

Newsletter

Ethiopian Embassy in Brussels



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H.E. Ambassador Teshome Toga addressing guests at the Ethiopian Tourism Night in Brussels on 5 May 2015
Picture kindly offered by Bruno Mariani/Press Club Brussels

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POLITICAL AFFAIRS

Election update: Political parties debate on education policy

Political parties that contest in the upcoming election debated yesterday on the educational policy of the country. Ethiopian Peoples' Revolutionary Democratic Front (EPRDF), Medrek party, Semayawi party, Ethiopian Visionary Party (EVP), Coalition for Unity and Democracy (Kinijit) took part in the debate.

EPRDF representative, Shiferaw Shigute, said the educational policy has brought about impressive results in producing qualified professionals in many fields. In contrast to the two million students in the country two decades ago, there are currently over 25 million students attending classes in over 4,000 schools, he added. Moreover, Ethiopia has achieved the Millennium Development Goals (MDGs) in primary education. According to Shiferaw, the Government policy has also produced skilled manpower that run many mega projects and that work in other governmental organizations.

Medrek Party representative, Beyene Petros, said on his part the policy was not from the very outset prepared by well experienced professionals, but directly copied from western countries. According to him, the educational institutions in the country

are not led by educators, but with proponents of the ideology of the government. As a result, the quality of education is low and is not problem-solving.

Semayawi Party representative, Yonatan Tesfaye said that the education policy of the ruling party is generation killing. EPRDF is paying low salary to teachers and the educational institutions built are not furnished. According to him, Educational institutions are run by unwritten laws that favor teachers who support the ruling party.

Ethiopian Visionary Party (EVP) representative, Teshale Sebros stated that his party is totally against the affirmative action that favors women in the educational policy. If elected, the party will scrap the concept of affirmative action from the educational policy which he thinks contradicts gender equality.

Coalition for Unity and Democracy (Kinijit) representative, Ayele Chamisso said his party opposes the appointment of education leaders based on political affiliation to the ruling party. He said Kinijit will not meddle in educational institutions and they will be free from political interference if the party is elected.

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Ethiopia participated in the launch of the 5th edition of the European Development Report in Brussels

H.E Dr Abrham Tekeste, State Minister of Finance and Economic Development of Ethiopia was invited by the European Development Commissioner Neven Mimika to take part in the launch of the 5th edition of the European Development Report on 4 May 2015 in Brussels. Entitled "Combining finance

and policies to implement a transformative post-2015 development agenda", the report underlines sources of finance such as tax, remittance, export revenue and foreign investment are increasingly becoming important, but the role they play varies from country to country, in addition to official



H.E. Dr. Abrham Tekeste commenting the report.

development assistance. According to the report, not only availing financing but formulating a relevant and comprehensive development policy is crucial to achieve a tangible development.

In his keynote speech, Commissioner Mimica stressed that the findings of the report show that the Post-2015 Development Agenda is central to address the existing development challenges. The commissioner pointed out the relevance of the timing of the report as an input to the three key global conferences that will be held this year: Financing for Development in July in Addis Ababa, Post-2015 Development Agenda in September in New York and the Climate Change Conference in December 2015 in Paris. These important conferences will provide the global community an opportunity to address the challenges of poverty, climate change and sustainability issues until 2030. The commissioner emphasized that the responsibility to

contribute to meeting these goals and agendas should be shared by all countries. To this end, the European Union is committed to continue playing a key role in the global development agenda.

H.E. Dr Abrham Tekeste welcomed the report findings and acknowledged that the global partnership in the fight against poverty is evolving, as well as the financing mechanisms, in addition to the development assistance. But he pointed out that development assistance still remains crucial especially for least developed countries in Sub-Sahara Africa in sectors like health, education, infrastructure and energy. Further, Dr Abrham emphasized the importance of having a room for policy to be able to effectively implement a country-owned development agenda. He also argued that there is a limited room of maneuver to widen the tax base and raise local financing in least developed economies that usually rely on commodity export. He indicated that he would have liked to see the



report putting forward a structure that will form the basis for a binding commitment by developed countries. The State Minister stressed that study findings from the East Asian countries in the last six decades demonstrate that to achieve economic structural transformation, raising local saving of the population is central. But domestic saving is low in least developed countries like Ethiopia and there is a tangible need for continued development assistance. He also called for European and other developed countries to fulfill their commitment of providing 0.07 of their gross national income to

development assistance.

The 5th European Report on Development was produced by the Overseas Development Institute, the German Development Policy Institute, the European Centre for Development Policy Management, the University of Athens and the Southern Voice Network and with the support of the European Commission and four Member States of the European Union.

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Benelux Diaspora GERD Council meeting

H.E. Dr. Yinger Desse, State Minister of Foreign Affairs



H.E. Dr. Yinger Desse and H.E. Ambassador Teshome Toga addressing the participants

of Ethiopia had a meeting with Benelux diaspora GERD Council members on 1 May 2015 at the Embassy's premises in Brussels. In the meeting, H.E. Dr. Yinger Desse, State Minister, gave an exclusive brief about the socio-economic development of Ethiopia. He indicated that the country had a double-digit economy growth for the past decades, that benefits all people of the country. In rural areas, small-holding farmers have increased their production and achieved a great environmental protection thanks to the governments which is giving prime focus on extension services to the

rural communities. Small and medium enterprises are the vehicles of industrialization in creating employment opportunities in urban areas.

He underlined the contribution of the diaspora for the realization of the economic development of the country and appreciated the role of Benelux GERD Council for the mobilization of resources for the construction of the Grand Ethiopian Renaissance Dam. He called the GERD members to continue their commitment through purchasing of bonds until the completion of the dam and through investment and business activities for the development of the country.

Furthermore, he briefed the participants about the activities of the Government concerning the massacre of innocent Ethiopians by ISIS: identifying the victims, commemorating their death with all Ethiopian people, and the Government's commitment to fight terrorism. Ethiopia has been in the frontline in the fight against terrorism for a number of years now. Its determination to prevent terrorism taking root in Ethiopia and the region underlines why it has taken an active role in responding to the terrorist activities of Al-Shabaab in neighboring Somalia, elsewhere in the sub-region and internationally. Ethiopia will remain vigilant to ward off terrorism and extremism.

The Council members raised various questions

on business activities, housing programs and some issues related to good governance on investment in Ethiopia. At the end of the meeting, they assured their solidarity and continuation of their participation and support in the completion of the Renaissance Dam through purchasing of bonds and expanding their business activities.

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ECONOMY

Ethiopia expects 2015 investments to rise to USD 1.5 billion

Investors will earmark more money for Ethiopia this year than ever before, thanks to policies that have transformed the country into a manufacturing hub offering cheap power generation, low wages and reliable transportation. The professional-services firm Ernst & Young forecasts foreign direct investment in Ethiopia will hit a high of \$1.5 billion in 2015 and maintain that level the next three years, a significant increase over \$1.2 billion last year and just \$108.5 million seven years ago, the Financial Times reported.

That growth has been fueled in part by the lure of tax breaks for exporters. But the government has also leveraged loans provided by the World Bank to shore up the nation's infrastructure. Designed to be Africa's largest hydroelectric dam, the Grand Ethiopian Renaissance Dam is under construction as a means to produce cheap power, while a new airport is planned for the state-owned Ethiopian Airlines, which is now the continent's biggest carrier.

These projects have bolstered investors' faith in Ethiopia's long recovery from a devastating famine in the mid-1980s and the turmoil of a decades-long civil war. The country's economy has grown by an annual average of 11 percent during the past decade, which is double the rate of its neighbors, according to the Associated Press.

Fitsum Arega, director of the Ethiopian Investment Commission, told the Financial Times that much of the nation's newest investment is coming from China, India and Turkey and that it is landing new factories that will produce clothes and other textiles or goods such as leather. The entry of major brands and clothing manufacturers such as H&M Hennes & Mauritz AB and Wal-Mart Stores Inc. has fueled 61 percent growth in the apparel industry over the past six years, the Ethiopian Investment Commission reported.

Ernst & Young also predicted Ethiopia will become one of Africa's top four manufacturing hubs by 2025.

Huajian, a Chinese shoemaker, relocated to the country in 2012 and plans to expand its workforce there to 30,000, the Financial Times said.

<http://www.ibtimes.com/ethiopia-expects-2015-investments-rise-15b-1897133>

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UK expresses delight with investment in Ethiopian food industry

The United Kingdom government has expressed delight at its expanding joint investment with Ethiopia, following the inauguration on Tuesday of a new 'food factory' in the East African country.

'Ahadukes Food Products' factory is a joint investment between UK-based Vasari Investments Group and Ahadu PLC; and envisages growing the initial US\$36 million investment into a US\$120 million project within a few years.

At the inaugural ceremony witnessed by high profile dignitaries including the Regional President and the mayor of the town of Bishoftu, which lies south-east of Addis Ababa, the capital, where the factory is located, the UK envoy Greg Dorey explained that the Ahadukes project goes very much with the grain of the government of Ethiopia's desire to add value to agricultural production through the establishment of new processing methods and establishments. "The project will contribute to import substitution and meeting export targets as well as creating large numbers of jobs and transferring technology. I gathered the Regional President recently presented Ahadukes with a special reward in recognition of the importance of this investment to the Oromia region. This is great news!", he said.

"Just a few years ago, there was comparatively little UK investment in Ethiopia -though it did exist and there are a few very long-term British players in the market. But I am very pleased at the way in which our investment has taken off dramatically from this low case in recent years. This is in a variety of sectors, but food and beverages continue to be one area in which we think the UK has a great deal more to offer to the Ethiopian market"

Vasari is an operationally led investment group focussed on the fast moving consumer goods sector and associated value chain; with significant experience in both developed and emerging markets with a strong heritage spanning over 30 years throughout the African continent. Ethiopia is now seen as a core market for Vasari and its commitment to the market is highlighted by the existence of two permanent in-country representatives who have a wealth of experience across numerous spheres of the Ethiopian economy.

A common theme throughout these investments, including Ahadukes, is for Vasari to work closely with their local Ethiopian partners to grow and expand each business. Officials believe they are keen to make other investments in Ethiopia in the future.

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Ethiopia's Compelling Rise: Lessons for Africa

The Brenthurst Foundation of South Africa published a short paper in April by Professor Dr. Christopher Clapham, from the Centre of African Studies at Cambridge University, one of the UK's foremost political scientists and a notable scholar of Ethiopia, and Dr. Greg Mills, head of the Brenthurst Foundation and recent author of "Why States Recover", a detailed study of why failed or failing states can be fixed by their own efforts. Their paper "Ethiopia's Compelling Rise: Lessons for Africa" looks at the recent record of

Ethiopia with the fastest growing economy in Africa over the last decade, and its range of infrastructural investments, supported by sound policies. It points out that Ethiopia remains politically stable, with a functioning and efficient government which has curbed corruption and reduced security threats in the country. The paper also notes that Ethiopia's state-centric approach to development has exposed a number of shortcomings and the country has yet to create a productive private sector able to

translate major infrastructural investment into the basis for a dynamic modern economy. Nevertheless, it concludes Ethiopia possesses many of the ingredients for sustainable economic success, not least its own clear ownership of development plans and sees this as a key lesson for other countries.

Over the last decade, the paper notes that Ethiopia has emerged as one of the fastest growing, “perhaps the fastest growing,” economies in Africa. While this is something of an official mantra, independent appraisals still put it at over 10% from 2003 to 2013 compared to a sub-Saharan regional average of 5.3%. Poverty levels fell from 45.5% in 1995 to 29.6% in 2010. Growth, the authors stress, is driven by a “determined government policy of creating the conditions for development, notably through a massive level of infrastructural investment.” It mentions the plans for expansion of the rail network, with the railway from Djibouti to Addis Ababa being upgraded at a cost of US\$4 billion by Chinese companies and the aim of 5,000 km of new rail lines across the country by 2020; the expansion of the domestic airline network, funded by commercial borrowing, though with government guarantees; the national fibre optic cable system to help improve one of the major weaknesses, in telecommunications; and the number of significant hydro-electric projects in addition to the Grand Ethiopian Renaissance Dam whose US\$4.8 billion bill is to be met by the Government, financed in part through bonds and the people of Ethiopia and the Diaspora. Funding for these infrastructure developments are coming from improvements in tax revenue, some concessional financing from China and other donors, and domestic borrowing. The authors point out that local banks are required by government to convert up to 27% of their holdings into government bonds to finance infrastructure including GERD and this has created something of a local banking liquidity crisis.

The authors add “now the key question is whether Ethiopia can create or attract the level of private sector productive enterprise needed to turn this infrastructure into the basis for a functioning modern economy.” They quote State Minister of Finance, Ahmed Shide, “success to our plans will now be determined by the response of the private sector. Investment is key in this. This process can’t just be led by the state which can’t itself generate wealth; it can only facilitate it.” He says Ethiopia “wants to be the light manufacturing hub of Africa” and the

authors note that Ethiopian workers cost one-tenth the price of those in China, for example. There are six industrial zones now in Ethiopia, offering low or zero tariffs on imported manufactured goods, and tax holidays of up to seven years, with the Huajian Group’s ‘Shoe City’ in the eastern industrial zone, now employing 3,200 workers making 180 000 pairs of shoes a month, now joined by another 20 Chinese firms. Other light-manufacturing sectors developments include textiles from Turkey and construction materials from India, but the authors emphasize that considerably more is needed “to soak up the number of young people especially coming onto the job market.”

The authors make comparisons with Kenya which has similarly ambitious infrastructure aims, including the LAPSSET Corridor, which will also link into Ethiopia. They note that both countries have young populations, with Kenya’s median age at 19 against Ethiopia’s 17. Both are highly dependent on agriculture. In Ethiopia it makes up half of GDP and involves 85% of the work force; in Kenya 30% and 75%. Both countries run similar budget deficits, with levels of public debt equally high above 50% and relatively similar poverty levels. Kenya, of course, is the gateway to South Sudan, Rwanda, Uganda, Burundi and Congo in eastern Africa and its per capita GDP at US\$1 250 is more than twice Ethiopia. There are major differences in population and land area/ But, the authors emphasize, the most notable dissimilarity “centers around security and governance”, and add “perhaps the most important reason for Ethiopia’s stellar growth performance is its political stability.” They point out that Ethiopia has a state that works “in striking contrast to many other African countries”. The government, they underline, has a capacity, shared by few African states, to make and effectively implement, policies. This, they point out, is most visible in the dramatic expansion in the road network and urban development in Addis Ababa, “now a megalopolis of some seven million people” but elsewhere in the country. Further education has likewise boomed, with over 30 universities geared especially to turning out graduates in engineering and natural sciences. Better governance also means less corruption and better value for money.

State Minister Shide says “We have a vision to become a middle income country according to a democratic development model, an activist state grounded by plans and a comprehensive development outlook...

and grounded in the party and in discipline. We are free market and open, but with caveats". The authors note that quite exceptionally in Ethiopian history, there was a peaceful transfer of power within the ruling Ethiopian People's Revolutionary Democratic Front to Prime Minister Hailemariam Desalegn after the death of the late Prime Minister Meles. They classify the internal operations of the government as opaque and use the word "Byzantine" but then note that it gets things done and with a minimum of corruption. They sum this up as demonstrating Ethiopia's ability to survive, as an island of stability within a highly troubled region, is a tribute to its ability to keep political control and to a foreign policy that recognizes the need for regional stability and seeks to be a moderating and stabilizing influence in the region. They note Ethiopia is a leading provider of peacekeeping forces to the United Nations and the African Union and its efforts to resolve conflicts in Somalia and South Sudan.

They note the continuing problem of Eritrea and the fact that its independence made Ethiopia a landlocked country but also add that this has actually proved much less of a hindrance to Ethiopia's development than might have been expected with closer relations with Djibouti and the generally well run port of Djibouti and improved rail and road links. They also note the close liaison between Ethiopia and the effectively independent but still unrecognized Somaliland government in Hargeisa and the moves, led by the World Bank, to develop the Berbera corridor in a US\$1.8 billion scheme.

Inevitably the authors note that Ethiopia's religious make up with 40% each of Orthodox Christians and Muslims, with the remainder Protestant Christians and indigenous religions. This requires delicate and complex management and as the Prime Minister says rent-seekers using religion as ideology have to be checked. Despite the mutual Somali link, Kenya has been the one affected by Islamists attacks. The authors suggest that the level of government control through its armed forces, competent intelligence services and the co-option of the domestic Somali leadership have helped Ethiopia avoid serious attacks, at least so far. The threat has been blunted by "rigorous security screening especially along the Somali border where Ethiopia has created a 100 km buffer zone with troops patrolling both sides." They add "today those fighting terrorism could do with all the help they can get, but it's assiduous careful planning and actions that can eventually, as Ethiopia shows, win the day." Another

important lesson Ethiopia offers revolves around the importance of ensuring effective integration of all sources of intelligence, and the need to generate trust in the army so people feel confident that they will be safe if they inform, and the military and police will use their information properly to protect them. The authors suggest the effectiveness of the kebele neighborhood association system helps. Overall, they conclude that "while it has a tradition of not sharing information with willing international partners, Ethiopia's security sector is effective, using its capacity and resources to best effect, very little being squandered through corruption." The integration of information from military, police, local government, development, administrative, and economic sources is a key requirement in counter-insurgency and counter-terrorism intelligence.

The authors emphasize that this does not mean that Ethiopia has no development problems or security threats. They refer to "in-built suspicion of foreigners", as in the prohibition on foreign banks, which makes consideration of long-term investment more risky; and there is the in-built suspicion of the excess profit motives, of "rent-seeking" in business. The authors point out that "there can be no question at all of foreign companies acquiring political influence, beyond their specific economic functions." They underline that the Government does have a long-term developmental vision and it is looking for investors who will build and keep a stake in the country. At the same time, its policies often encourage investors into taking short-term actions to get quick returns. The authors conclude that Ethiopia has not yet really liberalized either its economy or its politics, but it has created space for the private sector within a state-dominated and regulated economy. They also argue that the relationship between government and external enterprises will change as the economy develops.

Ethiopia, with its strong government and still weak private sector, is a mirror image of Kenya which has a dynamic private sector and a more dysfunctional governance structure. Kenya is unable to translate private sector dynamism into public sector capacity because of problems of poor governance. The authors believe Ethiopia's prospects look better for two good reasons: "it owns its recovery and its security."

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TOURISM

Ethiopian tourism night successfully held in Brussels



H.E. Teshome Toga addressing the guests. © Bruno Mariani/Press Club Brussels

The Ethiopian Embassy in Brussels has organized an Ethiopian tourism night event on 5 May 2015 to promote the untapped tourism potential and to build the image of Ethiopia in Europe. At the event, the Embassy welcomed fifty tour operators, investors, journalists and other professionals of the tourism sector at the Euro Press Club in Brussels. The Ethiopian tourism night aimed at presenting the possibilities and opportunities that Ethiopia is endowed to attract more tourists and visitors to discover this great land of ancient culture and unique natural scenery.

At this occasion, H.E. Ambassador Teshome Toga stated that Ethiopia has changed for the better to bring value to its multifaceted assets, ranging

from an exceptionally rich culture, history and nature to a dynamic economy and a rapidly developing infrastructure. Ambassador Teshome Toga also updated the attendees on the recently formulated Ethiopian tourism development policy and various tourism facilities with the goal to accelerate the development of the sector and attract potential European tourists. A new Ethiopian Tourism Organization was created with the aim of developing and promoting touristic activities. The ambassador encouraged all Benelux tour operators to take advantage of Ethiopia's tourism potential and to incorporate Ethiopia in their tour package as one of their destinations. He further underlined that the Embassy is here to facilitate the link with



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Ethiopian tour operators and assist them in any possible way to that end.

As an early and faithful traveller to Ethiopia, Chris Aelbrecht, Product Manager of SENSATIONS, TRAVEL

of these mountains and other tourist destinations of Ethiopia in their tour packages. According to him, the country has developed a lot since the 1990s. Today, tourists enjoy a high standard of confort and good accommodations during there trips in Ethiopia. One further strong points of Ethiopian tourism are the very highly trained guides, he further stated.



The colorful event also gave the guests a chance to discover the authentic and organic Ethiopian cuisine, raw and roasted Ethiopian coffee as well as several Ethiopian wines and beers. Live traditional dances and a fashion show were met with enthusiasm by the guests, which were thereby provided further insights of the multifaceted potentiel of Ethiopia as a touristic destination.

The event event was generously sponsored by Unibra, which is about to launch Zebidar, a new beer company in Ethiopia.

DESIGNER, also gave his thoughts about tourism opportunities in the country. He witnessed one of his favorite spots in Ethiopia, the Simien mountains, which is endowed with “very impressive sights”. He warmly invited other tour operators to include a visit

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AGENDA & ANNOUNCEMENTS

Celebration: 24th anniversary of May 20

The Embassy of Ethiopia in Brussels cordially invites Ethiopians and Ethiopian origins living in the Benelux to celebrate together the 24th anniversary of May 20, the downfall of the Derg regime. During the celebration, the diaspora participation in the development of the country, good governance issues as well as diaspora housing directives will be explained and discussed.

The Embassy is looking forward to welcoming you all on 30 May 2015 from 14:00 to 18:00 at the cultural center Whall, avenue Charles Thielemans 93, 1150 Brussels. Please confirm your attendance at info@ethiopianembassy.be or +32 2 771 32 94

Read the complete invitation letter (Amharic):

<http://ethio.be/1Ek7wX6>

Ethiopia infrastructure, power & energy investment summit

On 19 and 20 May NABC will be participating in the 2nd Ethiopia Infrastructure, Power & New Energy Investment Summit in Addis Ababa. This flagship conference and exhibition is a unique gathering of 200+ senior level decision-makers looking to Ethiopia's infrastructure and power sectors for business development, investment and partnerships.

Register today and get the chance to meet with government officials, private equity investors,

venture capitalists, key players in all infrastructure sectors, new energy operators, power developers and other services providers along with International Financial Institutions. To receive the full agenda and registration form, please send an email to: fbitew@euroconventionglobal.com or call +251 912 050 481. <http://ethio.be/1cf5iSm>

ABOUT THE EMBASSY

Working Hours: 9:00 – 13:00 & 14:00 – 17:00

Consular Service: Monday – Friday 09:00 – 13:00

Legalization and Power of Attorney: Monday – Thursday 9:00 – 13:00

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