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By zealously building houses,

the Government Crowds out Private Sector

Pushed by the growing gap between demand and supply in the market, the Ethiopian government launched the Integrated Housing Development Programme in 2004. Although it aims to create jobs for the youth and solve the acute shortage of affordable and decent houses, only a few thousand have benefited until 2011.

In 2013, the government gear shifted and expanded the Programme to include middle-income earners and "the poorest of the poor" by introducing the 40/60 and 90/10 housing schemes. Although information about the construction of hundreds of thousands of such housing units were on the news quite for so long, three years down the line, no houses of these two schemes were transferred. Close to 155,000 people registered and continued saving since August 2013 for the 40/60 scheme.

A lack of finance and the low capacity of contractors were some of the reasons for the delay of the projects. However, the failure of the government not to involve private real estate developers from the very beginning was a mistake.

The government thought the small profit margin would be unattractive for private developers. However, it was announced recently that over ETB1.2 billion was spent to finalise 1,292 houses under the 40/60 scheme. This means each housing unit cost close to ETB1 million, on average.

Four years ago, the Housing Development Agency announced that ETB162,000, ETB250,000 and ETB386,000 would be the selling prices for houses with one, two and three bedrooms, respectively. However, in due course of time, there was announcement to make 40 to 90Pct of price adjustment to cope with price escalation.

If the initial estimates of delivering the houses were correct, then it means there is a higher probability of corruption, mismanagement and embezzlement of public money. If there was a mistake in calculating the initial cost while planning, it demonstrates the inefficiency of the government in the way it plans and executes development projects.

The government constructs these houses on plots acquired with no land lease fee, reinforcement bars were imported tax free, infrastructure development costs in the sites are not added, there is no profit mark up to add like what real estate companies do, and the Housing Development Agency covers construction supervision costs, all of which tax payers money subsidise.

If all these costs were to be added like what real estate companies do, the cost of the houses would have reached to over ETB1.5 million. And that is no less than the cost of such houses real estate companies such as Ayat, Flintstone and Noah sell. By building houses at a cost no less than what private developers deliver, the government is simply crowding out the private sector.

With appropriate financing schemes in place, the government should let the private sector handle the 40/60 housing scheme. The government should restrict itself in regulating the projects by introducing necessary legal frameworks and monitoring mechanisms. It is only then that it can manage to meet the fast growing demand for houses.EBR

1

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The following are a few of the biggest business news stories that took place in Ethiopia within the last month. The stories are sourced from Capital, Fortune, The Reporter.

Nestle Eyes Ethiopia

Nestlé

Operating over 2000 brands across the world with one billion units' sales annually, Nestle announced that it is considering Ethiopia to be one of its manufacturing destinations in the coming years. The company will make final decision on the issue soon. If the company decides to erect manufacturing plants in Ethiopia, it is likely to focus on diary and dairy products.

ETB 1,550

Zemen Bank completed sales of its shares returned by foreign nationals of Ethiopian origin with three rounds of auctions. The highest price offered in the auction was ETB1,550 for a share with a par value of ETB1,000.

Lenovo Targets Ethiopia

Relatively a newcomer to the global consumer market, Lenovo – the Beijing-based leading PC and Smartphone maker –pledged to become a dominant market player in Ethiopia. Signing a dealership agreement with local-based Bridgetech, executives of Lenovo said that the company will introduce the latest innovation to Ethiopian consumers. Following its merger with IBM, Lenovo's PC, tablets, and smartphone have a considerable market share

ICT Delight

CNET Software Technologies, a local IT company, started constructing an ICT center inside the premises of the Ethio-ICT Village (ICT Park) at a cost of ETB480 million. Minister of Communication and Information Technology Debretsion Gebremichael (PhD) laid the cornerstone for the construction of the ICT Center. Construction work has already commenced ahead of the corner stone laying ceremony.

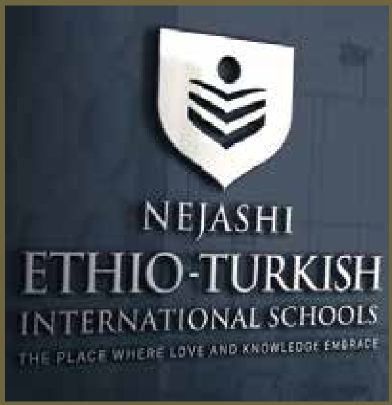
Awash Bank's share value has soared to new heights, with the highest offer of ETB 20,137 for a single share worth of ETB1,000. The offer was made during the third round of auctions, which was held on February 23, 2017 to sell returned shares from foreign national shareholders.

ETB 20,137

CBE Fails to Sell another Textile Factory

The Ministry of Public Enterprises issued a letter to the Commercial Bank of Ethiopia (CBE) to take back its remaining shares from Selendawa Textile Factory. This came after CBE, the project's main creditor, twice failed to sell the factory. This is not the first time that CBE has failed to sell a textile company it foreclosed. In the past, the Bank was also not able to transfer the ownership of Saygin Dima, a Turkish textile company, for six months.

Germans Take over Nejashi School



Amidst the wrangling over the handover of allegedly Fethullah 'Terrorist' Organization linked Turkish schools in Ethiopia, founders of the institution have found German investors willing to assume ownership. The new development came just after the Turkish government requested Ethiopian officials to transfer the school to the Marrif Foundation.

Hotel Association asks PM for Tax, Interest Exemption

The Addis Ababa Hotel Owners' Association wrote a letter to the Prime Minister's office and the Ministry of Culture and Tourism asking that all hotels in Addis be exempt from profit tax and loan interest this fiscal year. They claim that hotels have experienced a low occupancy rate due to the recent protests which caused their income to drop.

Addis saw an average hotel occupancy rates fall from 20 to 40Pct in the first six months of this fiscal year, according to some hotel reports. The Ministry said that income from the sector had also fallen by more than USD7 million over the last quarter alone.

Top 10

African Countries with High Life Expectancy at Birth 2016

Rank	Currency	Year
1	Tunisia	74.6
2	Algeria	74.4
3	Mauritius	74.1
4	Morocco	73.6
5	Cape Verde	73.0
6	Seychelles	72.9
7	Libya	71.5
8	Egypt	70.8
9	Sao Tome and Principe	66.2
10	Madagascar	64.5

Source: The Demographic Profile of African Countries, UNECA 2016

Globally, Africa has the least life expectancy at birth among continents. North America leads with 79 years while Europe follows with 78 years. Life expectance at birth stood at 77.5 years in both Oceania and Latin America whereas it is 72.5 in Asia. Africa came last with 59.5 years, according to a report published by UNECA in 2016.

Although it has the least life expectance at birth, Africa came a long way in improving living standards for its population since 1980. In the past 35 years, life expectancy at birth increased from 50.5 years to 59.5 years. North African countries like Tunisia, Algeria, and Morocco have the highest life expectancy at birth. In fact, the region is a top performer in the continent with an average life expectancy at birth of 70.5 years.

Eastern Africa follows with 60.5 years. Ethiopia is one of the countries in the region that have achieved significant improvement in the past three decades. The country's life expectancy at birth was at 43.5 years in 1980, a figure that increased to 63.1 years currently. On the other hand, the Southern Africa region had 57.1 years while Central Africa and Western Africa follows with 55.6 and 55 years, respectively. EBR

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The following are a few of the biggest news stories that took place in Africa within the last month. All stories are sourced from Bloomberg News.

Barclays Africa Plans Kenya Gold ETF Listing

Barclays Africa Group announced that it is preparing to list its NewGold ETF on the Nairobi Securities Exchange after receiving regulatory approval to begin trading the securities. The ETF, which has a primary listing on the Johannesburg Stock Exchange, already has secondary listings in Botswana, Nigeria, Mauritius, Namibia and Ghana. The Kenyan regulator approved the listing of 400,000 gold bullion debentures, each equivalent to 0.01 of an ounce of gold.

The Nairobi Securities Exchange has been preparing to introduce new products including derivatives, ETFs and asset-backed securities since 2013 as it seeks to boost trading volumes. The volume of shares traded on the Nairobi Securities Exchange declined to USD5.81 billion last year, compared with USD8.11 billion in 2014, according to data compiled by Bloomberg. At the same time, the exchange's market capitalization shrank to USD18.7 billion by the end of December, the lowest since 2012.

Nigeria

Nigeria announced its plan to sell portions of oil assets to help fund President Muhammadu Buhari's four-year programme to lift the economy from its worst slump in a quarter century and create 15 million jobs. Buhari proposed the plan as part of his economic blueprint to reduce the government's stake in joint venture oil assets and other holdings for the period covering 2017-2020.

Zambia

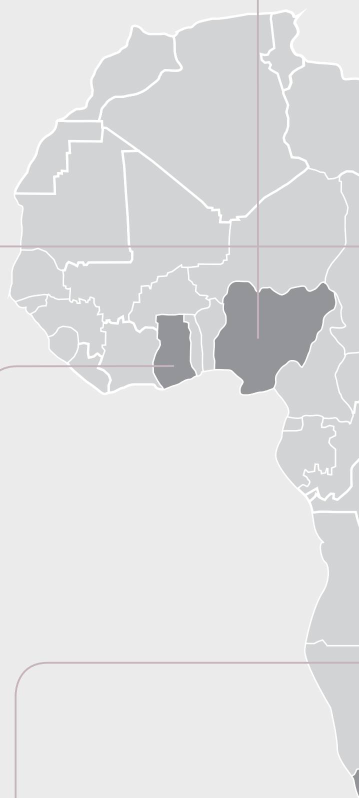
Zambia may run out of storage space if a ban on export of the grain isn't lifted. The country will probably reap 3 million metric tonnes of its staple crop in the current season. Last year, the country produced 2.87 million tonnes of corn.

Ghana

The operator of Ghana's sole oil refinery said the planned capacity of a proposed second plant could be doubled as the West African nation targets exports to neighbouring countries. Tema Oil Refinery will complete studies next year to build a 200,000 barrel-a-day plant in the port city, 30 kilometers east of the capital.

Zimbabwe

Zimbabwe has set aside USD62 million to buy corn from farmers after production of the grain increased 55Pct from a year earlier, and will seek funds for additional purchases. The state-run Agricultural Marketing Authority announced plan to raise USD80 million to fund further purchases of Zimbabwe's staple food.

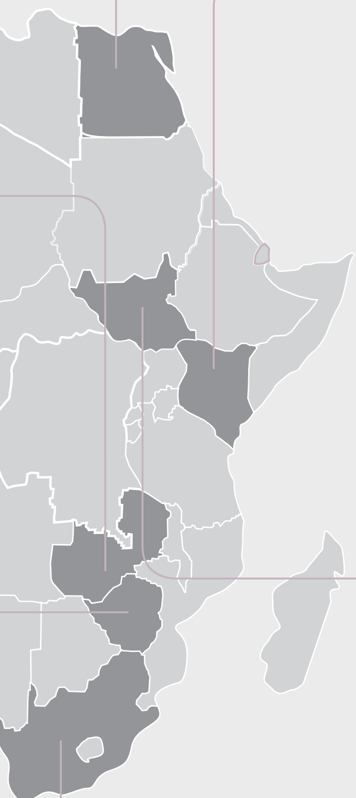


Egypt

Egypt's efforts to ease a crippling economic crisis, including floating the pound and cutting subsidies, are showing signs of success. Foreigners are investing again in stocks and local-currency debt, and dollars are becoming more available. But in many areas, the benefits of policies that helped to secure an International Monetary Fund loan are not yet apparent.

Kenya

Kenya announced plans to double its coffee exports to the U.S., the world's largest consumer of the beverage, by marketing the East African nation's specialty premium grade beans. Africa's fifth-biggest coffee producer exported 6.1 million kilograms of the beans to the U.S. in 2015/16. It exported 7 million kilograms a year earlier.



South Sudan

South Sudan's government granted Oranto Petroleum International license to explore for oil in a block covering three provinces that may contain "vast" deposits of oil. Oranto, a closely held Nigerian company, will share the block with South Sudan's state-owned Nile Petroleum.

South Africa

South Africa's ruling party, the African National Congress, said it will accelerate the transfer of land to the black majority to help reduce inequality and avert future protests. President Jacob Zuma vowed to step up wealth distribution in the country in his final year as head of the ANC. He promised to ensure radical economic transformation.

Exxon to Pay
Eni USD2.8 Billion
for Mozambique Gas Block Stake

Exxon Mobil Corp. said it will buy 25Pct of a liquefied natural gas (LNG) project off Mozambique from Italy's Eni SpA for about USD2.8 billion as the U.S. oil giant expands its worldwide footprint. The Company will buy half of Eni's 50Pct stake in offshore Area 4, the Irving, the Texas-based explorer said.

The concession, where Eni discovered gas in 2011, holds an estimated 85 trillion cubic feet of fuel. Exxon's purchase price represents a 47Pct discount to what China National Petroleum Corp. paid for one-fifth of the asset in 2013.

Exxon's involvement could accelerate the development of one of the world's largest liquefied natural gas projects as oil majors increase their focus on the cleaner fuel, considered a bridge to a low-carbon future. While Eni will continue to operate the Coral floating LNG project and all the subsea wells and pipelines in Area 4, Exxon will lead the construction and operation of onshore liquefaction facilities.

WHERE IS THE CASH?

SLOWDOWN LOOMS OVER THE ECONOMY

After a decade of impressive economic growth, Ethiopia has been experiencing a slowdown in the past two years. The situation is evident in all sectors. However, the construction sector and international trade have suffered more visibly. The lack both of local and hard currencies exacerbated the problem.

However, according to NBE, during the first quarter of the current fiscal year, ETB23.3 billion was disbursed in fresh loans, indicating a 19.7Pct yearly growth. Out of the loans, the housing and construction sector received ETB2.8 billion, 10.2Pct of the total disbursed credit while the import and export sector was also one of the major beneficiaries of the fresh loans amounting to ETB4.4 billion, which is 18.8Pct of the total loans.

EBR's Tamirat Astatkie talked to stakeholders, experts and consulted relevant reports and documents to compile this story.

Fuelled by substantial public infrastructure investment, Ethiopia has witnessed rapid economic growth in the past decade, with an annual real gross domestic product (GDP) growth rate of more than 10Pct, on average. However, the recent economic slowdown in the country is looming over this impressive achievement.

Be it in formal or informal conversations, the talk in several parts of the country has been become the stern business slowdown in through out the country. Although this has become more common in recent months, it dates back to the failed Belg rain in March 2015. There are a number of indictors to substantiate the evident business slowdown in

the country. The low supply of local currency in the market and inadequate supply of loans in the banks and in the hands of people to purchase goods and services as well as the acute shortage of hard currencies are clear indicators.

The stalemate in a number of public construction projects such as the 40/60 housing development programmes as well as the big slowdown particularly in theimport and export sectors that are highly visible than other sectors. The hospitality and other sectors have also become a victim of the situation.

The construction sector has been the engine of the economy for the last decades in terms of the capital investment and employment. In the past five years, the sector has been growing at a rate of over 30Pct annually. Its contribution to real GDP rose to 8Pct from 4Pct five years ago.

However, in recent months the construction sector has been shrinking due to the lack of finance both in local and foreign currency. A founder and general manager of Berhanu Kassa Building Contractor (BKBC), Berhanu Kassa told EBR that construction sector is hugely affected by the slowdown of the economy. "The sector, especially middle-level contractors like us, is hit by the economic slowdown."

BKBC is a construction company that has been in business since 1993. It has primarily engaged in constructing building complexes. The Company is currently engaged in four projects, ranging from five to fifteen storey buildings in Addis Ababa. The total cost of these projects reaches close to ETB 120 million.

However, Berhanu is worried because his clients do not have enough money to settle payment. "After long years of service in the construction sector, I am now shifting to the service sector, which is less risk-averse. This is mainly because construction is increasingly becoming a highly risky business," He told EBR with frustration. Affected by its inability to collect payment, the company has significantly downsized its human resource to 30. This is way below to the 350 employees the company used to have in the old good days where all projects go smoothly and cash collection was never a problem. "Now we are working with our minimum capacity and minimum number of workers due to the financial deficit."

Berhanu says his company is now squeezed on two sides: "On one hand, we already spent our money and we are not getting payment from our clients. On the other hand, we are paying workers who are not actually productive."

A similar situation has loomed over the public housing projects. Zewdeneh Terefe, a project manager at Data Construction, which is involved in the 40/60 saving housing scheme at Senga Tera Site here in Addis Ababa. He says, there are many businesses in construction sector hindered by financial shortage. "The reason for the shortage of money is both due to the global as well as the local market slowdown. We are suffering with uneven flow of money. We sometimes get money and some other times do not."

Exemplifying the impact of the slowdown in his project, Zewdeneh explains

One of the stalled 40/60 housing project sites in Gerji, Addis Ababa.

that his project was initially set to be completed within a year and half. "Though there are different reasons such as the delay in the design work, the project didn't start according to the schedule, mainly because of financial problems," he explains.

To be specific, Zewdeneh started the project in January 2013 and the final phase of works was still in progress in early March 2017 while EBR visited the site.

Yalemzewed Eneyew, Communication officer at the Addis Ababa Saving Houses Development Enterprise, attributes the delay of the construction projects supervised by his office, to two reasons: the failure of releasing money on time and limited capacity of contractors. "Being part and parcel of the economy, we can't deny the effect of the overall business slowdown on our projects," Yalemzewed admits.

The Enterprise supervises the construction of 39,229 houses under 60/40 scheme on 12 sites. According to the Enterprise, the 40/60 housing scheme created jobs for over 21,000 people in the last fiscal year while the scheme created ETB208 million market linkages for over 500 associations engaged in micro and small business activities.

The 40/60 housing scheme has targeted middle-income citizens, and close to 155,000 people registered and continued to save since September 2013. Although the Enterprise said the construction of 1,292 houses found in Senga Tera and Crown Hotel sites were completed last year, it failed to transfer the houses for beneficiaries.

Sources told EBR that although the government has allocated ETB6.5 billion for the ongoing 40/60 housing projects in the current fiscal year, no major construction work have taken place this year. In addition, insiders indicate that the housing projects under 20/80 scheme will not significantly improve this fiscal year due to budget constraints. The government, however, says it will speed up construction. In line with that, the Construction Bank of Ethiopia was recently ordered to avail sixteen billion birr to the public housing schemes.

Fikremariam Tilahun, a site supervisor of 40/60 house scheme at Senga Tera says, although the construction sector has been a leading source of investment and job creation, the sector has never been without problems. He categorizes the problems into four: organizational capacity of contractors, shortage of construction material supplies, project delay and project cost inflation.

He underscores that the recent shortage of money in the market has hugely affected the sector's growth. "You don't see any new projects, for example, starting of new condominium projects and also I have observed that the construction sector is not as vibrant as it used to be. What's more, quite a number of graduates of engineering are without a job."

The government plans to construct 250,000 condominium houses under 20/80 housing scheme in the second phase of the Growth and Transformation Plan (GTP II) period that started in 2015/16 fiscal year. This means, 50,000 houses should be build annually. Despite such ambitious vision, insiders indicate that the projects are not going as planned due to a wide range of problems such as a lack of financial resources.

Although middle and small construction companies are being hit massively, the economic slowdown is affecting giant companies too. Yitbarek Getahun, gen-

Merkato, Addis Ababa's biggest and busiest open market, is significantly affected by the business slowdown in the country.

eral manager of Sunshine Construction - one of the giant construction companies currently engages in two road projects, two real estate projects, building its own brand hotels as well as a number of multipurpose complex buildings - says they too are experiencing the effects of the business slowdown. However,it is at a smaller magnitude because big companies such as Sunshine have a better capacity to absorb such shocks than smaller ones.

"Fortunately enough both during the recent political unrest and afterwards to the present slowdown, our projects have not been affected due to the location and the time our projects started. However, we are now facing challenges to get spare parts to our heavy duty machineries in the market due to shortage of foreign currency," Yitbarek decries. "Our machineries are getting stuck with lack of spare parts worth USD5,000 to10, 000. It is not acceptable by any standard to halt projects that cost hundreds of millions of birr with such minor issue."

Putting in figures the damages caused due to lack of spare parts, Yitbarke indicates 20-30Pct of the machineries are out of operation. "Those problems that seem minor will have the muscle to affect the project as a whole unless they are addressed on time," he explains.

Perhaps, the recent business slow down in Ethiopia has a lot to do with the political unrest in the country and the ever looming uncertainties it has created. If there is one thing that business owners want to avoid is risk, which increases during periods of instability in a country. Businesses operate based on forecasts and scenarios about the future to take calculated risks.

Brandon Julio and Youngsuk Yook, researchers at London Business School and Sungkyunkwan University respectively conducted a study on Political Uncertainty and Corporate Investment Cycles. They documented cycles in firm-level corporate investment corresponding with the timing of national elections across a sample of 48 countries between 1980 and 2005. During the year leading up to the election outcome, they found that firms reduce investment expenditures by an average of 4.8Pct relative to non-election years, controlling for growth opportunities and economic conditions.

They further investigated several potential explanations and find evidence that electoral and political uncertainty leads firms to temporarily reduce investment expenditures. Decreases in corporate investment correspond with temporary increases in corporate cash holdings. Overall, these findings suggest that political uncertainty is an important channel through which the political process affects real economic outcomes.

Despite the challenge on the ground, the National Bank of Ethiopia (NBE) says the broad money supply by the end of the first quarter of the current fiscal year stood at ETB463.8 billion showing a 21.8Pct growth compared with corresponding quarter of last fiscal year mainly driven by 27.2Pct rise in domestic credit.

According to NBE's quarterly report, during the first quarter of the current fiscal year, ETB23.3 billion was disbursed in fresh loans, indicating a 19.7Pct yearly growth. Of the total loans disbursed the share of public banks was 40.8Pct while that of private banks was 59.2Pct. The housing and construction sector received ETB2.8 billion, 10.2Pct of the total disbursed credit.

Surprisingly, the NBE report reveals that the import and export sector was also one the major beneficiary of the fresh loans amounting to ETB 4.4 billion, which is 18.8Pct of the total, although industry players says the sector is one of the major economic activities affected by the economic slowdown the country has been experiencing for over a year now.

In fact, stakeholders stress that the problem has been exacerbated due to hard currency shortage. Muhdin Werake, director general of AL-SAM explains how shortage of foreign currency affected their business. "Access to foreign currency is not as easy as it used to be two and three years ago," he told EBR.

AL-SAM with nearly two decades of engagements in the business of import merchandise goods has diversified into export, real estate, transport, transit, manufacturing, and domestic trade in recent years.

"Previously we could easily access foreign currency immediately after requesting foreign currency permit to a bank. However, in recent months, we wait up to three months," he says. "I believe this problem is a short-lived one."

Especially after the introduction of the first phase of the Growth and Transformation Plan (GTP I) seven years ago, there has been a serious of discussions about foreign currency shortages and crisis in Ethiopia. As the result, many sectors and core economic activities are being affected. However, the problem has been hitting the private sector the most since commercial banks allocate the scarce foreign currency to importers based on priority list with government mega projects getting the highest amont. Although the problem has been there for long, the widening exchange rate quoted in the formal and informal markets in recent months indicate the worsening problem.

Of course, history reveals that the country's foreign trade balance, which is the main factor behind the foreign currency shortage, has been in deficit for many years. However, the growing balance of payments is reaching its pick currently.

The overall balance of payments deficit registered during the first quarter of 2016/17 was USD 336.3 million compared to USD88.3 million a year ago, according to NBE's report. This was mainly attributed to 3.6Pct expansion of merchandise trade deficit and 491.8Pct increase in net

To P. 50

MELAKU WOREDE, LAUREATE

50 Years of Distinguished Services in Protecting Ethiopia's Genetic Wealth

Melaku Worede, (PhD) was born in Addis Ababa in 1936. After obtaining his masters and PhD in Genetics and Breeding from the University of Nebraska in the USA, he returned home and got involved in the planning and establishment of the national Plant Genetic Resources Centre, of which he became director in 1979. He served in that capacity until his retirement in 1993.

In 1989, Melaku was bestowed the Right Livelihood Award, an international award conferred to exemplary leaders who offer practical and exemplary solutions to the urgent and pressing challenges facing the world.

Melaku (Laureate) has been active in the training of several gene bank curators and many other young scientists globally. Thanks to his effort and accomplishment, several initiatives to support biodiversity conservation and utilisation in Africa take the Ethiopian experience as their model.

Biotechnology in general and genetic engineering in particular is an elite technology that helps to increase agricultural productivity. However, most of the debate goes to Ethiopia's thumb down stance to share the fruit of this technology. Lower agricultural productivity for many years thwarted the country's prospect for development and exposed a significant proportion of its rural population to food insecurity. Not only has that been the case, the few industries in the country still depend on imports for most of their agricultural raw materials.

Melaku, an international agronomist who served as custodian of the Ethiopian biodiversity for far too long, argue that there is more for Ethiopia to benefit by improving local varieties than taking seeds from multinational companies. He says local research capacity is critical to maintain original varieties and utilising farmer's knowledge should also be at the centre of improving agricultural productivity.

EBR's Amanyehun R. SISAY sat down with the seasoned researcher to learn about his career trajectory, opinion on the use of improved seeds and discuss about his overall assessment of agriculture in Ethiopia. The following is an excerpt.

Tell me about your childhood?

I was born in April 1936, here in Addis Ababa. At that time, there was war and chaos, because Italy had invaded Ethiopia. So my family had to leave Addis Ababa. Five years later, we came back and I started elementary school. Then, I moved to Ambo and joined the Ambo Agricultural School.

Was that what sparked your interest in agricultural research?

Partly yes! My first exposure to agricultural science at the then Ambo Agricultural School, added to that. That continued throughout my training programmes at Jimma and Haremaya colleges.

Foreign professors and scientists that were seconded by the Oklahoma State University in the United States played a key role in inspiring my interest in agriculture and research in the field. Previous to that, there were many German expats who played a ground breaking role.

After graduating from Haramaya, I went back again to Ambo and thought chemistry and soil sciences at Ambo Agricultural School.

Then I went to the United States, University of Nebraska, for my master's in agronomy (genetics and plant breeding). Upon my return, I joined the then Jimma Agricultural School and taught chemistry and soil sciences [for sometime]. That was when I also did some collection of certain crop varieties and did research on that.

Three years later, I joined the then Department of Agriculture at Asmara, then Eritrean province. There were some Italian scientists and other experts leaving the country. So, I was summoned to replace the head of research in that province. There were eight research stations in several places in Eritrea, which were developed by the Italians, later by the British and the local people. That gave me a unique opportunity to do researches in the area of crop improvement for four years.

Due to the drought that prevailed mostly in the northern part of Ethiopia and other places down south, there was a big challenge to crop production and livelihood security. At that time, my research was focused on finding drought resistant crop varieties.

In the course of my stay in Eritrea, I was offered a scholarship to study Genetics and Plant Breeding at the postgraduate level in the famed Swedish Institute of Genetics and Plant Breeding.

Upon finishing my advanced diploma course, I came back to Asmara and continued doing researches on drought resistant crops, which were greatly enhanced by the training there as well as the Drought Resistance Research Programme I initiated and came back much better equipped.

How did you become interested in genetics?

I was already exposed to genetics when I was doing my undergraduate studies in Haremaya. This continued throughout my advanced trainings and works locally and abroad.

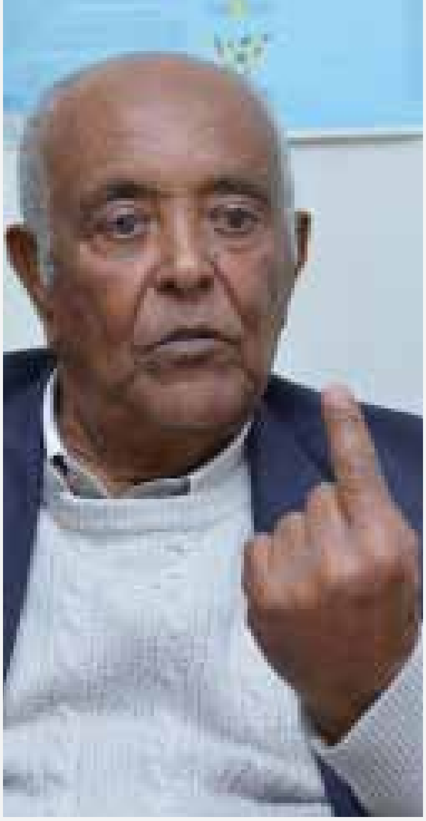
What was the most pressing challenge in improving agricultural productivity at that time?

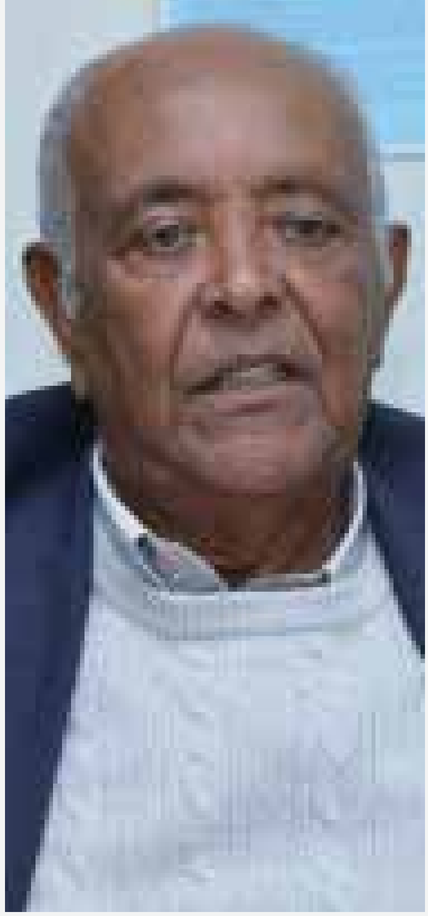
The issue of raising productivity without seriously jeopardising the existing biodiversity in the country of which Ethiopia enjoys a premium place as an epicentre of origin and diversification of many crop types was the challenge

There is a surge in population pressure in Ethiopia, climate change is looming large, and land fragmentation is also an issue. There are two things we have to address: ensure food security and provide enough raw materials for industries. Within this reality, is it possible to preserve diversity in one hand and upscale productivity at the same time?

It's possible, but it's not without challenges. We need to seriously look into the already available options. Perhaps, one major option in this regard is to enhance the existing local varieties also known as farmers' varieties. We can add values to upscale the yield potential as well as other desirable characteristics while still preserving the diversity that is inherent in such materials. The ability of the local crop varieties to survive climatic and other pressures is crucial in sustained productivity over changing situation and growing conditions in the country.

This is even more significant from the standpoint of finding crops which resists drought, other climatic challenges and stresses. With the advent of radical climatic change the world is facing now, even the local varieties may greatly suffer





from such conditions. This may require looking into the potential that exists in the wild plants.

The technology is in the hands of the more developed nations, while the raw material and biodiversity mainly exist in places like Ethiopia and other developing countries. In the context that the advanced technologies are being developed and being promoted, the risk of losing the resource base in the developing nations is quite high. That's why extreme caution has to be taken while introducing new technologies and crop varieties to ensure the possible negative impact this might pose on the overall agricultural productivity in the country.

It's also important to develop our capacity to adopt new and appropriate technologies. And this is already beginning to happen in the country with the several national and regional agricultural teaching and research schools now in progress. Perhaps more important in this regard is the role of the Ethiopian Biodiversity Institute in the areas of conservation research and promotion for a wider use of the existing genetic material and that of the private [companies, and international] NGOs investing hugely in the promotion of the local resources.

However, we have to put two major issues in the right perspectives: multinational corporations whose primary interest is profit at any cost to a country's biodiversity want to expand their activities; on the other hand, countries like Ethiopia have a primary interest of feeding their nations and developing their industries at the same time.

Ethiopia's research and development agenda must therefore be relevant to the country's development priorities.

What role did you play in this regard?

I and several other scientists worked towards the creation of awareness in preserving biodiversity. We have done these at all levels in the country. This and other works we continued to do later resulted in the establishment of the Ethiopian Genetic Resource Programme, which at present is known as the Ethiopian Institute of Biodiversity.

I was director of the institution for 14 years and played a key role in promoting its research and conservation programmes. I played a major role in connecting the laboratory based formal research and genetic resource conservation system to the farmer based informal conservation system, which existed quite for centuries.

In addition to that, we were also engaged in farmers' variety enhancement with a view of raising crop productivity while also promoting the diversity that has been developed over the centuries. This was greatly facilitated by the initiation of the then Seeds of Survival Programme, which started in Ethiopia and through the years become a global phenomenon.

Despite a whole series of challenges that were facing, such an initiative both at the national and global level has now prevailed as a valuable option in preserving biodiversity in several parts of the world.

I believe the Right Livelihood Award also known as the Alternative Nobel Award took this into considerations to bestow on me the prestigious international award.

American barely farmers make USD180 million annually because of a gene they took from Ethiopia.

What other achievements, recognitions and awards did you get?

Well, we have a number of achievements to mention. In promoting the initiative in Ethiopia to other regions of the world, mainly the rest of Africa, South East Asia, Latin America, Asia and Asiatic countries, we provided training programmes in each of these regions. We also summoned experts from these regions to come to Ethiopia to receive trainings both on farm and off farm. We have conducted similar activities to universities in many countries.

One key role I played in these connections was training post graduate students mostly from African countries at the University of Wisconsin in the United States carried for six consecutive summers.

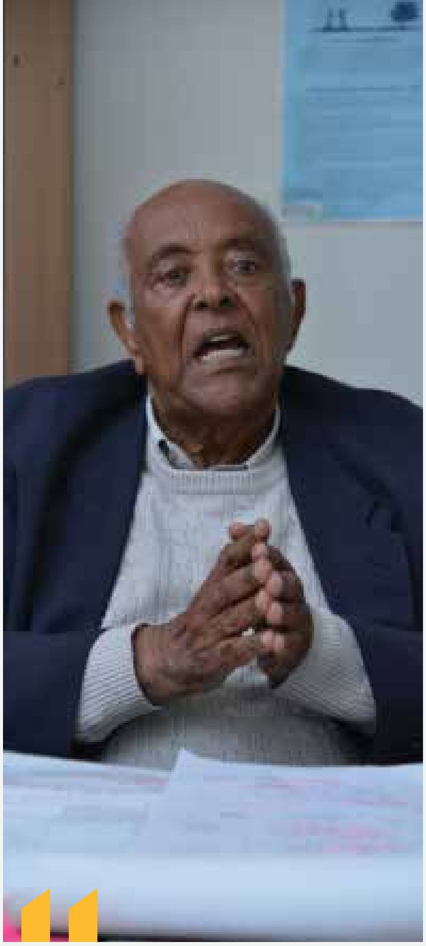
Other achievements include consultancy activities for various international development agencies including the FAO. I have introduced the Ethiopian approach to conservation, enhancement and effective utilisation of biodiversity at the then Organisation of African Unity, and the European Community in Brussels, among others.

I have been serving as board member and advisor in several continental and global initiatives. I was the founding member and chair of the African Genetic Resource committee. I have also contributed to various scientific publications and reputable academic journals.

You mentioned that many countries have taken useful genetic materials from Ethiopia to include them in their research and development programmes to develop drought, disease and stress resistant crops, which also have other desirable traits. Can you mention a few of these countries?

Many people from different countries were coming and taking different crop samples that were utilised in their respective research programmes. These include barely and caffeine free coffee samples. Canada, the United States, Mexico, Italy, Germany, United Kingdom, Vietnam, Brazil, Costa Rica and several other countries had taken useful genetic materials from Ethiopia.

Did these countries get the samples formally and did they give something in return?



Ethiopia saved American and European beer industries.

[Some of] these resources were taken long before I was even born through explorers, missionaries and tourists. For most part, the samples were smuggled long before the country established its gene bank and institutionalised the biodiversity conservation works in the country.

To mention one interesting incidence, British missionaries then prisoners during the period of Emperor Tewodros had taken various samples of teff, maize (then known as Bahir Mashila), barley and certain pulses to their country. A member of the family of the late Prof. Pankhurst came to my office when I was at the gene bank to inform me about the presence of these apparently looted resources after the Magdala expedition by the ex-prisoners. These resources were stored at a library in the UK for over hundred years. I still wonder how she managed to get them, but the close family member of Pankhurst brought them all to our gene bank.

At this point I would wish to appreciate this plausible gesture on the part of the Pankhurst family.

Can you mention scenarios where samples taken from Ethiopia were used significantly for economic benefits elsewhere?

The Yellow Dwarf Virus Disease in barley was once a major threat to the barely industry in Europe and North America. The disease was so widespread that the entire beer industry in these regions was in jeopardy until their scientists came to Ethiopia and took samples of [disease resistant] crop from Ethiopia. I dare say, Ethiopia saved American and European beer industries.

American barely farmers alone save USD180 million annually because of a gene they took from Ethiopia and included it in their barely breeding programme. It's also widely known that coffee from which more than six hundred million people around the world make direct and indirect economic benefit finds its origin in Ethiopia. It's the same with what's happening more recently with the expansion of teff production in North America, parts of Europe, India, Vietnam and South Africa.

Ethiopia has also benefited substantially from introductions of various crop types from overseas and now widely grown and diversified in the country.

Let's talk about the controversies around the expansion of teff production in the rest of the world with particular emphasis to the Dutch company, which entered a commitment to pay levy to Ethiopia in return for owning the license to teff production in Europe and use the crop in research.

My understanding [was that] the Dutch company would pay a levy to Ethiopia, which the company failed to fulfil its commitment in due course. This was partly because they claimed bankruptcy. They also claimed to have transferred the right to a third party.

How do you view the role of science in Ethiopia's agricultural development?

Well, the employment of science and

technology, and where it applies, the novel techniques like biotechnology, which includes genetic engineering, are very important tools for the advancement of any development programme in any country. In agriculture, science alone may not provide us all the solutions in developing any breeding programme to improve productivity. The combined use of scientific knowledge and the time honoured indigenous knowledge system that exists with the farm and rural communities in the country would provide the synergy for sustained productivity of food and commodity crops.

Talking about the synergy between science and indigenous knowledge, what's your take on how Ethiopia is currently dealing with the issue?

Well, this is only one option, which, I believe, is key to sustain development to benefit from the huge diversity and the knowledge about it in the country. It becomes more significant when we consider the climatic and other environmental changes that will continue to pose serious challenges in ensuring present and future food and livelihood security in the country.

Many institutions including the international scientific community, policy makers and development agencies had serious reservations about the merit and viability of such an approach. However, it's now gaining a growing recognition and interest globally.

Despite the various initiatives of agricultural research and development in Ethiopia, the country is still in short supply of agricultural products. It is a net importer of food crops and millions of people each year depend on hand-outs for survival. Not only that, our industries, be it textile or leather, hugely depend on imports for most of their raw materials. How come this be the realities of Ethiopian agriculture?

I think this has to do a lot with the agricultural system, which is largely subsistence; although this is gradually changing with the advances that are being made in improving farming practices and use of inputs appropriate to the farming condition in the country.

Furthermore, the high input, high technology based crop varieties that are coming from foreign sources and currently expanding in the country have limitations in respect to sustainability and adoptability to the farming conditions in the country, which includes variations in topography, soil types, land fragmentation and climate (drought, pest outbreak and other stresses).

How about the land policies of the different regimes which never made the farmers the true owners of the land they till?

Of course, I consider this as a major challenge. However, I am more of a science person with very limited exposure to policy issues such as this. I also lack the facts and figures to substantiate any argument on the issue.

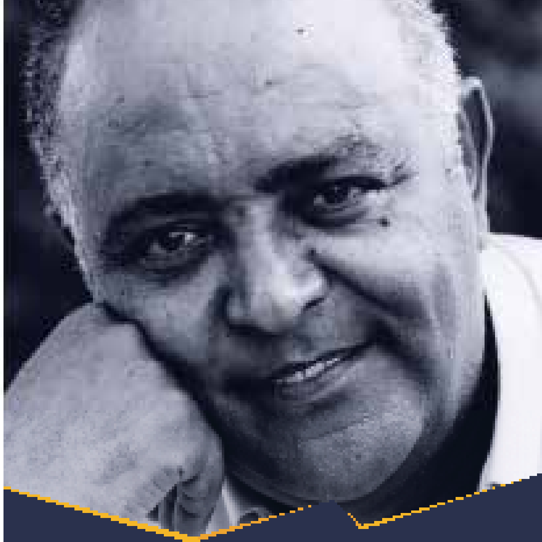
Productivity of improved seeds on the farmers' land is usually less than half of their productivity at plots of research centres. Why?

Research is experimental. It takes place under well-defined and controlled management system and objectives. This isn't the case with farming, where the situation is quite different and production takes place under prevailing conditions and farming system.

Science alone may not provide us all the solutions.

You retired a long time ago; what do you do in your leisure time?

I do readings and swimming. I often travel overseas to deliver lectures at universities, research conferences and workshops. I am a founding fellow of the Ethiopian Academy of Sciences although I don't actively participate in the activities of the Academy lately due to physical limitations. However, I still [advise my colleagues there], local and foreign communities in biodiversity and plant breeding. EBR



Director
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Director
Jimma Agricultural School

Lecturer
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Executive Research Officer
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Founding Fellow
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Board Member
- Movement for Ecological Learning and Community Action
- Ethio-Organic Seed Action
- Ethiopian Wildlife Society
- International Plant Genetics Institute, Italy
- Rural Advancement Fund International, Canada

Scientific Advisor
Seeds of Survival International Programme, Canada

Trustee
African Biodiversity Network, Kenya

Founding Member & Chair
African Genetic Resource Committee

YOU'VE ARRIVED
the moment you board

QUALITY SEEDS, QUALITY YIELDS

THE CRUCIAL ROLE OF IMPROVED SEEDS IN ETHIOPIA

Quality seed is a key input for improving crop production. Improving the quality of seeds can increase the yield potential of any crop significantly and thus, is one of the most economical and efficient inputs to agricultural development. However, the seed system in Ethiopia is filled with complex organisational and operational setups that partly thwart the country's prospect for agricultural revolution. Ethiopian seed system has been confronted with several challenges such as limited capacity of agricultural research centres and distribution channels. Failure of proper utilisation of the already available improved seeds is also a major problem. EBR's Ashenafi Endale sat down with stakeholders to get to the bottom of the issue and understand what the government is doing to improve the lingering seed system in the country.

For an agrarian based economy, access to improved and quality seeds is a critical prerequisite to uplift agricultural productivity. This is important to foster industrialisation. However, a close look at the sector in Ethiopia reveals that the sustainable supply of improved seed, among other things, eludes the country.

This is exemplified by the demand and supply conundrum of improved seed. In Ethiopia, close to 12 million hectare is cultivated by small-scale farmers. Last fiscal year, 8 million quintals of improved seeds, which yields significantly higher than the regular one, was needed. However, only 1.5 million quintals, which was used to cover less than10Pct of the total land harvested in the year, was distributed.

"Covering half of the harvested area is challenging; let alone the total area with improved seed," says Tedla Pascal, public relations officer at the Ethiopian Institute of Agricultural Research (EIAR). "We do not even know how much of the available improved seed is properly used partly because of the remotnes of most agricultural areas which challenges the supply and follow up of agricultural technologies. This shows that even though agricultural production is increasing, we are [not reaping as much as what the potential of the country offers]"

In contrast to the failure of the government to supply more improved seeds [on top of ensuring the available ones are properly utilised], stakeholders say demand for the input is increasing. "Currently, there is a big demand, but the supply is limited," argues Tedla. "The amount and variety of improved seed that is released depend on the capacity and choice of the agricultural research centres, not on the demand."

Samuel Tufa, market development officer at Markos, a company involved in the importation and distribution of vegetable seeds from Holland, agrees. "The demand of farmers for improved seed is fast growing," concurs Samuel. "Since it can be cultivated in small farm areas, the demand for vegetable seeds is taking off. However, the country cannot address that demand." Markos has worked in the seed supplying business for the last eighteen years.

Studies reveal that an improved seeds significantly improves production and productivity and, by extension, the sector's overall performance. Although quality inputs supply and the right agronomic practices are essential for boosting the agricultural sector, the role of improved seed is immense. For instance, many studies reveal that proper usage of fertiliser increases productivity by 20-30Pct while improved seeds can raise productivity by 30-40Pct.

For centuries, farmers in Ethiopia have operated their own informal seed systems. They save seeds from one year's harvest for planting in the next year's. Despite this impressive cleverness, the performance of local varieties of maize, wheat, millet, and other Ethiopian food varieties now lags behind the continent. In fact, according to a study entitled 'Planting the Seeds of a Green Revolution in Africa' harvests per hectare for major crops like maize can be as much as 80Pct below their potential when informal seed system dominates agricultural sector.

Some Sub-Saharan countries, however, are benefiting by ensuring farmers have much greater access to improved crop varieties. For instance, a survey conducted in 2013 on farmers living in nine African countries found that the majority who invested in improved crop varieties achieved yields 50 to 100Pct above local varieties. Additionally, 79Pct of farmers in Ghana reported doubling rice yields while 85Pct of farmers surveyed in Uganda reported doubling yields from cowpea.

The use of this economical and efficient agricultural input in Ethiopia, however, has been limited. This is because the seed system in the country is filled with complex organisational, institutional and individual operators in the development, multiplication, storage, distribution, and marketing of seed.

The supply of improved seed could not match the growing demand, due to different challenges at research centres, among others."

Seifu Assefa
Director of Agricultural Inputs
Directorate at the Ministry of Agriculture

Instead of categorising the problems observed in the sector based on each step of the process, a report entitled 'Recent Development in Seed Systems of Ethiopia' identifies two problems: low capacity of agricultural research centres and public seed enterprises as well as low level of utilisation of the available improved seeds, which contributes for the poor availability and limited promotion of improves seeds, respectively.

In Ethiopia, agricultural research centres play an important function in the seed system by developing the improved diversities and best management practices, which are then multiplied and distributed to farmers. These include the EIAR, Regional Agricultural Research Institutes (RARIs) and higher education learning institutions (HLIs).

Even though there are 17 agricultural research centres in the country, a lack of finance, lab and facilities as well as researchers turnover due to low salary and benefit scheme have crippled their ability, according to Seifu Assefa, director of Agricultural Inputs Directorate at the Ministry of Agriculture and Natural Resources. “The supply of improved seed could not match the growing demand, due to different challenges at the research centres, among others. There are capacity limitations especially at production, supply and distribution level.”

As a result of this limited capacity and due to the growth of the agricultural sector in recent years, there is a huge gap between the demand and supply of improved seeds in the country. For instance, the total annual average improved seed requirement for cereals, pulses and oil crops is over four million quintals, according to information obtained from EIAR. But the annual supply of improved seeds doesn’t exceed one million quintals.

“Researchers’ turnover is decreasing now, since the government introduced better salary and benefit scheme, two years ago, for all agricultural research institutes,” stresses Tedla. “Coupled with the efforts underway to bring together scattered farmers, this will have a positive effect towards increasing the supply of improved seeds.”

In addition to the limited supply of improved seed, agricultural research centres focus only on hybrid maize and wheat varieties that limit farmer’s options to other improved seeds of commercial crops.

Research centres operating under the EIAR have introduced over 1,035 varieties of improved seed over the last 50 years, according to the information obtained from EIAR. Of the total improved seed varieties only a few are in supply.

Not only that, there is also a problem of replicating results achieved in research centres. Productivity of improved seeds for maize and wheat which constitute about 85Pct of the total crop production is a case in point. Productivity of maize with improved seed at research centres is 130 quintals per hectare, while the average productivity at farmers’ level is 34 quintal. Similarly, wheat improved seed productivity is 80 quintals per hectare at the centres and 24 quintals on the ground, according to data from the Institute.

And yet, there are only 60 maize varieties in supply currently, out of 1,067 varieties existed worldwide, although Ethiopia has produced 52 seed standards, based on international specifications.

Seifu says a shift to improved seed is taking place: “Producing improved seed based on farmers’ demand is becoming the main guideline of research, multiplication, production and supply of improved seeds.”

The other institutions in the improved seeds supply chain are public seed enterprises, which have the largest share in the production and marketing of seeds. Consisting of institutions like the Ethiopian Seed Enterprise and regional seed enterprises, they multiply certified seeds in large quantities by taking the selected and developed varieties in research centres. However, due to the fact that seed enterprises are expected to meet intertwined objectives-producing sufficient quantities of improved seed for key crops based on government’s priority even if they have less or low return and becoming self sustainable business - they have been facing dilemma.

According to the Agricultural Transformation Agency (ATA) close to 60Pct of these enterprises’ production is limited only to wheat hybrid, which is less profitable because of its high seeding rate and low multiplication rate. In addition, these enterprises have small profit margins because affordable and equitable distribution of seed is the primary priority of the government.

Supplying and marketing of released hybrid seeds from the research centres to farmers is also marred with challenges. After released from research centres, the seed has to be multiplied and distributed to farmers. Regional and federal government seed enterprises comprise more than 60Pct of the seed distributors, while the rest is through cooperatives, which receive seeds from the enterprises.

On the other hand, the private sector distribute less than 15Pct, compared to 40Pct and 20Pct in India and Tanzania, according to the ATA’s 2016 report. “Ethiopia’s seed regulatory system is currently at a nascent stage and constrained by bottlenecks including inadequate logistics, limited infrastructure, and insufficient human resource capacity,” according to the report.

The ATA has started piloting cooperatives based seed distribution few years ago, ending the former longer market chain. The Agency was established under the Ministry of Agriculture to forward solutions for the bottlenecks in the sector. So far it has prepared soil and climate mapping, mechanisation strategy, among others.

According to ATA’s 2016 report, even though there are 285 cooperatives in seed production and supply chain, they cannot meet the standards for accreditation As a result; cooperatives could not supply more, due to a lack of warehouses. This is despite the fact that the government aims to increase hybrid seed supply to reach 3.5 million quintals by 2020, much higher than what it was last year – 1.5 million quintals. The plan for the year was 2.7 million quintals.

Tamirat Assefa, monitoring and evaluation officer at GIZ, a German development agency, that takes seed varieties in quota and distributes them to farmers, says they are not getting enough improved seed. “Resources such as finance are needed to produce and supply seed. There is also a lack of capacity and experience. The alternative is to [assist farmers] multiply seed by themselves, which might take ten to fifteen years.”

According to Tamirat, hybrid seeds supply from research centres is also narrow when they prefer to multiply by themselves. “The research centres need more facilities and we are working to link them with Germany-based companies,” he said. GIZ is currently running a project to help cooperatives so that their products get brand in the market.

1,035

The number of improved seed varieties introduced by agricultural research centres in Ethiopia

In order to support public owned institution in the seed supply chain, experts advise the government to encourage the involvement of the private sector both local and foreign. Insiders also argue that the private sector shyness come from the small profit margin that could not allow market oriented company to make reasonable profit.

"There are no private companies in the seed multiplying business; those in the supply line are also few," argues Yitbarek Semeane (PhD), seed programme director at ATA. "Government needs to create the right conditions that support entrepreneurs, practically."

According to Yitbarek who was himself a seed multiplier and producer, before he closed his business to join the ATA three years ago, the local private sector is not developed yet and the business environment is not attractive for multinationals. He says, the country has no capacity to protect its original seed, if they come. "government needs to focus more on regulating and see private and public enterprises equally. More seed is being expired [in the hands of] cooperatives." For him, the first problem stems from the government's big 'player role', and secondly the decentralised policy approaches on the issue.

Experts and stakeholders recommend that special focus is needed in building capacity of the research centres, and further specialise them on crop varieties that are highly needed by agro processing companies as well as exporters.

Prime Minister Hailemariam Desalegn recently laid the cornerstone for Agro Industry Park, to be built with ETB1.5 billion in the State of Amhara. This first-of-its-kind park is one of four that the government plans to establish within the next few years, with ETB10 billion to house foreign and local companies that source raw material from the agricultural sector and add value. The plan is to make Ethiopia a light manufacturing hub in agro industry by 2025. These parks, however, need quality and continuous supply of raw materials from the agricultural sector.

"We will start attracting processing companies to join the park in the next September," said Mebrahtu Meles (PhD), state minister for Industry, while launching the first of its kind premium exhibition, dubbed 'agro food plast pack', on February 3, 2017, at Millennium Hall. Processing and packaging companies from German and France have shown their interest to join the park while during the exhibition over 60 companies from 14 countries have participated.

Due to the usage of improved seed, wheat productivity increased to 24 quintals per hectare from 12 quintals.

Despite the high hope the government has, other industrial parks that are operational, which are dedicated for textile and leather industries are challenged by the lack of quality cotton as well as skin and hide supply, which forced them to import raw materials.

Even though more companies have joined the textile industry, there are no local quality cotton hybrid varieties. Despite the annual 5,000 quintal of cottonseed demand, the local supply is limited to 1,000 quintal. As a result, the parliament has amended the strict proclamation that governs genetically modified organisms last year. Not only that, Ethiopia currently imports 50Pct of inputs for the leather production.

Stakeholders stress that productivity of the agricultural sector is far behind the demand of industries, which happens due to lack of coherence linkage between the agricultural productivity and industrialisation.

"Due to the demand of different and unique varieties of hybrid seeds, companies need to work together by providing the main breeder seed of the industrial commodities for farmers," stresses Seifu. Some companies have already started to do so. For instance, Diageo provides hybrid barley seed for the farmers that are in agreement with the company to sell barley. Heineken also does the same.

To boost the production of industry related agricultural commodities, the ATA has introduced Agricultural Cluster Commercialisation (ACC) system, which replaced the previous value chain strategy. This system, in which farm areas stretched up to 20 woredas are clustered together. The system is currently at trial level.

In addition, the remotness of most farm lands existed in Ethiopia has prevented proper distribution of the already available seed, according to Tedla.

The new ATA's system allows remot and concentrated small scale farmers that produce similar products to access agricultural inputs and get support by creating clearly defined supply chain. For this purpose, 10 crops are selected, which are implemented in pilot project on 26 clusters. Out of the 16 clusters planned in the State of Amhara, six of them, which stretch over 1.7 million hectare, will grow sesame, along with six other crops, according to information obtained from the ATA.

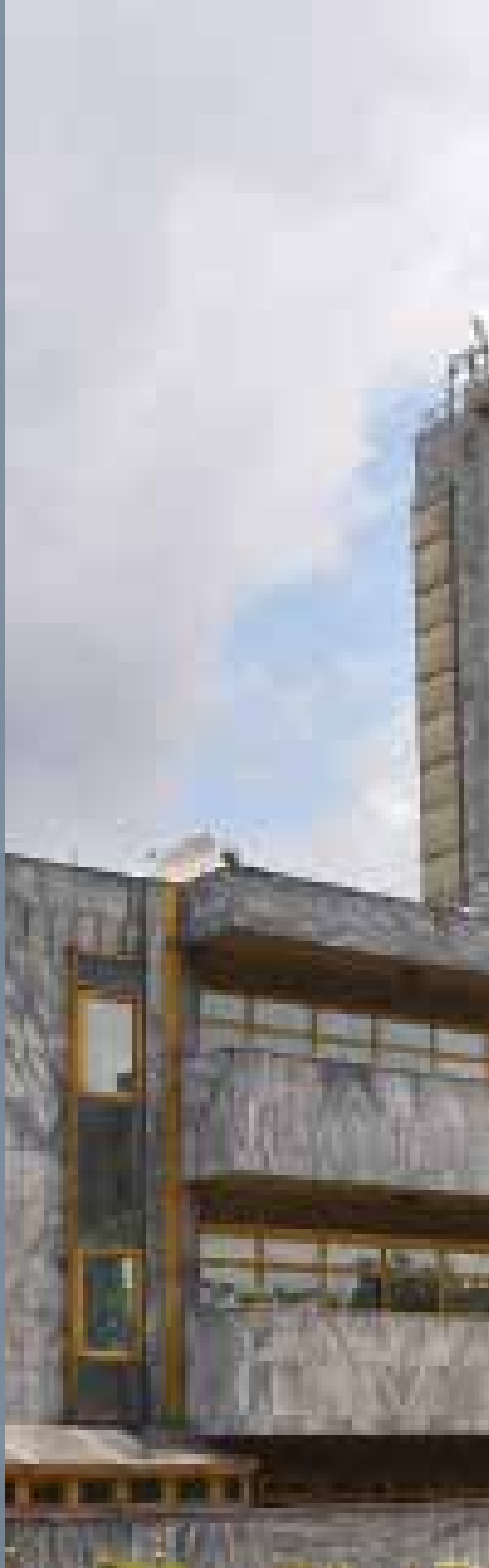
Saifu says in order to facilitate the implementation of the ACC as well as other strategies, recently, a National Seed Council has been established, which has a technical committee under it: "There are huge implementation gaps in the agriculture sector and the committee identifies, takes fast intervention and direct resource in coordinating and solving the problems." EBR

T-BILL CONUNDRUM

INVESTORS SHY AWAY T-BILLS DUE TO LOW INTEREST

As Ethiopia attempts to lay the foundations for economic transformation, it has embarked on highly ambitious development programmes. While heavy state-led investment has helped the economy grow at double digits for over a decade; there are costs attached to it. The huge finance needed to cover the construction of large infrastructure has created financial pressure leading to budget deficit.

Treasury- bill also know as T-bill is among the mechanism employed by the government to mobilise financial resources and cover its growing budget deficits. In addition to this, T-bills can serve as a monetary instrument to tackle economic disasters such as inflation. Despite its uses, investors that participate in the purchase of T-bills say its low return on investment is pushing them away. EBR's Ashenafi Endale talked to stakeholders to understand the issue and know what the government is planning to improve the system.



In developing country like Ethiopia where lack of financial resources and inflation pressures persist, the role of treasury-bill as an instrument for both fiscal and monetary policies is immense. This can be demonstrated by the fact that investment in treasury bills also known as T-bills is growing faster in Ethiopia despite the fact that it bears the lowest interest rate compared with interest rates of corporate bonds and certificate of deposits that are traded in the money market.

Although the amount of treasury-bills offered surged by 46.5Pct compared with 2014/15 and reached ETB147.6 billion in the last fiscal year, the demand grew by 18.3Pct to ETB161.6 billion, according to the National Bank of Ethiopia (NBE) annual report. This means ETB161.5 billion worth of T-bills was sold during 2015/16 fiscal year, which shows ETB13.9 billion (9.4Pct) oversubscription. Compared with the amount of T-bills offered by the government in 2012/13, last fiscal year's figure shows a 55Pct upsurge.

T-bill has two major purposes on the fiscal and monetary sides. On the fiscal side, treasury-bill helps the Ministry of Finance and Economic Cooperation (MoFEC), a government body responsible for formulating development policies, preparing development plan and budget, to manage its liquidity by using short term debt instrument. For this purpose, the NBE issues T-bills every week on behalf of the Ministry. In order to fill the budget deficit that should be covered by domestic credit, MoFEC forecasts the amount of money to be collected from T-bills and notifies the NBE.

On the other hand, T-bills is used by NBE as monetary policy instrument to manage reserve money balance. The NBE looks on the monetary variables that are needed to suppress inflation. Based on the forecast by the Ministry, plus the amount of money that should be sacked from or inject in to the economy the NBE decides the amount of T-bills that should be offered to the buyers on weekly basis.

The NBE sells T-bills at weekly auction, which matures within 28, 91, 182 and 364 days. The 91 days T-bill is started in January 1993, while the 28 and 182 days T-bills were introduced in December 1996. NBE also started issuing 364 days T-bills in November 2011.

The investments in 91 days T-bill, in which most institutions prefer to invest, have stood at ETB140 billion in 2015/16, taking 86Pct of the total T-bills investment under the four categories. There are close to 20 government affiliated enterprises as well as institutions and private companies that have been investing in T-bills.

"As the annual budget keeps growing significantly, the deficit also keeps widening, which increased the role of T-bill in the future," says Tesfaye Alemu (PhD), senior expert at the debt management directorate of MoFEC. "But, there are limited participants in the treasury bills auction, which affects government spending."

Ethiopia is aiming to join the lower rank of middle income category by 2025, which requires a lot of investment to transform the agrarian economy in to an industrial based one. As a result, the annual budget of the government has been increasing immensely in the past decade and the momentum is expected to continue. For instance, the annual budget deficit that is covered by domestic credit has increased to ETB35 billion in 2016/17 fiscal year, up from ETB25 billion in the previous fiscal year, a 48Pct upsurge. Here, T-bill can benefit the government by raising money to cover the budget deficit and fund various public projects.

An official at the NBE also concur with Tesfaye. He says the major challenge to T-bills is the fact that it attracts few individual and institutional investors, due to its lower return. "As it bears no risk, there should be high competition among individual as well as institutional investors, at tax free interest" argues an expert at NBE who is not authorized to speak to the media.

Indeed, studies reveal that T-bills can be attractive for investors since it offers a very low risk way to earn a guaranteed return. The average interest the four T-bill categories bears have stood at 1.438Pct in 2015/16, less than the 5Pct interest paid for depositors at commercial banks. The average weighted yield on T-bills increased slightly in 2015/16 from 1.416Pct a year earlier. The highest yield was recorded for the 364-day T-bills, which is 3Pct and the lowest (0.78Pct) for 28-day bills.

T-bill is purchased for the price that is less than its face value. When the maturity date comes, the government pays the purchaser the full face value, which means the interest for investor is the difference between the purchase price and what the investor receive at maturity.

Any individual or institution with a minimum of ETB5,000 can compete in the auction. However, since the government wants huge money from the auctions, the winner is decided based on big sum purchase. The NBE usually takes ETB100 million as minimum sum of investment required to win in auctions, according to insiders.

"We prefer the 364 days treasury bill mostly," explains Woldeab Demise, director of Treasury Directorate at MoFEC. "This is because the government can use the money for a relatively longer period."

The Public Servants Social Security Agency holds a little over 50Pct of the outstanding T-bill at the end of 2015/16 fiscal year. The Agency, which mobilizes pension funds, is top participant in T-bills investment. The Ministry has introduced a proclamation that prohibits the Agency from investing the fund in any other investment than the T-bills, since 2010. "Before the proclamation, the Agency used to invest in more interest bearing investments like real estate and shares in different banks," says Yeshi Fekade, Public Relations manager at the Agency.

The Agency has mobilized ETB12.66 billion in 2015/16, more than four times of the ETB3.92 billion it collected in 2011/12. It also paid ETB3.5 billion for pensioners in the last fiscal year. The Agency's interest income from T-bills have rose to ETB314 million by 2015/16, up from ETB87.3 million in 2010/11, according to data obtained from the Agency.

"The Agency mostly bids for the 91 days T-bill because we can invest a single note of money four times in a year, which increases our interest income," stress another official at the Agency who wishes to remain anonymous. For instance, the 91 days T- bill yields 0.3Pct interest last fiscal year, which multiplies to1.2Pct in four auctions that will be held in a year. Investors also say the interest rate of the 28 days T-bill, which stood at 0.797Pct currently, is better but its share out of the total T-bills offered is small.

"As the salary for public servants is increasing, the payment for pensioners needs increment. We are also investing in mobile payment, opening more branches and investing in technologies to serve the pensioners more closely," Yeshi explains. "So, we should be allowed to invest on other securities to meet the growing demand. We want the fund to fetch more profit."

According to Yeshi, the Agency has asked MoFEC to reconsider the proclamation and allow the Agency to participate in other investment areas. She says, a feasibility study on collection, payment and investment issues is also undergoing, which help the Agency to decide how it will proceed forward.

Agreeing with Yeshi, Simegn Mulugeta, director of Investment Fund at the Private Employees' Organization Social Security Agency (PEOSSA), which holds 23Pct of the outstanding T-bills in 2015/16, adds that the current pensioners' payment is far less than the inflated prices of goods in the market. "The government needs the fund for the various projects undergoing. However, it will also be of great benefit for the pensioners, if our investment portfolio is expanded."

PEOSSA has directed ETB4.3 billion to purchase 91 days Treasury bill in 2015/16, more than 10 times of the ETB413 million it disbursed in 2011/2. Its interest income also increased to ETB107 million from ETB924,000 in the past five years.

1.438% The average interest the four T-bill categories bears in 2015/16

Few private banks also used to invest in T-bills in the past. They invested ETB3.4 billion in 2012/13, a year that marked the end of investment towards T-bills by banks. "Because of the regulation related restrictions commercial banks withdrew from investing on T-bills," says a senior manager of a private bank. In addition, the stiff competition to mobilise deposits in recent years means less liquidity in the hands of banks while a lot more is needed as loans. "It is [unnecessary] to divert money towards T-bill because of its lower interest" says the senior manager.

Woldeab agrees with the views of institutional investors. "Mostly, treasury bill investment comes from a few government institutions, so there might be no competition at all," he says. "The auction is not based on the demand of the buyer. It is on government interest. If it has to consider investors interest and also include the private sector, the proclamation must be changed, and the treasury bills market must evolve to secondary market."

Although officials at the MoFEC and the central bank gave no information about the amendment of the proclamation in the near future, insiders have informed EBR regarding the works being done by the two institutions to establish a secondary market by the coming year.

"The target of T-bills is not only covering budget deficit, it also aims to beef up NBE's reserve money, drying up the circulating money to control inflation, and push banks on deposit mobilization," argued an official at the NBE. "However, as most banks are also in financial shortages, the secondary market will be a solution for all"

Woldeab, who is also a member of a committee formed by the Ministry and the NBE to establish a secondary market, said a foreign consulting company is working on how to establish the market based on the treasury bills market.

A secondary market is a system where investors buy and sell securities they already own. Investopedia, a website dedicated for financial education stress that transactions that occur on the secondary market are termed secondary simply because they are one step removed from the transaction that originally created the securities in question.

"It has been challenging to involve banks in treasury-bill market. They might invest it today and want the money the next day. So, in order to accommodate this, the primary market must grow to secondary market," argues Woldeab. "We are studying experiences of developed countries, in order to decide how it should evolve from T-bill to secondary market." EBR

MORE THAN HALF OF THE REGISTERED INVESTMENT IN ETHIOPIA

FAIL TO START OPERATION: WHY?

Foreign Direct Investment (FDI) has many advantages to host countries. Especially in developing countries like Ethiopia, FDI provides scarce resources – finance, technology and management expertise.

Ethiopia has realized these decades ago and has since implemented structural reforms and trade liberalisation to attract more FDI. Accordingly, it has managed to attract a good deal of investment particularly in recent years.

However, the number of licensed foreign investment projects and those projects that have started operation vary significantly. Out of the 5,461 foreign companies that have taken investment licenses between July 1992 and February 2017, only 2,635 have become operational. This represents 48Pct of the total registered investment. In the same period, out of the total 75,959 domestic investors who took license, only 6,730 projects -8.9Pct – have become operational.

EBR's Ashenafi Endale spoke with investors to find out which factors are forcing them to abandon and delay investment projects. He has discussed with government officials to learn more about what is being done to solve the problems.

When EBR visited his company that is still under construction in the afternoon of March 1, 2017, Mehmet Yesilday, a Turkish investor, was frustrated because the construction of his factory located at the gate of Debre Birhan town, located 120 kilometer north east of Addis Ababa was lagging. Yesilday's company, My Shoe and Leather Manufacturing Plc, is under construction with USD35 million investments.

Even though the ground work has started four months ago, Yesilday says the construction machineries are struggling with the rocky ground, which delayed the foundation work. "The progress is still at early stage," he told EBR. "We have chosen a wrong plot, because we had no prior information."

In fact, Yesilday recalls that the only initial information he had before starting construction was getting the supply of reliable electric power is the main problem hunting investors. So, he and his team chose the current plot because it is near to the industrial park the government is planning to establish. However, Yesilday's solution for the lingering electricity supply brought him another obstacle.

"There is a lot of rock in the plot; we dug out 30,000 cubic metric tone of stone so far," he explains. "Even though it is good for the power, we did not know that the earth under the plain field is rocky stone." Yesilday's plot covers 70,000 square meters.

Yesilday is a medical doctor by profession but for the last 16 years he has been engaged in a business shoe production. He already has other shoe factories in China and Brazil. He came to Ethiopia after his company signed an agreement to supply for Zahra, Tesco, Wal-Mart, and other big global retailers.

"This factory must start production at least by October, 2017, and I must meet the deadline," he says. "We are new to Ethiopia and we have faced a lot of challenges here. However, we have to work hard under all the circumstances because the customers are waiting and pushing. The company is already incurring additional costs because of the delay."

After starting operation, his company, which will produce 40,000 different types of shoes per day, will import about 50Pct of its raw material, which also worries Yesilday because of the hard currency shortage in the country. "There is no quality raw material supply locally for synthetic and genuine shoe products," he says. "The obvious reason I am investing in Ethiopia is because of the availability of cheap labor."

Just 20 kilometer from Mehmet's factory lays another factory, Sino Steel Plc. It's a Chinese metal industry which managed to accomplish only 30Pct of the project while deciding to solve the power shortage on its own way.

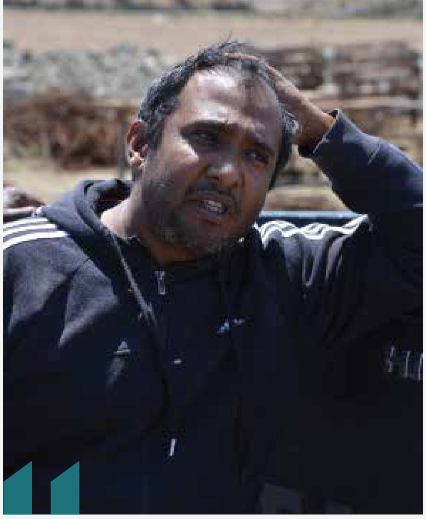
Out of the USD40 million total cost of the factory, the company has allocated USD6 million to establish its own 230kv power substation. The construction of the steel factory started in July 2016 and is expected to be finalized in June 2017. It will produce 400,000 metric tones of rebar per year.

Jiangsu New International Trade, which owns 97Pct of Sino Steel decided to enter the east African market, following its studies that indicates there will be huge demand for building materials, since there will be huge infrastructure developments.

However, Robin Wang, general manager of the company says, even though the company has solved the power problem by itself, there are still other problems challenging the progress, some of which started when the company applied for licensing. "The state of Amhara has given us the land and the the Metals Industry Development Institute has also supported us to start implementation," says Wang. "However, the service and business environment for investors still needs improvement."

"It takes time to get foreign currency and import machineries and raw materials. However, the critical problem in Ethiopia is the bureaucracy and clumsy procedures for investors," Alan Feng, spokesperson of the company explains. "In developing countries like China, you get everything from a single government office. But in Ethiopia, you go to many places to get license, land and electricity as well as pay tax."

The unfavorable investment and business environment that is filled by many obstacles is not only causing delay, rather, it is forcing investors to withdraw from investing. Even some of those already in production phase stop production. Yared Abebe (PhD), (name changed), currently is a director at a government office. Before he started working for the government three years ago, he has been running his own company engaged in agriculture sector on 600 hectare farm land located in the state of Oromia. "After I took ETB5 million loan from the bank and expanded the farm, officials of the region came and told me to leave the area because it is needed for the construction of sugar factory," he claims.



We have faced a lot of challenges here. However, we have to work hard under all the circumstances because our customers are waiting and pushing."

"I tried every legal method I had but I was forced to leave without replacement, compensation or even without any consideration for the loan I took from a bank," he argues. "Real entrepreneurs are not getting the right support. Government always says private sector should lead the economy, but that must go beyond lip service."

Indeed, because of various challenges, many foreign as well as domestic investors that received licenses are unable to start production with a reasonable time. This can be verified by the information obtained from the Ethiopian Investment Commission (EIC).

Between July 1992 and February 2017, a total of 5,461 foreign companies took investment licenses. About 1,565 of them are joint venture with domestic investors. Out of the total, only 2,635 investments have become operational. This represents 48Pct of the total ETB98.23 billion worth investment. On the other hand, 1,389 projects are at implementation level, while 1,437 are at pre implementation level, according to data obtained from the EIC. Out of the total projects at operational level, 44Pct are involved in manufacturing, 29.3Pct in construction, machinery rental and consultancy, while 26.7Pct are engaged in agriculture.

Out of the total 2,635 FDI gone operational over the last 25 years, 89Pct came to Ethiopia between 2004 and 2015. In fact, 240 investment projects came during this period annually, on average. This figure, however, has dropped to 123 in 2015 and 57 in 2016. In terms of capital, the highest investment inflow, which stood at ETB13.9 billion, was registered in 2011, which gradually fell to ETB4 billion in 2015 and ETB797 million in 2016.

Chinese companies, which are largely relying on financing from the Chinese government than credit from banks in Ethiopia, lead in terms of operational projects. As the Chinese government wants light manufacturing companies to move abroad so that they leave space for technology and capital intensive industries, the number of Chinese companies is expected to increase in developing countries in the near future.

In Ethiopia, Chinese companies lead both in terms of operational projects and investment capital, with 553 projects and ETB17 billion capitals, respectively.

There are also 79 Ethio-China joint projects with ETB5.2 billion. In terms of capital, Saudi Arabia investors are second to China, with ETB14.7 billion injected in to 44 projects. Turkish companies came third, with ETB8 billion in 86 projects.

Fitsum Arega, Commissioner of EIC recently admitted that the number of projects licensed and those operational are not equivalent while talking to the Ethiopian News Agency. "As a result, the government has decided to focus on anchor companies and attract them. This strategy will enable the nation to attract FDI that could be changed into reality and benefit the country through job creation as well as revenue generations." He was quoted as saying.

"The ongoing direction is not focusing on increasing the number of participants coming in the name of investment. The country has prioritized attracting few giant, effective companies which can meet the targets the country has set [for export]", he emphasized.

According to the Commissioner, by following this strategy, the EIC has changed its way it used to license projects; and priority has been given to high profile companies. "The way we approach and license foreign investors have changed during the past six months." Fitsum stressed.

Teka Gebreyesus, Investment Sector deputy commissioner at the EIC also told EBR that the Commission has changed its old mentality and started doing large promotions to capture capable companies especially at international trade fairs, in which EIC officials involve directly by approaching and attracting targeted companies. "We have also started working with Ministry of Foreign Affairs and Ethiopian embassies abroad," he explains. "Our promotion strategy now includes linking the investors to giant global retailers."

As a result, officials say the country has attracted new investments worth USD1.2 billion during the last six months period, which is 34.3Pct of the USD3.5 billion it has planned to attract in the current fiscal year. The USD1.2 billion FDI obtained over the last six months, which increased by 35Pct compared with the last year same period, is an inflow in kind and cash, according to Teka.

"The EIC has introduced the 'relationship building' scheme last year, under which the Commission deploys officers for bigger licensed companies to follow up the challenges they face and solve their problems with the relevant government institutions and help the companies to start implementation," stress Teka. "Higher officials of the Commission have also started evaluating their progress every week and the Commission has planned to expand the scheme to regional states."

However, Teka admits that the new investors that do not want to through all the hassle prefers to operate, for instance, inside the recently opened industrial park in Hawassa. "Due to the large plug and play

Debre Birhan, an ancient town about 120km north east of Addis Ababa, has been attracting several investment projects in the manufacturing sector in recent years.

new investors coming, the EIC has built additional 11 sheds in the already inaugurated Hawassa Industrial Park (HIP)," he explained. "In order to further address the demand, the government has also decided to continue HIP phase two, which was not planned initially," he explains.

Such efforts of the Commission has enabled 121 projects to start implementation over the last six months, with a total of ETB14 billion capital, a figure never registered even in full fiscal year so far. "Most of the investments that started implementation over the last six months have taken licenses over the last five years. [However] because we started to follow up licensed companies to start operation, [we see] a big difference now." he added.

Among the investments which started implementation over the last six months, is Human well Pharmaceutical Group, a Chinese company which already erected the skeleton of its factory on 70,000 square meter area located 60 kilometer from Addis Ababa on road between the capital and Debre Birhan. The construction of the factory, which started in June 2016, will be finalized in three phases. The project which will consume a total of USD100 million, is expected to be one of the largest pharmaceutical factories.

The company will produce tablets, capsule, injections and syrups. Up on completion of the first phase of the project in six months, it will export for east African markets, according to Tang Yu Zhong, general manager of the company.

However, Zhong didn't shy away from mentioning the challenges investors face in Ethiopia. "The main challenge now is the bureaucracy and the time it takes at the immigration department to bring in Chinese employees," he says. "Accessing foreign currency also takes time but it is better for us because we have duty free privilege."

Yet, the same data obtained from the EIC reveals a more disturbing fact about local investors, which are more affected by the unfavorable investment climate than foreign investors.

In the last 25 years, a total of 75,959 domestic investors have taken investment license from the EIC and regional investment offices. However, only 6,730 projects which represent 8.9Pct of the total have become operational to date, with combined capital of ETB37 billion. A total of 684,538 permanent and temporary jobs have been created by the domestic investors, which is 17Pct higher than the number of jobs created by foreign investors.

A breakdown of the domestic investments that are operational shows that 34.5Pct of them are engaged in construction, machinery rental and consultancy services; while 25.5Pct and 25pct are involved in agriculture and manufacturing sectors, respectively.

The anonymous local investor who abandoned his business attributes the low rate of project commencement by domestic investors to policy inconsistency in the country. "There is lack of uniformity and the treatment of local and foreign investors is also inconsistent."

According to the World Bank 2017 Doing Business Report (DB) dubbed 'Equal Opportunity for All' Ethiopia ranked 159, out of 190 countries, for the third consecutive years since 2015. The country ranked 179 for ease of starting a business, 178 in dealing with construction permits, 127 in getting electricity, and 170 in getting credit. In terms of protecting small and medium investors the country holds 175th place.

Teka, however, says that especially services are getting better after the Commission has started one stop service recently, which includes licensing and work permit. "We are also conducting studies with the World Bank and other stakeholders to improve the bureaucracy. We have planned to improve our business doing ranking to less than 100, by the next year." EBR

TOO YOUNG TO DIE

THE BURDEN OF CHILDREN'S HEART DISEASE IN ETHIOPIA

Many sub-Saharan African countries have high rates of heart diseases in children and young adults, including congenital heart disease and rheumatic heart disease. This is especially true in countries where primary prevention and post treatment has often been neglected as a large scale strategy. In Ethiopia, only one NGO is working on children's heart disease showing the massive work the country needs to accomplish in the future. However, officials argue that the government is working to improve the situation. EBR's Surafel Dereje spoke with stakeholders to discover the extent of the problem and efforts undertaken to ease the situation.

Nahomi Tesfaye, 6, was born in Addis Ababa with heart disease, which was discovered when she was 10 months old. Her mother, Alem Alemu, immediately took her to Yekatit 12 Hospital where the doctors discovered an opening in Nahomi's heart. She was then referred to Cardiac Centre of Ethiopia (CCE), a heart hospital opened in 2009 inside Tikur Anbessa Hospital in Addis Ababa by the Children's Fund of Ethiopia (CFE), the only NGO working in the area across the country.

In November 2013 Nahomi had a surgical operation at CCE although the first surgical operation was not fully successful. After two weeks she underwent a second operation, which was victorious. "Now she is fully recovered and attending her Kindergarten education," Alem told EBR filled with excitement. "The cardiac centre and the Children's Heart Fund have done everything at their capacity to save my daughter's life."

But many children in Ethiopia born with heart diseases are not as lucky as Nahomi. In fact, most children with heart diseases in sub-Saharan Africa have little or no access to treatment of any kind and cardiac surgical services..

Although there is little reliable data available concerning the prevalence of congenital or acquired heart diseases in developing countries, information obtained from Children's Fund of Ethiopia reveals that an estimated 30,000 children are born in Ethiopia with heart defects and heart damage annually.

Such heart disease that affects children like Nahomi is also

known as a congenital heart defect (CHD), which is a problem in the structure of the heart that is present at birth. In addition, 1-3Pct of school age children has symptoms of heart damage from Rheumatic Heart Disease (RHD), which is the most common acquired heart disease in children.

Studies conducted on the subject state that without proper treatment, about half of those born with significant CHD will die in infancy or early childhood, a third of them within the first month of life. For instance, according to a study entitled 'Children's heart disease in Sub-Saharan Africa' out of the 50 million live babies born every year in Africa, as many as 500,000 will have significant CHD that will require expert care. Otherwise, about half will die within a few years of birth.

On the other hand, there are heart diseases that are acquired after birth, like RHD, which is entirely preventable. Currently, there are about 32 million children suffering from RHD, primarily in developing countries, resulting in 275,000 premature deaths each year, according to the World Health Organisation's HRD Global Status Report.

The childhood experience of Habtamu Ayenew, now 28, demonstrates the dreadfulness of HRD. When he was an 11th grade student in Bahir Dar, he suddenly endured a heart attack. "When I return from school, I felt thirsty and began to drink water; suddenly I lost control of myself and passed out," Habtamu

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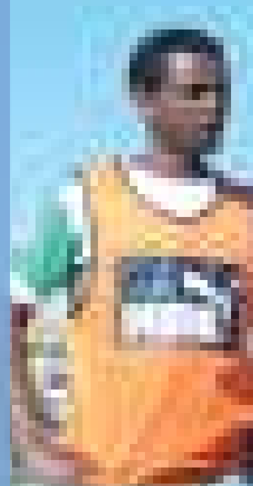
LEARNING FROM THE BEST



In September 2015, Dashen Brewery and Arsenal Football Club announced a three-year partnership. The partnership focuses on supporting Dashen Brewery's community-based initiatives. Coaches from the club regularly visit Ethiopia and provide coaching to the Brewer's grassroots football development project.

The third round the grassroots coaching session was held from February 9 to 10, 2017, in Addis Ababa. Grassroots football projects of the Ethiopian Premier League clubs, the Ethiopian Football Federation, regional sports commissions, and private projects partook in the training. EBR adjunct staff writer Abiy Wendifraw attended the session and discussed with participants on how the training will help them to improve their coaching.

Edelu Dereje, 37, remembers how his first day at school happened. One morning in September 1986, he wasn't at home. Hence his mother was looking for him in several places because she wanted to take her 7 years old son to school for the first time. However, Edelu was not at home. Later, she found him playing football in the centre of Piassa located in Arada District, in a field, which afterward stayed fenced almost for the last two decades. "[Even if] there were no formal training or football education, we used to play there for long hours," says Edelu who retired from playing football two years ago.

Now the deputy coach of Ethiopian Coffee Football Club, the team he helped win the first premier league title six years ago, Edelu is working hard to become grassroots football coach too. He attended the three round of Dashen-Arsenal Grassroots Coaching Series with due attention for both the theoretical and practical sessions.

"The training made me recognize the need to know football philosophy which can be applied on players from youth to elite level," says the former Coffee skipper. "The sessions were 50Pct in theory and 50Pct through practice. We learnt so much just in a couple of days; it was very effective."

A total of 32 Ethiopian coaches from Ethiopian football teams and private grassroots football projects from several parts of the country attended the recent Dashen-Arsenal Football Coaching session in Addis Ababa. Simon McManus, head coach of Arsenal Soccer Schools, was joined by his associate Carlan Edgar to conduct the theoretical and practical training programme at Beshale Hotel and Commercial Bank of Ethiopia Football Team training field, respectively.

The foreign coaches gave details of the elements of football philosophy to

produce young footballers. Issues regarding how to become a good coach, and how to train young players were incorporated in the topics. The technical aspects of the game, receiving a ball, possession, moving in different directions and shooting, were practiced in the training field.

"We have shown them different practices. That can help players to develop creativity and progressive football Arsenal is known for," said McManus.

Since the announcement of Dashen Brewery and Arsenal Football Club three-year partnership in September 2015, two Arsenal legends visited Ethiopia to inspire Ethiopian coaches and the academy footballers. Six months after Ray Parlour, one of the popular midfielders at Arsenal, arrived in December 2015, Martin Keown, the defender of "The Invincible" team, came to raise the trainees' spirit and forward professional advices.

Tarekegn Argebo, 36, Assistant Coach at Arbaminch City Football Team, was among those trainees who attended the first two round trainings in Bahir Dar and Gondar towns. The former player is a passionate grassroots football coach since his high school years. After suffering from career ending injury at the age of 23, Tarekegn committed himself to help youngsters who dream to be footballers in Arbaminch.

"I used to give the ball and watch them while playing their own way. Sometimes I train them how to control, dribble, and pass. I also advise them to behave," says Tarekegn. Alongside his job to take care of Arbaminch City's second team, he implements the Arsenal way of training with 30 boys he separately gathered from the city. Until the summer vacation comes, these boys meet Tarekegn every weekend. "[Managers of] Dashen Breweries also expressed their interest to visit Arbaminch and see how I am applying the training I received from Arsenal coaches."

Indeed football loving kids of this generation have a better chance of learning football from "good coaches." In addition to the Arsenal way of technical and tactical exercise, Edelu believes that this series of training programme can transform the leadership style of Ethiopian football. In the past, many of the coaches in the country were known for their old school

Simon McManus, head coach of Arsenal Soccer Schools


Participants of the third Dashen Arsenal Coaching sessions

coaching style. Even in this modern time, many young coaches practice a similar style because they were inspired by their previous coaches.

"Command style of coaching really worked in the past. Now it may not be. Working with kids demands extra effort. You need to listen to them too. That is when you can choose the right methodology to train them. Learning this was one of the most interesting sessions," says Edelu.

Being thankful for the training opportunities the Dashen-Arsenal partnership presented to coaches like him who can't otherwise get the chance to study modern football training abroad, Tarekegn, seems worried that the lack of facility in the country may hamper them from realising the maximum benefits of grassroots development training. The playing fields in Arbaminch, where some of the stars of the Ethiopian Premier League such as Abebaw Butako, Biyadgelegn Elias, and Tadele Mengesha used to play, have been used for building condominium houses and several constructions. "Unless the city administration takes tangible measures on this issue, [Arbaminch] will no longer be football talent factory [for the nation]," he says.

There is a similar problem in Addis Ababa. Though the 10 districts have plans to build big stadiums, critics believe that these facilities will not solve the shortage of playing fields at grassroots level. Kids need public pitches closer to their home. "The Arsenal coaches repeatedly reminded us that we must let the kids play. Without pitches, you cannot let them play," says Edelu.

Several European grassroots coaches frequently mention the "10,000 hour rule," which sets the total minimum hours kids should spend playing football all the years to succeed. EBR

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explains. "I was then diagnosed with heart disease after a treatment at a hospital for about a month."

Prior to being admitted to the cardiac centre, Habtamu followed up his case at Tikur Anbessa Hospital for six years. "In 2015, I underwent successful surgery that repairs the narrowness of my heart valve, and now I am fully recovered from my illness," Habtamu told EBR recalling the kind of treatment he got from the cardiac centre.

"RHD is widely prevalent in Ethiopia. It is seen between five and fifteen year-old children who acquire it after birth due to poor living conditions," Azene Dessie (PhD), medical director of the CCE, told EBR. Referring the booklet he prepared entitled 'Cardiac Diseases of Children and Their Solutions', Azene states that though there are no exact figures showing the status of the disease at national level, it is estimated that out of one thousand children in Addis Ababa six have RHD.

Wubayew Walelign (MD), advisor of the non-communicable diseases case team at the Ministry of Health (MoH) told EBR that until recent days, the major health challenges of the country were thought to be communicable and deficiency diseases. "But, as recent researches show, since the last two decades the extent and impact of non-communicable diseases is growing. Of these non-communicable diseases, heart diseases are significant."

According to Wubayew, the most common type of heart disease in Ethiopia is RHD. "Based on recent researches conducted by Addis Ababa and Jimma universities, from various parts of the country, it is estimated that from one thousand children and youth within the age of 5-25, 20 up to 30 are thought to live with RHD."

"Despite being a serious health threat to children, Ethiopia has given less attention to RHD," Azene underscores. "One showcase for this is that Children's Heart Fund of Ethiopia is the only nongovernmental institution working on children's heart disease."

Established in 1989, the Children's Heart Fund of Ethiopia (CHFE) is a charitable, non-governmental and specialised organisation committed to healing children with heart diseases. According to Hiruy Ali, the director of the CHFE, a number of donors have supported the Fund, both from inside and outside the country, and has been providing care free of charge.

The main objective of the Fund is to support the cardiac centre, the first cardiac centre in Ethiopia, which Belay Abegaz (PhD) established, in addition to being the founder and Board Chairman of CHFE. Belay studied medicine in the United States and specialised in Paediatric Cardiology before returning to Ethiopia to practice medicine.

"For the last 28 years, more than 2,800 people including children get treatment through the support of CHFE. The treatment was carried out [by medical professionals of the centre, medical missions to who come to the country by upon invitations and sometimes by sending children abroad]" Hiruy explains. "More than 2,800 patients got all kinds of treatment including operation procedures since the cardiac centre became operational."

After nearly three decades of service, the estimated money given to the Fund so far reaches about ETB1.3 billion, despite the serious challenge remains to be financial constraints. "We couldn't accomplish all that we have without the good will of our partners and donors," Hiruy underscores.

30,000 The estimated number of children who are born in Ethiopia with heart defects and heart damage annually.

Wubayew says though the RHD and its impacts are vast, it can be cured. There are three levels of preventing RHD. "The first level is to cure the infection around tonsils at its early stages. The second level is following up the recurrence of infection around tonsils and curing it immediately. The third, level includes complicated surgical procedures, intensive medication and follow-up."

Wubayew underscores due to the continuous nature of the treatment and the complexity of the process of screening out of RHD patients, the second level of treatment is not given evenly in all parts of the country although there are efforts to make it happen. "The third level of treatment is given by different voluntary medical missions from abroad and in recent years by the cardiac centre of Ethiopia. It is addressing less than 5Pct of the total demand even at the level of Addis Ababa. Therefore, thousands of people are not entitled to get this service."

Hiruy says the contribution of the Ministry of Health is much greater for the success of the Fundand CCE. "The Ministry has assisted us in granting scholarships for trainees, facilitating the establishment of the cardiac centre as well as the manufacturing of consumable goods."

Ethiopian born Saudi billionaire Mohammed Hussein Ali Al-'Amoudi covered the expenses of the construction of the cardiac centre. Another major partner of the fund is the Ethiopian Airlines that gave free tickets for the children when they travel abroad for treatment with their escorts as well as trainee professionals who were going abroad for training and volunteer missions that come to Ethiopia to conduct free medical services. Others such as Chain of Hope and Healing the Children (HTC) as well as different individuals and companies have helped the fund and the cardiac centre.

In order to maintain the financial stability of the Fund as well as the Centre, the Addis Ababa City Administration gave several plots of land free from lease. The fund, so far, has constructed three buildings, two of them are completed and the third one is on finishing stage. "When the buildings are fully rented, they are expected to cover up to 90Pct of the total budget of the centre," Hiruy anticipates.

From the government's side, Wubayew says there are some attempts to address the problem by building hospitals in St. Paulos Referal Hospital, Addis Ababa and Ayder referral Hospital in Mekele although these are not enough. "Therefore, there are plans to build other hospitals in different parts of the country." EBR

Family-Owned Businesses:

In Perspective and Prospective

The late Johannes Kinfu (Prof.), winner of the 2013 Africa Education Leadership Award in the best Emeritus Professor category, had thought Accounting at AAU for 47 years. He was director of training and development at MIDROC Ethiopia until he died on March 14, 2017.

EBR expresses its condolence to his families.

This article, written with Netsanet Tsegaw, Country Head of the ACCA Office in Ethiopia, was published on February 2014, EBR No12.

Family-owned firms are the backbone of the world's economies, but only a third survive to the second generation. In much of the world, family and firms are perhaps the two most important institutions, and these are often intertwined. The creation, growth and longevity of family businesses are critical to the success of the global economy. Indeed the majority of businesses in the world are family controlled – and these range from unsung, modestly-sized firms to commercial giants such as Ford, Samsung and Hyundai.

There are very particular advantages and challenges of family firms in a highly competitive global economy. It is thus important for Ethiopian entrepreneurs to have an understanding of family firms in general, and the development and evolution of their corporate governance structures in particular. Family firms have to strive to be well-managed as the best of their competitors. The need for a professional business approach is in fact greater in a family than in a non-family business. This would allow the entrepreneurs, and hence the economy, to create tomorrow's firms today.

Family firms are very distinct from which they can drive a significant competitive advantage. The main advantage of a family-run business is that the ownership structure is built on lasting relationships of trust and commitment. These are usually essential to the successful running of a small business, and are often more easily achieved between members of the same family.

Many businesses gain their strength from family commitment and loyalty, resulting in high levels of trust, cooperation, and shared long-term goals. Getting the right mix of complementary temperaments and talents is important. Younger family members may, for instance, have a better grasp of technology and may be more comfortable with newer techniques for managing a business and adapting to changes. Older members could bring with them the experience and authority to ensure good contacts and business relationships are established with suppliers and customers.

A long-term perspective comes from building a business for future generations while the strength of most family firms' founding values give them a clear identity in an increasing faceless corporate world.

Conversely, this kind of business can hit problems if irreconcilable disputes break out over the sharing of profits or the ownership of assets. Family ties can sometimes take precedence over the need to make objective and sometimes painful business decisions. The informal relationships and culture of family life will stand in stark contrast to the formal demands of managing a business. A family unit may find it difficult to adjust to working together in a businesslike way. For example, if you choose to embark on this route you'll need to be able to discuss and develop ideas effectively with participating family members. This can be hard for some people to get used to and conflicts can build up. You'll also need to be on guard against insular attitudes developing, a cultural resistance to change, and possibly inter-generational conflicts between older and younger family members.

Everyone involved should clearly understand that being in business requires a commitment in time, energy, and money. Your entire family's way of life may be affected, so resentments and frustrations should be expected. There are also risks associated with dissension that may arise within families, particularly between family members who are actively working in the business versus those who are solely shareholders. As family businesses grow, the owner/manager equation shifts and complexity grows. More generations of an increasingly extended family and growing numbers of non-family managers require more formal systems.

Family firms are increasingly facing issues related to the recruitment and career management of both family and non-family managers for getting the talent needed to ensure a firm's long-term success. Establishing a clear open door policy that allows willing family members to be employed should be balanced with a performance-based promotion that is resolutely the same for both family and non-family managers. In a similar note, fairness and transparency in financial and non-financial perks and reward systems, particularly within the family, are essential tools in avoiding tensions over perceived injustices. Most importantly, more formal organizational structures become necessary to clarify roles and separate the day-to-day management from the strategic direction of the business.

Successful family firms need to establish a board devoted to strategic business issues. The family needs to be involved and informed preferably through dedicated channels, such as a family council. The board allows a family firm to establish clear lines of authority for different areas of business. It ensures the stability and continuity of polices and values that distinguish the firm. It also makes necessary distinction between matters of day-to-day management and issues of strategy – enabling strategic issues to be properly and objectively addressed. Boards allow the infusion of new ideas and a broader range of experience from having outside directors included. These members held on several fronts, simultaneously assisting with contentious internal issues, having equal treatment between family and non-family executives and contributing external perspectives to strategic reflection. An effective board, a logical organization structure and fair and transparent recruitment and promotion polices are the key drivers to ensuring the longevity and success of family firms.

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services payments coupled with 27.2Pct decline in net private transfers as well as 9.7Pct fall in net official transfers.

Merchandise trade deficit during the period quarter also increased by 3.6Pct to USD3.6 billion, due to slowdown in export earnings and an increase in import bills. In fact, total export earnings including electricity decreased by 4.2Pct against same period last year while the import bill reached USD 4.2 billion, showing a 2.3Pct quarter- on-quarter growth.

Haile Kibret (PhD), director of research at the Horn Economic and Social Policy Institute and professor of macroeconomics at Addis Ababa University, attributes the shortage of foreign currency mainly to the declining demand of export goods in the world market which in turn affects the price negatively. "In short, the available foreign currency can't accommodate the increasing demands of both the public and private sectors," Haile told EBR.

In Ethiopia, one of the sources of hard currency is the export sector. However, the country's export sector has never performed up to the government's expectations. In 2015/16, Ethiopia earned USD2.8 billion from exports – about half the amount the government hoped to earn. As the government continues pursuing the GTP II, the export sector is at a crucial juncture – how to effectively address the problems that plague it, including fluctuating commodity prices in the international market, especially the agricultural products that comprise the majority of Ethiopia's exports.

According to a bulletin published by the European Central Bank in 2016, the weakening of growth in some emerging economies has affected a large section of the population although the causes vary from country to country. In some countries, structural obstacles to growth and macroeconomic imbalances are increasingly limiting potential growth, while other countries are adjusting to lower commodity prices as well as global demand.

Structural obstacles, which can be considered as internal factor, emanate from within a given country. For instance, in China, years of credit-driven investment have lead to excess capacity in some sectors, as well as the misallocation of resources and increment of debt.

The literature also indicates the impact of external factors, such as global trade change, the global financing setting and international commodity market fluctuations. Among the external factors, sluggish demand in the international market and global trade has a damaging effect on emerging economies.

In Ethiopia, the problem also worsened by the government's effort to invest the available foreign currency on its grand projects, which are not yet returning their costs. On the other hand, the increasing demands of the private sector to import goods and services have been exacerbated the shortage even further.

There are policy options that can be taken by the government, according to Haile. "First, the single digit inflation gives a room for the government to play with its monitory policy by supplying more credit in order to speed up the economy. Second, proper utilization of foreign currency based on priority is needed." EBR

TESFAYE GE

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'JACK-OF-ALL-TRADES, MASTER OF NONE'

Born in 1937, Tasfaye Gessesse is one of the most important promoters of Ethiopian modern theatre and has been an actor, director and theatre administrator during his career that spanned for more than 50 years. Tasfaye, who recently celebrated his 80th birthday, also wrote and directed several plays that have a great relevance in the modern culture of Ethiopia. EBR's Tamirat Astatkie spoke with the multi-disciplinary artist and his colleagues to learn about his contribution for the Ethiopian art.

Tesfaye Gessesse is a household name in the realm of Ethiopian theatre and literature. He has served as an actor, director, playwright, managing director and professor of theatre for more than five decades. Most importantly, Tesfaye is considered a moderniser of Ethiopian theatre together with his contemporaries like Tsegaye Gebremedhin (Poet Laureate) and Mengistu Lemma. He has also trained talented actors such as Wegayehu Nigatu, Debebe Eshetu and Alemtsehay Wedajo.

Now, at the age of eighty, a lot has changed – his face is time worn and wrinkled, and he's a frail voice. Tesfaye is a father of five children and a grandfather of ten. However, he is still with his cheerful demeanour, sense of humour and to the best of his recollection.

Born on September 27, 1937 in a small village called Guro Gutu in Hararghe in eastern part of Ethiopia, Tesfaye was the only child for his parents. Unfortunately, he lost his mother and father when he was eight months and two years old, respectively. For years, the tenants who rented land from his parents raised him. At the age of seven, he came to Addis Ababa and started to live with his uncle, his mother's elder sister.

Having church education, which includes reading psalms and prayer books, Tesfaye joined the then Teferi Mekonnen School at the age of eight and started his formal education. Then he pursued his higher education in the then Haile Selassie I University College, now Addis Ababa University (AAU) where he got his first degree in humanities in 1958.

For Tesfaye, a life-changing incident happened while he was a student at the university acting biblical character in a play called Job. "Emperor Haile Selassie I who attended the play found my acting captivating, and later the Emperor gave me a direction to study theatre," Tesfaye told EBR.

After earning his first degree in humanities, Tesfaye was offered a scholarship to pursue a postgraduate study in the United States at North Western University's Theatre School, in Evanston, Illinois. Accomplishing his study of acting, directing and stage craft, he returned home in 1961 and began his professional career at Haile Selassie I Theatre, where he served for two consecutive years as director and stage manager.

Along with his contemporaries, like Tsegaye Gebremedhin, who joined the theatre arena after schooling in Europe in the early 1960's, Tesfaye brought a remarkable change by introducing techniques of modern play writing, acting and directing as well as adopting professional standards. "We upgraded the practice of theatre to be knowledge based, changing the status quo of producing and performing it in traditional and arbitrary manner," Tesfaye told EBR while talking about the evolution of theatre in the nation.

He also exerted a good deal of effort to teach better play writing techniques to writers of the time. In addition to acting and directing, he start-

ed to write his own plays. "At that time there was lack of theatre professionals and I had to write and direct a range of plays," says Tesfaye.

Of course, many agree that Tesfaye is among those few who played a key role in transforming Ethiopian theatre by introducing modern approaches and techniques. Kiros Haileselassie, a veteran actor who has been in the profession for more than three decades says people like Tesfaye made theatre up to the standard as well as to stand independently and become popular.

Tesfaye also participated as an actor in a number of plays, such as Tsegaye Gebremedhin's play Yeshoh Aklil (the crowns of thorns), directed Mengistu Lemma's play Tsere-kolonialist (anti-Colonist) and Melaku Ashagire's Alem, gize naa genzeb (The World, Time and Money). Government officials banned the last after one night show.

Although Tesfaye's career was dominated by directing and acting in plays, he also wrote his own plays such as Laqech and Her Pot and Yeshi. The former was his first play written in English and produced in the US while the later was written in Amharic and again his first play to be performed in Ethiopia in 1962. Tesfaye acted and directed Yeshi, a play that brings the problem of prostitution fore.

While working as a general manager at Hager Fikir Theatre, he directed and acted in plays by different playwrights and his own work as well. For instance, he wrote and staged his musical play Mannew Ityopiayawiw? (Who is a True Ethiopian?). He also premiered Abe Gubegna's Yedikamoch Wetmed, (Trap for the Weak); Mengistu Lemma's Bale' kabbanna bale' dabba and plays of Tesfaye Abebe.

Tesfaye is credited for having worked actively in upgrading the physical infrastructure of the theatre. He extended the stage as well as having the auditorium made sloping. He also set up a lighting booth for the stage at the back of the theatre among others.

Tesfaye's luminary profile extends beyond acting, directing and leadership in theatre. His involvement in the establishment of the Addis Ababa University Cultural Centre in 1963 as well as the Theatre Arts Department in 1978 was of paramount significance.

"Under the leadership of Philip Caplan, the first director, and others such as Halim El-Dabh, other members of Peace Core and I took part in the establishment of the Centre," Tesfaye recalls. He began serving as deputy director and took over the directorship of the Centre when Caplan left a year later.

"The Centre has contributed greatly for the development of arts in Ethiopia by being an active platform for conversation, debate, discourse and criticism on pressing issues that revolves around arts such as music, fine arts, theatre, short plays and poetry," Tesfaye told EBR with reminiscence of his earlier days in the Centre. During his time in the Centre, he was successful in producing theatres such as Yalaccha gabiccha (marriage of unequals) by Mengistu Lemma and his own Abatena Lejoch (father and sons), among others.

It was also at this Centre and under his leadership that the establishment of the Orchestra Ethiopia, a group formed in 1963, was realised. Halim El-Dabh became the first music director and chirographer at the Centre, and later the renowned Tesfaye Lemma, who enabled the Orchestra to reach at a zenith of its creative powers, joined the Centre.

"Orchestra Ethiopia [laid] the foundation for the development of Ethiopian traditional music. It was those time that are considered as golden era of Ethiopian music in which Orchestra Ethiopia contributed the lion share," says Assefa Worku, assistant professor at the School of Theatre at AAU.

In fact, cognisant of the immeasurable importance of Tesfaye's contribution to the development of the Centre from the very outset, the University named the auditorium at the Centre after Tesfaye. This obviously has created great sense of elation to him. However, what is even more important for Tesfaye is to see the operation of the Centre with its full capacity as used to be the case under his leadership back then.

What's more Tesfaye participated in the establishment of the Theatrical Arts Department at AAU, now ascended to School in 2011, from the very inception under the leadership of the then Dean of

the former Institute of Language Studies at AAU Hailu Araya (PhD). With the academic rank of associate professor, he still lectures at the School. "Tesfaye plays a key role in developing the curriculum and later served as instructor as well as chairman of the department," Assefa reiterates.

Many attribute the secret for the endurance of Tesfaye to his simplistic way of life (lifestyle), copying with stress and leading a happy life. "Primarily, it is God's will," says Tesafye admitting partly the reasons for his stamina. "My life could have been stuck at childhood and even later in 1983 when I was very sick and felt as if I was dying. Unlike the doctor's opinion, I miraculously survived, thanks to the holly water of St. Michael my foster-mother gave me."

A multi talented Tesfaye who prefers to call himself a 'Jack of all trades; master of none' is a novelist, poet, translator and public relations officer. One of his masterpiece short stories called Shilinge in Metekezha a book comprised of short stories and poetry published in 1972 was included in the school curriculum to teach writing of a short story; what's more, it also served as an inspiration to compose music.

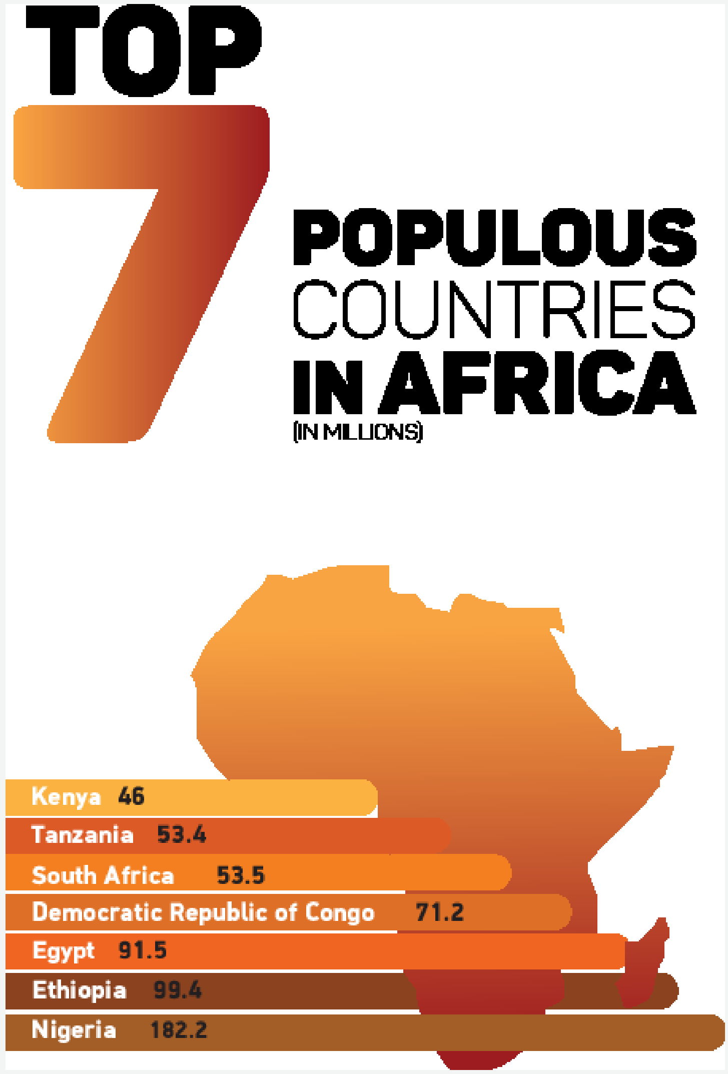
The translation work of Omar Khayyam's Rubaiyat, collection poems, along with the life of the poet is also one of his seminal contributions. "The translation of Rubaiyat proves Tesfaye's richness and language quality as well as ability of shaping words elegantly," Assefa told EBR.

In total, he published more than ten books, including the recently published translation of Long Walk to Freedom, an autobiography of Nelson Mandela, South African freedom fighter. For a brief period, he also worked as public relations officer at the former Ethiopian Telecommunication Corporation, Ethiopian Chamber of Commerce as well as Educational Mass Media Centre.

His more than five decades service has never been without upward and downward trajectory, however. Since he was not fearful to criticise the regimes through his plays Tesfaye was imprisoned a couple of times and proscribed from his job. "Iqaw, the thing, was a play banned to be staged but allowed to be published during the Emperor's era. The same play threw me to jail during the Dergue regime while staged. Surprisingly enough, it was a story I wrote in 1972 to show the brutality of Apartheid in South Africa," Tesfaye told EBR.

Kiros testifies that Tesfaye was not fearful to write, direct and act plays of great significance, but may not be accepted by a regime. "Once, while he was a manager, he increased salary for the artists on his will to encourage the poorly paid artist and to uphold the profession," Kiros told EBR. "Consequently, all his good deeds put him in prison for a couple of times, suffer a disciplinary measure and put him under pressure. All these are what he paid for the betterment of the profession." EBR

Statstics



Source: UNECA

In the past 30 years, the population of Africa grew at an average annual rate of 2.6Pct, which is much higher than 1.5Pct of the global average rate. This fast population growth rate, however, is expected to slowdown to 1.6Pct between 2015 and 2025, according to a report entitled 'The Demographic Profile of African Countries' published by UNECA in March 2016.

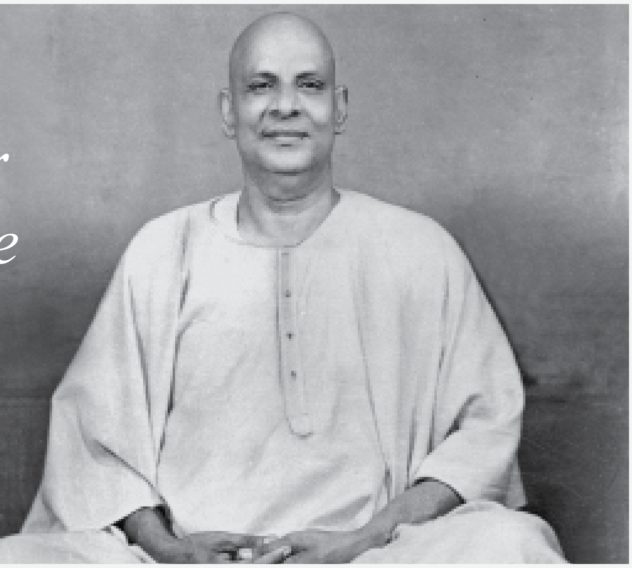
Currently, the size of Africa's population is estimated at 1.2 billion, a figure that tripled since 1980. The seven most populous African countries together make up nearly half of Africa's population. The least populous country in the continent is Seychelles with 96,000 people. It's followed by Sao Tome and Principe with 190,000 people. EBR

Quote

“Put your heart, mind, and soul into even your smallest acts. This is the secret of success.”

Sivananda Saraswati (1887 – 1963)

He was a Hindu spiritual teacher and a proponent of Yoga and Vedanta.



From the Horse’s Mouth

“We should reflect on the important lessons we should draw from the historic victory at Adwa.”

Thabo Mbeki, former president of South Africa

Speaking at a panel discussion held in Addis Ababa in connection with 121st anniversary of the victory of Adwa he urged African countries to draw important lessons from the historic victory. “In as much as the victory at Adwa was achieved through the united action of the Ethiopian people, one of these lessons is the importance of national unity behind a progressive vision as fundamental condition for the realization of our strategic goals,” he said.

“Women made a lot of scarification to equality and democracy.”

Prime Minister Hailemariam Desalegn

He said this at the National Palace while addressing women representatives gathered to celebrate the 2017 International Women’s Day.in ethiopia.

The Number

Usd 50 Million

The amount of loan agreement signed between Ethiopia and Japan last month for Women Entrepreneurship Development Project. This will be the first Official Development Assistance concessional loan project in the last 43 years between Japan and Ethiopia.

Graceful Hospitality

In the heart of the city

Getfam Hotel is a 5 Star hotel located in the heart of Ethiopia's capital, Addis Ababa. Perfect for business and leisure with 115 rooms and all facilities like a swimming pool and fitness center, restaurants for a fantastic taste of food, 24 hour bar, laundry, spa and well-equipped conference hall and ballroom.

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