Ethiopia
The Emerging Manufacturing Hub of Africa

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With the rank of Minister, Head of Economic Sectors’ Delivery and Support, Office of the Prime Minister,
Vision 2025: Making Ethiopia the leading manufacturing hub in Africa

• Achieve growth rates of:
  • GDP 11%
  • Manufacturing 25%
  • Exports 30%

• Pillars:
  • Development of manufacturing sector
  • Transformation of agricultural sector
  • Develop export sector

• Goals:
  • 2 million manufacturing jobs
  • 4-fold growth-share of GDP 20%
  • 4-fold growth-share in export 40%
Vision 2025: Cont…

• **Key strategies:**
  • Targeted manufacturing investment
  • Development of industrial parks
  • Quality infrastructure, skills and competitiveness

• **10 Key industries:**
  • Light manufacturing (textile, leather, agro-industry, electronics)
  • Basic and import substitution (steel, equipment, chemical and pharmaceuticals)
  • Strategic (energy, ICT and bio-technology)
Strong economic performance

- Rapid and sustained double digit economic growth during the past 12 years
- The fastest growing economy in the world (2017)
- Inclusive growth with rapid poverty reduction
  - Poverty level fell from 44% in 2000 to 23.5% in 2016
Ethiopia

Institutional and policy reforms

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Key institutional reform measures

- **Institutional Reforms**
  - Investment policy became central aspect of government industrialization agenda
  - Ethiopian Investment Board (EIB) was established: Chaired by the Prime Minister
  - Reorganization of Ethiopian Investment Commission (EIC) with a revamped and autonomous mandate under the Prime Minister
  - Industrial Parks Development Corporation (IPDC) established

- Streamlined investment services
  - Effective promotion and recruitment activities
  - Integrated, streamlined and efficient OSS services (including all industrial parks)
Policy and regulatory forms

- Government of Ethiopia adopted key investment policy and regulatory reforms
  - Industrial Parks Proclamation, Regulations and Directives
  - Various investment policy reforms through EIB
    - Finance and forex: Lease financing reforms, forex retention, access to foreign loan etc.
    - Incentives: targeted reforms in the context of IPs including incentives,
    - Visa: special visa regimes for investors and industrial park community
    - Foreign investors associations, consultative forums that serve facilitate the policy dialogue process
    - Domestic industrialists support and linkages
- EIC championed various investment climate reforms - using WB-Doing Business Indicators as a key tool
Ethiopia

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3 Industrial parks development

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Industrial park: potent instrument and catalyst to drive Ethiopia’s industrialization agenda

More than 10 public industrial Parks
Additional 6 parks by private developers

Key principles:
- Specialized parks
- Export oriented
- Vertically integrated
- Sustainability
- Skills development
Industrial Parks Development

Hawassa Eco-Industrial Park

- A flagship industrial park
- Africa's 1st park with zero liquid discharge facility (ZLD)
- Phase I inaugurated on July in 2016
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Arerti IP
CCCC IP
George Shoe IP
Huajian IP
Eastern IP
CCECC IP
Hunan (Adama) IP

Public Private
Ethiopia

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4 Infrastructure development

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Electric-powered Railway

to ease logistics

Africa’s 1st electric-powered railway
Ethiopian Airlines – Cargo hub
Largest cargo network and terminal in Africa
Substantial investment in electricity generation

Installed capacity: 4.5 GW
Potential capacity: > 60 GW
Cost of electricity: 3 US cents/kwh)
Targeted investment promotion:

- Anchor investor strategy
- Tailored investment incentives
Stellar FDI performance

FDI inflows, Ethiopia 2011–2016,

Millions of US dollars

Source: UNCTAD, World Investment Report 2017
Thank You!