.1% in the first quarter of 2013.

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Ethiopia hosts the Africa Investment Forum

The Africa Investment Forum was held in Addis Ababa this week (April 8 to 10), under the theme of **African Business with Africans in Africa**. "The aim of the Forum was to discuss ways of enhancing and promoting African businesses and Africa's investment climate in the international arena. The conference was attended by Dr Debre-Tsion Gebre-Michael, Deputy Prime Minister for Finance and Economic Cluster and Minister of Communication and Information Technology; Dr Anthony Mothae Maruping, African Union Commissioner for Economic Affairs; Dewano Kedir, State Minister for Foreign Affairs; and members of the international business community and investors as well as high-level delegates from different countries, and participants from various organizations.

In his opening remarks, Dr Debre-Tsion told the conference that African countries had made huge progress in continuing and sustaining their economic growth over the past decade. This growth momentum was helping the continent emerge as a main focus and center for foreign investors in the 21st century. He emphasized that the African Reawakening was a reality and this would indeed enable the international business community to engage in the metamorphosis of Africans and Africa into a stable, prosperous and

unified continent. He detailed the example of Ethiopia where there was a general improved business climate including massive development of infrastructure networks, an adequate trained labor force, improved social services, the availability of arable and uncultivated lands, and ample natural resources. He added that investors could benefit from and contribute to the on-going economic growth in the fields of agriculture, mining, tourism, energy, communication, railway and road transport. Dr Debre-Tsion noted that Ethiopia had registered double digit economic growth over the last decade along with its improved social, economic and human development. He said the country was increasingly becoming a central pivot of foreign direct investment inflows. He explained the Government of Ethiopia was committed to developmental plans to intensify infrastructure development, provide and maintain improved telecom and ICT services, to produce a trained labor force and provide for a green energy economy. It respected and implemented bilateral and multilateral agreements on protection and promotion of investments, and was committed to the expansion of markets through regional integration. He stressed that all this minimized the risk of investing in Ethiopia and helped investors benefit from and contribute to the country's sustainable economic growth.

Dr Anthony Mothae Maruping, AU Commissioner for Economic Affairs, highlighted the point that the private sector, including the international business community, was a potential cooperative partner in Africa's transformative agenda to build on and sustain the recent economic successes. He noted that international investors could be involved in various areas including agriculture, tourism, information communication technology, infrastructure and mining. The AU Commission's Department of Economic Affairs, he said, was finalizing the **2015-2019 Medium-Term Strategy** for the continent, and this would incorporate the development of a determined and competitive private sector. He emphasized that a competitive private sector, in close partnership with African states, would be a major driving force in the creation of jobs and would provide opportunities to utilize Africa's current demographic dividend. He underlined how much remained to be done to tackle rampant unemployment in the continent, to engage Africa more effectively in the global value chain and to achieve sustainable and inclusive development. He stressed that people must not confuse "this decisive turning point with the tipping point."

Dr Maruping indicated that the forum would provide an important platform for African nations, and international and African investors to exchange views on the business and investment climate. It would also allow them to identify the major opportunities created during the continent's recent economic growth and find ways to mitigate risks in the business and investment landscape. He said Africa must enhance and extend its efforts to provide food, energy and water in order to address the needs of its increasing populations. He noted that environmental degradation and climate change remained major encumbrances on the path towards achieving sustainable and inclusive growth and transformation. He suggested the need for public-private partnerships, promotion of innovation and technology and technical expertise to continue to evolve and expand in order to tackle the challenges, to promote sustained and inclusive economic growth and build sustainable development.

On Thursday, Dewano Kedir, Ethiopia's State Minister for Foreign Affairs, after explaining that the narrative of Africa in the second half of the 20th century had been a story of violence, political turmoil, poverty, and famine, emphasized that the story had changed during the last decade. Africa was now becoming a continent of opportunities endowed with enormous business and investment potential. He recommended that the international business community and investors, as well as development partners, engage in the numerous available fields for investment in order to benefit from and add value to the continent's burgeoning growth. He noted Ethiopia was among the fastest growing economies in Africa and emphasized that the Government was committed to continuing the sustainability of its rapid, broad-based and inclusive growth. It was, he said, dedicated to further strengthening its cooperative partnership with the private sector in order to achieve development goals. It was committed to encouraging the private sector to play a decisive role in the growth and transformation of the country.

The State Minister also gave details of the country's political, social and economic environment as well as itemizing the areas available for investment and business opportunities including agriculture, manufacturing, tourism, hydropower and social services. He explained the investment incentives available and the legal and institutional framework of the country's business and investment practices. He emphasized that international investors would gain substantial returns as the country pushed ahead with a series of massive infrastructure development projects, the production of clean renewable energy, expansion of the growing market landscape and the promotion of regional integration. He also reaffirmed that the Government of Ethiopia was committed to deepening its cooperation and partnership with the international business community and with investors.

On Tuesday (April 8), the conference addressed such issues as the African aviation industry, the megatrends 2030 and their impact on Africa, and how attractive Africa was for investors. The following day, participants looked at Africa's textile and apparel industry, business security and safety, information communication technology, the agricultural business landscape, food security, environment, trade, infrastructure development, industrialization and investment. On Thursday (April 10), a number of countries including Ethiopia, Angola, Rwanda, Madagascar, and Kenya, made presentations on the investment and business opportunities available with details of the operating political, economic, and legal environments that they offered. In addition, to the presentations and panel discussions, participants also visited a number of factories in Addis Ababa.

The 8th Conference and 10th Anniversary of ASSECAA held in Addis Ababa

The 8th Conference of the Association of Senates, Shura and Equivalent Councils in Africa and the Arab World (ASSECAA) was held in Addis Ababa at the weekend (April 5 -6). During the Conference, the 10th anniversary of the establishment of ASECAA was also marked. The objective of the Conference was to review, reflect and exchange views on the Afro-Arab cooperative partnership in political, economic, social and cultural spheres. ASSECAA aims to encourage, support and strengthen cooperation between Africa and the Arab world in these areas through regular meetings and dialogues among the Senates, Shura and Equivalent Councils of its member states. The conference was attended by Prime Minister Hailemariam; Ethiopia's Speaker of the House of Federation, Kassa Tekle-Berhan; the Chairman of ASSECAA and President of the Shura Council of the Kingdom of Bahrain, Ali Bin Saleh Al-Saleh; the Secretary General of ASSECAA, Abdulwasie Yusuf; and parliamentarians from 16 member countries.

In a welcoming speech, Prime Minister Hailemariam noted that Arabs and Africans have a common history, culture and heritage as well as a common destiny. This shared heritage, he emphasized, was a major driving force for reinforcing and deepening mutual trust and mutual understanding between Africa and the Arab world. It provided a crucial platform for the peoples of the two regions to engage in dialogue and in-depth discussion on matters of mutual concern. He said it was high time for Africa and the Arab world to coordinate and integrate their efforts in such areas as investment, agriculture, businesses, trade and manufacturing to meet the needs and aspirations of their peoples. He also urged those parliamentarians present to join hands and work for the growth narrative of Afro-Arab cooperation as a new frontier for the economic, social and cultural rejuvenation of the world.

The Prime Minister noted **the Middle East was endowed with financial resources while Africa was a source of natural resources**. The two regions, he stressed, should seize the opportunity for mutually cooperative partnership and sustainable development. He underlined that ASSECAA's development and democratic objectives were in harmony with the Government of Ethiopia's own national policies and strategies, and Ethiopia could be a strategic partner to enhance development through the promotion of economic, trade and investment relations between Africa and the Arab world. He urged both regions to jointly invest in youth education and empowerment to consolidate the status of African and Arab countries in the international arena. He recommended that both areas should pursue peace, stability and tranquility to fast-track their socio-economic and political partnership. Establishing a mechanism to fight against terrorism, extremism, money laundering and corruption, he said, was a prerequisite to the development of such a cooperative partnership.

The Prime Minister noted that Ethiopia had registered double digit economic growth over the last decade with sustainable increases in agricultural productivity and agro-industrial development and meaningful progress in services. Overall, Ethiopia had made significant improvements in social services including education, health and other public services. This rapid, sustainable, equitable and inclusive economic development had helped the country lift many people out of poverty. He stressed that the Government was committed to expand small and micro enterprises to generate more jobs for young people and eradicate unemployment in urban and rural areas of the country, and had involved the youth in SMEs to combat unemployment and expand economic opportunities. It had made substantial progress in infrastructure development to enhance and promote regional interconnectivity, trade, investment and other development activities. Its current political system, said the Prime Minister, allowed citizens to participate in the country's on-going political, social and economic affairs.

Kassa Tekle-Berhan, Speaker of the House of Federation, who welcomed participants warmly, explained that Ethiopia's constitution was a manifestation of the enormous sacrifices made by Ethiopian Nations, Nationalities and Peoples for freedom, equality, dignity and unity. The House of Federation, he said, was mandated to interpret the constitution in order to safeguard and preserve the fundamental human and

democratic rights and freedoms of all the peoples of Ethiopia. It was responsible for ensuring the fair distribution of national wealth and providing budgets for the regional states on the basis of a scientific and progressive formula. The Speaker noted that the unity of the country was cemented by mutual consent, a time-honored tradition of tolerance, mutual co-existence, and the shared vision and mutual interdependence of the nations, nationalities and peoples of Ethiopia. He underlined the contribution and role of the House of Federation as a constitutional and democratic institution for the reinforcement and consolidation of the emerging federal system and democratic unity of the country. The Speaker said that as a founding member of ASSECAA Ethiopia was committed to the consolidation and promotion of Afro-Arab cooperation within the spirit of mutual respect, mutual benefit and win-win results. Ethiopia's path towards cooperative partnership with ASSECAA's member countries, he said, would pave the way for peace, prosperity and other tangible results to benefit the peoples of the two regions. He said ASSECAA had made many positive contributions and encouraged members to exchange views and expertise as well as promote consultation and constructive dialogue to avert conflict and violence and encourage sustainable peace and development.

The Secretary General of ASSECAA, Abdulwasie Yusuf, thanked the Government of Ethiopia for its hospitality and for its sustained support to the secretariat. He said Africa and the Arab world were blessed with renewable and non-renewable human and natural resources, as well as enormous potential in such areas as agriculture, trade, investment, businesses and industry. The similarities in culture, heritage and historical background would help the regions turn these resources into new assets to promote the integration of Africa and the Arab world. The Chairman of ASSECAA and President of the Shura Council of Bahrain, Ali Bin Saleh Al-Saleh, noted that ASSECAA had done much to amalgamate the advantages of both regions to expand cooperation in trade, business, democracy, governance, human rights, and culture. He enumerated ASSECAA's activities to promote economic cooperation between Africa and the Arab world, including encouraging an enabling environment to integrate the Gulf Cooperation Council's Federation of Chambers of Commerce and Industry with the Pan-African Chamber of Commerce and Industry. ASSECAA, he said, had helped the development of institutional cooperation linking research institutes and universities across Africa and the Arab world.

Participants discussed ASSECAA's first decade, considering its achievements and shortcomings as well as its visions of the future. The discussion covered strengthening relations between chambers of commerce and industry in Africa and the Arab world, peace and conflict resolution, empowerment of women, parliamentary cooperation, exchange programs, cultural cooperation, democracy and human rights, participation in the international fora and the encouragement of scientific research. The Secretariat presented its 2013 report which was discussed in committee. Funds were allocated for an "Invest in Africa" program and recommendations made for forthcoming activities. The Secretariat presented awards in recognition of contribution for the enhancement of cooperation between Africa and the Arab world. Ethiopia's Speaker of the House of Federation, Kassa Tekle-Berhan, was elected as the next Chairman of ASSECAA, in succession to Ali Bin Saleh Al-Saleh, the President of the Bahrain Shura.

Conference of the African Ministers of Economy and Finance in Abuja

The Conference of African Ministers of Economy and Finance (CAMEF VII), jointly organized by the African Union Commission and the United Nations Economic Commission for Africa (UNECA) was held in Abuja-Nigeria from March 29 to 30. The Ministerial Conference was preceded by an Extraordinary Meeting of Experts (March 21-24) and the regular Meeting of the Committee of Experts (March 25-28). The theme of the Conference was **Industrialization for Inclusive and Transformative Development in Africa**. UNECA said more than 1,850 delegates participated in the meeting. The opening session of the Ministerial Conference was attended by President Goodluck Jonathan of Nigeria and President Ellen Johnson Sirleaf of Liberia. Also present at the Conference were United Nations Deputy-Secretary-General, Jan Eliasson; AU Commission Chairperson, Dr Dlamini Zuma; African Development Bank President, Dr Donald Kabiruka; and representatives of almost all UN agencies, the World Bank, the IMF, African Regional Economic Communities and the Continent's Central Banks Governors. Ethiopia was represented at the Conference by a delegation headed by Dr Abraham Tekeste, State Minister of the Ministry of Finance and Economic Development.

Speakers at the Conference almost all underscored that Africa, by comparison with global trends, had demonstrated strong economic growth in recent years. They also explained that much of this growth was the result of a commodity price boom and emphasized that Africa needed to embark on strategies to transform its economies through increased value addition to commodities, by diversification into higher-productivity, expand employment generating sectors and promote green growth spearheaded by manufacturing as well as modern services. The conference highlighted the need to learn from the experiences of countries like

Ethiopia, Mauritius and Botswana, which have all leaped ahead in transforming their economies. Some speakers were vocal on the importance and significance of **Developmental States** in Africa's economic transformation. It was emphasized that industrialization founded on a domestic raw material base and Public-Private Partnerships would help African economies to produce inclusive growth.

The issue of a plan of action and a road map on infrastructure development for industrialization, with particular prominence being given to the green energy sector, was discussed at length. Particular areas identified as worth the attention of policy makers included the linkage between the demographic dividend and sustainable growth and the importance of closing the financing gap by adopting mechanisms for domestic resource mobilization, such as enhancing the tax revenue base, finding innovative sources of finance and addressing the problem of illicit finance.

Ministers deliberated on the critical need to expedite infrastructure interconnection between African countries to foster intra-African trade and building up the habit of buying African products. Policy coherence at continental level to ensure complementarity of African industries and other sectors of the economy was also discussed. The Conference reviewed various studies and draft documents on the establishment of the African Monetary Fund, the African Integration Fund, the Pan-African Stock Exchange and other possible options. The Ministers formed a fifteen-member State's Experts Committee to explore additional proposals and mechanisms for implementation of the proposed Alternative Sources of Funding of the African Union.

Among the side events of the Conference was the launch of the Study on the Cost of Hunger and Child Stunting in four African countries, namely Egypt, Ethiopia, Swaziland and Uganda. The study demonstrated how child stunting affects economies at different stages of the human capital life span: child health care costs at an early age, then school repetition and finally in less productivity after joining the labor force. It suggested the problem had started to subside in Ethiopia and Uganda following recent economic developments.

At the end of the Conference, the Ministers issued a statement demonstrating their commitment to realize transformative and inclusive growth in Africa. They noted that the continent's growth rate slowed from 5.7 per cent in 2012 to an estimated 4.0 per cent in 2013, but welcomed the fact that it was still almost twice as high as the global average. They reaffirmed their commitment to the pursuit of reforms needed to consolidate and sustain this momentum. At the same time, they acknowledged the difficulties in making growth fully inclusive and the result was that "overall factor productivity has been lackluster, unemployment – especially among young people – remains rampant, and inequalities are worsening. Poverty remains an enduring concern and a source of continuing worry to us."

The Ministers called for redressing the continent's continued over-reliance on the exploitation of raw materials with limited value addition. They encouraged increasing domestic processing of agricultural and mineral raw materials, the nurture of upstream and downstream linkages, the fostering of national and regional value chains, reviving local manufacturing activities, improving the policy environment to encourage domestic and foreign investment in manufacturing, and promoting competitiveness of national economies. They commended the strong emphasis in the process of framing Agenda 2063 which recognizes the central role for industrialization. They called for forging an integrated approach within governmental systems to overcome constraints on unleashing the full potential of Africa as a key industrial hub. They also endorsed the idea of addressing the problem of securing long-term financing for investing in manufacturing, referring to reviving development banking and recalibrating financial markets as well as encouraging an inflow of foreign direct investment. The Ministers agreed all this would contribute to the expansion of domestic production, diversification of exports, transfer of technology, upgrading of local skills, development of local innovation and deepening of economic linkages.

The Ministers said they would work to sustain a supportive macroeconomic policy environment, ensuring relevant policies relating to trade and trade facilitation, investment, energy, infrastructure development and other areas. They referred to the need for policy incentives and welcomed the new continent-wide initiative on gender equality and women's empowerment. The Ministers urged greater attention to expanding and strengthening local entrepreneurship and called on Governments to encourage development of female entrepreneurship and better leveraging of opportunities for youth as credible strategies for inclusive growth. To accelerate employment growth, they suggested sectors with high employment elasticity should provide the main engine of growth, and noted that education policies that support more science, technology and innovation were crucial to a more flexible and dynamic labor market.

The Ministers called on the African Union Commission, the Economic Commission for Africa and the African Development Bank to work together to ensure a better interface between the Comprehensive Africa Agriculture Development Program, the Africa Mining Vision, the Action Plan for the Accelerated Industrial Development of Africa, the Program for Infrastructure Development in Africa, the Social Policy Framework for Africa, the Continental Free Trade Area, Boosting Intra-African Trade and related policy standards, frameworks and strategies.

They underlined the urgency of combined national, regional and continental efforts to redress all aspects of Africa's infrastructure deficit, and welcomed the proposed the **Africa 50 Fund** as an additional innovative financial solution. They commended initiatives to identify and promote industrial growth poles to serve national, regional, continental and global markets. They reaffirmed the goal of making growth inclusive and sustainable requires a clear vision, committed leadership, coherent strategies and long-term planning frameworks, and acknowledged that the quest for the structural transformation of Africa needs wholesale rethinking of the design and management of industrial policy. This means a better understanding of the opportunities for building competitive lead firms, nurturing national champions, enhancing local and regional value chains and economic linkages, and tapping the growing opportunities offered by domestic and regional markets.

The Ministers noted that effective public-private dialogue and partnerships would be key in driving industrial policies. They agreed that acceleration of growth will depend on enabling the public and private sectors to build, explore and renew industrial capacities and to take advantage of complementarities between sectors, emerging value chains, and the upgrading of products, processes and functions. They also recognized the centrality of strong and autonomous institutions for supporting industrial development strategies. They pledged to take coordinated action nationally, regionally and continentally to strengthen economic governance institutions and machinery. The Ministers commended the adoption of the **Common African Position on the Post-2015 Development Agenda** and welcomed the goal of placing Africa's structural transformation goals at the heart of the post-2015 global development agenda. They recognized the role that properly aligned international partnerships could and should play to support Africa's efforts, and committed themselves to the implementation of the policy recommendations emanating from their deliberations.

The 4th European Union-Africa Summit in Brussels....

The 4th EU-Africa Summit was held in Brussels, Belgium on April 2 and 3 under the theme of **Investing in People, Peace, Prosperity** as we noted last week. We want this week to look in greater detail at some of the discussions and positions taken. The Summit was attended by over 40 African and 20 European Heads of State and representatives from a total of 90 delegations. Ethiopia's delegation, led by Prime Minister Hailemariam, participated in the Summit, the Ministerial Session and at the senior official level. Ethiopia also served as a member of the steering and drafting committees of the Summit.

At the opening session, the President of the European Commission, Jose Manuel Barroso, underlined the growing importance of the partnership between Europe and Africa. He said "Our partnership with Africa is a partnership based on mutual respect - and I underline the word 'respect' - a partnership of equals. A partnership that is now more relevant than ever." Reflecting on the deepening of the partnership in trade, investment, development aid, peace and stability, maritime security and in such common concerns as migration and climate change, the European Council President, Herman Van Rompuy, said "our partnership has come of age" Dr Dlamini Zuma, Chairperson of the African Union Commission, chimed in to note that "the Africa-EU partnership has come a long way since the first Africa-EU summit in 2002."

The EU-Africa Summit held three sessions on its thematic elements, on peace, prosperity and people, as well as a special session on the current crisis in the Central Africa Republic. It also issued a comprehensive Declaration shedding light on various aspects of the partnership and a roadmap outlining actions to be undertaken by the two sides over the next three years, 2014-2017. In reference to the first thematic issue, peace, the Summit underlined that this was a prerequisite for development. It also stressed the inimical impact of instability in economic growth and poverty alleviation efforts. Reaffirming the nexus between development and security, Van Rumpoy said addressing security problems required a comprehensive approach, adding that prosperity and security were linked in Africa as elsewhere. In the Declaration, the leaders of the two continents pledged to ensure a transparent, democratic, accountable and peaceful environment for the peoples of both continents and to uphold common values and goals in pursuit of good governance, democracy and the rule of law. They further pledged to commit themselves to respect the rights

and principles set out in the Treaties and Charters that they had signed and ratified, and “to work together in all countries to respect our peoples' demands for justice, reconciliation, and respect for international law, human rights, gender equality and dignity.”

The Summit hailed the deployment of African Union forces in Mali, Somalia and the Central African Republic (CAR) and the collective efforts in the Great Lakes and Sudan. The two sides reiterated their commitment to Africa's efforts to ensure peace and security through the African Peace and Security Architecture, and to the realization of the full operationalization of this process. Van Rompuy, in a press briefing after the conclusion of the meeting, noted that the EU would finance the **African Peace Facility** to the tune of 750 million euro. President Van Rompuy said Europe had been supporting Africa's peace and security through the training of 17, 000 troops and the sending of seven missions to Mali, Libya, Niger, Somalia and DRC. Most recently it had decided to send 1,000 troops to CAR. Overall, the EU pledged to support Africa within the framework of the EU's comprehensive approach to tackling conflicts and their causes, and to build on the experiences of its Common Security and Defense Policy within the framework of the African peace and Security Architecture in support of African-led peace operations. More generally, it would also support African efforts in such areas as security sector reform, border management, peace building, post-conflict reconstruction and reconciliation, through the provision of advice, mentoring, training and equipment as needed.

The leaders of the two continents agreed to combat terrorism as well as drugs, arms and human trafficking and the prevention of dumping of toxic waste and illegal fishing by addressing the root causes of these problems. In its 16th Assembly of Heads of State and Government, the African Union had made clear the concerns of Africa over abuse of the principles of jurisdiction and urged the European Union and its Member States to extend cooperation to the African Union to facilitate the search for a durable solution to the abuse of the Principle of Universal Jurisdiction. It suggested the EU and its Member States should implement the recommendations of the **AU-EU Joint ad-hoc Experts' Group**. In relation to this issue, the leaders reiterated their commitment to fight impunity while also agreeing to continue dialogue over such matters as universal jurisdiction. More generally, the Summit decided to recognize the need to reform the UN system, to provide for it to be more efficient and transparent and allow it to adapt to the substantial changes that have occurred within the international community over several decades.

Discussion of the second thematic area, prosperity, underlined the centrality of policies aimed at creating employment and stimulating environmentally sound, inclusive, sustainable and long-term growth on both continents. In Africa, such policies should include the promotion of an economic transformation based on agriculture, green growth, industrialization and value addition as well as the development of economic infrastructure and service sector institutions as elements to contribute to the achievement of sustained and inclusive growth. The presentations at the EU-Africa Business Forum also reflected the imperatives of improving the business climate in Africa while noting the shift from aid to trade in the continental partnership. Between 2007 and 2013, the EU and its member states disbursed around €141 billion in aid to support Africa's development, but trade between Africa and Europe has doubled over the past decade and nearly half of the Foreign Direct Investment in Africa comes from Europe. A report on the EU-Africa Joint Strategy launched at the 3rd EU-Africa Summit indicates that the EU Aid for Trade program has enabled Africa to improve on customs administration and trade facilitation. The EU and Africa are also cooperating in governance of extractive industries, exchange of experience in regional integration, private sector development and improvement of the investment climate in Africa. The new EU Pan-African Program envisages 844m for the next 7 years to support integration in Africa. According to President Van Rumpoy, the EU also plans to provide €30 billion for the development of infrastructure directly and through the private sector.

In the area of climate change, the EU and Africa expressed their determination to adopt, a fair, equitable and legally binding agreement under the **UN Framework Convention on Climate Change in Paris** in 2015. They also agreed to be guided by its principles which will apply to all parties and come into effect by 2020 at the latest. In accordance with the Durban Conference on Climate change, the leaders underlined that the agreement should have a more universal and more efficient extent in order to produce results in terms of mitigation, adaptation, finance, technology development and transfer, transparency of action and support and capacity building. In a press conference at the conclusion of the Summit, AU Commission Chair, Dr Nkosazana Dlamini-Zuma, pointed out that Africa needed support from Europe in technology transfer to leapfrog development in utilization of renewable energy. On the side-lines of the Summit, a joint **EU-AU High Level Seminar on Climate Change** acknowledged the need to implement the commitments of the Kyoto Protocol, welcomed the need to scale up efforts to jointly mobilize US\$100 billion per year by 2020 from a wide variety of sources, both public and private, and bilateral and multilateral, including alternative sources

of finance. The Seminar indicated that Africa's adaptation gap requires funding of between from US\$7 to 15 billion a year by 2020 and it noted that this might need to increase unless emissions are brought down to 2 degree Celsius by 2020. The EU also committed itself to supporting Africa in the development of green growth energy in the preparation of national and regional climate-resilient and low-emission development strategies. This would help reinforce the resilience of their economies to climate change.

In the area of agricultural transformation and food security, the Summit leaders agreed to support the NEPAD program, which is predicated on increasing growth through improved functioning of the agricultural market. Africa is endowed with 60% of the world's agricultural land and transforming agriculture would unleash the continent's growth potential. Under the framework of **Comprehensive Africa Agriculture Development Program (CAADP)**, the EU-Africa Roadmap aims to develop effective joint approaches to nutrition targets as major components of agricultural development, to promote nutrition sensitive agriculture, encourage fair agricultural trade in intra- and inter-region markets, support agricultural research and value addition off-farm as well as responsible governance in land tenure and fisheries. The Summit acknowledged the need to address land degradation, drought resilience and desertification issues. The EU has allocated 3 billion dollars for Africa's agricultural transformation. The fact that Africa needs policy space to address the challenges of its farming industry and the provision of a fair and just trading system was also reflected in the summit. In this connection, Dr Zuma noted the need to address the contradiction that Africa was [beginning] to eliminate tariffs in 80% of trade, which would make African farmers even more vulnerable in the face of so called "non-trade distorting" domestic support to farmers. In relation to trade, the EU pledged to support Africa's effort to create a **Continental Free Trade Area**.

In regard to the **Economic Partnership Agreements (EPAs)**, the Summit decided to continue negotiations in a manner that addressed Africa's concerns related to the incompatibility of EPAs with the World Trade Organization trade regime, the potential loss of revenue from reciprocal tariff reduction and hampering of industrialization efforts. Both parties agreed to continue negotiations on EPAs and explore all possibilities to reach a satisfactory conclusion, which would allow for development-oriented and WTO-compatible EPAs that **promote African integration, economic transformation and industrialization**, as well as ensure the prosperity of all nations to the benefit of both continents. The European Union and Council announced the introduction of a revised Generalized Preference System to replace the "Everything but Arms" which offered developing countries quota and duty free access to European markets. If negotiations on the EPAs are not finalized successfully African countries could lose their privileges for tariff and quota free access to the EU market.

In the third thematic area, people, there was agreement on upholding human rights and democracy as common values. In a bid to promote human rights, the Declaration and the Roadmap envisage consultations, between human rights institutions of both continents including national bodies within the framework of the EU-AU Human Rights Dialogue. The Summit emphasized efforts towards gender equality, rights for the most vulnerable groups, including people with disabilities, the elderly and refugees, as well as women, youth and children's rights. The EU has been cooperating with the AU in exchange of information on election observer missions. It supports the **African People's and Human Rights' Court** and the **African Commission on Human and People's Rights** within the framework of African Governance Architecture. The Summit leaders also agreed to work together on combating the illegal smuggling of cultural goods.

In the area of human development, the Declaration reads "We commit ourselves to equip our citizens insofar as we can with the knowledge, skills and services they need to take advantage of the opportunities that growth provides and lift the neediest from poverty. To that end, we will pursue policies that will promote inclusive job creation with a focus on young people and women, including through vocational training and education." The EU and its member states support Africa's human development through the Erasmus Mundus program under which more than 1,500 students across Africa have received scholarships to work for Joint Master Degrees. Over 3,000 students and 750 academic staff have had the opportunity to study abroad under the framework of exchange programs financed under Erasmus Mundus Action 2 partnerships. The Roadmap envisages the continuation of the Erasmus Mundus program as well as of the Marie Skłodowska-Curie Actions and the Nyree Mobility program. Under the EU's Seventh Program for Research over 600 research projects from 45 African countries have received a total of €178 million to conduct research in the fields of food security, climate change, health and energy.

In a press briefing at the conclusion of the Summit, AU Commission Chairperson, Dr Dlamini Zuma, stressed the complementary nature of the comparative advantages of the two continents in demography, natural resources, technology and knowhow, and underlined the imperatives for utilizing these for the benefit of the

peoples of both continents. She emphasized in particular the need to invest in the skills of Africa's youth to avoid such tragedies as the Lampudesa boat disaster. She noted the importance of legal exploitation of Africa's oceanic resources. President Mohamed Ould Abdel Aziz of Mauritania, current Chairperson of the African Union, said that with 10,000 people entering the labor market every day, job creation was vital, adding that "we should respond to our demographic needs" The Summit's Co-Chairs spoke of the deep historic relations and the geographic proximity of the two continents, and European Commission President Barroso underlined the importance of responsible leadership based on the principles of good governance to ensure the continuity of Africa's growth trajectory, and highlighted the eradication of poverty, radicalization and extremism, sustainable and inclusive growth and state fragility as the continent's challenges. The EU-Africa Summit endorsed the Road Map and agreed to hold its next Summit in 2017 in Africa.

.....and the special session on migration and mobility

The EU-Africa Summit also held a special session on migration and mobility and issued a separate declaration that encompassed the views of the two continents on the issues. The session heard the views of Africa's Regional Economic Communities and Ethiopia's Prime Minister Hailemariam Desalegn made a statement in his capacity as the current chair of IGAD, the sub-regional body for the Horn of Africa.

The Prime Minister noted that managing migration was a common concern of both continents that demanded a commonly agreed solution. He said the assumption that migration was a problem that needed to be avoided was a faulty view based on the assumption that people left their homes to escape from poverty. However, he said, we have now all begun to realize "the important role migrants can and do play as partners in the development process of the countries of their origin, transit and destination. Indeed, migrants contribute to development through their labor and skills, remittances, trade, investment, networks and knowledge sharing." He further noted that as the leaders of the two continents had affirmed at the 3rd EU-Africa Summit in Tripoli, development and migration were intertwined, and this called for a joint approach.

Prime Minister Hailemariam emphasized that "migration should be addressed in a coherent, comprehensive and balanced manner, integrating development with due regard to social, economic and environmental dimensions as well as respecting human rights." Highlighting the positive impact of mobility in global development, he stressed the imperatives to put in place institutional frameworks that safeguard the right of migrant workers. He noted the need to protect migrants from all forms of discrimination, xenophobia and stereotyping. He underlined the critical link between employment and migration and emphasized the value of regularizing migration which, he said, could provide a catalyst for development. This he said could be achieved "by offering more decent job opportunities, facilitating free movement between Africa and Europe, and strengthening the management of legal migration and refugee flows." The Prime Minister concluded his statement by calling for an open and frank dialogue on the subject to build mutual trust among the leaders of both continents.

Following the discussions, the Summit issued a **Declaration on Migration and Mobility**, which acknowledged that migration and mobility benefited the origin, transit and destination countries, and stressed that a comprehensive approach to the issues was a powerful vehicle for boosting sustainable economic, social and environmental development for these countries as well as for the migrants themselves. They agreed they had a common goal in maximizing the development impact of migration and mobility, and in improving migration governance and cooperation in countries of origin, transit and destination and in promoting the role of migrants as agents of innovation and development. In fighting illegal migration both parties agreed to address root causes through such steps as creating employment for youths at regional level. They agreed further efforts should be made to better organize legal migration and foster well-managed mobility as well as encourage policies that facilitated labor migration, including at the regional level. The leaders expressed deep concern over the negative impact of irregular migration and the loss of life caused by it. They committed themselves to effectively tackle irregular migration and adopt a comprehensive approach to migration management, within the context of observance of human rights and human dignity. They condemned human trafficking as modern day slavery and an infringement of human rights. The declaration also underscored the importance of prosecuting smugglers and traffickers and dismantling their networks.

The Declaration reiterated the common commitment to fight all forms of discrimination, racism and xenophobia, and all acts of intolerance on both continents, and to ensure that the human rights of migrants, including those of the Diaspora and victims of trafficking, were fully respected on both continents. It stressed that fully enforcing the international legal instruments on international protection was an urgent need that

should be promoted and placed at the centre of Africa-EU cooperation. The Declaration said “We commit to ensuring that the importance of well-managed migration and mobility as drivers of inclusive growth and sustainable development will be adequately reflected in the post-2015 development agenda. We commit to undertaking concrete actions to respond to challenges of migration and mobility at the appropriate level in a spirit of partnership, shared responsibility and cooperation.”

In order to do this, the Declaration decided to undertake to upscale efforts in combating trafficking in human beings, notably by strengthening partnership and cooperation in prevention, protection and prosecution as well as fighting against those taking advantage of all forms of exploitation both in Europe and in Africa. It agreed on an **Action Plan for 2014-2017** to focus on combating trafficking in human beings, notably by strengthening partnership and cooperation on prevention, protection and prosecution as well as fighting against those taking advantage of all forms of exploitation, both in Europe and in Africa. This also committed the Summit to fighting irregular migration, through promotion of comprehensive and efficient cooperation, to avoid the dramatic consequences of irregular migration and to safeguard the lives of migrants, through strengthened migration and border management, fighting against smuggling of migrants and addressing the root causes of irregular migration. The nexus between migration and development should be reinforced by including stepping up efforts to reduce the cost of remittances, consolidating the African Institute for Remittances and strengthening policy frameworks for enhancing Diaspora engagement.

The Action Plan also agreed to advance legal migration and mobility, by organizing this better and fostering well-managed mobility between and within the continents. It agreed to strengthen international protection through the implementation of international and regional instruments for the protection of refugees, asylum seekers and internally displaced persons, and recalled that respect of the fundamental human rights of migrants, irrespective of their legal status, constituted “a cross-cutting issue of our cooperation”.

The third annual progress report of the Growth and Transformation Plan

It is now almost commonplace to hear about Ethiopia’s significant achievements in economic growth and poverty reduction. Growth in the last ten or so years has averaged ten percent or more, mainly through extensive improvements to agricultural productivity and the construction of basic infrastructure. What sets the Ethiopian experience apart from similar fast-growing economies around the world has been the unparalleled policy focus on pro-poor development and the gearing of the large part of public expenditure towards the provision of basic services and investment that aims to decrease the economic vulnerability of hitherto marginalized sections of society. The five-year **Growth and Transformation Plan (GTP)**, now in its fourth year of implementation, was drafted precisely to retain, consolidate and expand the hugely positive, if still small, gains achieved and lay the foundations for an industrial base. The overall conclusion of the 2012/2013 Annual Progress Report of the Plan, assessing its third year activities, is that there had been strong performance but further action was needed in some areas.

Referring to key economic indicators, the economy continued its impressive growth, maintaining a robust GDP growth rate at 9.7 % making it “rapid, broad-based and well above the average growth rate of about 5% registered by Sub-Saharan African countries for the same period.” The sector specific breakdown of the gross growth rate also showed significant improvements with industry registering a remarkable 18.5% growth rate, while agriculture and services grew at 7.1% and 9.9% respectively. However, while the real GDP growth for the 2012/2013 budget year was one of the fastest rates in the world, the Government did also note that it had fallen short of 11.3% which had been targeted.

In line with the GTP’s intended goal of maintaining the sustained growth of the agricultural sector and boosting productivity as the major tool for poverty reduction and food security, the sector showed notable improvements in the year under review. According to the report “crop production which accounted for about 30% of GDP was the single most important source of the rapid economic growth registered over the last three years.” The same period also saw a 7% value added increase in agriculture. The agricultural sector is the major source for livelihood and employment generation, so improvements both in bulk and productivity are indispensable for the goal of poverty reduction.

During the year, the GTP registered a notable increase in administration of public finance in several areas. While gross expenditure for the year 2012/2013 was 153.9 billion birr, the total government revenue amounted to 137.2 billion birr. These figures underline the fast growth of the economy, but more importantly, they also demonstrate a striking improvement in the composition of government revenue. **Out of the total government revenue received for the year under review, 91%, amounting to some 124**

billion birr, was sourced from the domestic economy. Out of this, tax revenue accounted for an impressive 107 billion birr, covering 78% of total government revenue. The report underlines that this shows the government's increasing trend of relying on **"domestic sources particularly tax revenue for its budget, which are more reliable sources and give the government more leverage to advance its policy priorities."** Equally, the report also pointed to the comparatively low level of tax revenue when seen in terms of "the tax generating capacity of the economy, the financing requirements of the country's development programs and the average performances of Sub-Saharan African countries."

One of the pillars of the GTP, transforming the structure of the economy from its agrarian base to an industrial one, has also shown some success. The industry sector's share of GDP came to 12.4% in 2012/2013, showing a slow if steady increase from the 10.3% share it had in 2009/2010. In the same period, the share of the service sector grew from 44.1% to 45.2%, while agriculture decreased to 42.9% from its relatively high level of 46.5% earlier. The report's statement on structural transformation echoed previous similar assessments: that, while the progress of industrialization has been encouraging, "the process needs to be accelerated to bring about a significant shift in the structure of the economy."

The GTP's focus on building a manufacturing base, largely targeting development of micro and small-scale enterprises, has had a significant success in terms of generating employment. More than two million jobs were created in 2012/2013 alone. Apart from micro and small enterprises, private sector involvement in medium and large-scale manufacturing development was also expected to expand during the GTP period. The manufacturing sector's contribution to total export value, at 281.1 million USD, although showing improvement failed to achieve its targets. To shore up the nascent industry sector, the government has been implementing measures expected to increase private sector participation in the sector and improve competitiveness. The report notes: "to address one of the critical constraints of the private sector, the government has invested significantly in developing industrial zones," setting aside more than 3,500 hectares of land in different cities to establish industrial parks.

Closely related to private sector development and investment in manufacturing is the issue of savings. These improved on the GTP target. With 15% of GDP set as the target for domestic savings for the year under review, the government took significant measures to increase the level. As a higher rate of saving is essential to boost investment, a high degree of importance was attached to the task of increasing domestic savings, and these efforts have more than tripled, from 5.2% of GDP in 2009/2010 to 17.7% in 2012/2013. The rate of domestic investment, which to a certain extent mirrors rates of domestic savings, also showed a significant increase from 24.7% in 2009/2010 to 33% in 2012/2013. This, the report says "is relatively high compared to countries at similar stage of development with Ethiopia."

The well-known achievements in infrastructure development, particularly in the transport and energy sectors, continued strongly in the last budget year. The construction of the national railway grid and the Addis Ababa Light Rail Transit Line, projected to significantly improve the nation's transport and logistics, were sustained in 2012/2013. The construction of the Grand Ethiopian Renaissance Dam and the Gilgel Gibe-III progressed in the year under review, with close to 24% (that currently has reached 32%) and 76% completion respectively at the year end. Electricity coverage reached 53.5% up from the low level of 41% in 2009/2010. In order to sustain the huge leap forward in infrastructure, the government has worked on "consolidating the domestic capacity development programs of project planning and management, construction and manufacturing industries."

The report makes it clear that overall, Ethiopia's economy certainly continues to grow at a fast and sustained rate. However, what the government set out to achieve from the start was not just a fast growth rate but a broad-based economic transformation with substantial reductions in the incidence of poverty and significant improvements in human development. The best demonstration of the Government's commitment to this is that **pro-poor spending has accounted for almost 70% of government expenditure during the GTP period to date.** The deliberate focus of policy on pro-poor strategies is paying off: Ethiopia is now one of the handful countries on course to meet almost all the Millennium Development Goals.