

*News in Brief*

*Eritrea demonstrates its intransigence yet again*

*IGAD-led South Sudan peace negotiations to continue*

*Ethiopia's Armed Forces Day Celebrations*

*An Ethio-Swedish Agro-Processing Workshop held in Addis Ababa*

*"The Role of Finance in Defeating Al-Shabaab"*

*News in Brief*

**Africa and the African Union**

The AU Commission and the League of Arab States met in Cairo on Monday (February 16) to discuss implementation of the Africa-Arab Joint Action Plan on Agricultural Development and Food Security and the organization of the 3rd Africa- Arab Ministerial Conference on Agricultural Development and Food Security in Africa scheduled to be held in Kampala later this year.

The project for "Improving Land Governance in the IGAD Region" was launched in Djibouti on Monday (February 16). The 6-year project aims to enhance the capacity of the Land Policy Initiative and IGAD to facilitate and monitor the implementation of the AU Declaration on Land in the Region, develop the capacity of regional academic institutions, promote good land governance and land policy among IGAD Member States; and improve partnerships and coordination in land governance programs in the region.

**Ethiopia**

The celebrations of the 40<sup>th</sup> anniversary of the Tigray Peoples' Liberation Front, held in Mekelle, the capital of the Tigray Regional State on Wednesday (February 18), were attended by President Dr. Mulatu Teshome and Prime Minister Hailemariam Desalegn as well as by President Omar Al-Bashir of Sudan, Paul Kagame of Rwanda and President Hassan Sheikh Mohamud of Somalia, Prime Minister Kamil Abdelkadir Mohamed of Djibouti, Prime Minister Ruhakana Rugunda of Uganda, and Dr. Nkosazana Dlamini-Zuma, Chairperson of the African Union Commission. Prime Minister Hailemariam, President Al-Bashir and senior government officials earlier laid wreaths at the cemetery at the Martyrs' Monument to honor those who died in the seventeen year struggle against the former military dictatorship

President Paul Kagame of Rwanda noted on Wednesday (February 18) that Ethiopia provided an exemplary model for Africa in employing African solutions for its own problems. He said Ethiopia had "maintained a principled commitment to self-reliance in all forms; economic, political and above all intellectual." The struggle to overthrow the military dictatorship had paid off giving Ethiopia the ability to experience a stable and increasingly prosperous economy.

President Hassan Sheikh Mohamed of Somalia held talks with Prime Minister Hailemariam this week, exchanging views on the role of Ethiopia in AMISOM and discussing bilateral relations.

He said “the role of Ethiopia in its state and nation building is a model for Africa, particularly for Somalia.”

Prime Minister Hailemariam on Wednesday (February 18) laid the foundation stone of the Mekelle-Hara Gebeya–Woldia railway project, which is expected link the North and North East of the country to the new port of Tadjourah port being constructed in Djibouti.

The Crown Princess of Denmark, Princess Mary, accompanying Denmark’s Trade and Development Minister, Mogens Jensen, made a three day visit to Ethiopia this week to look at progress in improving women’s and girls’ health and rights issues and ways of containing gender-based violence and female genital mutilation.

The Archbishop of Addis Ababa, Archbishop Berhaneyesus Demerew Souraphie, was among 20 senior members of the Roman Catholic Church, three from Africa, created Cardinals by Pope Francis, at a ceremony at the Vatican in Rome on Saturday (February 14).

State Minister Dewano Kedir met Egyptian investors who have an interest in the trade and transport sector on Thursday (February 19); and later met with the Mayor of Aurora City, Steven Hogan, to discuss twinning between the Aurora City in the US and Adama.

Ethiopia and Djibouti have agreed to establish a joint committee to enhance the port and customs services in order to speed up transportation of commodities to Ethiopia. The committee will be made up of experts drawn from the revenues and customs, transport, maritime and logistics services of both countries.

An agreement was signed between Ethiopia and Djibouti on Saturday last week (February 7) to start construction of a 550 kms oil pipeline between Djibouti and Awash. The project which will take three years to complete will lower fuel costs. Ethiopia imports benzene from Sudan for the domestic market but 80% of its total oil imports come through Djibouti.

The Norwegian company, Yara International, has announced that an independent feasibility study of its concession in the Afar Regional State has confirmed the potential for annual production of 600,000 metric tons sulfate of potash (SOP) over 23 years from the reserves in its concession. The potash will be exported through the port of Tadjourah in Djibouti.

Mayor Burkhard Jung, Mayor of Leipzig, twinned with Addis Ababa, said on Saturday (February 14) that he and his 110 strong delegation had a very successful three day visit to Addis Ababa last week. Mayor Diriba Kuma of Addis Ababa thanked Leipzig for its willingness to share experiences in housing development, road construction, education, health and technical and vocational education.

## **Djibouti**

The Chief of the Djibouti Defense Forces, Major General Zakaria Sheikh, visited Belet Weyne, capital of Somalia’s Hiiraan region, on Thursday (February 19) to see the work of the Djibouti troops serving with AMISOM.

## **Eritrea**

The United Nations Commission of Inquiry on Human Rights in Eritrea will visit Djibouti and Ethiopia between February 16 and 27, to hold meetings and collect testimonies and accounts of the human rights situation in Eritrea. The Commission is due to present a written report of its findings and recommendations to the Human Rights Council in June as well as report to the UN General Assembly in September.

Eritrea attended last week's Ministerial Meeting on Maritime Safety and Security held in the Seychelles (February 8-9). The meeting was attended by representatives of the UN, COMESA, the Indian Ocean Commission, and ECOWAS as well as of the UK and the US, France, Greece, Australia, India, Germany, Spain and United Arab Emirates.

## **Kenya**

Kenya is hosting the 16th Ordinary Summit of East African Community on Friday (February 20) attended by the leaders of Burundi, Kenya, Rwanda, Tanzania and Uganda. The Summit is expected to approve the initiation of a constitution-making process and a road map for the regional bloc political federation as well as discuss negotiations for the admission of South Sudan and verify the application of Somalia for membership in the EAC.

## **Somalia**

President Hassan Sheikh Mohamud returned to Mogadishu on Tuesday (February 17) after six days in Germany where he had been for medical check-up. He also had meetings with senior German officials during his visit.

Two Somali regional airlines, Daallo Airlines and Jubba Airways, on Thursday (February 19) launched the African Airways Alliance which will be owned equally by the two organizations. They will continue to use their Jubba and Daallo brands names. The new airline plans to increase the number of destinations from 13 to 21 and expects to start flights to Addis Ababa, Kampala and airports in Yemen as well as Europe.

## **South Sudan**

The IGAD-mediated talks between the warring parties are due to continue at the end of this week (February 20). This round is for the warring parties to agree on the outstanding issues for the formation of a Transitional Government of National Unity and power-sharing. The talks, following the signing of the agreement on "Areas of Agreement on the Establishment of the Transitional Government of National Unity (TGoNU) in the Republic of South Sudan" are expected to achieve finalization of a comprehensive peace agreement no later than March 5. **(See article)**

Dr. Dlamini-Zuma, Chairperson of the African Union Commission, on Monday (February 16) called on the Governments of Sudan and South Sudan "to make renewed efforts to establish the Abyei Police Service, and Abyei administrative bodies" in line with the framework of the 20

June 2011 agreement. She looked forward to the early convening of the Abyei Joint Oversight Committee and reaffirmed the AU commitment to the work of the AU High-Level Implementation Panel (AUHIP).

The Head of the UN Mission in South Sudan (UNMISS) said on Tuesday that United Nations peacekeepers must continue to provide critical protection for civilians in South Sudan. Ms. Ellen Margrethe Løj, who is also the Special Representative of the UN Secretary-General for South Sudan, commended the efforts of the Second Ethiopian Battalion and UN civilian and military staff in maintaining the UNMISS mandate to protect civilians, both inside the UN camps and outside.

The new Head of the United Nations Interim Security Force for Abyei (UNISFA), Haile Tilahun Gebremariam, said on Tuesday (February 17), that he would encourage dialogue to move forward the still unimplemented agreement between Sudan and South Sudan signed on 20 June 2011 providing for the establishment of a new administration, a joint police force and withdrawal of armed forces by both sides. He also said he would encourage the Abyei Joint Oversight Committee (AJOC) to resume discussions.

Information Minister, Michael Makuei Lueth, announced in Friday (February 13) that the Government would cancel the presidential elections scheduled for June 30 and extend the term of the government and parliament by two years, to July 9, 2017. **(See article)**

Three rival factions of the ruling party of the Sudan Peoples' Liberation Movement (SPLM), the SPLM-in-Government, SPLM-in-Opposition and the SPLM-former detainees, signed another roadmap agreement last week, providing a timeframe for implementation of the agreement on reunification of the party signed in Arusha on January 21.

## **Sudan**

President Omer Hassan al-Bashir of Sudan said on Wednesday (February 18) that Sudan was keen to lift existing bilateral relations, and most importantly its economic ties with Ethiopia, to a higher level. He said that Sudan was ready to enhance and diversify relations within the framework of their shared strategic vision, and turn the shared borders of Ethiopia and Sudan into an epicenter for comprehensive economic integration.

\*\*\*\*\*

## ***Eritrea demonstrates its intransigence yet again***

On Thursday last week (February 12), Eritrea's Ministry of Foreign Affairs issued a statement entitled "Ethiopia/Djibouti: A Communiqué Gone Astray". Referring to the Joint Communiqué issued at the end of the first High Level Joint Commission meeting between Djibouti and Ethiopia on February 9, the Eritrean statement claimed that Ethiopia and Djibouti had gone "out of their way to "condemn" Eritrea for its "continuous destabilization policy" and to "urge the international community to tighten sanctions imposed" on it". In their communiqué, President Ismail Omar Guelleh and Prime Minister Hailemariam had noted the continuation of Eritrea's

policy of destabilization in the region and its failure to show any change in behavior, and emphasized that the international community should tighten sanctions against Eritrea.

The Eritrean statement made no direct response to the accusation that Eritrea has been engaged in a policy of destabilization in the region, though it called the joint communiqué, issued after the recent visit of Prime Minister Hailemariam to Djibouti, an “unwarranted and calumnious act of hostility“. Instead, it repeated its usual accusation about Ethiopia’s “continued occupation of sovereign Eritrean territories,” claiming that this was “the singular and central cause of regional destabilization ...too palpable to merit emphasis.” The statement went on to claim Addis Ababa is immersed in “ a futile and transparent game of semantics”, bound on the one hand by the “final and binding ruling of the EEBC,” but qualifying this “hollow affirmation “and Ethiopia’s treaty obligations by it calls for “dialogue “ and its offers of “readiness to go to Asmara etc .”

The statement tells rather more about the Eritrean Government’s behavior and its intransigence than about any facts on the ground. Thirteen years after the decision of the Ethiopia Eritrea Boundary Commission, the Eritrean Government continues to use the border dispute as a pretext to stifle dissent and persist in the use of forced labor for indefinite period of time in the name of national service. It has crushed dissent, incarcerated political leaders for over 12 years without allowing them even a single day in a court. On the pretext of an imagined invasion by Ethiopia, President Isaias, de facto unelected president-for-life, has persistently held up any possibility of the implementation of the 1997 constitution, though he recently went a step further and declared it ‘dead’. Eritrea has seen an unprecedented mass exodus of its youth, some even risking crossing heavily mined border zones or the perils of the Mediterranean, to escape the extreme brutality of the Government. The ‘forced labor’ of endless national service conscription, repression and untold misery of Eritrea are perpetuated under the continuous pretext of an unresolved border issue with Ethiopia and the unwarranted claim of possible invasion from Ethiopia at any time.

As the Ethiopian government has repeatedly made clear, it is not in contravention of any legal treaties as far as its relations with Eritrea are concerned. The peace agreement between Ethiopia and Eritrea was signed by the Governments of Ethiopia and Eritrea on 12 December 2000 in Algiers. The Agreement allowed for the establishment of a 25 kms wide Temporary Security Zone within Eritrea to keep the two armies apart, the deployment of UN Mission to Eritrea and Ethiopia (UNMEE) to monitor the Zone and to provide security for the future delimitation and demarcation of the border. A Boundary Commission was mandated to carry this out on the basis of pertinent colonial treaties and applicable international law. The Commission delivered its Decisions on Delimitation of the Border between Eritrea and Ethiopia on 13 April, 2002. Ethiopia fully accepted the Commission’s Decision on Delimitation, but demarcation has yet to be carried out. Ethiopia put forward a five point peace plan (in November 2004) to provide a way to deal with the challenge of demarcation through dialogue with a view to normalize relations, allowing the other issues which were the real cause of the problems between the two countries to be discussed and resolved. Demarcation could then follow and allow for sustainable peace to be reached. Eritrea refused to accept the option of executing the Commission’s decisions through dialogue, despite the need to normalize relations. Eritrea’s intransigence, coupled with its deliberate and forced removal of UNMEE, a central element of the Algiers Agreement whose mandate was to provide security for the boundary demarcation, put the whole peace process into deadlock. Ethiopia’s five point plan still remains on the table. Ethiopia has repeatedly made it

clear that it is open to dialogue at any time to resolve all outstanding issues and normalize relations. Eritrea, however, had remained obdurate and has repeatedly refused to hold any discussions.

It should not be necessary to repeat that Ethiopia has fully accepted the Boundary Commission's Decisions on Delimitation. Contrary to Eritrea's assertions, Ethiopia's interest in dialogue is not over the Commission's decisions; it is to provide for normalization of relations, a central element in any border demarcation. Indeed, in the circumstances or any border dispute it is usual for countries to sit down and discuss the practical implementation of border decisions and related issues of normalization. The case of Bakasi, between Cameroon and Nigeria, is an excellent example of how two countries successfully demarcated their border dispute through intensive dialogue in a manner that accommodated the wider interests of the two peoples, following the decision by the International Court of Justice on the delimitation of the boundary. Ethiopia's repeated plea for dialogue is driven by the desire to see that the border demarcation and normalization of relations brings lasting peace between the peoples of the two countries. Eritrea's repeated inaccurate allegation that Ethiopia is in breach of an international treaty is a mere cover for its own intransigence and its determination to avoid dialogue.

Ironically, trampling on international obligations has always been the preferred approach adopted by Eritrea. As the Ethio-Eritrea Claims Commission determined, it was Eritrea which violated international law by committing the act of aggression starting the war in May 1998. After the ceasefire in 2000 and the signing of the Algiers Agreement, it was Eritrea which repeatedly showed its disrespect to the international community by persistently violating the Temporary Security Zone and obstructing the operation of the UNMEE, eventually forcing the Mission to withdraw in 2008.

Eritrea's subsequent activities in defiance of international norms have only led to isolation and, at the request of the African Union, to UN-imposed sanctions. The successive reports of the UN Monitoring Group on Eritrea and Somalia have provided detailed evidence proving Eritrea's support to Al Qaeda-affiliated extremist groups in Somalia. To the dismay of its own people, while Ethiopia and Djibouti are marching together on the path of economic integration, launching a series of multi-billion dollar projects, Eritrea continues to concentrate on serving as a conduit for financing terrorists and trying to implement its agenda of destabilizing the region. Harboring rebels from almost all its neighbors, including extremists and terrorists, it has comprehensively demonstrated that it is uninterested in making peace either with itself or with its neighbors.

Eritrea frequently complains that the sanctions are unjust, and it has suggested that there is increasing international community awareness about this. This hardly seems to be the case. The fact that the sanctions have been extended suggests the international community is under no illusions about Eritrea's behavior. And the evidence for Eritrea's destabilizing efforts is not hard to find. Even in the last few weeks, broadcasts by a Diaspora media organization which has often served as a mouthpiece for Eritrea, has presented clear evidence of Eritrea's active support to organizations proscribed as terrorist organizations by the Ethiopian House of People's Representatives. Eritrea's open support for rebels of neighboring countries has been one of the reasons for UN sanctions; it makes no secret that it is continuing to do just that.

Not surprisingly, Ethiopia firmly believes that the UN sanctions should be properly implemented and indeed supported by adoption of due diligence mechanisms, until it is clear that the Eritrean Government abandons its activity. Recent efforts by the Eritrean Government to try to portray itself as victim rather than instigator of violence is no more than a tactical move aimed at hiding its true intentions – of continuing its efforts to destabilize the region. Equally, a delusion is its repeated attempt to present itself as a country in constant battle with the super powers of the world, all of whom are against it. This, of course, is constantly repeated in order to encourage a “siege mentality” among the population.

The statement of Eritrea’s Ministry of Foreign Affairs also criticized Djibouti for its “premature and hostile stance” which it claims is “hard to explain in terms of a pending good-faith dispute.” Whatever a good-faith dispute is, this can only be described as a bewildering comment as the history of recent relations between Eritrea and Djibouti demonstrates. Following the clash between Eritrea and Djibouti after Eritrean forces crossed the border in 2008, the UN Security Council passed resolution 1862 (January 2009) , the UNSC had urged both sides to engage in dialogue and demanded Eritrea withdraw to positions held before June 10 2008 as Djibouti had done. After Eritrea consistently refused to respond to any efforts to help it resolve its problem with Djibouti, persistently claiming there had been no fighting, and it had no dispute, the UN Security Council adopted resolution 1907 (2009) which imposed a two-way (import and export) arms embargo on Eritrea as well as targeted sanctions, including a travel ban and an asset freeze on individuals and entities designated by the Sanctions Committee.

In resolution 1907, the Council reiterated its demand that Eritrea withdraw its forces to the positions of the status quo ante in the area where its conflict with Djibouti had occurred, acknowledge its border dispute and cooperate fully with the Secretary-General’s good offices. It further demanded that the country cease all efforts to destabilize or overthrow, directly or indirectly, the Transitional Federal Government of Somalia and demanded all States, in particular Eritrea, cease arming, training and equipping armed groups and their members, including Al-Shabaab, which aimed to destabilize the region or incite violence and civil strife in Djibouti. Two years later, the UNSC expanded the restrictive measures regarding Eritrea to cover “Diaspora taxes”, the Eritrean mining sector and financial services in resolution 2023 (2011).

The Ministry of Foreign Affairs’ statement was particularly odd not least because after the UN had imposed sanctions Eritrea grudgingly accepted Qatar mediation. Despite this, however, it has continued to block any advance in the mediation process, not least in its persistent refusal to release Djiboutian prisoners of war as well as its continued support to rebels from all its neighbors including Djibouti. It has still not responded to UNSC demands as laid down in resolution 1907. The phrase “good-faith dispute” seems particularly inappropriate.

It is very clear that Eritrea still needs to change its policy and relinquish its subversive agenda of trying to destabilize the region. It should also be very clearly understood that continued violent behavior will not go unpunished. Lifting of sanctions can only follow a genuine change of policy and a real renunciation of past activities. Given its past record, Eritrea must show very clearly that any policy is genuine – and lasting. Mere assertion of change, particularly when actually

accompanied by evidence of continued efforts at destabilization, is simply insufficient. Failure to renounce commitment to aggression and violence will only bring additional misery to Eritreans and further isolation to their government. It is surely time for the regime in Asmara to rethink its approach to international diplomacy and rejoin the regional and international community. Eritrea can only benefit by joining hands with countries in the region in their march towards prosperity through regional integration.

\*\*\*\*\*

### ***IGAD-led South Sudan peace negotiations to continue***

At the end of last week, the Government of South Sudan decided to cancel the presidential elections scheduled for June 30 and extend its own term of office by two years. On February 13, South Sudan's Information Minister, Michael Makuei Lueth, disclosed that the cabinet had decided to call off the elections and extend the lifespan of the parliament in order "to give peace a chance." The Minister said the term of office for the President and the legislature would be extended until July 9, 2017. Parliament voted this week on a constitutional amendment for the government to continue without elections. The Government's decision to postpone the elections was welcomed this week by Sudan People's Liberation Movement for Democratic Change, the country's largest opposition party, which earlier said it would seek a court ruling for the election to be declared unconstitutional because of the war and the need for a census to be held first. The SPLM-in-Opposition rebels said the government had no constitutional right to extend its term.

The decision will certainly be on the agenda at the final round of IGAD-led South Sudan's peace negotiations which are expected to start at the end of this week (February 20). The talks are expected to achieve finalization of a comprehensive peace agreement no later than March 5 and begin the process of ending the 14 months of crisis and conflict in South Sudan. This round of peace negotiations is aimed to allow the warring parties to deliberate, work out and agree on the outstanding issues and other details for the formation of a Transitional Government of National Unity, on power-sharing and other areas. This round of negotiations comes after the signing of the agreement at the beginning of this month on "Areas of Agreement on the Establishment of the Transitional Government of National Unity (TGoNU) in the Republic of South Sudan" by President Salva Kiir and Dr. Riek Machar, former Vice President and leader of the South Sudan Liberation Movement/Army-in-opposition. IGAD set out a firm time frame for the warring parties to sign a final peace agreement by 5 March, commence a three-month pre-transitional period on April 1 and establish a Government of National Unity by July 9.

The parties are expected to negotiate and sign an agreement on the structure of government and the executive, the council of ministers, power sharing between the Principals, the legislative assembly, and the transitional security arrangements. With regard to the would-be government structure and power sharing formula, IGAD submitted at the beginning of this month (February 2) its own proposals to the parties on government structure and power sharing based on a 60-30-10 formula, for Government (60%), SPLM-in-Opposition (30%) and other groups including SPLM (former detainees) (10%). The warring parties agreed on a 30-month period for the transitional government to be preceded by a 3-month pre-transitional period, but the commencement of this transitional period will only come after a final peace agreement is



concluded. The Transitional Government of National Unity is tasked to consolidate peace and security; establish a national election body; oversee the permanent constitution-making process, reconstruction of destroyed physical infrastructure and security sector reform; conduct a population census prior to elections; enable displaced persons to return home; direct reconciliation and healing, and organize elections at the end of the 30 months period with a new electoral commission being set up.

There is considerable hope and expectation from all stakeholders, including the people of South Sudan, the international community, neighboring countries, IGAD, and the African Union, that this round of IGAD-led peace talks will finally manage to conclude a comprehensive, future-oriented, and people-centered lasting peace deal to usher in the formation of the future government and end the civil war. Indeed, Prime Minister Hailemariam of Ethiopia, witnessing the signing of the "Areas of Agreement on the Establishment of the TGoNU in the Republic of South Sudan" earlier this month, expressed the hope that "we will see a comprehensive peace agreement signed. This is what the people of South Sudan, the people of the region and the international community are expecting from the leaders." The hope and optimism rests upon the political will and resolve of the leaders of South Sudan to reverse the crisis with a genuine and lasting commitment to the peace, stability, unity and harmony of the people of South Sudan. Prime Minister Hailemariam, Chair of IGAD, reiterated that "failure to do so will have grave consequences to all of us and specifically to the leaders of South Sudan." President Uhuru Kenyatta, IGAD Rapporteur for South Sudan, also noted at the signing ceremony that the region was hopeful that it would "see a transitional government in place to prepare South Sudan for elections and ultimately for the will of the people to prevail."

Indeed, this is a critical moment, and an historic opportunity, to test the ability of the leaders of South Sudan to turn their country and indeed their people away from the current sorry state of affairs into a new enabling environment in which stability, unity and prosperity may flourish. The events of the 14 months of fighting since the onset of the conflict in December 2013 have been characterized by numerous broken promises, and failed peace efforts and ceasefire agreements. The people of South Sudan, international partners and friends as well as the IGAD region are well aware that the South Sudan leaders can ill afford this persistent squandering of opportunities for peace, continuous trading of accusations, repeated outbreaks of violence and the constant mismatch between words and deeds. What is needed now is not rhetoric, unyielding determination and rigidity, but mutual understanding, compromise, concession, and the demonstration of a genuine will to iron out differences and sign a proper agreement to move away from destruction, suffering and further violence. The leaders need to take the decision to prevent their country from continuing to be a staging ground for further bloodshed, carnage, hatred, indignity and famine. They must commit themselves to help their own people enjoy the dividends of peace and the rich resources of their country through the translation of words into deeds. Negotiations on the details of the transitional government will outline the way forward and the leaders of all parties need to show real statesmanship to respond to the aspirations, interests and demands of their people. The optimism of the international community, of Africa and of IGAD as well as of the South Sudan people, for a successful last round of talks must not be squandered or blown away.

\*\*\*\*\*

### *Ethiopia's Armed Forces Day Celebrations*

The third Ethiopian National Armed Forces Day was celebrated last week (February 9-13) with various activities and exhibitions in Bahr Dar, the capital of the Amhara Regional State. The aim was to create an occasion for the public to honor the wide range of contributions of the army to the country's development trajectory and its efforts in building peace at home and more widely in the region. It was also intended as an illustration to uphold the established relationship between the army and the public. The army's discipline, its skills and its unique characteristics as well as its performance in maintaining the balance between internal development and peace, security and territorial integrity; its contributions to regional stability; and the successful efforts to build a symbiotic relationship between the army and economic development have all been recognized and praised. To provide an opportunity for the public to demonstrate its acknowledgment of these developments and offer respect to the National Defense Forces, Armed Forces Day is celebrated every two years. Last week's celebration was attended by Prime Minister Hailemariam Desalegn, Defense Minister Siraj Fegessa and other senior Army officers and government officials as well as representatives of the diplomatic community.

Prime Minister Hailemariam in his opening remarks paid homage to the work of the Defence Forces. He spoke of the purpose of organizing the Armed Forces Day, reviewing the major engagements and duties of the defense forces. He emphasized the major areas of collaboration between the public and the armed forces, and said the day was a landmark to guarantee support for the Defence Forces to continue to achieve their goals. The Prime Minister also noted that the Armed Forces Day was a day to announce to the people that the challenges of anti-peace elements were being dealt with and the Defence Forces were successfully stabilizing the country as well as the parts of the region currently witnessing instability.

The Prime Minister spoke of the importance of the army's role in developing the country's development trajectory and its place in driving forward the democratic process as well as its basic task of national security. He noted the physical, moral and material readiness of the army to prioritize the interests of the people of Ethiopia before its own. The Prime Minister celebrated the unity and quality of the various segments of the national army and explained its achievements in blocking the challenges from anti-peace forces. The army had, he said, been upgraded to the point where it could be assured the country's national development would move forward without obstacle. The Prime Minister expressed his great appreciation of the army's efforts to build up its capacity and upgrade itself to the current outstanding levels of today. It is an institution, he said, which was becoming a pacemaker in the country's economic transformation and a major contributor to the necessary technology transfers. In this context, he said, it was important that the army's education, health and other facilities should be firmly established and expanded.

The Prime Minister noted that the National Defence Forces that had been deployed outside Ethiopia in peace keeping operations had demonstrated their ability to build closer and peaceful ties with the communities in areas they had served. This was a particular characteristic of the Ethiopian army, he said, which not only helped units to fulfill their mission in building peace but had also significantly built up the image of the country in a quite remarkable way. The army could be very proud of its performance; and the public could be equally proud of its activities.

The Prime Minister said the public at large who were benefitting from the country's progress should honor the successes of the National Defence Forces in various sectors including trade, agriculture, manufacturing, services and education. These were being achieved by soldiers who had sacrificed their education and other possible advantages for the dignity and love of their country and its Constitution. The Prime Minister, who reminded his listeners that the Armed Forces Day was a time to pay tribute to those who had died while serving in the armed forces, and to their families, said it was the courage and heroism of the armed forces which would continue to keep the country secure. .

Defense Minister Siraj Fegessa said the celebration of Armed Forces Day provided the opportunity to build an even closer relationship between the public and the army as well as increase the relationship between the different sections of the army. The Defence Minister said the theme of the Army day was "Maintaining a people-centered, dynamic and preferred peace force". Elaborating on these three core concepts, the Minister said the army was people-centered because it was built on the basis of the constitution. Due to this, the army was praised by people at home and abroad. In regards to its dynamism, he said this referred to the army's accomplishments in numerous activities, not least in involving itself in all aspects of modern military science and art. Today, the Minister also emphasized, the National Armed Forces were widely regarded as the chosen peace force for local and regional activity.

Minister Siraj said the country had conducted four peaceful democratic elections and it was now preparing itself to conduct the fifth election. To a large degree this was the result of the unreserved efforts of the army in ensuring stability in the country. He said the public should honor the army and the Armed Forces, in return, should continue to maintain their discipline and discharge their responsibilities, sustaining their contribution to the development, peace and democratization progress of the country.

In addition, the Armed Forces have played a major role in external activities, in peace-keeping operations. A central element of Ethiopia's foreign policy commitments is the need for building a secure, tranquil and harmonious region. It has repeatedly demonstrated sustained support to neighbors grappling with their own internal political, security and humanitarian crises. Counter-terrorism, peace-keeping, peace-building and mediation have taken centre stage in the country's position on common, sustainable security in the region and a development path through shared and multilateral approaches. Peace-keeping has been a significant element in Ethiopia's principled and cooperative diplomatic activities to help others. Indeed, the country has paid in blood for the advancement of collective security and peace both in the region and in other parts of the continent and the world.

Ethiopia has actively participated in UN peacekeeping operations in Korea, Congo, Rwanda, Burundi and elsewhere. Ethiopian peace-keepers today, military, police and civilians, are currently supporting the UN peacekeeping operations in Abyei, Darfur, South Sudan, Liberia and Cote d'Ivoire where they are discharging their mandate effectively. Ethiopia, committed to the maintenance of global peace and security, and with efficient and effective armed forces, is the largest troop contributing country in Africa and the fourth largest in the globe. In addition to UN peace-keeping, Ethiopia is also playing a major role in AU Mission in Somalia (AMISOM) where its forces are a testimony to its commitment to provide a catalyst for the creation of a

stable, democratic and unified Somalia and in support of the advance of Somalia from fragility to resilience. It is also fully committed to the operation of the East African Standby Force, now ready to be deployed.

Ethiopia's significant contributions to international peace-keeping and the role being played by the units of the National Armed Forces are another tribute to the capacity and the competence of the Armed Forces and to their commitment to the development and progress of Ethiopia as a successful democratic developmental state.

\*\*\*\*\*

### ***An Ethio-Swedish Agro-Processing Workshop held in Addis Ababa***

A consortium of Swedish companies and Valley International Projects, a company engaged in agro-forestry in Ethiopia, in conjuncture with Ethiopian Embassy in Stockholm and Swedish Embassy in Addis Ababa on Tuesday last week (February 10) successfully organized an "Ethio-Swedish Agro-Processing Workshop". Focused on the areas of dairy production, sugar, agro-processing and energy, the workshop was intended to familiarize participating transnational companies with the investment opportunities available in Ethiopia. The event attracted major actors in agro-processing and energy including Tetra Pak, De Laval, Alfa Laval and Valley International Projects. On the Ethiopian side, the Ethiopian Investment Commission, Ethiopian Sugar Corporation, the Food, Beverage and Pharmaceutical Industry Development Institute and the Dairy Technology Development Institute gave presentations on agro-processing opportunities and the current level of development of these sector in Ethiopia.

Addressing the Forum, the State Minister of Industry, Dr. Mebrahtu Meles, said that the Government of Ethiopia was ready to support industries that are linked to the agricultural sector. He added that the country was in process of moving away from the export of primary agricultural produce and adding value through processing and packaging for export markets to encourage optimization of foreign exchange income. Ethiopia, he said, had major comparative advantages for production in its substantial amount of agricultural land, available raw materials, abundant low-cost labor and cheap electricity. Its favorable agro-climatic zones also supported good yields in terms of crop production and animal husbandry. That is why agro-processing was considered a major component of the industrialization equation in Ethiopia.

Swedish companies like Tetra Pak have gained an international reputation in agro-processing, dairy business and food packaging, and reflecting on the sector, Swedish Ambassador to Ethiopia, Ambassador Jan Sadek said that farming, food production and food packaging have been one of the essential pillars of Swedish economic development. Replicating and sharing these experiences in agri-business, agro-techniques other related services with Ethiopian counterparts and forging closer ties would, he said, be part of mutually beneficial business opportunities. Appreciating the strides Ethiopia is making in registering a double digit economic growth and its upward economic trajectory, the Ambassador said that Sweden desired to encourage a broader range of cooperation with Ethiopia with increased trade and investment relations and knowledge transfer. He also noted that Swedish companies like H&M, the fashion designing and retail company, and Ericson, a telecom company, were already engaged in

Ethiopia: in garment sourcing ventures and production and in mobile communication equipment, network expansion and upgrading and related services, respectively. Such engagement by multinational companies, the Ambassador noted, would boost the confidence of other Swedish companies aspiring to invest and do business in Ethiopia.

During the discussions, Swedish companies gave experience-sharing presentations. De Laval gave an account of its more than 125 years of innovation and experience in the dairy business, supporting dairy farmers and managing their farms. Tetra Pak, the world's leading food processing and packaging solutions' company and Alfa Laval, another leading global provider of specialized products and engineering through key technologies of heat transfer, separation and fluid handling, explained their best practices. It was noted that scanning and adopting new and improved technologies in the agro-processing sector would provide a transformative effect and help Ethiopia's economy integrate into the global economy. Ethiopia's impressive macro-economic figures underline the interest of international business giants in Ethiopia's potential to adopt and commercialize agricultural technologies and agro-processing systems.

The participation of developing countries like Ethiopia in global value chains is still minimal. Many African countries are still in preliminary phases of access to any global value chains outside natural resource exports. This highlights the need for new strategies to enable better entrance to value chains and efforts to change this are underway. Implementation of the current Growth and Transformation Plan, for instance, has laid the keystone for a swift structural transformation in the economy to allow it to benefit from global economic system. Agro-processing is a high priority item in Ethiopia's development agenda and this will expand during the next growth and Transformation Plan. Operators and investors along the value chain are key players in export products and the progress is being developed through a holistic, wide-ranging industrial development strategy and incentive packages. Agro-processing is at the center of a concentric-circle of priorities, and foreign direct investment is being recruited specifically to integrate local input producers into global supply chains. Agro-processing industries of course have strong linkages with agriculture, and are predominantly labor-intensive.

One such area is livestock production which is one of the national priorities for improvement and development. Achievements have remained below the targets set, although natural resource conservation and watershed development works undertaken so far have created a fertile ground to foster sustainable livestock development and encourage adequate feed supplies. The Government is currently working to make sure that the potential is properly exploited to promote the development of sustainable livestock feed, and develop integrated livestock feed (factory processed and integrated with natural resource conservation) to enhance productivity and production of livestock. Other initiatives to improve the health and quality of livestock are also under way. Improved disease control and assessment in recent years has had a welcome effect in raising productivity, and livestock accounted for about 9.1% of GDP in 2013. Given the country's immense potential, foreign investors have ample opportunities to set-up systems for agro-processing industries. Equally, farmers need to be encouraged and assisted to use modern animal husbandry methods, providing better platforms for industrial linkages. In this context, the Government believes the Ethiopian livestock value chain can be a booming industry to produce packaged meats and dairy products for the global market and leather articles that sell in volume.

The workshop noted that the Government had established the Agricultural Transformation Agency) in 2010 as a catalyst for positive, transformational and sustainable change in the agriculture sector. In line with this, the Agriculture Growth Program is being implemented to improve the whole range of production, marketing and agro-processing of agricultural products through enhancing productivity, value addition, and market and irrigation infrastructures. It is designed to engage commercially-oriented producers, including women, youth and farmers, in developing commodity value chains and to stimulate broad-based growth. In addition, the workshop also encouraged Swedish companies to be part of the newly emerging industrial parks that are being established in designated areas. It was underlined that those participating would receive significant encouragement through tax and non-tax incentives as foreign direct investors. In an additional bid to reduce the cost of doing business and loss of produce in transit from source to market, the Government is also investing largely in massive physical infrastructure corridors.

\*\*\*\*\*

### ***“The Role of Finance in Defeating Al-Shabaab”***

Two weeks ago, Somalia’s Prime Minister Sharmarke outlined his government’s aims for the coming year. He spoke of focusing on creating a permanent political solution, improving justice and people’s welfare, realization of the Vision 2016 plan, and national reconciliation as well as uplifting of the country’s infrastructure, but at top of the list he placed preparations for elections in 2016 – and security, primarily, of course, dealing with Al-Shabaab. The new Minister of Defence, General Abdulkadir Sheikh Ali “Diini” underlined the point after he was sworn in, saying his main priority was the rebuilding of the army.. He spoke of the need to equip the army, rebuild the barracks and build a national force to enable the Somali National Army take control of the country’s security without any assistance from foreign troops.

Over the last few months the Somali National Army and AMISOM have had a good deal of success, putting Al-Shabaab under considerable pressure. Operation Indian Ocean, last year, recovered a number of towns and ports, as well as cutting off some of Al-Shabaab’s major financial resources. Nevertheless, Al-Shabaab still controls significant areas of the country, and retains considerable military capacity and financial resources; and defeating Al-Shabaab totally requires more than just military victory.

Last December, the UK’s Royal United Services’ Institute produced a report on “The role of finance in defeating Al-Shabaab”. Its author, Tom Keatinge, produced fascinating detail of the way Al-Shabaab has been funding its activities as well as an analysis of how to control and restrict these. The report also has recommendations for further national and international action.

The report pointed out that Al-Shabaab developed a diversified and indeed innovative pattern of funding, using both domestic and external sources, when it controlled large areas of the country and even parts of Mogadishu a few years ago. This produced a substantial income. The UN calculated in 2011 that Al-Shabaab had annual revenue of between US\$70 and 100 million. It obtained this from “taxation and extortion; commerce, trade and contraband; Diaspora support; and external support”.

In the areas of the countryside it controlled Al-Shabaab set up its own structures including a financial administration to collect taxes as well as organize larger scale activities including the export of charcoal. It used these to pay its tax collectors, security forces and military units. It also collected funds for larger projects including the building of mosques, schools or health centers, though it never provided details of how these contributions were actually used. Taxes have at times been collected for famine relief and businesses and market traders forced to give “voluntary” contributions to Al-Shabaab. The level of these, like the taxes collected at checkpoints on the roads, fluctuated according to need.

As the Somali National Army and AMISOM went on the offensive in 2011, Al-Shabaab was forced out of the Bakara Market in Mogadishu in mid 2011. Kenyan troops also drove it out of Kismayo a year later in September 2012. These defeats had a major impact on Al-Shabaab finances. The UN Monitoring Group suggested that in 2010-2011, Al-Shabaab was getting US\$35-50 million from the export of charcoal and the import of sugar through Kismayo. The Monitoring Group also estimated that another US\$30-60 million was being raised by taxation of the 4,000 businesses operating out of the Bakara Market and the transport of goods. In fact, although Al-Shabaab lost Kismayo in 2012, it retained considerable control of supply and distribution outside the port and, even now, after further defeats, it still continues to benefit from taxes it can impose on rural production and transport of charcoal going out of smaller ports.

Other related areas of finance include ivory poaching and smuggling. A report in 2013 suggested that up to three tonnes of ivory might be exported every month out of southern Somalia. Aid agencies were also forced to pay significant fees to continue to operate or to distribute in Al-Shabaab controlled areas as well as taxed on their projects or forced to pay for security. One UN agency was allocating 10% of its budget in Somalia to Al-Shabaab in 2009. In June 2013, the UK’s DFID said it had lost nearly half a million pounds to Al-Shabaab in four months in 2011-2012. Al-Shabaab also benefitted in the past from piracy though less from direct involvement than from taxing the proceeds of pirates operating in areas it controlled at a rate of 15-20%. This is another area from which it can have collected little in recent months as piratical successes have been few and far between in the last year or two.

Diaspora support, driven to a considerable degree by the use of social media, was shown in the recruitment of foreign fighters as well as in remittances. The UN’s Food Security and Nutrition Analysis -Somalia, believes that remittances to Somalia amount to US\$1.2 billion a year. How much of this ever went to Al-Shabaab is unclear, but there’s no doubt the amount reaching the extremists has fallen significantly. The US designation of Al-Shabaab as a Foreign Terrorist Organization and the increased controls in the US and Europe for remitting funds was one reason; another was Al-Shabaab’s increasingly hard-line ideology and extreme violence which have lost it a lot of support in the Diaspora as well as in Somalia. The latest problems over remittances to Somalia from the US may further reduce the flow of funds to Al-Shabaab but it will also have a far more serious impact on the Federal Government of Somalia as it will affect hundreds of thousands of people living in government-administered areas, now the larger part of the country.

Al-Shabaab has also been able to obtain larger funds externally though not, it seems, from Al Qaeda, which itself has been affected by international efforts to control its finances. Al-Shabaab can at times obtain substantial amounts of money from those who want to support jihadi fighters. In December 2013, for example, the US Treasury issued a Designation Order against a Qatari-based Al Qaeda supporter alleged to have channeled \$250,000 to Al-Shabaab as well as funding other groups.

One other supporter of Al-Shabaab has been Eritrea. The report notes that the Government of Eritrea acknowledged that it maintained political links with Somali armed groups, including Al-Shabaab. It quotes the Monitoring Group which believed that this support, which included financial and military assistance, “at times amounted to as much as \$40-60,000 per month”, funneled “via Eritrean embassies in neighboring countries and carried into Somalia via couriers”. The report suggests that the increased international scrutiny of Eritrea’s actions has led to a decline in the relative importance of Eritrea as source of military and financial support for Al-Shabaab, but it adds that Eritrea appears to be looking for more subtle means of interfering in Somalia by building relationships with others as well as with ‘spoiler groups’. It quotes the Monitoring Group to the effect that Eritrea is likely to remain a “small but troubling part of the overall [security] equation” in Somalia for the foreseeable future.

The report underlines that Al-Shabaab’s support in Somalia was often based on financial considerations rather than religious or ideological ones, especially among its rank and file fighters. These were paid US\$100-300 with a US\$400 bonus for new recruits. Some of those who have defected recently say they have not been paid for months. They also claim they have been kept short of food.

The implication of all this is that much greater effort should be made by the Somali Government to offer a better and more effective “financial alternative for the Somali people along with improved security and governance and the rule of law”. In addition there should be greater international efforts to cut Al-Shabaab’s external financial links. The report offers a number of suggestions and recommendations one of the first of which is the need for continued and increased restrictions on external funding. This should be related to the creation of “safe corridors” for remitting funds to Somalia. The current crisis in remittances to Somalia, and neighboring states needs to be resolved urgently. The report says the international community should also get the Gulf States and Saudi Arabia to engage actively in restricting Al-Shabaab trade-based financing, and for the Gulf to provide increased transparency over remittances to Somalia. Another area for international action is over links between illicit wildlife trade and terrorist financing.

Other suggestions are that Kenya should be given substantial increased support to control its border with Somalia and assistance in dealing with extremism inside the country. Aid agencies should stop paying Al-Shabaab for access, develop a dialogue, and prevent aid deliveries from being co-opted. In addition, the Government of Somalia must ensure that government officials and the military are paid regularly and fairly, and it must set up a reliable and transparent financial economy in the areas that it controls.



One final recommendation is that Eritrea should be continually reminded of its international obligations and deterred from providing any financial or military support to Al-Shabaab or other groups aiming to destabilize the Government of Somalia. The report adds: “sanctions for ongoing interference must be clearly articulated and imposed”.