

Seven Days, Vol. 18 No. 48, January 30, 2012(*)

The African Union has inaugurated its newly built headquarters in the Ethiopian capital, Addis Ababa. The entire \$200m project was funded by China as a gift to the AU, as Beijing continues to strengthen its influence in Africa. In front of African leaders a huge golden key was handed over and the 100m high building was officially opened. The tower overlooks a vast conference centre where African heads of state are expected to meet for years to come. Their first AU summit in the building will take place on Jan. 29 (*BBC, Jan. 28*).

The Afar Revolutionary Democratic Unity Front (ARDUF) has taken responsibility for the killing of five foreign tourists and the injuring and abduction of others last week in Artale locality of Afar Region. ARDUF said the tourists were killed accidentally and not intentionally during skirmishes with the Ethiopian army operating in the area. The front also explained that it is currently holding two German tourists whom it described as being in good condition. It said it has started processing the release of the abducted tourists but warned that any attempt by the Ethiopian government to involve itself in this effort would only complicate matters. ARDUF dismissed the Ethiopian government's claim that it receives military assistance from the Eritrean regime. ARDUF strongly believes in the unity of Ethiopia, it added. The front explained that it had been fighting in the past 29 years for the economic, social and political emancipation of the Afar people who, it said, are marginalized by the Ethiopian government. The ARDUF statement warned that it would not allow any group to enter the ARDUF controlled area without its permission. It said it will not take any responsibility for the safety of any foreigner who enters the territory without ARDUF's permission (*Finote Netsanet, Jan. 24*).

An Ethiopian judge handed down prison sentences ranging from 14 years to life to three journalists and two politicians. The five were arrested last year and charged last week under Ethiopia's controversial anti-terrorism laws. Ethiopian officials had said they were involved in planning attacks on infrastructure, telecommunications and power lines. Ethiopia's federal high court found Elias Kifle, editor-in-chief of a U.S.-based opposition website, guilty of terrorism. He was sentenced to life imprisonment. Kifle was tried in absentia. The judge gave prison sentences of 14 years for Wubshet Taye, deputy editor-in-chief of the recently closed-down weekly *Awramba Times*, and Reeyot Alemu, a columnist of independent weekly *Fitih*. Opposition politician Zerihun Gebre Egziabher was sentenced to 17 years in prison, and the other opposition member, Hirut Kifle, was sentenced to 19 years (*AP, Jan. 26*).

Eritrea has asked the UN to investigate the killing of five western tourists in northern Ethiopia which has led to a bitter row between the two arch-foes. Addis Ababa has blamed Eritrea of sponsoring the rebel group that claimed responsibility for the attack last week, an accusation that Asmara says is being used to set the stage for military confrontation. In a letter to the United Nations Security Council dated January 23, Eritrea's Foreign Affairs minister Osman Saleh said a threat by Ethiopia to act in self-defense in response to "acts of terrorism" against it was groundless. Eritrea, which is under stifling UN sanctions, said that any attack against it by Ethiopia would not be justifiable (*African Review, Jan. 25*).

Islamist militants have launched a suicide truck bomb attack on an Ethiopian military base in central Somalia, witnesses say. Al-Shabaab says it killed 10 Ethiopian soldiers in the attack in the town of Beledweyne but this has not been confirmed. Ethiopian forces seized Beledweyne from al-Shabaab last month (*BBC, Jan. 24*).

Finance and economic development experts have said Ethiopia's foreign debt has soared from 134bio birr to 200bio birr in just one year. They said the country's domestic debt has reached 60bio birr. According to the experts' report, the foreign debt is separate from the loans released to the country in the last three months. In 1998, the country's foreign debt had reached 10.3bio \$ but was reduced to 2.7bio \$ following the decision of world financial institutions to cancel the debt of poor countries through what is known as the Highly Indebted Poor Countries Initiative. Out of the 134bio birr debt, 85bio was obtained from lending international financial institutions while the remaining 49bio birr came from lending countries such as China and India, the Kuwait Fund and private lenders. The main beneficiaries of these loans are the Ethiopian Electric Power Corporation (EPEPCo), the former Ethiopian Telecommunications Corporation (ETC), the Addis Ababa City Administration and Ethiopian Airlines. The repayment period of the loans from international financial institutions is 40-50 years with a grace period of 10 years. The average interest rate is 0.75%. The repayment period of loans obtained from individual countries is 20 years with a grace period of 7 years while the interest rate is 2% (*Reporter, Jan. 22*).

Ethiopia and China signed seven economic and technical agreements to further strengthen bilateral cooperation. The two governments signed two economic and technical cooperation agreements to provide grant and interest-free loan to Ethiopia; and two framework agreements were signed to further cooperate in railway, sugar production, telecommunication development and currency swaps, and to promote small and medium enterprises. The Memorandum of Understanding for comprehensive cooperation and the establishment of Hujian-Ethiopia light industrial manufacturing base project are among the agreements (*ENA, Jan. 28*).

The International Finance Corporation is expected to make 85m USD available in financing to private businesses in Ethiopia, according to Adamou Labara, IFC Resident Representative in Ethiopia. The IFC Ethiopia office has already provided 85m USD to businesses over the past two and a half years. The 85m in the IFC portfolio is minimal in comparison to the size and potential of the Ethiopian economy, said Labara. IFC in Ethiopia provides 30 to 35% of the total cost for a project and solicits additional financing for the project from other sources to make up the difference, he explained. In the first instance, the corporation provides loans in a form of long term funding which requires at least five years to mature, said Labara (*The Reporter, Jan. 24*).

Ethiopia and Australia signed a new bilateral grant agreement amounting to 45m USD to strengthen the national health program to be implemented during the coming four years in Ethiopia. Health Minister Dr. Tedros Adhanom said the fund will significantly contribute in the ongoing efforts to improve Ethiopia's health service program in

particular in the efforts to reduce the maternal and child mortality rate. The Minister on the occasion lauded Australia's support to the health programs. Australia will help to increase the number of trained midwives from 2,002 to 8,635 and increase the number of deliveries attended by skilled birth attendants to 62% from 18%. Through Australia's funds, maternal mortality is expected to drop to 267 from 590 deaths per 100,000 live births and infant deaths to reduce to 31 from 59 per 1000 live births (*ENA, Jan. 27*).

The United States Agency for International Development (USAID) said it has launched a Systems for Improved Access to Pharmaceuticals and Services (SIAPS) program. Over 197.9m USD has been allocated for implementation of the five-year program. The Director-General of Ethiopian Food, Medicine and Health Care Administration and Control Authority, Yehulu Deneke, said in connection with the launching of the program that the program will significantly contribute to improve access to pharmaceuticals and services. The director said the authority will further continue working in collaboration with USAID to build the administration capacity of pharmacies and improve pharmaceuticals supply system. The specific SIAPS result areas include strengthening pharmaceutical sector governance, building individual, organizational, and institutional capacity for pharmaceutical supply management and services (*ENA, Jan. 25*).