STATEMENT BY H.E MR. SEYOUM MESFIN, AMBASSADOR OF ETHIOPIA TO CHINA ON THE NATIONAL RAILWAY DEVELOPMENT IN ETHIOPIA, OPPORTUNITIES AND CHALLENGES; AT THE THIRD INTERNATIONAL INFRASTRUCTURE INVESTMENT AND CONSTRUCTION FORUM (IIICF)

MACAO SAR, PRC
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Chairperson,  
Distinguished Participants,  
Ladies and Gentlemen,  

I am so delighted to participate at such an august Forum, the Third International Infrastructure Investment and Construction Forum, and to deliver a statement on the National Railway Development in Ethiopia, opportunities and challenges for a win-win partnership.

In today’s globalized economy the vitality of infrastructure might be compared to that of the circularity system of a living body including that of the human body. The anatomy of the human body is broadly categorized into tissues and organs. The circulatory system is thus one of the ten major organ systems whose primary role is to transport nutrients, gases (such as oxygen and carbon dioxide), hormones and wastes through the body. This system may not and does not produce the substances that it transports. However, when the circulatory organ system, the transportation system or the infrastructure of the body fails, the body ceases to function and thus, doctors declare that the person is dead. By the same token, when the infrastructure for transportation of goods and services of a country collapses, the collapse of that country’s economy will naturally follow. This might be the understanding why infrastructure has been so often referred to as the blood artery of a country’s economy.

In this regard, I pay tribute to the endorsers, sponsors/co-sponsors and organizers for convening this vital platform which brought together stakeholders and partners from various regions, near and afar, to discuss about opportunities and challenges in the development of infrastructure and to explore opportunities for cooperation and partnership between and among owners of projects, investors, financing institutions, design and engineering firms, contractors, equipment manufacturers, etc.

Distinguished Ladies and Gentlemen,

I would like to seize this opportunity to present to you about Ethiopia’s infrastructure development in general and the national railway network in particular. Let me begin by providing you some basic facts about the country. Geographically, Ethiopia is located in the Horn of Africa region which adjoins Africa’s north-eastern rim with the Red Sea and Indian Ocean. Ethiopia is the second populous country in Africa with a population of nearly 90 million and the tenth largest in the continent in terms of geographical area (1,104,300 km²).
After a long period of internal strife and civil war a stable and new Ethiopia has emerged since the last two decades. Today, Ethiopia has built unshakable unity of its nations and nationalities on the basis of unity in diversity, equality, mutual respect and common interest. The Government of Ethiopia has been able to build the widest possible consensus among the leadership and the entire peoples of Ethiopia for political, economic and social transformation, and for the renaissance of the country. The building of institutions of good governance and democracy, and the respect for human rights is being depended year by year.

Ethiopia’s economy is growing very fast. It is the fastest growing non-oil economy in Africa and one of the top ten fastest growing economies in the world. The country’s GDP has been growing with an average of 11.5% for the last eight consecutive years. The Second Five-Year Growth and Transformation Plan (GTP) launched on Sept. 2010 is fully on track. The successful implementation of this plan will double the GDP of Ethiopia by the end of 2015. This for sure will elevate Ethiopia’s 2010 GDP (PPP) $86.123b (International Dollars), the 10th largest into the 5th largest economy in the African continent (both north and south of the Sahara).
Hon. Chairperson,

The Government of Ethiopia, being aware of the critical contribution of infrastructure to the political and socio-economic transformation of the country as well as to the integration of the Horn of Africa region, has placed the development of infrastructure as one of the key priorities of its economic development strategy. To this end, the Government has been investing heavily for the development of the power sector; telecom/IT; roads; irrigation and water supply; housing; and social services such as education and health by mobilizing resources both from own treasury and international partners since mid-1990s. The 2nd Five-Year Growth and Transformation Plan (2010/11-2014/15) has also included infrastructure development as one of its seven strategic pillars.

With regard to railway infrastructure development, the Government of Ethiopia plans to construct nearly 6,000 kilometers of a railway network.

![Ethiopian National Railway Network Construction Phase](image)

The plan would be to complete the construction of this network through phases, and segment by segment.
Accordingly, the Addis Ababa-DireDawa-Djibouti; Weldya-Semera-Tadjourah; and Awash-Mekelle projects covering about 2000 kms will be constructed during Phase I (2010 -2015).

The Addis Ababa–DireDawa-Djibouti project is in the list of top priorities of the Government of Ethiopia. It has a significant social, political and economic importance to the country.
It is the busiest corridor for Ethiopia’s import-export activities accounting for more than 90% of the total trade of the country. The project has been segmented into two sections (Addis Ababa – Mieso and Meiso – Dewelle) and contracted to two Chinese contractors (CREC and CCECC) with EPC/Turnkey arrangement. The technical, financial and commercial feasibility study as well as the environmental and social impact assessment of the project is completed and submitted to a third party for verification. Contractors’ mobilization to commence actual construction is underway.

The financing of the project has been segregated in to local and foreign components. The local component will be covered from government treasury and the foreign component will be mobilized by the EPC contractors.

The Tadjourah-Weldya and Awash-Mekele railway project/s is about 829 kms long. This segment will connect the north and north-western regions of the country to the port of Tadjourah in Djibouti. This project is only a segment of a longer corridor that will be further extended to the west interconnecting the railway networks of Djibouti, Ethiopia and Sudan. Thus, the opening of this corridor will enable Ethiopia to open additional corridor for its import and export activities.

**Ethiopian National Railway Network**

**Weldya-Tadjourah(Djioubti) Railway Project**
The design for the civil work of this Project has been carried out by local consultants and its technical, financial and commercial feasibility study as well as environmental and social impact assessment has been completed. Financing of the project and construction contract negotiations are underway.

Construction of the other corridors and segments will begin in the next phase/s after 2015. We invite interested partners to immediately engage the Ethiopian Railway Corporation, ERC and other competent departments of the GOE and to participate in the feasibility study and construction of the network.

Chairperson,
Distinguished participants,

The construction of the national railway network in Ethiopia will radically transform the country’s inland transportation. Its role and contribution to the socio-economic growth and transformation of the country will be immense. This is not only about making the country’s economy competitive. It is also about creating one economic space in the country. It is about transforming the life of our people, too. Furthermore, it is also about connecting Ethiopia with the rest of the countries of the Horn of Africa region and beyond. In this regard, IGAD Member States, individually and collectively, have committed themselves to the development of national and regional infrastructure. We are all convinced that the development and interconnection of our infrastructure (power, telecom, roads and railways) will pull the region together towards market integration, sustainable growth and common development.
Ladies and Gentlemen,

In Africa, there is a vision and a mega infrastructure programme on the drawing board of NEPAD, the New Economic Partnership for Africa’s Development to connect the entire continent by railroad systems, viz., connecting Dakar, Senegal in the west with Djibouti in the north-east; Alexandria, Egypt in the north with Cape town, South Africa in the south; and Djibouti–Addis Ababa in the north-east with Libreville, Gabon in the central region of Africa.

Indeed, this will be a mega project of the 21st century. In my view, to make this dream a reality, it will require at least four broad but clear-cut decisions to be made by Africa and its global partners.

1. Strong political will and commitment by world leaders of governments, corporates, financial institutions, international organizations, and other decision makers to transform Africa, a continent with immense potentialities in human and natural resources into a global growth pole. This is not philanthropy. It is part of the solution to overcome the global financial crisis and economic recession. The Obama Administration found it rationale to bailout banks which brought the world’s largest economy to its knees by providing them with hundreds of billions of Dollars. Euro Zone leaders were compelled to bailout some of their Member States which have been plunged into deep financial crisis and economic recession.

One can be certain that such unprecedented intervention which mobilized over a trillion US Dollars was not only meant to save the banks or countries in question but also to avoid the threat of the mounting political, economic
and social turmoil from engulfing the global village. Henceforth, transforming Africa into a global growth pole and integrating its economy into the world market would certainly be part of the solution to the multifaceted global crisis and insecurity. This necessarily requires the rich industrialized countries, emerging economies and other major global actors, at the minimum, to invest in Africa about half of the amount of money they earmarked to bailout their banks and a few countries. This will be a long-lasting and a win-win partnership for common development and growth. It will also offer so many opportunities for common socio-economic growth and for making the world safe to live.

2. Firm and clear commitment of rich countries, emerging economies, international organizations, financial institutions, multi-national corporates, etc. to mobilize necessary resources for the implementation of the programme within an agreed timeframe.

3. As the saying goes that charity begins at home, African leaders of governments, continental and regional organizations, corporates, financial institutions, parliamentarians, professional associations, civil societies, and the African peoples at large, to take a leading role to mobilize their human, financial and material resources within the means available to them.

4. To put in place an efficient and effective mechanism that can pull together all the actors towards the implementation of the programme.

Having said that, even if we were to take the most optimistic scenario that this lofty cause and a landmark partnership is endorsed at the global level, the practice of multilateralism has given us enough experience that it would take us not a few years but a couple of decades to see it flying.

Therefore, national and regional or sub-regional infrastructure development and interconnection (such as the development and interconnection of the IGAD countries railway systems) will be more practical and a step forward toward the implementation of such mega projects. Yes, this programme is also ambitious, and a mega project by itself, but it is a realistic one.

Consequently, please allow me, ladies and gentlemen to draw your attention to some of the opportunities and challenges that exist in the development of the Ethiopian railway network in particular.

Opportunities

- Strong political will and commitment from the government
- Growing freight and passenger volumes in all the corridors
- Projects are technically feasible and economically viable
- Rapid growth of the economy (can shoulder part of the financing of the projects)
- Promising opportunities for taping the national resources of the country which can further guarantee to the financing arrangement of the projects
Regional connectivity – enhancing trade and market integration
A strategy for green development and environmentally friendly.

Challenges

- Lack of confidence of partners to undertake mega projects in African countries of non-oil economies
- Impact of the global financial crisis and economic recession on resource mobilization
- Ethiopia continues to suffer from negative image of the 1980s and the impact on FDI and creditworthiness
- High investment costs and budgetary constraints
- Lack of skilled manpower in the sector

Chairperson,
Distinguished Ladies and Gentlemen,

Ethiopia has been successful in developing its infrastructure during the last one decade. Ethiopia is in the limelight of Africa with regard to comprehensive development of its infrastructure. The country is doing very well in terms of developing its power sector, telecom, roads, and now the railway network. In this regard, I would like to express the sincere thanks of my Government and that of my own to all our partners such as the African Development Bank, the World Bank, European Investment Bank, European Union/Commission, and its member countries, for their invaluable support and partnership in the area of infrastructure development. I would also like to recognize India, Italy, France, UK, Japan, South Korea, Kuwait, and Saudi Arabia for their partnership in the infrastructure development of our country.

Our special tribute goes to China and Chinese financial institutions for their continued support and vital partnership in developing our infrastructure. The Government of the People’s Republic of China has been playing an irreplaceable role in Ethiopia’s economic transformation. China has unparalleled contribution towards funding our infrastructure.

In conclusion, distinguished participants, I would like to invite financiers, investors, design and engineering firms, manufactures of railway equipment and machinery, contractors, etc. and to join Ethiopia in a win – win partnership in the construction of its national railway network. In the coming days, weeks and months, I look forward to meeting those of you who are willing to further explore the opportunities and challenges that exist in Ethiopia and the IGAD region in the development of infrastructure in general and railways infrastructure in particular.

I thank you.