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ETHIOPIA

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MPS Raise Concerns on External Debt Repayment Capacity

In an unprecedented move, Members of Parliaments (MPs), the 100 percent Ethiopian Peoples' Revolutionary Democratic Front (EPRDF) and affiliates controlled Ethiopian Parliament, demanded to ascertain the country's external debt repayment capacity, before ratifying new concessional loan agreements recently entered into with the Government of China.

(17.12.2016 - The Reporter)

The loan agreements in question are signed recently with the Chinese Export-Import (EXIM) Bank, which agreed to avail an aggregate outlay of USD 332.7 million for a highway road construction and power transmission projects envisaged to relieve the traffic congestions as well the fluctuating electric power supply in parts of Addis Ababa.

The draft ratification

proclamations for the two separate loan agreements were tabled before parliament for ratification on Thursday where MPs voiced their concerns over the interest rates payable to the loans as well as on the loans reimbursement periods.

Jember Asemamaw, an MP, was the first to raise the concerns. According to him, the interest rate is much higher than the usual concessional loan rates thus he called on the House to assess the country's repayment capacity before endorsing the agreements.

A loan worth USD 102.7 million to finance the Kality Ring Road Interchange and a 50-meter-wide road towards Tulu Dimtu Roundabout and from Kality Ring Road to Bulbula up to Kilinto Roundabout was signed between the Government of Ethiopia and the Chinese EXIM Bank in

October 2016. According the loan agreement, the government will pay 2.6 percent interest per annum and 0.5 management fee and another 0.5 commitment fee and will fully reimburse the loan within 20 years including the five years grace period provided by the bank.

The loan agreement also requires the government to only hire Chinese contractors for the construction of the road. Furthermore, it obliged the government not to engage in any activities that will adversely affect the loan agreement as well as the construction contract entered into with the Chinese contractor unless the bank expressly agree in writing.

The other loan worth USD 230 million to finance the Addis Ababa power network rehabilitation and upgrading project was signed in July 2016

between the Ministry of Finance and Economic Cooperation of Ethiopia and the Chinese EXIM Bank. This loan agreement imposes two percent interest per annum and 0.25 percent management fee and another 0.25 percent commitment fee. The agreement obliges the government to fully reimburse the loan within a total of 20 years including the seven years grace period.

Zelege Mehari, another MP, has also questioned the repayment period

saying “very short and unusual in concessional loans”.

Both MPs urged the Budget and Finance Affairs Standing Committee to assess the country’s external debt repayment capacity before the House ratifies the agreements.

The interest rate discrepancy between the two aforementioned loan agreements clearly exhibited how the Chinese government has become conservative in its lending to Ethiopia.

The Chinese EXIM Bank has been financing Ethiopia’s infrastructure projects, from railways to roads and power generation plants to transmission lines.

For instance, the bank has availed USD five billion only for the railway projects the country recently realized.

After the deliberation, the House referred the draft proclamation to Budget and Finance Affairs Standing Committee for further scrutiny.

Government officially inaugurates Gibe III dam

The Gibe III hydroelectric dam, whose construction was commenced about ten years ago, is officially inaugurated today with the presence of higher officials, including the Prime Minister, and representatives of construction companies and other stakeholders.

(17.12.2016 - WIC)

Speaking at the inaugural ceremony, Prime Minister Hailemariam Desalegn, said that accomplishment of the dam construction became a reality after successfully overcoming various trying challenges that happened in the process of construction.

Ethiopia has achieved a lot in terms of expanding access to electric power. Our demand for power is growing more than ever and Gibe III is part of the country's goal within its national transformation to create ample power pool and sustain its development, the Premier noted.

"To fill the gap in supply both at national level and beyond our borders, this dam plays a great role. Climate change resilient economy cannot be realized without building dams like this," he remarked.

Power from this and other dams on the pipe line can enable the country to strengthen its capacity to connect with neighboring countries and generate income from the sector more than ever, he underscored.

At the end of GTP II, Ethiopia has planned to produce close 15 thousand megawatts of power that is key for its sustainable economic development and social leap forward. The country needs to have adequate power distribution and provision mechanisms and works cognizant of this need are widely underway especially to reach the rural areas, he said.

The Premier thanked all stakeholders who made

unreserved contribution for the realization of the dam.

This environmentally friendly dam will increase the existing country's electric power by 94 percent, said Eng. Azebe Asnake, CEO of Ethiopian Electric Power (EEP).

The contractor used cutting-edge construction technologies for the first time in the country including Roller Compact Concrete (RCC), she said.

According to Azebe, two distribution centers and 400kv transmission lines each measuring 300 km are installed to transport the generated power to the national grid. The dam, which consumed one million tones cement saw the involvement of 29 local suppliers of construction materials and created 9000m jobs for Ethiopians.

Gibe III dam, which is the first of its kind as a roller compacted concrete dam in the country, has a generation capacity of

1870 megawatts when it is operational with full capacity. Construction of

the dam is mainly undertaken by Salini Impregile of Italy and

Dong Fang Electric Corporation of China.

NBE to Launch Secondary Market For Debt Bonds

The financial sector regulatory body, the National Bank of Ethiopia (NBE), announced that a secondary market dedicated to government bonds and other debt instruments is set to be introduced within a year and a half to be followed by similar markets for corporate bonds in the future.

(17.12.2016 - The Reporter)

Yohannes Ayalew, vice governor and chief economist of NBE, told *The Reporter* that the move the central bank is considering to undertake is the first step in secondary capital market development in the country where by the experiences in government bonds will be benchmarked and replicated towards a full-fledged launch of securities and stock exchanges in Ethiopia. According to Yohannes, the government bonds secondary market is

planned to be launched in a year and a half time.

The vice governor also said that the introduction of secondary market requires a well-thought-out preparedness to regulate corporate bonds that might be incorporated into the capital market in the future. The reason behind the cautious approach taken to introduce capital markets in Ethiopia relates to risks emanating from such sophisticated financial markets to the country's financial sector. Monitoring the disclosure of policies and the accounting and financial statements of corporations are some of the laborious activities which regulators have to undertake to run secondary markets or exchanges, Yohannes said.

According to Yohannes, the central bank has to be equipped with critical regulatory tools if it is to monitor capital market. "The public relies on the effective capacity of the

central bank to regulate capital market. Failure to live up to that task could leads to a complete mistrust which we can't afford to happen", the vice governor added.

Veterans of the financial sector such as Eyesuswork Zafu, board chairman of United Bank, and Zemedeneh Negatu, managing partner of Ernst and Young East Africa, have challenged the stance taken by the central bank regarding secondary markets. According to Eyesuswork, the call for the introduction of a formal secondary capital market has been echoed since 1990s.

Yohannes was forced to face many challenging questions during a presentation he made on the country's financial institutions entitled: "Missing Financial Institutions" at the first East Africa Finance Summit. In his paper, Yoahnnes argued that a phase by phase approach

is essential in introducing secondary and stock exchange markets in Ethiopia. He also said it is just a matter of time that these markets will be introduced in Ethiopia. So far, the financial institutions in Ethiopia have facilitated the advent of primary capital market in country, he said.

Yared Hailemeskel, managing director of YHM Consulting, on his part, argued that failure to regulate the primary markets in Ethiopia has resulted in an estimated loss of some 20 billion birr, half of the share values floated until 2012. According to Yared, a study entitled "Share Companies in Ethiopia: Risks and Opportunities" which he conducted on the shareholding sector where the food, industry, agriculture, real estates and the likes, share

companies have been found to be the most risky and less trustworthy to invest on due to the absence of appropriate regulatory body in place. He demanded NBE to have a regulatory framework. Yohannes, in turn, argued saying that without a well-functioning and well-managed secondary markets, it is dubious to try to resolve the existing problems in the primary markets in Ethiopia.

According to scholarly definitions, the difference between the primary and secondary capital market is that in the primary market, investors are allowed to buy securities directly from the companies or governments issuing the instruments. While in the secondary market, investors' trade securities among themselves, and the company whose

security is being traded does not participate in the transaction.

The secondary market is where securities are traded after the company has sold all the stocks and bonds offered on the primary market. Markets such as the New York Stock Exchange (NYSE), London Stock Exchange or Nasdaq (exchange market for technological companies) are some of the secondary markets to be mentioned. On the secondary market, small investors have a better chance of buying or selling securities, because they can use IPOs to raise small amount of capital. Anyone can purchase securities on the secondary market as long as they are willing to pay the price for which the security is being traded.

Mauritian Company Acquires Gov't Stake At Ambo Mineral Water

A Mauritius-based company, Ambo International Holding Ltd., has acquired 33 percent of government's share in Ambo Mineral Water SC, bottler of the popular Ambo mineral water, at a price of USD 19.7 million.

(17.12.2016 - The Reporter)

The acquisition agreement was signed on Thursday at the offices of the Ministry of Public Enterprise in the presence of top officials of the ministry and the company. The newly appointed Minister of Public Enterprises, Girma Amente (PhD) and Ambo International Holding Limited representative, Patric Planket signed the deal representing their respective sides.

After the signing ceremony, the minister

noted that since the oldest mineral water bottler was partially privatized it has improved its production quality and variety. He also hoped that it would even be jumped to better level once it is fully privatized.

"Therefore, the acquisition will help Ambo to maintain its well established reputation in the market," Girma added.

Representative of the buyer company, on his part, underscored that his company will abide with the agreement in order to realize the company's aspiration to move to better level of production and quality.

The factory was nationalized in 1974 and it was partially privatized in 2008. An Ethiopian businessman, Tewodros Ashenafi, in partnership

with UK's SABMiller, bought the factory from the Ethiopian Privatization Agency eight years ago. SABMiller and SouthWest Development, a company established and managed by Tewodros forged a joint venture company, Ambo Mineral Water SC, with the Ethiopian government.

The source of Ambo Mineral Water is a thermo-mineral spring, rich in natural calcium, magnesium, potassium, bicarbonates and carbon dioxide.

The water originates in a volcanic fissure which then percolates through mountainous terrain eventually being tapped at the springs in Ambo Senkele, 130 km from Addis Ababa, capital city of Ethiopia.

Finance Summit Urges East African Institutes To Cooperate

Less credited for its competitiveness, innovation and cooperation, the East Africa financial sector was urged to increase cooperation and improve its service delivery at the first annual financial summit held in Addis Ababa, Ethiopia, this week.

(17.12.2016 - The Reporter)

Launching a two-day summit, which was held on Wednesday and Thursday at the United Nations Economic Commission for Africa (UNECA), organizers of the summit pledged to work in collaboration with East African financial institutions and experts to seek alternative solutions to boost the weak, uncompetitive and less innovative financial services in the region.

The consortium of Ethiopian Public Finance Enterprises Supervisory Agency, Addis Ababa University and Jimma

University together with I-Capital Africa—a private consulting firm in Ethiopia—joined forces to organize the first annual financial summit.

According to Gemechu Waktola (PhD), chairman of the summit coordination committee and CEO of I-Capital Africa, the objective of the annual summit is to spearhead a change in East African financial sector and to help it become one of a recognizable zones that delivers international standard financial products in the world.

Sewagegn Chane, institutional transformation and research director at the Public Finance Enterprises Supervisory Agency, also said that the summit as far as Ethiopian is concerned is an opportunity to garner valuable experience from well performing regions and institutions around the world. Sewagegn

argued that the Ethiopian financial sector is at its infancy where accessibility and international standards are remotely met.

During the summit, Zemedeneh Nigatu, managing partner of Ernst and Young East Africa, who moderated one of the sessions, said that by any measurement, the capacity and potential of Ethiopian financial sector is very small even when compared with peer countries in the region. He mentioned the number of banks in the country is something the regulatory bodies need to be concerned about; and think of consolidations. He mentioned that Canada, UK or South Africa depends on four banks each while Ethiopia hosts 17 state and privately owned banks with insignificant share of the total financial asset. This is something that needs be reformed, Zemedeneh said.

The finance summit is scheduled to be held annually pulling East African financial sector

operators, regulators and experts to discuss current issues and future prospects vis-à-vis the

financial sector in the region.

IATA Lauds Ethiopian Investments In Air Cargo

The International Air Transport Association (IATA) lauded the hefty investment Ethiopian Airlines is making in developing air cargo infrastructure.

(17.12.2016 - The Reporter)

Ethiopian has eight dedicated freighter aircraft of which six are new Boeing B777. Ethiopian Cargo, one of the seven business units of *Ethiopian*, is building the largest cargo terminal in Africa with the capacity to handle 1.2 million tons of cargo.

In the sidelines of the IATA's annual Global Media Day, Glyn Hughes, global head of cargo, told *The Reporter* that Ethiopian Airlines' investment in air cargo development is excellent. "They have acquired new B777 freighters. They are building a state-of-the-art cargo facility. They are looking to the future," Hughes said.

According to Hughes, the pharmaceutical import and export is growing in Africa. "The perishable business is still growing and I think good facilities are necessary and critical to actually sustaining the growth," he told *The Reporter*.

IATA's report for global air freight markets released last week shows that African carrier's freight demand increased by 7.4 percent in October 2016 compared to the same month last year. However, capacity surged by 24.7 percent on the back of long-haul expansion in particular by Ethiopian Airlines.

"The good news is that there is plenty of capacity for manufacturers and importers to bring in goods and export produces," Hughes said.

Ethiopian launched an initiative to go paperless by introducing e-freight in 2012. With regards to the implementation of eAWB

(Airways Bill), IATA said *Ethiopian* is playing a leading role in Africa.

Ethiopian Cargo has 60 percent of its shipment without paper on eAWB. "This is an excellent performance considering the global average is 44 percent. It is way above the global average," Hughes told *The Reporter*. Kenya Airways has also 60 percent of its shipment on eAWB, and Egypt Air 52 percent. "Over all the African carriers are performing very well with regards to eAWB."

With six dedicated B777Fs and 350,000 tons of annual uplift capacity, *Ethiopian* is the largest African cargo operator. Group CEO Tewolde Gebremariam said *Ethiopian* is building a new 119 million dollars cargo terminal with the capacity of handling 1.2 million tons of freight per annum. About 60 percent of the construction work on the first phase is completed and work on

the first phase is expected to be completed next year.

“When completed it will be Africa’s largest cargo terminal and will be comparable with some of the world’s biggest cargo terminals like the Amsterdam Schiphol Airport and Changi Airport in Singapore,” Tewolde said.

He believes that the new state-of-the-art terminal coupled with the modern B777 cargo fleet will enable *Ethiopian* to make Addis Ababa Africa’s cargo hub.

Ethiopian Cargo was the second biggest business unit in the Ethiopian Aviation Group generating

425 million dollar every year, about 15 percent of the total income of the aviation group.

It has eight dedicated cargo fleet (6 B777 and 2 B757 serving 24 route networks. The existing cargo terminal at its main hub in Addis Ababa Bole International Airport has the capacity to handle 250,000 tons of cargo. It has modern perishable cargo (cold room) facility which can accommodate 65,000 tons.

Ethiopian Cargo has its European hub at Liege Airport in Brussels and its second cargo hub in Africa in Togo Lomé. *Ethiopian* transports various cargoes from

different parts of the world with its modern B777 fleet and distributes it to sub-Saharan African countries with its B757 freighters.

By 2025 Ethiopian Cargo would boost its revenue to two billion dollars, its hauling capacity to 820,000 tons, its fleet to 18 and its cargo route network to 37.

The IATA’s annual Global Media Day was held at the headquarters of the association in Geneva, Switzerland from December 7-8, 2016.

Stakeholders Urged To Resolve Construction Sector Snags

The second Construction Work and Housing Development University-Industry Linkage Forum urged academics and industry players to work together in resolving the hitches hindering the growth of the local construction sector.

(17.12.2016 - The Reporter)

When the forum was held yesterday at Washington Hotel in Addis Ababa, industry leaders and academics agreed that research based findings were key in addressing the hitches in the construction sector. The forum was organized by the Ethiopian Construction Project Management Institute.

Construction Minister, Aisha Mohammed, who opened the one day forum, said that the construction industry has been recording a steady growth in the past ten years. The construction sector has been growing at a rate of 12.43 percent

yearly and contributes some 5.3 percent to the nation's GDP. However, Aisha said that the global competitiveness of the industry in terms of utilizing modern technologies and construction systems is at a lower stage.

The minister said that it was imperative to integrate the construction sector players and members of the academia and conduct practical researches and implement the findings of the research in addressing the challenges facing the construction sector.

The Construction Work and Housing Development Industry-University Linkage was created in November 2015 aimed at synchronizing the efforts to transform the construction sector among the academia and industry stakeholders. The national forum has six regional forums and 16 member universities. The forum facilitates researches to be

undertaken by universities upon the recommendations of construction industry players. The forum encourages contractors and other stakeholders to adopt and implement modern construction industries.

Yoseph Birru (PhD), executive director Ethiopian Construction Project Management Institute, told *The Reporter* that the national forum was striving to strengthen the working relation between the industry and academia. "Lack of using appropriate technology, low productivity and the reluctance to apply new or cost saving technologies are some of the gaps noted in the construction sector. The construction sector is stubborn even globally," Yoseph said. He said that the national Industry-University Linkage Forum would focus on technology transfer in the construction sector.

When it comes to policy issues rent seeking and regulatory issues are the major problems that need to be addressed at national level, according to Yoseph.

Though it was only a year since the University-Industry Linkage forum was established several gaps have been noted in executing the planned cooperation between the industry and academia.

Mulugeta Dadi (PhD), University-Industry Linkage Forum director with Hawassa University, pointed out that the universities and the industry players have different interests. Mulugeta said the Academia wants knowledge, publications, grants (support) and new research while the construction industry seeks information, product sales, market and profit. "The academia has

fears that the researches could be stolen by other parties. On the other side the industry players are not cooperative in conducting researches. They refuse to accept internship students. They are also reluctant to make financial contributions to researches," Mulugeta said.

Technology Transfer director with the Ethiopian Construction Management Institute, Zahra Abdulhadi, said that the government has put in place a strategy that encourages the work on practical researches that the construction sector needs. Zahra revealed that there is lack of awareness of the importance of researches among industry players. "There is unwillingness to allocate funds for researches. The universities often ask the amount of funds allocated for researches. They also

have doubts on the ownerships of researches findings," she said.

A representative of Ethiopian Contractors Association urged that researches should focus on brining practical solutions to contractors. He recommended that researches could be undertaken on efficient utilization of inputs that enable contractors eliminate resource waste.

Financial limitations, research redundancy were some of the long list of concerns raised by participants. The Forum has reached at a general consensus of the need to tackle the glitches in the construction and house development sector based on research findings. The forum stressed the need to gear the researches towards supporting the development of the sector.

Ethio-Chinese JV Set To Assemble Energy Meters

A subsidiary of Jupiter Group, an Ethiopian company in the hospitality, retail trading and construction businesses, together with a Chinese electronics manufacturer established a joint-venture company that assembles energy meters in Ethiopia.

(17.12.2016 - The Reporter)

Signing the joint venture agreement on Thursday, Melaku Bisrat, managing director of MYBAB Electronics Manufacturing PLC, the newly-established JV Company, and Hu An, regional sales director for Shenzhen Clou Electronics Co., Ltd, said that the assembly plant will assemble 300,000 pieces of energy meters within the six month of starting its operation. Creating 100 jobs at the initial stages, the project is also expected to reach 900,000 pieces of meter production in a matter of

two years while creating 250 additional jobs, Melaku said.

According to An, the Ethiopian plant is going to be the fourth plant to be installed in Africa. Currently, the manufacturer has plants in Egypt, Ghana and Nigeria. According to both Melaku and An, the JV is coming at an opportune time where the Ethiopian Electric Utility (EEU) has floated a bid to procure 1.2 million pieces of energy meters. Bidders are expected to supply the meters within two year's time. During which time, MYBAB Electronics will reach the capacity to supply the stated amount. Further down the road, the plant is also expected to attain the capacity to assemble a complete-knocked down parts of the meters, locally. According to Melaku MYBAB holds 70 percent of the JV's stake while the remaining 30

percent is the held by Shenzhen Clou.

In a related news, MYBAB is geared to assemble sales registrations machines sourcing the parts from Serbia. According to Melaku, Galeb Group, a Serbia-based fiscal cash registers manufacturer has agreed to supply parts and provide technical trainings for 20 local staffs. At the end of the current fiscal year, Melaku projects that between 8,000 to 10,000 units of fiscal cash registers to be assembled locally.

Both plants are housed in a 2000sqm compound around Gerji area and have an initial capital of a total of USD 5.5 million, Melaku noted. MYBAB Electronics is part of a family run group of companies that include Jupiter Trading PLC, Jupiter International Hotel and JB Construction Company.

Ethiopia: Transforming Agriculture an Enduring Task

It is understood that agriculture is a dominant feature of the nation's economy and has various value at the macro level. In addition to its role as a means of employment, it supplies food to local market, serve as means of foreign currency earning and supply raw materials to aggro industries.

(15.12.2016 - allAfrica)

Agriculture was practiced here for millennial yet the mode of production, the technologies employed and the degradation of natural resources had made the sector to be subsistence focused. The weak resilient capacity of the sector had also made it more fragile in times of extreme weather conditions. These and other factors make the significance of the gradual transformation of the sector crucial .

Cognizant of this fact, the government, together with stakeholders, has long ago facilitated a concerted

effort for the betterment of the sector.

Over the past decade, it had been earmarking an average of 14 percent of the national budget to the sector. The expansion of public expenditures, which accelerate infrastructure in the rural parts of the country, has facilitated the sector's growth and enabled a 6 per cent annual growth rate. As it is known, Ethiopia is one of the most bio-diversified countries with various ecosystem which shape the farming practice.

According to some studies, there are up to 18 agro ecological zones with various climates. All these indicate that to improve the sector, identifying the type of climate, the type of soil, the rate of rain fall and the types of inputs utilized where agriculture is in practice is essential. Because, if there is a mismatch between the type of soil, humidity and in puts, the effort to

enhance productivity would be fruitless. To date, there are various institutions engaged in supporting the sector through research and the provision of agricultural technologies to farmers. The Ministry of Agriculture, with its various departments and stakeholders, is doing its level best and the same is true with local and international non-governmental organizations.

And from time to time farmers' awareness regarding new technologies is raising. The utilization of agricultural inputs, which is the major factor for increasing yields, is also enhanced. But as compared to the other Sub Saharan African countries, it is very small.

To scale up the utilization, a concerted effort is needed. It goes without saying, currently due to rapid population growth, in rural parts of the

country the size of the farmlands is shrinking and such trends might continue in the near future because the rate of rural urban migration is very small.

Hence, enhancing productivity in small plots of land without utilizing more agricultural inputs is unthinkable. Among other tools, which are key for the improvement of the sector, one is the expansion of investment in the sector. It has been used to lay strong foundation for the sector by building effective institutions and structures, strengthening policies and regulations and expanding agricultural services to small holder farmers. As a result, enhanced food security is made possible to food insecure households. Whenever we think of agricultural transformation, rising farming income must be taken into account. When farmers' incomes get enhanced they build their capacity to invest more on their plots.

That means they could purchase more inputs such as fertilizers, pest and herbicides and acquire scientific farming methods helpful for increasing productivity per hectare. Hence, more prioritization is needed to support farmers move themselves from subsistence to commercial focused farming. In this regard, through farmers' associations a lot has been done.

Harvesting, processing and marketing works are being rendered. Furthermore, stepped up efforts are necessary to promote and scale up innovations by small holder farmers themselves and to expand the role of the private sector across the entire agricultural value chains.

As mentioned above, the role of public investment in the sector is immense. And in this regard, encouraging the involvement of the private sector's investment further builds up agriculture. The role of the private sector both in

forward and backward linkage of the sector is critical. For example, transporting agricultural inputs to the farmers and bringing their products to the market can be mentioned here. The private sector direct engagement in farming also promotes the sector.

But as the sector heavily relies on nature to address the fragility of the sector building resilience should be considered. The ongoing efforts by the government to build climate resilient green economy can be taken as good opportunity.

Whenever rain fall is late in coming failure in the sector is a common phenomena .The same is true when excess rain falls surfaces. On the other hand, the ruggedness and mountainous nature of the nation and rapid flow of water from high to low lands during rainy seasons pose high soil erosion. As a result, Ethiopia annually loses 1.5 billion MT top soil equivalent to 30000 hectare of arable land.

According to studies, the resource degradation costs the nation annually from 0.5 to 2.5 per cent of the GDP. Hence, bolstering

sustainability by safeguarding the environment as well as promoting climate change adaptation and mitigation

is critical and must be part of agricultural transformation.

Ethiopia may lose global competitiveness from overvalued currency, World Bank says

The Real Effective Exchange Rate in Ethiopia has increased in the last two years leading the country to possibly lose competitiveness in the global market; it was stated at the World Bank Groups' 5th Ethiopia Economic Update launched on December 6, 2016.

(13.12.2016 - Capital)

Presenting the findings of the report, Michael Geiger who is the co-author of the paper stated that the fact that Ethiopia has overvalued its currency means that it will not be able to compete with other countries in the international market and it has become one of the reasons for the low export performance.

“One issue that contributes to the export performance in our view is the real effective exchange rate and the fact that it has appreciated

substantially over the last two and a half years. In the middle of 2010 there was a nominal devaluation for a short period of time it went down. The real exchange rate increased again between 2012 and 2013,” Geiger stated.

One of the major contributors to increasing real effective exchange rates is inflation rates, he further said. The findings show that between 2011 and 2013, the inflation rate was very high making it the driving force for the appreciated exchange rates.

“Looking at how real exchange rates in Ethiopia have developed compared to its neighbors; while the country’s rate went up over the last two years, the other countries have been stable or have devalued. If these are the countries Ethiopia is competing with on the international market, it is losing competitiveness.

Looking at this year’s inflation rates, the report shows that food related Inflation has come down largely because the government has imported a large amount of wheat.

“Normally when the country imports wheat it is about one million metric tons, and last year it was 2.5 million metric tons which showed that the government was able to increase wheat imports. The way the strategic reserves have been employed for the past year shows some of the resilience in the country. What we have seen is that the regional grain reserves have been employed in the regions where there was no drought and distributed to the regions where there was drought. This is the major reason for the low core inflation,” Geiger stated.

According to the report, growth momentum in the country will still remain.

Medium-term economic growth can be unaffected from the drought since the rains set in normally again in 2016/17.

In addition, the completion of the Addis Ababa-Djibouti railway line significantly eases trade and logistic related constraints. The

commencement of new industrial parks such as the Hawassa and Bole Lemi Phase II, and the increase capacity in power generation with the completion of transmission lines to neighboring countries such as Sudan and Kenya are also expected to improve the export

performance and stimulate growth in the short to medium-term.

On the other hand, potential negative economic effects of the current unrest make the outlook uncertain, it was said.



S. Sudan cautiously welcomes extension of UNMISS mandate

South Sudan has cautiously welcomed the United Nations Security Council's decision extending the mandate of its mission in the country (UNMISS) until 15 December 2017.

(17.12.2016 - Sudan Tribune)

The new mandate will increase number of its troops from the existing 13,500 to 17,000 including the 4,000 regional intervention forces.

The core elements of the mission include "protection of civilians, monitoring and investigating human rights, creating the conditions conducive to the delivery of humanitarian assistance", and "supporting the implementation of the agreement". It also authorized the Regional Protection Force to "protect routes in and out of Juba, take over the Juba

International Airport and key infrastructures around Juba and fight any party that attacks or is ready to attack the UN, non-governmental organisations, their staffs and civilians, but it did not include arms embargo and targeted sanctions.

It remains unclear whether the government would accept to handover key infrastructure and installations to be under the control of the regional protection force as most officials initially expressed deep concern at the security situation in South Sudan and the possibility of an outright ethnic war.

Speaking during an interview on Saturday, the presidential advisor on military affairs said the government has not yet received any official briefing from the United Nations about the new mandate "I have heard from the media yesterday of the renewal of the

mandate of UNMISS (United Nations Mission in South Sudan) but we have not yet received an official briefing from the leadership of UNMISS here. May be this would be the work of the coming week", Daniel Awet Akot told Sudan Tribune. He expressed disappointment at the Council for what he described as the continued unilateral action on issues of peace and security without adequate consultations with the government and the African union. "Issues about peace are supposed to be coordinated since the objective one. They are not supposed to be unilateral. The council should indeed work with the government to implement the peace agreement rather than using threats of sanctions and punishment. What is needed now is a positive and constructive agenda that included the return of security and stability", he explained.



La deuxième conférence des Ambassadeurs s'ouvre à l'IED

Depuis hier, l'Institut des Etudes diplomatiques abrite les travaux de la 2e Conférence des Ambassadeurs. Venus de chaque coin du monde, ils étaient en tout vingt-cinq ambassadeurs de la République de Djibouti à participer à la cérémonie d'ouverture de cette conférence qui a eu lieu en présence du Premier ministre Aboukader Kamil Mohamed.

(19.12.2016 - La Nation)

Avant d'être le charismatique ministre des Affaires étrangères que l'on connaît, Mahmoud Ali Youssouf a été pendant plusieurs années ambassadeur en Egypte. Et c'est en connaissance de cause qu'il a évoqué hier devant vingt-cinq Plénipotentiaires de la RdD réunis à l'IED pour la 2e conférence des Ambassadeurs, les

responsabilités qui sont celles d'un ambassadeur.

Les ambassadeurs de la République de Djibouti à travers le monde sont au nombre de vingt-cinq, dont deux femmes. Aucun d'entre eux n'a donc manqué la conférence dont le lancement a été confié par le MAECI au Premier ministre AKM. La première conférence des Ambassadeurs a eu lieu il y a dix ans en 2006 sous la houlette de M. MAY. Depuis dix ans, beaucoup d'eau a coulé sous les ponts et il est évident ce qui était apparaissait alors comme une priorité ne l'est pas forcément aujourd'hui. Il fallait donc faire le point. Dans son mot d'ouverture, le chef de la diplomatie djiboutienne a donné le ton en déclarant d'emblée : « Nos chancelleries sont les porte-voix de nos politiques auprès des pays et des organisations partenaires. Nos

ambassadeurs sont nos meilleurs avocats à l'Etranger. Ils sont amenés à assumer toutes les responsabilités ayant trait à la promotion et à la défense des intérêts de notre pays et ceux de nos compatriotes. Un ambassadeur est appelé de par sa fonction à gérer toutes sortes de dossiers et doit s'imprégner et connaître tous les secteurs, si pointus soient-ils : tantôt, il devient ingénieur des travaux, parfois, il est expert en stratégie militaire et souvent, il fait office de spécialiste du Marketing pour mieux vendre l'image, les produits et les services que notre pays a à offrir au monde ».

Le chef de la diplomatie a souligné que cette conférence des Ambassadeurs qui durera cinq jours faisait suite à la retraite de trois jours du gouvernement et à la

réunion des hauts responsables de l'Administration publique. Il a ajouté qu'elle était destinée à permettre de faire le point sur les enjeux et les défis, sur l'intérêt des grandes puissances pour le pays, sur les conflits de la région mais aussi sur les défis internes avec le chômage des jeunes, le mal-logement, l'insécurité alimentaire, la cherté de la vie, la qualité de l'enseignement, etc. Il a rappelé aussi que la RdD, qui est à la croisée des chemins, a lancé des

mégaprojets structurants qui sont en voie de finalisation. Pendant cinq jours donc, nos ambassadeurs bûcheront sur l'économie, la sécurité, les conflits régionaux, la question des réfugiés, l'insécurité alimentaire, les questions climatiques, bref, un tas de sujets ayant trait à la marche du pays. C'est le Premier ministre AKM qui a été appelé à lancer les travaux de la conférence, ce qu'il fit non sans avoir lui aussi évoqué les raisons de cette conférence et les

défis à relever pour le pays.

Il est à rappeler que dans de nombreux pays, la conférence des Ambassadeurs est organisée annuellement, ce qui la rend plus efficace. Et, selon les confidences de certains responsables du MAECI, il serait envisagé désormais de tenir cette conférence au moins tous les deux ans. En effet, faire venir vingt-cinq ambassadeurs et les loger pendant cinq jours, cela a un coût et la RdD ne roule pas sur l'or. Du moins, pas encore.

EVENTS

Italian Cultural Institute program for the month of December, 2016

2016

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DECEMBER PROGRAMME

Thursday - 1
Movie
Lunga vita alla signora / Long live the lady!
by **Ermanno Olmi**, 1987 – 115 min
English subtitles
6:30 pm

Friday - 2
Painting Exhibition - Opening
2-5 December - Exhibition Hall, Italian Cultural Institute
pARTitions
by **Monia Jaber**
Opening by invitation only
20:00 pm

Tuesday - 6 and Thursday - 8
Dining in the dark
Organized by **Together!**
More information and tickets at the Italian Cultural Institute
6:00 pm

Friday 9 - Saturday 10
In collaboration with Addis Foto Fest 
Canon Street Photography Workshop
Reserved to APF students
9:30 am - 3:30 pm

In collaboration with the Italian Embassy in Addis Abeba 
lettera 27  
Friday 9 – Tuesday 13
Art workshop
At-Work Addis Ababa
www.at-work.org
Selected students only

Thursday 15 - Saturday 17
Addis Foto Fest Portfolio Reviews
Reserved to APF students
8:30 - 12 :00 am

Friday - 16
At-Work Public Lecture
by **Simon Njami** and **Elena Korzhenevich**
Auditorium "Giuseppe Verdi"
Free entrance and refreshments
3:30 pm - 5:00 pm

Saturday 17
Opening
17- 21 December - DinQ Gallery
At-Work exhibition
12:00 am

Tuesday - 20
In collaboration with "Centro Nazionale del Cortometraggio"
Short movies
Il giorno più corto / Short Film Day
English subtitles
6:30 pm