

A Week in the Horn – 13.07.2018

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Africa and the African Union

The Chairman of the African Union Commission, Moussa Faki Mahamat and United Nations Secretary-General António Guterres chaired the second AU-UN Annual Conference at AU Headquarters in Addis Ababa on Monday (July 9). The Conference reviewed the implementation of the Joint Framework for Enhanced Partnership in Peace and Security, and endorsed the Action plan on the AU-UN Framework for the Implementation of Agenda 2063 and the 2030 Agenda for Sustainable Development. They agreed to enhance collaboration, cooperation and coordination in the search for sustainable solutions to ongoing challenges, based on the principles of complementarity, comparative advantage, burden-sharing and collective responsibility. **(See article)**

The UN Security Council has commended the signing of the Joint Declaration of Peace and Friendship on 9 July 2018 by President Isaias Afwerki of Eritrea and Prime Minister Dr. Abiy Ahmed of Ethiopia. In a press statement the Security Council welcomed the commitment by both parties to resume diplomatic ties and open a new chapter of cooperation and partnership. It took note of the five-point plan and welcomed the agreement to implement the decision of the Ethiopia-Eritrea Boundary Commission. Council members noted this represented an historic and significant development with far-reaching positive consequences for the Horn of Africa and beyond. They stood ready to support Eritrea and Ethiopia in their implementation of the Joint Declaration. The members of the Security Council also welcomed the commitment of Eritrea and Ethiopia to jointly endeavour to ensure regional peace, development and cooperation and looked forward to Eritrea's active participation in IGAD. They recognized the call in the Joint

Declaration for solidarity and support and encouraged all actors to offer their support to the peace process.

Swedish Foreign Minister Margot Wallström (Sweden holds the presidency of the Security Council for July) said she hoped the lifting of sanctions against Eritrea would “happen shortly.” Asked how soon the sanctions could be lifted, she said: “We are looking at that, whether we can even introduce it as quickly as possible during our presidency (within July) or what will be the right time. We will have to check what is happening on the ground.” Ms. Wallström said the lifting of sanctions against Eritrea would be “fantastic,” meaning something for the whole Horn of Africa region. “Ethiopia’s Prime Minister Dr. Abiy on Monday handed a letter to the UN Secretary-General in Addis Ababa, requesting the lifting of sanctions against Eritrea.

The 17th AGOA (African Growth and Opportunity Act) Forum was convened in Washington this week from Monday through Thursday (July 9-12) in the presence of US Deputy Secretary of State, John J. Sullivan and dozens of Africa’s trade ministers, under the theme: “Forging New Strategies for U.S. – Africa Trade and Investment.” **(See Article)**

The AU Commission’s Department of Economic Affairs launched two reports on Wednesday (July 11). One was the first edition of the Commission’s African Development Dynamics Report, produced in collaboration with the OECD Development Centre. This will play a major role in furthering integration and transformation of Africa as set out in Agenda 2063 and the African Continental Free Trade Area, as part of the path towards a united, integrated, peaceful and prosperous Africa. The second was the Strategy for the Harmonization of Statistics in Africa which aims to enable the African Statistical System (ASS) to generate timely, reliable, and harmonized statistical information, covering all aspects of political, economic, social, and cultural integration for Africa and highlighting priority statistical requirements for political integration and regional and continental governance; economic integration; and social and cultural integration. The launch was attended by the Commission Chairperson, Moussa Mahamat Faki, the Commissioner for Economic Affairs, Professor Victor Harrison, and AU Ministers of Finance and Economy and other participants.

One of the decisions taken at the recent Assembly of African Heads of State and Government at the beginning of July in Nouakchott, as specifically recommended in President Kagame’s report on AU reform, was to transform NEPAD Planning and Coordination Agency into the African Union Development Agency as the technical body of the African Union with its own legal identity. Dr Ibrahim Mayaki, CEO of the NEPAD Agency, who noted that a central aspect of the reforms of the AU was to streamline and improve effectiveness and efficiency in delivery in the implementation of AU decisions and policies and programs, welcomed the change. He said: “We are enthusiastic; it will make it possible to deploy our programs even more effectively in the service of our continent’s development.”

Ethiopia

Prime Minister Dr. Abiy Ahmed led a high-level delegation to Asmara on Sunday (July 8) bringing an end to twenty years of diplomatic disconnect and the state of “no peace no war” between Ethiopia and Eritrea. Warmly welcomed in Asmara, he and President Isaias signed a

five-point “Joint Declaration of Peace and Friendship” underlining their commitment to rapid, positive changes on the basis of respect of sovereignty and territorial integrity, equality and mutual interest of both countries. Outcomes of the visit included agreement for the commencement of diplomatic relations between the two countries, the use of ports, the resumption of flights between the two countries, the reopening of telecommunication links and other developments. The Prime Minister’s delegation included Foreign Minister Dr. Workneh Gebeyehu, and the Speakers of both the House of Peoples’ Representatives and the House of Federation. **(See article)**

Prime Minister Dr. Abiy Ahmed defended the proposed budget for the current fiscal year at the House of People’s Representatives on Friday (July 6). He told the House that the economy had grown more slowly than expected during the previous year, and export earnings had fallen far short of targets. He underlined the need for a fundamental overhaul of how the nation is run and said: “We need to work [so that] investors have full confidence in the country.” **(See article)**

Minister of Foreign Affairs, Dr. Workneh Gebeyehu on Monday (July 9) briefed the press on Prime Minister Dr. Abiy’s historic visit to Eritrea and the agreements that the two countries signed with the view to advance the bilateral cooperation. The Minister provided details of the agreements reached, noting that the two sides had already established two commissions headed by the respective foreign ministers of both countries. He said, “We’re going to have sub-committees that will work out in detail when and how each and every issue will be implemented”. These would be tasked with details and implementation of economic, political, social, and other agreements. **(See article)**

Ahmed Shide, Government Communications Office Minister, said on Wednesday (July 11) that Ethiopia wants to make the re-opening of two roads leading to the ports of Assab and Massawa a priority in the reconciliation between the two countries. This would benefit not only both peoples, but the entire Horn of Africa region would be a part of these developments,” he said.

State Minister for Foreign Affairs, Mrs. Hirut Zemene received a copy of the credentials of the newly appointed ambassador of the Republic of [Guinea](#) to [Ethiopia](#), Ambassador Gaoussou Toure on Thursday (July 12). State Minister Mrs. Hirut also received the newly appointed Ambassador of the Republic of [Mozambique](#) to Ethiopia, Ambassador Albertina Maria Domingos Mac Donald. Mrs. Hirut stressed the need to expand the level of bilateral cooperation between Ethiopia and both countries.

State Minister for Foreign Affairs, Professor Afework Kassu held discussions with Argentinian Ambassador to Ethiopia, Ambassador Gustavo Teodoro Grippa on aspects of bilateral cooperation on Thursday (July 12). Professor Afework briefed the Ambassador on the ongoing reforms Ethiopia is undertaking under the leadership of Prime Minister Dr. Abiy Ahmed. He said the recent smooth political transition in the country is exemplary to the rest of the African continent. He also said Ethiopia is working more closely with countries in the region in a bid to enhance regional integration. The State Minister further noted Prime Minister Abiy’s recent visit to Eritrea and expressed it as ‘a key message to the World’.

Foreign Ministry spokesperson, Meles Alem, said this week that Ethiopia had repatriated 3,000 citizens stranded in foreign lands during the last three months. They came from the United Arab Emirates, Kenya, Djibouti, and Sudan. The spokesperson said since the administration of Prime Minister Abiy came into office in April, efforts to protect the rights of Ethiopians living overseas has achieved notable successes in repatriating undocumented nationals residing in foreign countries.

Former Speaker of the House of Peoples' Representatives, Abadulla Gameda, met with Prime Minister Lee Nak-yon of Korea. He delivered a message from Prime Minister Dr. Abiy and briefed Prime Minister Nak-yon on recent political developments in Ethiopia as well as on peace-making efforts and regional integration. He also underlined the efforts to create favorable conditions for investment and requested the Korean government to encourage Korean investors to invest in industrial parks. Prime Minister Nak-yon expressed hope that South Korea's businesses would be able to contribute to Ethiopia's development.

A month-long China-sponsored training seminar in Addis Ababa for potential train drivers opened on Monday (July 9). It aims to create a competent and skilled labour force to operate the 756 km Ethiopia-Djibouti electrified railway. Opening the seminar, Ms. He Ding, Vice President of Academy for International Business Officials of the Chinese Ministry of Commerce, said the 50 Ethiopian and Djiboutian participants would receive training on the management of rail operations, and "will learn and exchange ideas on topics related to railway operations technologies and railway management." The program will continue in a more organized form through the planned railway academy.

The House of People's Representatives on Friday (July 7) endorsed the appointment of a total of 49 judges (41 male and 8 female) for the Federal High Court and of 74 judges (58 male and 16 female) for the Federal First Instance Court. It also approved the Prime Minister's proposed appointment of Ahmed Shide, Minister of Government Communication Affairs Office as chairman of the Ethiopian Broadcasting Corporation board and Dr Merara Gudina, chairperson of the opposition Oromo Federalist Congress as a member of the board. Parliament also approved the appointment of Dr. Endale Haile as Chief Ombudsman of the Ethiopian Institution of the Ombudsman.

Djibouti

The IGAD Secretariat has praised the China-built Djibouti International Free Trade Zone (DIFTZ), inaugurated by President Guelleh on Thursday last week (July 6) in the presence of President Kagame of Rwanda, Chair of the AU Assembly, Dr. Abiy Ahmed, Prime Minister of Ethiopia and chair of IGAD, President Al Bashir of Sudan, President Mohamed Abdullahi of Somalia and AU Commission Chairperson, Moussa Faki Mahamat. In a statement on Tuesday (July 10) IGAD said the Zone was "a clear demonstration of regional economic integration that the member states have been working towards"; an important milestone in regional integration, contributing to realization of the ongoing discussions on the IGAD free movement protocol and the African Continental Free Trade Area (AfCFTA). The US \$370 million project consists of three functional blocks located close to all of Djibouti's major ports, and the pilot zone will have four industrial clusters, focusing on trade and logistics, export processing and business support. It

will house manufacturing, warehouse facilities, an export processing area and service centers that will create over 15,000 job opportunities. President Guelleh said it would be a place of hope for thousands of young job seekers. Ethiopia's Prime Minister Abiy expressed support to Djibouti in its efforts to speed up regional economic integration.

The World Bank is providing a US \$15 million credit from IDA to support Djibouti's goal of reversing and ultimately eliminating childhood stunting. This investment in human capital development will focus on the critical first 1,000 days from pregnancy to age two. It will aim to provide 100,000 women and adolescent girls and 50,000 children with key health and nutrition services. The project will fund the objectives of the Government to expand the capacities of health facilities and community health workers to monitor and promote healthy growth for children.

The EU has given €500,000 to Djibouti to support refugees in the country, mostly fleeing conflict in Yemen, providing water, sanitation and protection to the communities living in the Ali Addeh, Hol Hol and Markazi refugee camps. Since 2012, the EU has provided over €10 million in emergency assistance to Djibouti for refugees and their host communities.

Eritrea

President Isaias Afewerki will arrive in Addis Ababa on Saturday (July 14) for a three-day state visit following an invitation extended to him by Prime Minister Dr. Abiy Ahmed. President Isaias' visit will further bolster the friendship and multifaceted ties between the peoples of Ethiopia and Eritrea. **(See article)**

Kenya

President Kenyatta met General Thomas Waldhauser, head of the US-Africa Command (AFRICOM) at State House on Wednesday (July 11). Discussions covered regional security, and President Kenyatta emphasized Kenya was firmly committed to the cause of finding peace in Somali and South Sudan. **(See article)**

The three-day meeting of the Contact Group on Piracy off the Coast of Somalia (CGPCS) opened in Nairobi on Thursday (July 12), bringing together 200 delegates from 68 countries to support innovative strategies aiming to eradicate piracy along the Somalia coast. Raychelle Omamo, Kenya's Cabinet Secretary for Defense, said a re-invigorated approach to eradicate piracy in Somalia waters was critical to boost economic growth and stability in Somalia. This needed skills upgrade for the Somalia Coast guard, cross-border intelligence sharing and investments in livelihood projects. Ahmed Kheyr Abdulkadir, Somalia Minister for Foreign Affairs, said Mogadishu had developed a robust counter-piracy strategy blending military strength, diplomacy and community engagement. The meeting is expected to come up with a comprehensive roadmap to revitalize the war against piracy off the coast of Somalia.

Somalia

President Mohamed Abdullahi arrived in Ankara at the weekend to attend the inauguration on Monday (July 9) of President Recep Tayyip Erdoğan re-elected as president of Turkey in June. While in Ankara President Mohamed met with the Emir of Qatar, Sheikh Tamim bin Hamad Al Thani, and also held talks with his predecessor, Hassan Sheikh Mohamud, discussing a range of issues regarding the current situation in Somalia.

Prime Minister Hassan Ali Khayre sacked Religious Affairs and Endowment Minister, Hassan Moalim Hussein, on Monday (July 9) after less than two months in office. The Prime Minister gave no reason for the dismissal which took immediate effect.

The Interior and Security Ministry was the target of suicide bomb attacks on Saturday (July 8) with at least 10 people, among them staff members of the Ministry, killed and nearly two dozen more injured. Al-Shabaab claimed responsibility. **(See article)**

AMISOM and the UN reiterated their commitment to help develop the capacity of the Somali national security forces to address all forms of human rights violations at the opening of a joint AMISOM-UN trainer of trainers' four-day workshop on the prevention of conflict-related sexual violence on Monday (July 9). Special Representative of the Chairperson of the African Union Commission for Somalia, Ambassador Madeira, said sexual violence was a weapon of war and AMISOM supported elimination of all forms of violence against women and children. He noted AMISOM had taken concrete steps to end sexual and gender-based violence in Somalia including deployment of Women Protection and Child Protection officers to AMISOM.

The IMF has approved a third 12-month Staff-Monitored Program (SMP III) covering the period for May 2018–April 2019, following the completion of the review of the Fund's second 12-month Staff-Monitored Program (SMP) with Somalia. These programs are designed to help maintain macroeconomic stability, rebuild key economic institutions, and build track-record for policy and reform implementation. **(See article)**

The Speaker of the Lower House of the Federal Parliament, Mohamed Mursal Sheikh Abdirahman, opened the fifth session of the regional assembly of South West state in Baidoa on Monday (July 9). The Speaker's keynote speech focused on federalism, security and development, and he urged the South West lawmakers to collaborate with state government in order to implement programs of the state government. He also promised to strengthen cooperation and collaboration between the Federal Parliament and the regional assemblies.

AMISOM is running a 10-day workshop on public order management to train the South West State Police Force on handling public order crimes as security improves. The workshop is part of AMISOM's transition plan to equip Somali security institutions and hand over responsibilities and focuses on crowd control and how to handle various public crimes, riots and violent demonstrations.

Ambassador Donald Yamamoto was appointed as US Ambassador to Somalia, replacing Ambassador Stephen Schwartz who has been serving in that post since July 2016. The US maintains a non-resident diplomatic mission in Nairobi for Somalia. Ambassador Yamamoto has previously served as US Ambassador to Djibouti and to Ethiopia as well as being the senior US

diplomat for Eritrea and Somalia, as twice working as the Acting head of the head of the State Department's Africa Bureau.

The European Union together with the Federal Government of Somalia and Sweden will host the Somalia Partnership Forum, being held in Brussels on Monday and Tuesday next week. The aim is to mobilize the international community to step up support for Somalia's efforts to build a more secure and prosperous future. High Representative/Vice-President Federica Mogherini will co-chair the conference with Somalia Prime Minister Hassan Ali Khayre and Ms Margot Wallström, Swedish Minister for Foreign Affairs

The European Union has released €89 million in humanitarian assistance to Somalia following the effects of prolonged extreme weather conditions in the region. The funding comes ahead of the Somalia Partnership Forum, co-hosted by the European Union, on Monday and Tuesday (July 16-17). The EU Commissioner for Humanitarian Aid and Crisis Management, Christos Stylianides, said the aid would target the most vulnerable and provide life-saving support to those affected by climatic shocks and internal conflict. It will go to communities displaced by severe drought, focussing on the prevention and treatment of malnutrition, water supply and livestock protection, as well as health measures against epidemics

South Sudan

After meeting in Entebbe on Saturday (July 7) between South Sudan President Salva Kiir and SPLM-IO Riek Machar and the Presidents of Uganda and Sudan, the Sudan mediators said agreement had been reached between the parties on governance and outstanding issues in power-sharing and governance. **(See article)**

The National Legislative Assembly passed a bill extending the mandate of President Salva Kiir and the legislature for three additional years on Thursday (July 12). President Kiir's current term which was previously extended for three years in July 2015 was due to terminate in August. The government said the extension was justified by the need to avoid a constitutional vacuum.

Sudan

President Omer al-Bashir attended the inauguration ceremony of Turkish President Recep Tayyip Erdogan in Ankara on Monday (July 9).

State Minister for Foreign Affairs, Osama Faisal, met China's Foreign Minister Wang Yi in Beijing on the side-lines of the eighth ministerial meeting of China-Arab States Cooperation Forum (CASCF), to discuss ways to promote bilateral relations and develop economic cooperation within the framework of the Belt and Road initiative. Mr. Faisal also thanked China for its continued support to Sudan's stances in various international fora.

Army chief of staff Lt. General Kamal Abdel-Maarouf al-Mahi met the recently appointed commander of the United Nations Interim Security Force for Abyei (UNISFA) Major-General Gebre Adhana Woldezgu on Saturday (July 7). They discussed UNISFA's tasks in Abyei and General al-Mahi stressed the need for cooperation, coordination and joint work among the

concerned parties in Abyei to overcome all obstacles. General Gebre, appointed by the UN Secretary-General to succeed Major-General Tesfay Gidey Hailemichael in April, emphasized UNIFSA's efforts to create conditions conducive to the sustainability of peace in Abyei.

Prime Minister Dr. Abiy's historic visit to Asmara

Prime Minister Dr. Abiy Ahmed landed in the Eritrean capital, Asmara on Sunday (July 8) on an epoch-making two-day official visit to Eritrea. It marked the end of twenty years of diplomatic disconnect and the state of "no peace no war" which had persisted since 2000. He and President Isaias told their peoples they were choosing love and forgiveness over hatred and violence. The Prime Minister headed a delegation which included Foreign Minister Dr. Workneh Gebeyehu; the Speaker of the House of Peoples' Representatives, Mufarihat Kamil; and the Speaker of the House of Federation, Keria Ibrahim. On arrival, the Prime Minister and his delegation were warmly welcomed at the airport by President Isaias, high ranking Eritrean government officials and residents of Asmara

From the outset in their highly successful talks, the two leaders were committed to the need for a common understanding to set the tone for rapid, positive changes on the basis of respect of sovereignty and territorial integrity, equality and the mutual interest of both their countries. The success of their meetings was demonstrated by the major outcomes of their discussions including agreement for the commencement of diplomatic relations between the two countries, the use of ports, the resumption of flights between the two countries as well as the opening of telecommunications, defunct for twelve years.

At the end of their summit deliberations on Monday 09 July 2018, Prime Minister Dr Abiy and President Isaias signed a five-point "Joint Declaration of Peace and Friendship" that will serve as a roadmap for the future of relations between Ethiopia and Eritrea. This exemplified the wide-ranging desires and aspirations of the two peoples, outlining five major areas in which Ethiopia and Eritrea have reached consensus which would serve as the basis for future progress.

The five pillars of agreement are:

1. The state of war between Ethiopia and Eritrea has come to an end. A new era of peace and friendship has been opened.
2. The two governments will endeavor to forge intimate political, economic, social, cultural and security cooperation that serves and advances the vital interests of their peoples;
3. Transport, trade and communications links between the two countries will resume; diplomatic ties and activities will restart;
4. The decision on the boundary between the two countries will be implemented.
5. Both countries will jointly endeavor to ensure regional peace, development and cooperation.

In a letter to President Isaias on his return to Addis Ababa, Dr. Abiy said he was "elated with the historic breakthrough we have made in our sincere effort to bring a lasting peace between our

two nations. I am immensely encouraged by the great strides we were able to take and the mutual trust and friendship we quickly forged.” He said: “we can confidently say we have effectively closed a bitter and destructive chapter in our two nations’ histories that had lasted way too long,” adding “the Government of Ethiopia is deeply appreciative of the cooperation and readiness that your Government has shown to make this historic milestone possible.” Dr. Abiy said both peoples were eager for normalization of relations between the two nations and “what we have achieved during the summit is to bring to reality our peoples’ hopes and dreams.” He said his Government was keen to implement the terms laid out in the Joint Declaration to make up quickly for lost opportunities and said: “I sincerely hope and believe that the process we have started will continue with the same enthusiasm and energy as was evident during this summit. The Prime Minister concluded by saying he looked forward “to continue to work with you and to further deepen our engagement. It is my earnest hope that our efforts will lay the foundation for a positively inter-twined and bright future for our two nations.”

Foreign Minister Dr. Workneh provided further details of the agreements reached, noting that the two sides had already established two commissions headed by the respective foreign ministers of both countries. “We’re going to have sub-committees that will work out in detail when and how each and every issue will be implemented,” he said. These would be tasked with details and implementation of economic, political, social, and other agreements. They would be supervised by the two foreign ministers and would study details of Assab port usage as well as look into questions of sharing or leasing usage of ports and land and air transport tariff issues. When air travel starts next week, visas would still be required but removal of visa requirements would be considered in the future. One committee would also study and propose solutions over prisoners of war captured during the 1998-2000 war. A technical committee would be set up to resolve the border dispute and help implement the Algiers peace agreement signed in 2000. It would follow-up the implementation of the border decision, the Algiers Agreement, and related issues.

The Minister said: “With this peace declaration the two countries’ hostilities have been resolved. Our people’s efforts have made it possible for the conflict to be stopped peacefully, with flights between the two capitals expected to start later this month it will enable peoples from both countries to meet with each other after 20 years of separation”. In fact, the phone lines between Ethiopia and Asmara were opened on Tuesday (July 10), and the first passenger flight between Ethiopia and Eritrea in 20 years will take place in a week’s time on Wednesday July 18. Ethiopian Airlines CEO Tewolde Gebre Mariam said: “We at Ethiopian feel an immense honor and joy to resume scheduled flights to Asmara after 20 years.” He stressed the opening of a new chapter of peace and friendship between the two countries and the resumption of air links would play a critical role in boosting the overall political, economic, trade and people-to-people ties. He said flights to Asmara would provide connectivity for the Eritrean Diaspora Community across the world and boost the flow of investment, trade and tourism into Eritrea. Ethiopian plans to operate multiple daily services and to start cargo flights.

A number of other developments are already being discussed, including plans for visits by high-level Eritrean political and public diplomacy delegations to Tigray and Afar Regional States, Ethiopian and Eritrean music festivals, as well as Ethiopia’s use of Assab port, the removal of visa requirements, and the opening of embassies in Addis Ababa and Asmara respectively, possibly as early as September.

The two leaders agreed that Eritrea would re-join IGAD and contribute toward the peace and progress of the region. It was also agreed that Ethiopia would make efforts to resolve the dispute between Eritrea and Djibouti and for the lifting of international sanctions on Eritrea. Indeed, Prime Minister Dr. Abiy on Monday handed a letter to the UN Secretary-General in Addis Ababa, requesting the lifting of sanctions against Eritrea. IGAD's Executive Secretary-General, Ambassador Mahboub Maalim sent a letter to Prime Minister Abiy, the Chair of IGAD, the same day (July 8) welcoming the "normalization of relations between Ethiopia and Eritrea and the resolution of the border issue", reiterating IGAD's support for the ongoing bilateral developments, and adding: "As you pursue your policy of peace in the region and rapprochement towards Eritrea, we also look forward to Eritrea re-joining the IGAD family and collectively advancing peace and development in our region."

The response of the international community and of the media to this groundbreaking agreement and to the changing relationship on the ground has been uniformly positive. The

Chairperson of the African Union Commission, Moussa Faki Mahamat, lauded the positive developments in the relations between Eritrea and Ethiopia. He commended both Prime Minister Abiy and President Isaias for their "bold and courageous steps" and called on them to persevere "on this newly achieved path, in order to open a new chapter of cooperation and good neighbourliness". He underlined that sustainable peace between the two countries would have a tremendously positive impact on peace and security, as well as development and integration, in the Horn of Africa and the continent as a whole.

The Secretary General of the United Nations, António Guterres, said the "recent evolution" of relations between Ethiopia and Eritrea was "a very important signal of hope, not only for these two countries, and Africa, but for the whole world". He reassured both leaders that the UN was ready "to do whatever the two parties ask us to do...The UN will be entirely at their disposal to do whatever is necessary to facilitate the success of what needs to be done."

The High Representative and Vice President of the European Union, Ms. Federica Mogherini said: "The signature of the Joint Declaration of Peace and Friendship represents an historic and courageous move by Eritrean President Isaias Afewerki and Ethiopian Prime Minister Abiy Ahmed...It raises unprecedented prospects for reconciliation and paves the way for enhanced regional cooperation and stability in the Horn of Africa." The UK described it as a "momentous step towards building a lasting peace" and said it would "greatly strengthen the political and economic ties that will benefit not just the populations of both countries but also enhance security and prosperity across the Horn of Africa. It called on other countries of the region and beyond to lend their support. Germany described it as "very good news" and encouraged "both sides to continue on this path and thereby open up new prospects for their countries."

US Secretary of State Pompeo commended "Prime Minister Abiy of Ethiopia and President Isaias of Eritrea for courageously leading their citizens towards peace, prosperity, and political reform. The normalization of relations and the adoption of the Joint Declaration of Peace and Friendship between Eritrea and Ethiopia will provide their peoples with the opportunity to focus on shared aspirations for closer political, economic, and social ties."

A statement said the US stands ready to support the process, and encouraged “all parties to continue working with transparency and confidence in the coming days. Peace between Ethiopia and Eritrea will further the cause of stability, security and development in the Horn of Africa and Red Sea.”

Egypt welcomed the signing of the agreement and hoped the deal would be a model for all countries suffering from disputes in Africa. Its Ministry of Foreign Affairs said Egypt was keen to enhance cooperation with Eritrea, Ethiopia and other African countries in order to cement stability and development. Turkey welcomed the steps taken towards the normalization of relations and the Joint Declaration. It said the normalization of relations between the two neighboring countries and people will support the development and prosperity of both countries and will enable a conducive environment for peace, stability and comprehensive cooperation in the Horn of Africa region. President Kenyatta of Kenya tweeted congratulations to Ethiopian Prime Minister Dr. Abiy and Eritrean President Isaias “for choosing the path of talking to each other and beginning the journey of friendship. Kenya is a proud neighbor. I agree with [President Kagame], we are together with you.”

Reciprocating the Prime Minister’s visit to Asmara, it has been announced that Eritrea’s President Isaias Afewerki will arrive in Addis Ababa on Saturday (July 14) for a three-day state visit on an invitation extended to him by Prime Minister Dr. Abiy Ahmed. President Isaias’ visit will further bolster the friendship and multifaceted ties between the peoples of Ethiopia and Eritrea.

Prime Minister says Ethiopia must do more to attract FDI and increase exports

Prime Minister Dr. Abiy Ahmed appeared before the House of People’s Representatives on Friday (July 6) to defend the national budget proposed for the current fiscal year, 2018/19. The 346.9 billion birr was submitted by the Ministry of Finance and Economic Cooperation to the House for discussion and further amendment as necessary, and after consideration in detail by the Standing committee for Economic Affairs, was presented to the House for Approval on Friday.

The Prime Minister, with the frankness that has become characteristic since he took office in April, told the House that the economy had grown more slowly than expected during the previous fiscal year, 2017/18, and export earnings had fallen far short of targets. He underlined the need for a fundamental overhaul of how the nation is run and said: “We need to work [so that] investors have full confidence in the country.” He said the government must be more efficient and prudent in its spending. The Prime Minister acknowledged that the effort to boost earnings from manufacturing was falling short of expectations. Referring to exports from the manufacturing sector, he said: “We are earning the lowest in the region.”

He detailed the government’s budget allocation for various sectors, with 55% of the budget allocated for capital investments and 45% to recurrent expenditure. The Prime Minister said the government would try to cover the budget deficit from domestic creditors, using internal sources

of income. He said that poverty reduction programs, education, agricultural advancement, upgrading delivery of clean water for the community, improving health services, programs related to industry, ensuring food security and city development programs would be given due attention during the year.

Taking note of the fact that the current account deficit estimated by the International Monetary Fund remained at \$5-\$6 billion, Abiy said the government would not initiate any new mega-projects this year but would focus on completing current dam, road and rail projects, for which it would need a total of \$7.5 billion to complete. The government will seek \$1.2 billion in external concessional loans this year, up slightly from last year. No plans for borrowing from external markets were mentioned.

The Prime Minister emphasized that the government would give close attention to solving bottlenecks of the economy, and in particular the shortage of foreign currency reserves and the slow growth of manufacturing for the export trade. He said the government would work hard to reverse the foreign currency shortage but indicated the shortage could last a long time. Measures would include encouragement of the Diaspora community to send remittances through formal channels, subsidizing both the manufacturing sector and exports and encouraging savings as well as benefits from the privatization process which would attract foreign capital.

While presenting the budget to the House, the Prime Minister said the government would employ strict follow-up mechanisms to ensure that allocated funds were utilized properly. He said that the government would take measures to improve the effectiveness and efficiency of public sectors. Ministries and other federal institutions would be required to keep in contract with the respective Standing Committees of the House of People's Representatives and would be rated on the basis of their performance. He also called upon stakeholders, including the Diaspora Community to play their part in the Country's development.

After hearing the detailed proposals presented by the Prime Minister, the House of Peoples Representatives approved 346.9 billion *birr* (\$12.71 dollars) as the budget for the coming year, marking a modest spending contraction in dollar terms.

The 2nd African Union-United Nations annual conference

The Chairman of the African Union Commission, Moussa Faki Mahamat and United Nations Secretary-General António Guterres chaired the second AU-UN Annual Conference at AU Headquarters in Addis Ababa on Monday (July 9). The AU chairman and UN Secretary-General welcomed the strong collaboration between the AU and the UN and expressed their commitment to further deepen the strategic partnership between the two organizations. They underscored the importance of multilateral organizations and multilateralism as an instrument for effective international governance and for addressing global issues. They called for further strengthening of a comprehensive, integrated and coordinated approach to conflict prevention by addressing the root causes of conflicts, strengthening political processes and respect for rule of law as well as the promotion of sustainable and inclusive development.

The post-conference communiqué noted the Conference had reviewed the implementation of the Joint Framework for Enhanced Partnership in Peace and Security, and welcomed the progress made. It also endorsed the Action plan on the AU-UN Framework for the Implementation of Agenda 2063 and the 2030 Agenda for Sustainable Development. The two bodies undertook to enhance collaboration, cooperation and coordination in the search for sustainable solutions to ongoing and future challenges, based on the principles of complementarity, comparative advantage, burden-sharing and collective responsibility to respond early, coherently and decisively to prevent, manage, and resolve conflicts.

The Conference expressed deep concern over the evolving uncertainties in the international order, the rifts in international relations and the negative impact on the state of global peace and security, noting the need to adhere to established international norms, principles, and rules.

The Chairperson and the Secretary-General called for further strengthening of a comprehensive, integrated and coordinated approach to conflict prevention by addressing the root causes of conflicts, strengthening political processes and respect for rule of law as well as the promotion of sustainable and inclusive development.

The Conference reviewed challenges to peace, security and development on the continent, in Burundi, the Central African Republic, the Lake Chad Basin, The Comoros, the Democratic Republic of the Congo, Madagascar, Mali and the Sahel, Somalia, and South Sudan. It agreed to jointly increase their support, in close cooperation with Regional Economic Communities, for the peace, security, development and stabilization initiatives in these countries, while cooperating more closely, particularly with respect to political processes. It urged for robust action by the international community, to alleviate the humanitarian crises, risks and vulnerability in the affected communities. It welcomed continued dialogue towards the implementation of the Sahel Support Plan developed as part of the recalibration of the United Nations Integrated Strategy for the Sahel, and exchange on the AU efforts in the Sahel including ongoing efforts to review its strategy. The Chairperson of the Commission briefed the Secretary-General on the important decisions adopted by the AU Assembly in Nouakchott last week on the Western Sahara and Libyan conflicts. The AU looked forward to working closely with the UN on these issues.

The Conference paid tribute to the Troop and Police Contributing Countries, and AU and UN peacekeepers for their sacrifice and continued commitment to peace on the continent. They discussed the Action for Peacekeeping initiative, to make peacekeeping operations fit for the challenges of today, to jointly strengthening operations on the ground as well as renewing the political commitment to peacekeeping. The Chairperson and the Secretary-General renewed their commitment towards predictable, sustainable and flexible financing for AU-led Peace Support Operations authorized by the UN Security Council. They welcomed the progress achieved in the revitalization of the AU Peace Fund and agreed to sustain the high-level political engagement and consideration for the financing of these through UN assessed contributions.

The Conference discussed the need to promote synergy between Agenda 2030 and 2063, through integration of both agendas into national development frameworks as well as building capacities, at both national and regional levels. It stressed the critical role played by the Regional Coordination Mechanism for Africa and the Africa Peer Review Mechanism and urged all

international partners to support Africa's efforts to implement the two Agendas as a precondition for the achievement of peace, security and development on the continent. The Conference reviewed progress in the institutional reform processes of both organizations aimed at enhancing effectiveness and responsiveness to the needs and aspirations of Member States, and ensuring that the two organizations are fit to address contemporary challenges. The meeting agreed to continue to share experiences and best practice, including through staff-exchanges and training in support of the two reform processes.

The Chairperson and the Secretary-General briefed the AU Peace and Security Council on cooperation in peacekeeping missions in Africa. They agreed to convene the next AU-UN Annual Conference in New York in 2019 as well as to meet on the margins of the General Assembly and the AU Summit to take stock of progress in the partnership between the two Organizations.

Speaking to the media, the UN Secretary-General said recent developments in Africa indicate that the continent is increasingly moving in the "direction of peace" and enhanced security. Referring to such developments as the historic visit by Ethiopia's Prime Minister Dr. Abiy to Eritrea and the peace talks on South Sudan, he said: "We feel a wind blowing in the direction of peace." He said the UN-AU close collaboration in areas such as peace and security, "gives us hope that the African continent will be moving more and more in the right direction in peace and security." He said the rise of armed groups and international terrorist organizations such as Boko Haram, meant that these operations are not involved in "traditional" peacekeeping, and he cited the need for more funding, particularly in enforcing peace and countering terrorism. He stated: "We need to understand that when African troops are fighting terrorists in the Sahel, they are not only protecting the citizens of the Sahel. They are also protecting the whole world. And the world must be in solidarity with Africa, as African forces are protecting us all." The Secretary-General appealed to the international community to take action against the flow of illegal funds, money-laundering and tax evasion, which cost Africa \$50 billion every year. This, he said, "is a responsibility for the international community to support Africa to make sure that African resources remain in Africa to support African development."

An attack on Somalia's Ministry of Interior and National Security

The attack, for which Al-Shabaab claimed responsibility, took place in Saturday morning (July 8). The first blast took place when a suicide car bomb was detonated outside the building of the Interior and Security Ministry. The Ministry is located in the Otto Otto Compound in one of the most strategic areas of the city, close to the Presidential Palace and the Parliament. After the explosion, four gunmen attacked the building, three were shot dead by security forces after a two hour gun battle, and the fourth blew himself up. The second explosion took place at a nearby police checkpoint.

It appeared Al-Shabaab militants, after detonating a car bomb at the gate, disguised as security soldiers, stormed the Ministry building. They were apparently wearing army uniforms and used identity cards from the ministry of security to pass through the checkpoints and gain access to the

heavily fortified building. At least 10 people, among them staff members of the Ministry died in the attack and nearly two dozen more sustained injuries.

Following the attack, a security meeting was held in Mogadishu, attended by Security Minister, Mohamed Abukar Islow, and police and intelligence chiefs. Subsequently 14 security officers, who had been in charge of checkpoints near the Compound, were detained for questioning. A spokesperson for the Ministry of Security said it was believed Al-Shabaab could not have been able to carry out the attack without help from members of the security agencies.

This was the first major attack in Mogadishu since the start of the Holy Month of Ramadan almost two months ago when security was tightened. In past years, Al-Shabaab had made a habit of launching major attacks during Ramadan, and security was substantially increased with extra roadblocks and checkpoints. There was no major attack this year, but as this latest attack demonstrated, Al-Shabaab still has the capacity to carry out terrorist operations in Mogadishu. Indeed, since the beginning of the year, more than 200 security incidents have been recorded, with most carried out by Al-Shabaab.

The attack was strongly condemned by the international community. AMISOM strongly condemned the blasts. It said in a statement that the attack on the Ministry of Interior premises showed that Al-Shabaab terrorists had no regard for the stability and progress being made in Somalia.

IMF approves a third Staff-Monitored Program for Somalia

On June 20, the management of the IMF completed the second and final review of the Fund's second 12-month Staff-Monitored Program (SMP) with Somalia. The IMF has now approved a third 12-month Staff-Monitored Program (SMP III) covering the period for May 2018–April 2019. These programs for Somalia are designed to help maintain macroeconomic stability, rebuild key economic institutions, and build track-record for policy and reform implementation.

Then IMF said recent developments in the country had been broadly favourable despite the difficult political and security environment. It noted that economic activity was rebounding from the effects of the drought in 2017. Growth in 2018 was projected to increase to 3.1%, up from the estimated 2.3% last year, and inflation was expected to drop below 3% this year, down from over 5% in 2017. This reflected a strong rainy season, a continued level of remittances and increased grant inflows. It noted that the fiscal position had improved in the last six months as a result of ongoing financial reform. The government had even recorded a small fiscal surplus in 2017 as a result of “higher-than-programmed domestic revenue mobilization and budgetary grant disbursements.” This had continued through March 2018 due, in part, to lower-than-projected expenditure and slightly higher domestic revenue.

The IMF emphasized that program implementation under Staff-Monitored Program II (SMP II) had been “satisfactory”. All indicative targets and all but one structural benchmark for December 2017 had been met as had the two structural benchmarks and all indicative targets set

for March 2018. As a result of this satisfactory performance under the second Staff-Monitored Program and “the authorities’ strong commitment to accelerate and broaden the reform agenda”, the IMF staff had supported the completion of the second and final review under SMP II and the request for a third Program.

The IMF also underlined that it supported the ongoing efforts to launch a new national currency. After nearly two years of IMF’s technical assistance support, it said the pre-conditions for the launch of the new Somali Shilling had been nearly completed. In March 2018, IMF staff prepared an assessment letter supporting the Central Bank of Somalia’s initiative to issue a new national currency. It encouraged the authorities to continue to reach out to donors to raise the funds need for this operation, to finalize the establishment of an accountability framework, and to fully staff a team to manage the process.

The IMFG statement said the SMP III would build on achievements under the previous two Programs and continue to lay a foundation for a Somali Staff-Monitored Program that would the IMF’s Upper Credit Tranche conditionality, a key requirement for Somalia to reach the Decision Point under the Heavily Indebted Poor Countries initiative. The SMP III would therefore focus on broadening and deepening reform implementation to maintain macroeconomic stability. It would also continue to rebuild institutions and capacity to improve macroeconomic management and governance. The statement noted that risks to the program were “elevated” but added that “continued commitment to the reform measures under the SMP; and with sustained donors support, particularly on technical assistance, peace and state building, resilience and humanitarian aid”, would help mitigate these risks.

South Sudan: Entebbe proposals still under consideration in Khartoum

Following the meeting in Entebbe on Saturday (July 7) between Ugandan President Yoweri Museveni, Sudan’s President Omer al-Bashir, South Sudan President Salva Kiir and SPLM-IO Riek Machar, the Sudan mediators announced agreement had been reached between the parties on the governance chapter and the outstanding issues in power-sharing and governance. These included amendments to the original document produced at the IGAD High-Level Revitalization Forum sessions in Addis Ababa. Among the new proposals, which did not include the number of states in South Sudan, was the establishment of a fourth vice-presidential post instead of the three previously agreed. President Kiir accepted the reinstatement of Dr. Machar as first vice president in return for a vice-presidential position for Taban Deng Gai, leader of the pro-government SPLM-IO faction and Kiir’s current first vice-president. Other elements in the agreement provided for the SPLM-IO to be given 100 seats in the parliament and the other opposition groups 50 MPs, to add to the existing 400 MPs and create a 550 strong parliament. The cabinet of 30 ministers would be increased by 10 SPLM-IO portfolios, and five more for other opposition factions.

There were suggestions that these proposals would be signed in Khartoum on Wednesday this week. However, opposition groups including the SPLM-IO, South Sudan Opposition Alliance

and the Other Political Parties voiced their concern over this Entebbe proposal claiming that it only focused on accommodation of politicians and ignored the radical reforms needed.

Once the parties have agreed and signed the outstanding issues in the governance and the security arrangements, they will travel to Nairobi for the third round of talks. In the meantime, violations of the ceasefire continue and both sides continue to accuse each other of responsibility. It appears much of the current fighting is motivated by the parties' efforts to bring more areas under their control before the negotiators set up the cantonment areas.

At the end of last week, the NGO, Christian Aid released a report arguing that long-term peace in South Sudan required much more than deals between the country's political leaders.

The report, entitled "In for the Long Haul? Lessons on peace-building in South Sudan", said national-level political agreements must be complemented by local and regional peace building initiatives and owned by the people of South Sudan. It called on donors to do more to support sub-national peace building and focus on "promoting sustained local capacity to manage conflict and security and open opportunities for social interaction, transitional justice and economic development, whether a functioning high-level peace process exists or not." This, the report argued, would help mitigate the divisive effects of competition between elites; improve people's lives in the short term and build relationships which reduce opportunities for violence in the future; forge positive accountability between communities and leaders and help connect disparate communities with one another.

President Kenyatta holds talks with US AFRICOM Commander, General Waldhauser

President Kenyatta met General Thomas Waldhauser, head of the US-Africa Command (AFRICOM) at State House on Wednesday (July 11). Discussions covered regional security including the situation in Somalia and South Sudan, and President Kenyatta emphasized that Kenya was firmly committed to the cause of finding peace in Somali and South Sudan. Its aims had been affected by the lack of adequate capacity and proper military commands, but the hope to restore stability in both countries was not lost and partner-states working towards peace in the region remained committed to the cause.

President Kenyatta said Somalia still faced challenges of mistrust and internal politicking between the Transitional Federal Government and its regional governments. He said, "The deteriorating relationships between the TFG and the regional governments is of major concern to us," adding that the conflict was a major security threat to Kenya and the region. He called for structures that would enable the TFG to work with the regional governments.

The President indicated that for peace and stability to be restored in Somalia, efforts should be made to address issues that caused national divisions and avoid being drawn into partisan distractions.

General Waldhauser underlined the need for Somalia to strengthen its leadership structures adding, “We are ready to continue assisting the country so long as the Federal Government is willing to accept our support”. General Waldhauser called for neutrality from the Gulf countries, which he said, were extending their differences to Somalia. He said, “The differences and clashes in these Arabian countries are playing out in Somalia. We call for their neutrality”. The General said the US would continue its training programs for the Somalia National Army with the expectation that the Federal Government would work on the requisite structures for the trained personnel to operate effectively.

Turning to the situation in South Sudan, President Kenyatta said there was a need to make both President Kiir and Machar truly appreciate the benefits of working together. Political turmoil in South Sudan, said President Kenyatta, had been made worse by unwarranted fear and mistrust between supporters of President Salva Kiir and Dr Riek Machar. The President said that the IGAD partner states were committed to keeping pressure on the two leaders to work together for the benefit of the people of South Sudan. “We shall give it everything we can. But it is not going to be easy”, he said.

Gen Waldhauser said the US was committed to continued partnership with Kenya and praised President Kenyatta’s economic agenda. President Kenyatta underlined that his “Big 4 Agenda” aimed to create social harmony among Kenyans to establish a favourable environment for wealth and job creation through manufacturing, affordable housing, universal healthcare and food security. He added that the aim of his government was to establish an irreversible trajectory of growth and development, totally dependent on robust institutions.

General Waldhauser was accompanied by Brigadier General James Craig, the US Horn of Africa Commander, and by the US Ambassador to Kenya, Ambassador Robert Godec.

The 17th African Growth and Opportunity Act Ministerial Forum held in Washington

The 17th AGOA (African Growth and Opportunity Act) Forum was convened in Washington this week from Monday through Thursday (July 9-12) in the presence of US Deputy Secretary of State, John J. Sullivan and dozens of Africa’s trade ministers, under the theme: “Forging New Strategies for U.S. – Africa Trade and Investment.”

The Forum was held against the backdrop of the progress on the AU flagship project, the establishment of the African Continental Free Trade Agreement (AfCFTA), in March 2018 by African Union Member States, a development that will accelerate intra-Africa trade and the gradual integration of the Continent. Equally, the Forum followed on the Trump administration’s new proposal for future U.S.-Africa trade relations, aiming to [establish](#) “a free trade agreement that could serve as a model for developing countries.” This, as the Brookings Institute cautioned, raised the question for the AGOA 2018 Forum as to whether it could forge a common vision between Trump administration officials and Africa’s trade ministers on how to structure a post-AGO trade relationship. More specifically, it emphasized the importance of addressing

harmonization of Africa's continental free trade ambitions with the Trump administration's model free trade agreement based on single country relations.

In his opening address, US Deputy Secretary of State, John J. Sullivan said the US administration placed great importance on its partnership with Africa and saw genuine promise in the prospects for enhanced trade relationships with "our" partners. He expressed his hopes that the Forum advanced and deepened the commitment that US and Africa attached to their relationship, adding: "Our partnership with African countries is based on a number of strategic priorities. We work together to strengthen regional security, reinforce democratic governance, and increase trade and investment."

The Deputy Secretary of State stressed the fact that security and democratic institutions provided a stable foundation for economic growth and prosperity. He also noted that increased trade and investment were key to creating jobs and generating the resources that strengthened security and democracy. On the nexus between security and economic development, he commended the G5 countries for taking on greater responsibility for security. He said, "Africa is home to some of the fastest-growing economies in the world with expanding retail sectors and a record level of foreign investment. And the United States, as the largest economy in the world, sees boundless opportunities for Africa. It's in our mutual interest for markets to expand and we will encourage candid discussions on this topic over the next two days."

Mr. Sullivan also made the point that Africa was the major market of the future, given that between now and 2050, roughly half of the world's population growth will occur in Africa, and that meant a projected 1.2 billion new consumers would enter the African market. Those trends, combined with Africa's increasing population of youth, would allow African countries to capitalize on a growing labor force. However, this great opportunity, he said, would come with challenges, including the need to provide jobs – and expansion of trade and investment would be critical to meeting this challenge.

The Deputy Secretary described the signing of the framework agreement for the African Continental Free Trade Agreement as a milestone in advancing regional integration and as playing another important role in helping the African countries to develop markets in export industries. He said, "We applaud these efforts but also recognize that much work lies ahead to bring this agreement into effect. The United States stands ready to partner with African countries that are committed to reducing barriers to trade and investment. In doing so, we hope to encourage policy reforms that increase openness and competitiveness within Africa and promote greater prosperity and higher living standards across the continent."

Mr. Sullivan noted that AGOA had served as a key platform to advance trade and investment ties between the United States and Sub-Saharan African countries. Enacted in May 2000, it aimed to expand U.S. trade with Sub-Saharan Africa, promote inclusive development and economic growth, foster a higher-level dialogue in trade and investment-related issues, encourage economic integration, and facilitate Sub-Saharan Africa's integration into the global economy. Certainly, AGOA had produced some results. Over the last year alone, total U.S. trade with Africa reached to \$38.5 billion, up from \$33 billion in 2016; the total trade in non-oil goods more than doubled from \$13 billion to almost \$30 billion a year. This, he stressed, had benefitted

both U.S. and African companies and contributed to economic opportunity and job creation on both sides of the Atlantic.