

Mr. Chairman

Dear Colleagues

Ladies and Gentlemen,

I am very pleased to take part in this ambassadorial debate on Security concerns and development in Sub-Saharan Africa. I wish to express my sincere appreciation to the organizers for creating the platform which indicates the concern and at the same time recognises the progress made in Sub-Saharan Africa.

Fifteen years ago, the world renown magazine, the Economist had in its headline “Africa the hopeless content”. After a decade the same magazine changed its narrative and had another headline "Africa rising". It recently also wrote "Africa aspiring". As much as it may sound a cliché, I am one of those who believe that indeed Africa is rising.

Among the ten fastest growing economies in the world, six are in Africa. Africa is one of the fastest growing economies. Let me; however, caution the temptation to make generalization about a very huge and diverse continent like Africa. It will be misleading. As much as there are countries making impressive progress, there are many still suffering from conflicts, abject poverty and backwardness. UN Human Development Index indicates that many with low ranks belonged to Africa.

In 2013 a sister magazine of the famous French magazine, Jean Afrique, The Africa Report wrote more or less similar headline about Ethiopia, "The rise and rise of Ethiopia" with some caveats. I will will come back to it later in my intervention.

Mr. Chairman

The externally imposed SAP and the Washington consensus failed to achieve the desired result in Africa. Why it failed is beyond the scope of this debate.

The late Ethiopian Prime Minister Meles Zenawi made critical analysis and observation about African economic policies for several decades by describing it as a dead end. Recently, The President of AfDB, Donald Kabaruka in a lecture he gave at the second memorial service organised by Meles Zenawi Foundation to pay tribute to the late Meles Zenawi, explained this by using an inspirational quote from Einstein which the late Meles was fond of. That is: insanity has a technical definition-" doing the same thing all over and each time expecting a different outcome". Meles's firm conviction, Kabaruka noted, was that African economic policies fitted in this category. Meles did not stop there. He believed that there was a need for a new beginning. Ethiopia opted for a new beginning.

Like many African economies, the Ethiopian economy in 1980s and in early 1990s, was totally devastated as the result of

protracted civil war and wrong policy pursued by the previous regime. The Economy was in a downward trend and reversing that trend was not only a daunting task but it required an honest diagnosis of the problem and prescribing the right medicine. The new approach therefore was to search for a home grown solution by designing a new policy and strategy that took into consideration the realities of the country. Policy space and ownership were very important. That was a paradigm shift Ethiopia made.

During the early 1990's Ethiopia had economic strategy articulated as Agricultural Development led Industrialization, (ADLI), advocating for transformation in agricultural sector and leading to industrialization.

Why ADLI?

85 % of the 90 million population, second largest in Africa, lived in rural areas and their livelihood depended on agriculture.

Secondly, contribution of agriculture to the national economy was and still is very significant close to 50% of GDP (47.7%)

Thirdly, we are capital constrained but endowed with abundant labor force, land and water resources.

If one were to make an economically sound and rational strategy, focusing on what you have as a means of production, was the right course of action. It also made a lot of sense to implement such a strategy that is relevant and beneficial to the livelihood of millions of Ethiopians.

In order to transform agriculture, modernizing the traditional farming was the challenge that we addressed subsequently.

Rural and agricultural sector development program and package was designed to build the capacity of the farmers, through agricultural extension services, by deploying 3-4 extension service workers at village level, use of modern farming technics and practices, supplying variety seeds, rural financing, market access, all together transformed the sector. Farmers Training Centres were established to scaling up best practices of model farmers. The program worked and delivered. It also proved wrong those who were skeptical that small holder agriculture cannot bring about transformation.

Agriculture became driving force of the economy. Production and productivity increased. However, we are mindful that we need to do more to bring the rest of our farmers to the level the model farmers reached.

Rural development also included investment in education, health and infrastructure. The goal was to ensure food security.

With growth in agriculture, it was natural to also address urban development. Hence Ethiopia launched urban development and good governance program. The critical problems of unemployment, housing, urban infrastructure and governance issues were packaged into integrated urban development and governance. SME program become a source of self-employment, generating income and also source of employment for many.

Investment in infrastructure by the public sector particularly in energy, housing, water, telecommunications and roads significantly contributed to the growth of the economy.

As a result the Ethiopian economy, in the last 12 years registered a robust and impressive double digit growth. Between 2004 and 2014 the average growth rate was 10.9%. Poverty was reduced by half during this period. In the last 4 years, the growth and transformation plan (GTP) period, we had 10.1% average growth rate and this is high not only by African standard but also by global standard. That makes Ethiopia one of the fastest growing non-oil economies.

In general, Ethiopia is set to achieve the MDGs in health, education and poverty reduction. The economic growth was not only high and fast but also inclusive in terms of wealth sharing. This is simply because opportunities were created to all sectors of the society, thanks to our pro-poor policy. Ethiopia has a

national vision to become a middle income economy by 2025 or in 10 years from now.

Why and how the success was achieved?

- 1.The government recognizes that basic pre-requisites for development include peace and security, a good governance system that is based on accountability and transparency, popular participation, and a democratic system that ensures freedom as well as human and property rights.**
- 2.At the centre of the country's strong economic and social performance has been the government's proactive and leading role in shaping socio-economic policy.**
- 3.Ethiopia has democratic developmental state. The state intervenes where there are market failures including in infrastructure, Finance and Energy. The government did not see it fit that its role was limited to a night watchman.**
- 4.Mobilization of all forces of development, the people at large, the public and private sectors (both domestic and foreign), by creating grassroots movements was key to the success.**
- 5.Focusing in agriculture, manufacturing, technology transfer, education and health - all pro-poor sectors was vital.**

Mr. Chairman,

In spite of the impressive progress we have made over the years, Ethiopia and Africa still face formidable challenges. We are still the least developed and all indicators depict that Africa ranks low in development index. Poverty remains to be a challenge. Good governance and consolidation of democracy and good governance, transparency and accountability are all issues Africa should continue to address.

Strengthening institutions and building infrastructure are of paramount importance.

Global market is not favourable to Africa's commodity export and processing and value addition are critical.

Mr. Chairman

Ladies and gentleman,

Let me now briefly touch upon another element of the debate.

Is Aid a dead end?

It all depends on how one makes use of the aid money. Does one invest it in productive sector that can create value, generate income or consume it? Is there conducive environment for

development? Investing in productive and income generating sectors requires policy and strategy, commitment and implementation capacity. This is not only good for aid money but also for our domestic resources. Aid has to be linked to trade and development.

EU and China

The presence of China in Africa makes headline in the west. In my view, it is over exaggerated. Chinese trade with Africa is 5% and its investment is 4.3% which constitute a very small share of its global trade and investment. I guess Africa is not the major trading and investment partner of China. Therefore, the argument thus far has been political rather than economical. Attempts to politicize Chinese investment in Africa is neither reasonable nor helpful. Chinese presence in Africa is linked to human rights situation in Africa.

I believe democratizing Africa and ensuring respect for all democratic and human rights are the responsibility of us, Africans. We should do it for own sake and all the more so because the peoples of Africa deserve it. We should do it because it is the right thing to do. Partners can support in the process by sharing their experience and building the capacity of Democratic Institutions. For us in Ethiopia, democracy and human rights are existential issues. Our diversity can only be

best managed by a system that accords equal and inclusive opportunities to all social, cultural and political groups.

Mr Chairman,

EU has been partnering with Africa since 1975 within the framework of Cotonou agreement. Was EDF a problem by itself? Not at all! Are there governments that put EDF into good use and used it effectively? My answer is in the affirmative. Ethiopia, like many fellow East Africans have put EDF into good use. EU for some of us is a major trading partner, even though it lags behind in investment.

EDF and ODA are not sufficient for our expanding and fast growing economy, huge and growing population and development needs. The developed countries have to increase their ODA to the least developed ones in order to make a real and tangible economic transformation and integration. Many countries are yet to fulfil their ODA commitment. Moreover, as the traditional financial sources could not satisfy the financial needs of African countries, we had very little choice but obliged to resort to non-traditional financing sources especially for infrastructure and energy development. China is one such a source.

Africa remains grateful for the support it received over the years in its endeavour to transform the continent. Africa has taken several initiatives like NEPAD and APRM. Africa has also defined Agenda for renaissance, agenda 2063.

Finally, Africa is looking forward to the major global events in 2015 including the 3rd financing for development conference in Addis Ababa, the New York conference on Post 2015 sustainable development agenda, and COP21 conference in Paris. I hope there will be a global consensus and commitment. Africa wants to be partner and one of the global players. At the end of the day, there are huge interdependency and common challenges facing humanity. In a globalised world, we either swim or sink together. I hope our choice will be to swim together.

I thank you!