

A Week in the Horn

21st March 2014

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News in Brief

African Union

The Deputy Chairperson of the AU Commission, Erastus Mwencha, met with the Minister of Economy of the United Arab Emirates, Sultan Bin Saeed Al Mansouri, on Wednesday (March 19). Sultan Mansouri was heading a delegation of 50 businessmen aiming to reinforce UAE economic relations with Africa.

Ethiopia

The first Ethiopia-United Arab Emirates Business Forum was held Tuesday (March 18) in Addis Ababa. It was attended by UAE Economy Minister, Sultan bin Saeed Al Mansouri, who was heading a Trade Mission to Ethiopia and by Ethiopia's Industry Minister, Ahmed Abitew. (See article)

The National Coordination Office of the Grand Ethiopian Renaissance Dam (GERD) has announced that two of the 16 turbines at the Dam will start to generate 375mw each within 18 months. The Office also said the sale of bonds to domestic investors had risen to over 7 billion birr. (See article)

The Extractive Industries Transparency Initiative (EITI), a global coalition of governments, companies and civil society, has approved the candidacy of Ethiopia for membership after a meeting in Norway (March 18-19). Ethiopia now has a three-year period in which to comply with the Extractive Industries Transparency Initiative Standard. The Minister in Charge of the Government Communications Affairs Office, Redwan Hussein, said Ethiopia was striving proactively to achieve a waste-free, transparent and corruption free industrial system in line with its pro-poor development approach, and to join international efforts to fight corruption in the energy and mining industries.

The Ethiopian government and the World Bank have agreed on a loan of US\$320 million to support road construction. The loan will be used to upgrade the 258 km. road between Nekempte and Bure, an important link between the Oromia and Amhara Regional States.

Ethiopia's Ambassador to Egypt, Ambassador Mohamoud Dirir, has underlined the importance of constructive dialogue as "the only alternative in order to maximize the benefits, which our peoples and the region can reap from the Ethiopian Grand Renaissance Dam." (See article)

The Ethiopian Ambassador to South Africa, Ambassador Mulugeta Kelil, has presented his credentials to the South African President, Jacob Zuma.

Ambassador Dina Mufti, Spokesperson of the Ministry of Foreign Affairs, briefed local journalists on Wednesday (March 19) on the official visit of President Kenyatta, which he said had helped Ethiopia and Kenya deepen and strengthen their bilateral ties. He also detailed the results of last week's IGAD Summit and the status of the GERD Project.

The Chinese train manufacturer, CNR Corporation Limited (CNR) has signed an agreement with the Ethiopian government to provide 41 engines for use on the Addis Ababa light railway now under construction.

Djibouti

President Ismail Omar Guelleh received a delegation from Spain on Sunday (March 16) headed by Spanish Defense Minister, Pedro Morenes. Discussions covered bilateral relations and regional security issues. Also present were the Minister of Defense, Hassan Darar Houffaneh; the Chief of Staff, Zakariah Cheikh Ibrahim, and the Minister of Foreign Affairs, Mahmoud Ali Youssouf.

President Ismail Omar Guelleh received the bodies of the six Djiboutian soldiers killed at Buulo Burte in Somalia at Djibouti airport. The president who sent condolences to the families, relatives and friends, said the soldiers were heroes who had died in the service of their country. He said Djibouti would continue giving support and strengthen the fight against Al-Shabaab. Djiboutian troops, he said, would not withdraw from Somalia until peace and stability was achieved.

Djibouti's Chief of Defense Staff, General Zakariah, visiting Mogadishu, has reaffirmed Djibouti's continued commitment to peace and stability in Somalia. He said the death of six Djibouti soldiers in a suicide attack in Buulo-Burto would not deter Djibouti's resolve.

The Special Representative of the Chairperson of the African Union Commission for Somalia, Ambassador Mahamat Saleh Annadif, paid tribute to the role played by Djiboutian troops serving under AMISOM. Ambassador Annadif and Djibouti's Chief of Staff, General Zakariah held talks in Mogadishu on Wednesday (March 19).

Eritrea

The Governments of the Sudan and of Eritrea are to construct a 340Km, 220 KV double circuit power transmission line from Sudan to Eritrea. The project will [link] the Sudanese town of Kassela with the Eritrean towns of Tesseney, Barentu, Agordet, Keren and, when feasible, to Asmara.

The reports that Eritrea has been supplying arms to the SPLM/A-in-Opposition in South Sudan have been denied by the government.

Kenya

Deputy President William Ruto reaffirmed over the weekend the Kenyan Government's commitment to the success of devolution, describing it as the best strategy for improving the economy and addressing imbalances in development. The Deputy President said an additional Sh40 billion will be devolved to the counties increasing the amount available from Kn Sh190 billion to Sh228 billion.

Police in Mombasa on Tuesday (March 18) arrested a third terror suspect and recovered more weapons from the explosives-laden vehicle that was seized earlier. Sources in Kenya reported that Al-Shabaab had been planning to bomb strategic buildings in Mombasa.

Somalia

President Hassan Sheikh Mohamud has called on Somalia's international partners to assist in humanitarian operations and in stabilization plans for the areas recently liberated from Al-Shabaab. With seven key towns taken from Al-Shabaab over the last two weeks, the Government has begun to set up local administrations and supply food. (See article)

The Minister of Defense, Mohamed Sheikh Hassan Hamud, and the Interior Minister, Abdullahi Godah Barr, on Monday (March 17) visited Hudur, the capital of Bakool region, one of eight towns recently liberated from Al-Shabaab, to assess the needs of the people and the area and the roll out of government stabilisation plans.

The United States' State Department on Friday (March 14) offered bounties of up to US\$3 million each for three senior members of Al-Shabaab. They were named as Abdikadir Mohamed Abdikadir, who the State Department said coordinates Al-Shabaab's recruitment in Kenya, along with his deputy Jafar. The third name is Yasin Kilwe, described as Al-Shabaab's leader in Somalia's Puntland state.

Nicholas Kay, the Special Representative of the UN Secretary-General and head of the UN Somali Office, congratulated the joint forces of the Somali National Army and the African Union Mission in Somalia for their recent successful operations and commended their commitment and determination. He said the UN was committed to assisting the ongoing joint operations. (See article)

Over the weekend, Somaliland President Ahmed Silanyo visited Las Qorey, a port in the Sanaag region claimed by Puntland. Puntland Information Minister Abdiweli Hirsi Abdulle called the visit "provocative", and claimed Somaliland was fomenting insecurity and armed confrontations in peaceful areas.

South Sudan

The United States, Britain, Norway and the European Union on Wednesday (March 19) issued a joint statement warning that if the South Sudan Government or any other actor tried to undermine the peace process and rebuff the IGAD heads of state, they would face consequences including targeted sanctions.

Leaders of four South Sudan opposition political parties (the South Sudan United Democratic Alliance; the National Revolutionary Democratic Party/Front (NRDP/F), the Revolutionary Alliance for South Sudan (RASS) and the South Sudan Republican Party (SSRP) have said all parties should be included in the talks to resolve the problems of South Sudan.

South Sudan's cabinet on Friday (March 14) approved the deployment of regional forces of IGAD member countries. Last week's IGAD Summit approved the deployment of a Protection Deterrent Force in South Sudan to protect the oil fields. Burundi, Kenya, Djibouti, Ethiopia and Rwanda have all offered to contribute troops.

General Katumba Wamala, Uganda's Chief of Defense Forces, says that Uganda is ready to withdraw its troops from neighboring South Sudan once the regional stabilization force proposed by IGAD is deployed. The timing would, however, depend upon when the Force comes into effect as it was important to avoid any vacuum.

South Sudan president Salva Kiir has increased the size of his cabinet less than a year after cutting the numbers. According to a statement broadcast on Monday (March 17) the President has reinstated some ministries and departments. The number of cabinet numbers has been increased from 31 to around 57.

Sudan

President Omer Al-Bashir held talks in Khartoum on Wednesday (March 19) with South Sudan's Defense Minister, Kuol Manyang Juuk, who had brought a message from South Sudan's President Salva Kiir on security. Sudan's Defense Minister, Abdel-Rahim Mohamed Hussein, said the Government of Sudan supported the legitimate Government in Juba.

The UN Security Council issued a statement on Monday (March 17) expressing grave concern about the security and humanitarian situation in the Abyei Area, and condemning recent clashes between armed elements. It demanded immediate withdrawal of all South Sudan military and police and Sudan oil police from Abyei; and called for the urgent establishment of the Abyei Area Administration and Council.

The head of the Egyptian border guard, Major-General Ahmed Ibrahim arrived in Khartoum on Monday (March 17) for a visit to discuss deployment of joint forces on the borders of Egypt and the Sudan. A joint committee to discuss this issue held its first formal meeting on Monday (March 17).

The African Development Bank, following an ADB executive directors' meeting with President Omer Al-Bashir and Finance Minister, Badr al-Deen Mahmoud, on Sunday (March 16), said it wants to support

economic stability in Sudan through strengthening coordination and cooperation with the Government to finance development projects.

A Trade Mission from the United Arab Emirates visits Ethiopia

A United Arab Emirates' Trade Mission headed by Sultan bin Saeed Al Mansouri, Minister of Economy for the United Arab Emirates (UAE), paid a three-day visit to Ethiopia this week (March 17-19). The Trade Mission was intended to develop trade and investment ties between the UAE and Ethiopia, as well as create a platform on which to build businesses and to identify potential areas of investment and engagement. As part of the Trade Mission, an Ethio-UAE Business Forum was held, bringing together representatives of more than 20 businesses from the UAE and of over 80 Ethiopian businesses.

During the past decade Ethiopia and the Emirates have witnessed a progressively stronger bilateral relationship in political, diplomatic and economic areas. Trade volume, for example, has increased from around US\$70 million to more than US\$900 million, a tenfold increase in the last ten years. At the same time, considering the economic growth registered in Ethiopia in recent years, as well as the growing appeal of the UAE as a regional commercial hub, the respective geographic locations and proximity of the two countries and the cultural and historic ties between Ethiopia and the Arab world, the level of economic engagement existing between Ethiopia and the UAE still leaves a lot to be desired.

The strong political commitments of both countries and the significant economic benefits that further cooperation promises led to a concerted effort by the two governments to strengthen their bilateral relations. This has manifested itself in a series of high-level meetings between the two governments and a number of business delegations visiting Ethiopia over the past few years, with the aim of laying the groundwork for the establishment of a stronger and more robust trade and investment relationship. The visit of the UAE's Foreign Minister in May 2009 led to the opening of the Emirates' first embassy in Ethiopia a year later in June 2010. This was followed by the opening of Dubai Chamber of Commerce and Industry's International Representative Office in Addis Ababa in May 2013, and by the opening of an Ethiopian Embassy in Abu Dhabi earlier this year. All this, and the Business Forum this week, are the result of the strong desire and commitment of both countries to take their relationship to a higher and more balanced level.

In a keynote address at the opening of the Business Forum, Ethiopia's Minister of Industry, Ahmed Abtew, said that Ethiopia's industrialization strategy and the continuing major investment emphasis on infrastructure were intended to transform the country's economic structure from an agrarian-based economy **to one that was underpinned by light manufacturing industries**. The Minister pointed out the lucrative investment opportunities that were now available to Emirate businesses in the areas of food processing, textiles and apparel, leather and leather products, chemicals and pharmaceuticals and light industrial manufacturing in construction materials and products. He explained that the Government had identified these areas as priority sectors for investment and development and was ready to extend full support to any investments in these areas. The Minister also noted that Ethiopia's stability, its political commitment to economic development and its low tolerance of corruption made it an ideal and very attractive destination for foreign investment. He added that the Government's efforts to finalize development of industrial zones to enhance the efficiency of services and the competitiveness of Ethiopia's industries in global markets would add significantly to the potential returns of investment in Ethiopia.

Sharing the views of Minister Ahmed, Sultan bin Saeed Al Mansouri said, in his address to the Business Forum, that a strong economic partnership between the UAE and Ethiopia could be very attractive and beneficial for all parties involved. He said the historic relationship of the UAE and the Arab world with Ethiopia should be regarded as very important and that all sides needed to do more to improve and expand the relationship. Making the case for more trade and investment relationship, Sultan Al Mansouri said that Ethiopia's recent economic growth and expansion, its huge population and large market potential and its strategic location combined to make it an ideal partner in trade and investment. Referring to the food sector as an example, Sultan Al Mansouri said Ethiopia's huge potential in food production and food processing offered great opportunities in terms of investment and trade particularly since the UAE imports 80% to 85% of its food requirements and, as he noted, Ethiopia's food exports to the UAE have been increasing steadily. The Business Forum demonstrated that Ethiopia's potential in this

regard, however, went far beyond serving the Middle East market with the opportunity to expand into European and other sizable markets as Ethiopia enjoys a number of quota-free and duty-free privileges offering further access to a number of other export markets.

Accessing export markets through investment in Ethiopia and the Ethiopian government's ongoing efforts to facilitate opportunities for foreign investors was also the topic of discussion at a bilateral meeting between the two Ministers on the side-lines of the Business Forum. The two Ministers agreed on the importance of close cooperation to identify possible areas of investment engagement. Minister Ahmed briefed the Emirati delegation on Ethiopia's economic and development policy and emphasized that infrastructure development and export promotion were major elements in the Government's plan to effect wide-ranging transformation of the economy.

Minister Ahmed said the Government strongly believed in the need for the state's engagement in areas in which the private sector could not play an effective or meaningful role. However, he added, the Government is also working towards building up the capacity of the private sector and the infrastructure needed for more private sector engagement and for foreign investment. Indeed, the Minister said the Government is now finalizing its preparations to provide a one-stop service to foreign investors to enable speedy and efficient provision of all the services needed to facilitate investment projects.

The UAE's Minister of Economy praised Ethiopia's recent economic achievements and said that Ethiopia was now significantly different from the way it had been more than a decade earlier. He said the Trade Mission would help in advertising and promoting the positive changes and the attractive investment opportunities now present in Ethiopia. He said the two countries should now work to lay a strong foundation for economic cooperation in key sectors and move towards establishing a strategic partnership in all the necessary and relevant areas. Sultan Al Mansouri also expressed his admiration for the Government's focus on economic development and said that the priority sectors identified by the government were excellent areas for cooperation.

In order to consolidate their encouraging achievements and the commendably impressive start of cooperation between them, the Governments of Ethiopia and the UAE, in March last year, signed a Memorandum of Understanding to establish a Joint Committee for Cooperation. This aimed to constitute a formal framework for any future agreements in political, economic, commercial, technological, educational, labor and security areas. Since then, negotiations have already been initiated for an agreement on Avoidance of Double Taxation in order to encourage bilateral trade and investment and this is expected to be finalized in the near future. The first round of negotiations on the details of a possible bilateral Agreement on the Protection and Promotion of Investment took place in Addis Ababa at the end of 2010 and this is also expected to be finalized soon.

The visit of the United Arab Emirates' Trade Mission to Ethiopia presented a valuable opportunity for businesses and the respective Chambers of Commerce of both countries to seek ways of collaboration and cooperation and identify possible areas of engagement. It also demonstrated once again the potential of Ethiopia's expanding economy and the ever increasing attention the country is receiving as a choice of destination for foreign investors. Indeed, with huge economic potential and the Government's adoption of safe and sound economic management and generous provision of incentives and support to investments and investors, Ethiopia is rapidly becoming one of the world's more attractive investment destinations.

Military successes in Somalia and stabilization plans for liberated areas

Somalia's National Security Council met on Tuesday (March 18). The meeting, chaired by President Hassan Sheikh Mohamud, was attended by Prime Minister Abdiweli Sheikh Ahmed; Minister of Defence, Mohamed Sheikh Hassan; Interior Minister, Abdullahi Godah Barre; Minister of Foreign Affairs, Abdirahman Duale Beyley; the Army Chief of Staff, General Elmi; and the Chief of Police, General Sayed. The meeting discussed both the on-going military operations against Al-Shabaab and the government stabilisation plans for the liberated areas. The previous day, a number of ministers including the Ministers of Defense and Interior had visited the town of Hudur, the capital of Bakool region, to assess humanitarian needs and facilitate the campaign to deliver food aid and other urgent basic needs.

Speaking after the meeting, Prime Minister Abdiweli Sheikh Ahmed said he wanted "to thank and praise the bravery of the Somali National Army and our AMISOM brothers in their successful fight against Al-Shabaab." He also paid tribute and sent condolences to those injured and killed in the suicide attack on Monday night in the recently liberated town of Buulo Burte. Ten Somali and six Djibouti troops were

killed in the suicide car bomb attack in the middle of the night and in subsequent shooting, and others [were] injured. The Prime Minister said this was a reminder that despite the recent achievements “we can never rest until Al-Shabaab is eradicated from Somalia”, adding “we will not cease our operations till all of Somalia and all Somalis are free from the horror and oppression of Al-Shabaab.”

The Prime Minister said firmly “We are winning the war and now is the time for Al-Shabaab to renounce violence.” He explained that the Council had discussed the stabilization and urgent requirements of liberated towns, pointing out there was a critical need for food aid to be delivered to those affected by the fighting, as many businesses had been destroyed and traders forced out by Al-Shabaab activity. He said the Government has started food convoys to deliver aid to the most vulnerable people, but it did not have the capacity to support all those in need. It was therefore appealing to the international community for assistance to provide food aid.

The next day, President Hassan Sheikh Mohamud met with Somalia's international partners and reiterated the need for immediate humanitarian assistance for communities in newly liberated areas previously devastated by Al-Shabaab. The meeting was attended by the UN, AU, EU, UK, Swedish and Norwegian ambassadors and the President said “We must show the people they are not alone; the people need to see help coming rapidly and they need to know that more is on its way.” The President praised the Turkish and UAE Red Crescent organizations for the aid being provided to communities in serious need. Updating international partners on Federal Government support to the ever-expanding newly liberated areas, he said that “government ministers have already visited newly liberated areas to assess the situation and establish short-term local community needs, and cabinet ministers have been allocated responsibility for different regions. Some will be deployed on a more permanent basis to assist local communities and administrations.” The President told the Ambassadors that the security architecture in Mogadishu had been strengthening by the recent establishment of the Joint Operations Centre, manned by AMISOM police and military, Somali National Army and Police and the National Intelligence and Security Agency.

The Special Representative of the UN Secretary General, Ambassador Nicholas Kay said UNSOM was providing US\$3m worth of support to the Ministry of Interior's stabilization program. He congratulated the Somali National Army and AMISOM for their recent military successes, describing these as “the most significant and geographically extensive operation since AMISOM began. We really think it's a turnaround for the country.” He said the UN and international partners had begun addressing humanitarian needs where access is possible and needs are assessed, adding that “Somalis living in areas now under Government control should quickly receive what they need: better security and justice, services such as health and education and a decent livelihood” SRSG Kay noted. Ambassador Mahamat Saleh Annadif, Special Representative of the Chairperson of the African Union, briefed the President on the way AMISOM has been engaged in installing new water facilities as they and the SNA seize more ground from the retreating terrorists.

Two weeks ago Somali National Army (SNA) and African Union Mission in Somalia (AMISOM) forces launched a series of operations driving Al-Shabaab forces out of a number of towns in the Bakool and Gedo regions, as part of a renewed offensive. In a statement, AMISON declared that the SNA and AMISOM allied forces had captured strategic Al-Shabaab bases in Bakool including Rabdhure, Ted, and Hudur, the regional capital of Bakool region. The joint forces then moved to secure Wajid and Buurdhubow in the Gedo region and subsequently Wel Dheyn town in Bakool region. This week, the town of Buulo Burte in Middle Shebelle was taken over. Ambassador Mahamat Saleh Annadif, the African Union Special Representative for Somalia and Head of AMISOM, said that the SNA and AMISOM would continue to further collaborate and coordinate their efforts to get rid of Al-Shabaab from all its strongholds across the nation. He expressed his gratitude to the populations of the newly liberated towns for their sustained commitment in assisting the allied forces to push Al-Shabaab away from these strategic points. He urged youths who had been forced to join Al-Shabaab to lay down their arms and reintegrate in their communities.

At a meeting held on Monday (March, 10), President Hassan Sheikh Mohamud told local governors and administrators that the continuing joint military operations against Al-Shabaab would support local community efforts “to own their future and be captains of their destiny.” The President said the allied forces would continue to drive out Al-Shabaab from all the main strategic areas. He also said the Government was committed to providing basic public services, security, good governance, and peace, adding that local populations and communities must be encouraged in their peace building efforts to

rebuild a united and stable Somalia. Local administrators and governors, he said, must empower people in the newly regained areas to participate in the process of building the nation and offer them humanitarian assistance and basic public services. He told the local governors that the Government was dedicated to reviewing the constitution, putting federalism into effect, and strengthening efforts to build democracy, as well as encouraging good governance. National elections would be held by 2016, he said. The meeting was attended by the governors of five regions: Hussein Ali Weheliye of Galgadud, Abdi Adam Hosow of Bay, Abdi Jinow Alasow of Middle Shebelle, Hassan Mohammed Hussein of Banadir, and Abdulkadir Mohammed Nur of Lower Shebelle.

The Special Representative of the Secretary-General and Head of the UN Assistance Mission in Somalia (UNSO), Nicholas Kay, also briefed the UN Security Council on Somalia on Tuesday last week (March 11) via video conference from Mogadishu. He gave the Security Council details of the new military campaign launched against Al-Shabaab, noting that the SNA and AMISOM would be continuing military operations across a large area of the country. He mentioned the significant contributions made by the UN, with the UN Support Office providing food, fuel and water to AMISOM in advance of its operations and the training it had offered in human rights, international humanitarian and refugee law to SNA forces. He underlined that the peace-building and state-building efforts, along with the pivotal significance of the security situation, would be crucial to the establishment and consolidation of a unified, stable and federal Somalia that could promote peace and security in the country, the Horn of Africa and beyond. He said the Federal Government was now finalizing a detailed plan and a timetable for the process for the formation of Federal States, a final Constitution and for democratization by 2016. He also welcomed the positive strides made in Jubaland and Puntland towards cooperation and partnership, but suggested that the formation of the Federal States needed to be hastened.

Mr Kay said the current increasing military operations against Al-Shabaab would create a conducive environment for people to focus on rebuilding the nation and on development, as well as equipping them with an opportunity to maintain the country's stability. It would also be an appropriate time for the Government to pursue national reconciliation, strengthen the security institutions and set up government structures as well as work to stabilize the areas taken from Al-Shabaab. Mr Kay described the country's humanitarian crisis as one of the world's largest and most complex, with an estimated 2.9 million people needing immediate support over the next six months. He said conditions in Somalia were not yet ready for any large-scale return of refugees from Kenya, despite the signing of the tripartite agreement by Kenya, Somalia and the UNHCR for voluntary repatriation. He also expressed concern over humanitarian problems and over the new immigration policy of Saudi Arabia, which had led to 22,000 Somalis being forced to return home. He added that a further 33,000 Somali nationals were expected to follow. This massive influx of Somalis would, he said, escalate the difficulty of dealing with internally displaced people.

Equally, Mr Kay warned that insecurity in Mogadishu still presented potential threats both to the Government and to international partners. He recalled the three suicide attacks that had occurred last month, against a United Nations convoy, against the presidential compound, Villa Somalia, and a third near the headquarters of the national intelligence service. Nevertheless there had certainly been progress and he believed 2014 would be a decisive year, marked by security and political challenges. These challenges could however be brought under control if the Government and international partners continued their cooperation and partnership to push forward stabilization and peace building efforts. National reconciliation, federalism, the conclusion of the constitutional process and the rebuilding of security institutions, he said, remained of critical importance.

Ethiopia's Economic Transformation

The African Centre for Economic Transformation, in partnership with the Mapungubwe Institute for Strategic Reflection, has launched its **2014 African Transformation Report** in Johannesburg, South Africa. The launch was attended by members of the private sector, donor institutions, representatives of state departments from across Africa and members of the diplomatic corps.

The theme of this year's report was "Transforming African economies through growth with depth", and the report notes that many African economies are growing faster than they have at any point over the last 40 years. Six of the world's ten fastest growing countries in the 2000s were in Sub-Saharan Africa, namely Angola, Nigeria, Ethiopia, Chad, Mozambique and Rwanda. Behind this growth is the implementation of better economic policies, the end of the decades-long debt crisis, high commodity prices and rising levels

of discovery and exports of oil, gas and minerals, as well as the beneficial impacts of new information and communication technologies.

The report's main premise is that African economies need more than growth. They also need growth with depth and diversification of production in order to make exports competitive, increase productivity of farms, firms and government offices and upgrade the technology they use throughout the economy. All of this should also be aimed at improving human well-being on the continent.

The report notes that the essential part of economic transformation is acquiring the capability to produce a widening array of goods and services and then choosing which ones to specialize in, basing the choice on relative international prices in order to take better advantage of market opportunities. It points out further that exports provide the opportunity to expand production, boost employment, reduce unit costs, and increase incomes. Exports also enable a country to better exploit its comparative advantages to generate higher incomes which help pay for the necessary investment in skills, capital, and technology that are needed to upgrade a country's comparative advantage over time. According to the report, the major element of Africa's population lives in rural areas and is mostly dependent on agriculture. Increasing agricultural productivity is therefore a powerful way to raise incomes. Rises in agricultural productivity therefore allows agriculture to release labor to industry, produce more food to moderate any increases in urban industrial wages, supply raw materials for processing in industries, increase exports to pay for transformation inputs, and enhance the domestic market for industrial products.

In regard to technological upgrading in an economy, the report considers that productivity gains can come from more efficient use of existing resources and technology to produce the same goods and services, but it points out rising productivity can be sustained only through new and improved technologies and increasing the ability to master more sophisticated economic activities. Furthermore, as the technology input increases in manufacturing, a transforming economy can produce goods that command higher prices on the international markets. The report also notes that improving human well-being involves many factors, including incomes, employment, poverty, inequality, health, and education, as well as peace, justice, security, and the environment.

In its synopsis of country case studies, the African Centre for Economic Transformation report acknowledged Ethiopia's impressive growth since 2000, which it categorizes as driven not by extraction of natural resource, but by a number of factors. These include government attention to economic transformation, a change in policy direction to welcome the private sector, support to agriculture and export promotion, rapid expansion in public investment that attracted private investment and capital inflows and debt relief. The report also points out that policy reforms carried out in the country included measures to reduce tariffs, eliminate export taxes, provide new investment incentives and improve global market access. These have encouraged restructuring in the textile industry and in light manufacturing, especially in leather and leather products. The report also notes that Ethiopia has made significant progress in export commodity diversification, adding horticultural and leather exports and this, in turn, improved its export competitiveness. With regard to the rises in overall productivity, the report indicated that one reason for this lies in the Government's emphasis on increasing use of fertilizer and of technology since 2000.

The report points out that the successes of the Government's five-year Growth and Transformation Plan (GTP) resulted from the country taking up more ownership of its poverty reduction strategy process. Ethiopia has been implementing the Plan since 2010 and it has achieved remarkable changes. The country has been recording robust and sustainable economic growth, driven by the service sector and by agriculture. Agriculture, with a share of about 46% of GDP, accounts for about 70% of export earnings, and its potential remains enormous. The Government is making considerable efforts to enhance agricultural production and productivity, with the use of modern technology, commercialization of agriculture and production of high-value crops, encouragement of micro-irrigation schemes and improved marketing and infrastructure. The plan also allows for Ethiopia to develop infrastructure and the rural road coverage program and this is progressing impressively, while city and rural water and telecom expansion projects, the construction of railroads and a number of hydro-power generating projects, including the Grand Ethiopian Renaissance Dam, are all going according to the planned schedule.

With regard to "improving human well-being" the Government's poverty-focused spending has revamped access to basic services. An impressive expansion has been achieved in health services, as evidenced in the steady decline in infant mortality and the progress in reducing the incidence of HIV/AIDS. This has

been the result of policies and strategies such as the National Task Force on HIV/AIDS. The Government aims to provide universal access to water supply by 2015, and significant progress has been made in the provision of both water and sanitation services. It has made noteworthy efforts to roll back malaria through dissemination of information and the provision and use of insecticide-treated nets. Overall, it has also shown strong commitment to the eradication of poverty as reflected in the high level of pro-poor public expenditure. The resultant improvement in basic services has translated into substantial gains in social indicators such as the rise in the rate of primary school enrolment. The proportion of people living below the poverty line has fallen steadily from 2010, and the Government's target is to reduce this to 22.2% by 2015.

The African Centre for Economic Transformation report states that Ethiopia's strategies to attract foreign investors have been fruitful and exemplary. It indicated that the success of this partnership has been largely due to government-focused efforts and different incentives offered to foreign investors, including tax holidays, cheap land for factory development and low-priced electricity for investors who set up in industrial zones. The report also notes the fact that Ethiopia had identified priority sectors according to the economy's potential advantages and had integrated various elements of a transformation strategy [that] had proved profitable.

The Heads of State and Government recently endorsed the African Union's transformation vision for 2063. That vision aims to address the structural transformation of Africa's output and trade, to strengthen Africa's infrastructure and human resources and to modernize Africa's science and technology sector. The launch of this report is very timely, recognizing as it does the imperative for a transformative shift in Africa, and defining many of the ways to achieve it.

The third anniversary of the launching of the Grand Ethiopian Renaissance Dam

Next week marks the third anniversary of the launching of the Grand Ethiopian Renaissance Dam (GERD) project. It is going to be celebrated with a number of events both at the site of construction and in different areas of the country. These include visits by Federal Government employees to the site of the Dam, an art exhibition at the National Museum, which was opened on Wednesday, different festivals and other activities. Construction of GERD, launched three years ago, is proceeding according to plan and is on schedule, not least because of the unprecedented popular and public support it has received. The GERD is a ground breaking project that reflects the resolve of both the Government and the people to utilize the bounties of the Nile water on the basis of the principle of equitable utilization.

Official statements from the GERD project office indicate that the construction of the GERD is being carried out under three major categories. The project work is divided into civil construction works, electro-mechanical work and transmission line installation. The civil work includes the construction of the main dam, which will be 145 meters in height with a reservoir of 1,680 sq kms and a holding capacity of 74 billion cubic meters of water. The civil works also include construction of the spillway and a saddle dam with a capacity of 17 billion cubic meters of water. The electro-mechanical works mainly cover construction of the ten powerhouses for the generators on the right of the Dam and the six others on the left side, each with a generating capacity of 375 mw. They also include the building of culverts for the second re-routing of the water. The transmission line works involve connecting the power into the national grid with a 500 KV power transmission line.

The civil works have made tremendous progress in the last three years. They have included massive excavation works, the installation of crushing facilities and housing for over 7,000 employees engaged in the construction of the Dam. They have now reached a point where the filling of roller compact concrete has started. The electro-mechanical works, being carried out by the local company, METEC, are also progressing well, as is the transmission line, the first of its kind in Ethiopia. Construction, mainly the excavation works for the main dam and for the massive filling of roller compact concrete needed, is going on round the clock. So far, some 30% of the construction work has been completed. The start of the filling of the roller compact concrete means that the third of the main stages of the project has now begun: the key steps of construction are the launching, rerouting, the roller compact concrete filling and completion.

In the past three years, one of the most notable factors of the project has been the outstanding mobilization and participation of Ethiopians living at home and abroad. The GERD is a project with all the weight of national pride, and millions of Ethiopians have shown their unreserved support. From the outset, the Government called on the public to provide political and financial support, and to assist in

natural conservation voluntary works and advocacy about the dam. Ethiopians, indeed, have given unprecedented political support in an exceptional manner to support construction of the Dam. They have demonstrated a resolute stand to defend their country's right to use the Nile waters in accordance with accepted norms of international law. Public financial support has been equally encouraging. The public has pledged 11.7 billion birr of which 7.1 billion birr has been collected so far. All this has given substantial impetus to the Government's efforts to assuage the fears of Egyptians and its efforts to highlight the real benefits of the project for Ethiopia and for the downstream countries.

The construction of the GERD has so far required a total of 27 billion birr and is on schedule and going according to plan. The Government is committed to completing the Dam within the planned time or indeed even earlier, if possible. It is clear the whole project and the Government's commitment is unwavering. The Government has successfully carried out major public mobilization efforts to support the GERD project. The fact that the Government made it clear from the start that the project was going to be fully financed by the people and the Government underlined their joint commitment. GERD is a project whose completion will succeed through the efforts of the people and of the Government.

The past three years have also seen growing support for the country's efforts to build and expand green energy through renewable and sustainable power generation. The report of the International Panel of Experts on the Dam, of course, confirmed Ethiopia's own studies that the Dam will have multiple benefits for downstream countries and that it will pose no significant harm to the lower riparian states has been welcomed and widely publicized. On the basis of this, Ethiopia's call to engage in dialogue, despite all the fiery rhetoric and even, at times, open threats of war, coming out of Egypt, has been noted and welcomed by the Ethiopian public and elsewhere in the region and internationally. One significant development over the last three years has been the decision of the Sudan to give its unconditional support to the project. Its donation of machinery was also a milestone in the development of the project. The desire to finish the Dam as planned is driven by the need to meet Ethiopia's growing energy demands and sustain its economic development. These were growing by 25% a year, but now the demand is rising by up 35% a year. Timely completion of the GERD has become even more important.

An Ethiopian cultural troupe in the Sudan

This week, the Ethiopian cultural troupe that had been touring in the Sudan, returned home from Khartoum. They had been staging performances in different parts of the Sudan for more than a week. The main objective of this musical and cultural tour had been to strengthen the already strong people-to-people ties between the two countries, and they admirably fulfilled their aims.

The Ethiopian cultural troupe's first performance took place on March 7 at Medani town, the capital of Al Gezira State in East Central Sudan. The cultural troupe received a warm welcome from the local authorities and the residents of the town. Indeed, they showed their strong fraternity with the Ethiopian cultural troupe by also organizing and staging a Sudanese cultural show performed by a Sudanese cultural music group. The tour continued throughout the week with performances at El Damazine in the south eastern part and at the town of Roseires. The troupe then moved to Khartoum where they staged a number of shows in different parts of the city starting with Omdurman. The people consistently demonstrated their friendly spirit and welcomed the performances, underlining the strength of the relationship between the two peoples.

At the first performance in Khartoum, senior Sudanese government officials from the Ministry of Culture in addition to thousands of people attended. On the occasion, Ethiopia's Ambassador to the Republic of the Sudan, Ambassador Abadi Zemu, welcomed both the government officials and the public generally to an event, which he said was organized with the specific intention to further strengthen people-to-people relations.

Ambassador Abadi stressed that Ethiopia and Sudan were now working together closely in political, economic and social matters, and said this had led to excellent results. He said that cooperation in all these areas would continue to be strengthened. Pointing out that more than eight hundred Sudanese investors had now acquired investment licenses to operate in Ethiopia, Ambassador Abadi said 15% of these were now operational. He also noted that the recently signed Strategic Agreement on the Economic, Trade and Technical Cooperation Framework, would, when implemented, take the bilateral relations between the two countries to a higher level.

Ambassador Abadi also spoke of the Great Ethiopian Renaissance Dam, noting that both Ethiopia and the Sudan recognized the benefits of the project and both were working together for its realization. He called on the Sudanese people to provide support for the timely completion of the dam and added that they could also buy bonds to support the project. He welcomed the visit of the cultural troupe and said this sort of activity was important and it was necessary to continue organizing such programs and events to encourage closer relations between the two countries and allow them to expand to a higher level.

Officials from the Sudan Ministry of Culture expressed their pleasure at attending the show and urged that similar events should continue to be organized by both sides. The presence of thousands of people at all the performances emphasized that the audiences were sending a message that they wanted to see the already strong relationship between the two peoples further strengthened. During the Khartoum performance the renowned Sudanese singer, Abdul al Aziz Mubarak, entertained the Sudanese and Ethiopian audience with Amharic songs.

The peoples of Ethiopia and Sudan are culturally and socially interrelated and the Ethiopian cultural troupe's performance in different parts of the Sudan underlined this close relationship as well as contributing to the strengthening of relations. Many who attended the shows described them as exemplary of the sort of people-to-people relations that could contribute to the overall development of the region. Ethiopia and Sudan have, over the last two decades, been working together steadily in a growing number of areas. They have been able to establish stronger ties than ever before, and these are set to expand even further in the future.