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Sources have indicated that clashes have broken out north of Badme, the flash point town of the 1998 Ethio-Eritrean war. The clashes which lasted one day and one night started on May 25, 2012, and border guards have been injured. The sources added that the Fifth Mechanized Regiment stationed around Gonder and Bahr Dar was dispatched to the area. The injured members of the Ethiopian army were flown by helicopter to the army hospital in Adi Kokeb and Mekele. Several members of the Sha'abiya army were captured. There were no further clashes after May 26, 2012, according to the sources (Negadras, June 2).

A government spokesperson said Ethiopia is yet to reach at a decision whether to send its troops to wrest al-Shabaab from its stronghold of Kismayo, the southern port city of Somalia. Recent reports have suggested that Ethiopian troops are ready to launch an assault on the strategic town of Kismayo, the ultimate target of Kenyan troops who joined the battle against al-Shabaab in Somalia in October 2011. Ambassador Dina Mufti, Ministry of Foreign Affairs Spokesperson, confirmed calls for Ethiopian troops to enter Kismayo. The ambassador reiterated Ethiopia's intention to withdraw from the areas it has liberated by handing them over to African Union troops and 'as soon as government institutions are set up' (WIC, May 31).

The government's proposed budget for the next fiscal year is over 150bio birr. The budget prepared by experts of MoFED is now being reviewed by finance Minister Ato Sufian Ahmed. Government offices expected to receive the lion's share of the budget are the Ethiopian Roads Authority (ERA), the Ministries of Education, Health, Water and Energy and Defense. The budget of the soon to end fiscal year was 121.8bio birr. The Council of Ministers will debate and approve the new budget (Reporter, June 3).

Ethiopia's export earnings rose 15% from a year earlier to \$2.2bio in the first three quarters of the fiscal year, as gold and other items offset a drop in coffee sales, the Trade Ministry said. Revenues from gold shipments leapt 40% to \$405m, and sales of oil seeds, primarily sesame to China, and livestock also jumped, the ministry said. Coffee sales dropped 7% to \$505.6m as the continent's biggest producer sold 93,654 t of the beans. Coffee accounted for about a third of earnings of \$2.8 billion last year (Bloomberg, May 22).

Export income dropped by one billion dollar as a result of the reduction of revenue from coffee exports by half. Revenue expected from exports in 2004 was 4bio \$. The revenue from exports just one month before the end of the fiscal year is not even 3 bio \$. Long time coffee traders expressed concern that if coffee exports do not perform better next year, Ethiopia could be driven out the coffee market, for which it is known internationally (Reporter, June 3).

The Board of Executive Directors of the World Bank approved a US\$200m credit from the International Development Association (IDA) to the Government of Ethiopia (GoE) to increase rural coverage and to provide access to affordable, modern, cost-effective electricity services to its citizens. Over the past 5 years, GoE has made some commendable strides in improving access to electricity. As a result, over 41% of rural towns and villages have been connected to the grid and an additional 2 million consumers have access to

electricity. However, per-capita consumption of electricity in Ethiopia remains relatively low at about 200 kWh per year (World Bank, press release).

A South Korean state bank, EDCF, approved an 80m \$ soft loan to the electric power transmission line construction and expansion project. According to Misikir Negash, corporate communications head at the Ethiopian Electric Power Corporation (EEPCo), the electric power transmission line stretches from Debremarkos-Gebreguracha-Sululta. The transmission line is 212 km long and it can carry 400 KV. This project is an expansion on the Beles-Bahir Dar-Sululta transmission line (Reporter, June 2).

The World Bank Board of Executive Directors approved an International Development Association (IDA) additional financing of US\$150m in support of the Government of Ethiopia's (GoE) efforts to provide urban citizens with enhanced sanitation services and achieve universal water supply coverage by 2015. Since its launch in 2007, the Urban Water and Sanitation Services Project (UWSSP) has been supporting the GoE in the provision of improved access to safe drinking water and sanitation facilities to its citizens. So far, over 1 million people have benefited from the production and supply of the additional 58,000 M3/day water and from the improvement in operational efficiency of utilities under the project (World Bank, press release, May 31).

The Ethiopian Railways Corporation (ERC) and the Swedish Transport Administration subsidiary, SweRoad with Swedish Consortium Hifab International AB, last week signed two contracts for the construction of railway projects. A statement the Embassy of Sweden stated that the SweRoad /Hifab Consortium will be the employer's representative for the execution of the 656km railway line between Addis Ababa and the border of Djibouti, and the light rail transit railway project, 30km of light rail through central Addis Ababa with a total cost of 18m USD. Both projects are financed by China with Chinese contractors. Contracts have been signed between the Ethiopian Railways Corporation and the contractors. The SweRoad/Hifab consortium will mobilize 45 consultants and establish three separate project offices. Time for completion of the two projects is three and a half years (WIC, May 30).