



ETHIOPIAN INVESTMENT COMMISSION

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**ETHIOPIA: A NEW HORIZON OF HOPE**

# Ethiopia at a glance



<b>Official Name</b>	Federal Democratic Republic of Ethiopia
<b>Location</b>	Horn of Africa, at the crossroads between Africa, the Middle East and Asia
<b>Area</b>	1.1 million square kilometers

## Governance structure

Federal government structure  
9 semi-autonomous regions; 2 chartered cities  
Parliamentary system



- President: Sehale-Work Zewde
- Head of State



- Prime Minister: Dr Abiy Ahmed
- Head of Government

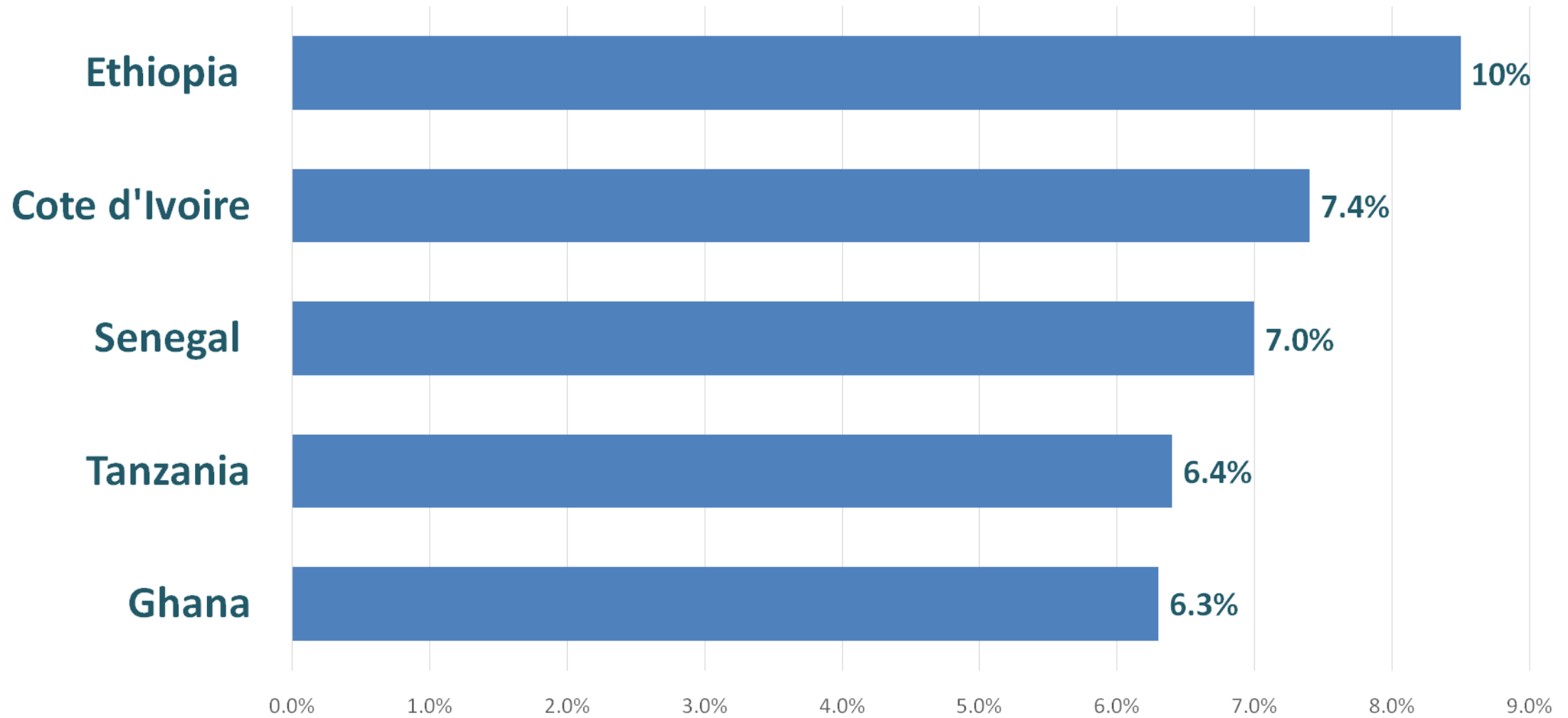
## Economics

**GDP**- 84.35 USD Bn  
**GDP growth rate**: 10%

## Demographics

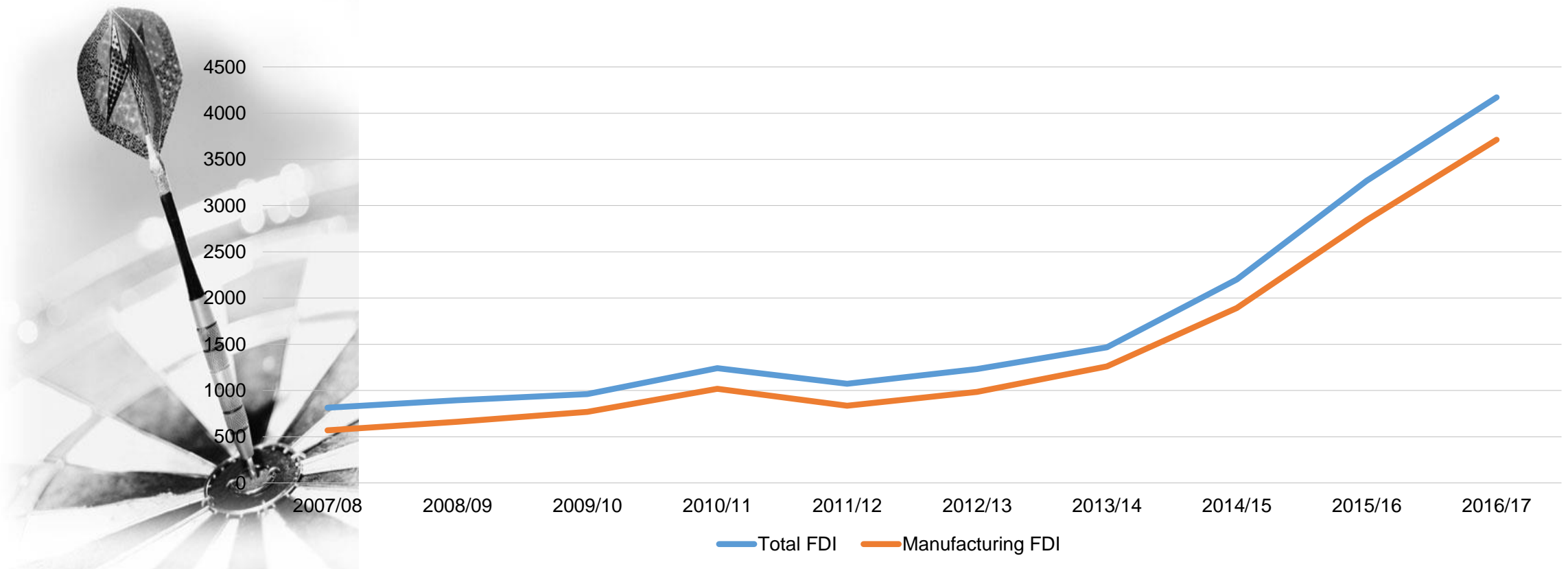
**Population**: ~105 Mn (2017), second most populous country in Africa  
**Population growth (annual %)**- 2.5%  
**Life expectancy**- 65 years

Ethiopia's economy has registered double digit economic growth successively for over a decade and half asserting itself as one of the world's fastest growing economy



Four folds increase in FDI flow has been registered over the last 5 years (from a little over 1 billion USD to more than 4.2 billion USD)

## Total FDI inflow & share of manufacturing FDI 2006/07 - 2016/17 (in USD million)



As one of the largest recipient of FDI in Africa, Ethiopia has attracted several global brands highlighting competitive investment opportunities



So what efforts is the country taking to sustain this momentum?

## Ethiopia has undergone significant changes over the last year; opening up of the economy is currently underway

“The partial privatization of state-owned enterprises in energy, telecom, logistics and aviation sectors, represents the fundamental opening of the Ethiopian economy”



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# Several reforms underway to create a predictable, transparent and efficient regulatory framework



Doing Business reforms

- National initiative to improve Ethiopia's ease of doing business launched by PM Dr. Abiy Ahmed
- More than 80 reforms, vision to place Ethiopia amongst the top 100 countries on WB's Ease of Doing Report



- Efficient, transparent, predictable and modern investment regulatory and administrative framework
- Further open up investment areas to private sector



Investment and Job Steering Committee

- Forging an enabling environment to create a productive and competitive private sector that creates jobs for the youth and lower youth unemployment



- Signature to AfCFTA, which unlocks market access potential of 1.2 billion people

# The country has also taken leadership in building a positive political landscape in the region





**The country has set the vision to become the leading manufacturing hub of Africa and a preferred destination for FDI by 2025**



## **KEY GOVERNMENT STRATEGIES TO ATTAIN VISION**

- 1 Targeted investment in priority areas**

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- 2 Development of world-class industrial parks fitted with sustainable infrastructure**

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- 3 Tailored incentives**

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- 4 Conducive enabling environment**

**DEEP DIVE FOLLOWS**



## Agro-processing

- **Land size and climate:** 8th largest in Africa and 27th in the world; large arable land, diverse topography and agro-climatic zones, a long growing season, fertile soils and water availability for irrigation
- **Birthplace of coffee:** Regional leading producer and exporter of coffee Arabica and 5th in the world)
- **Livestock:** Regional lead and among top 10 in the world-immense potential in meat processing and dairy sector
- **Continental lead in honey and beeswax production**
- **Variety of different sesame seeds** which are highly valued on the international market. Production of sesame in the country has doubled in the past five years.



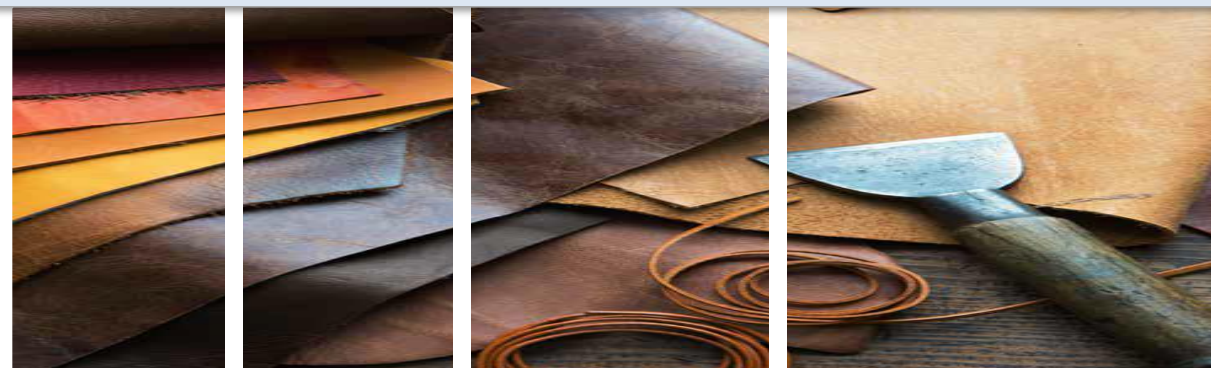
## Horticulture

- **Flowers:** 4th largest non-EU exporter to the EU cut-flower market and the 2nd largest flower exporter from Africa
- **Fruits and Vegetables:** Land able to grow tropical and sub-tropical, temperate fruits, as well as majority of vegetables; Land suitable for organic certification
- **Herbs and Spices:** 122,700 Ha being used for spice farming, with spice production reaching 244,000 tons per year (Potential of 200,000 hectares)



## Textile and Apparel

- Potential to develop a competitive cotton or textiles industry: potential for **backward and forward linkage**
- **54 million trainable workforce** with competitive wages, **cheap electricity**
- **Strategically located** with easy access to international value chains with access to a state-of-the-art container port (Djibouti)
- **Duty-free and quota free access** to the European Union (EU) and U.S. markets through the African Growth and Opportunity Act
- **Investment Opportunities**
  - Ginning, integrated textile mills, spinning, weaving and/or knitting, dyeing and printing,
  - Production of garments; the manufacturing of knitted and crocheted fabrics, carpets, and sportswear, among others



## Leather and leather products

- **Regional lead in livestock population (9th from the world):** +53 million Cattle, 25.5 million Sheep and 24.1 million Goat population: only 50% of hides and skins potential are being utilized
- **Potential for price competitive and quality supply of skins and hides:** Ethiopia's highland sheepskins have a worldwide reputation in terms of quality, thickness, flexibility, strength, compact structure, and a clean inner surface.
- **Investment Opportunities**
  - Tanning of hides and skins up to finished level;
  - Manufacturing of luggage (such as handbags), saddle and harness items, footwear, and garments; and
  - Integrated tanning and manufacturing activities.



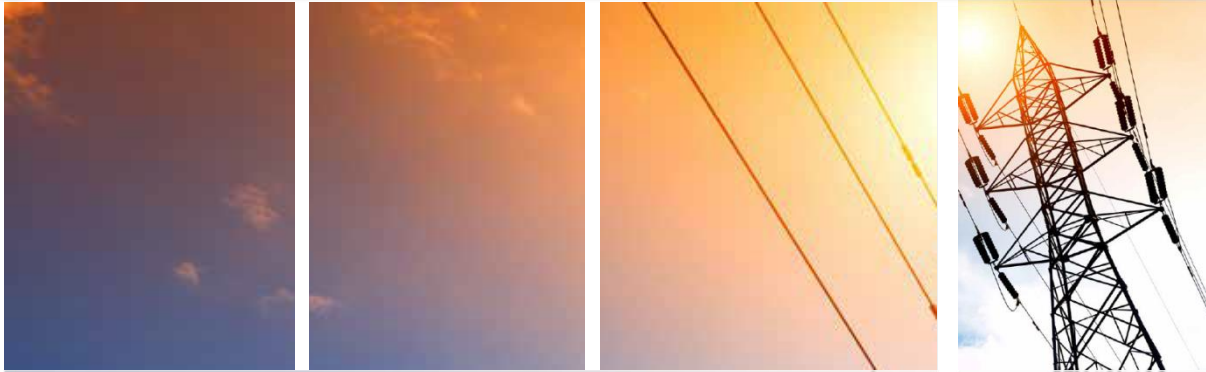
## Tourism

- Located in the horn of Africa's rift valley region and best known worldwide for being the **origin of mankind and one of the oldest civilizations**
- Home to several **cultural and historical heritage sites**, nine of which are included in the UNESCO list of world heritage.
- In addition, Addis Ababa's significance as the **political capital of Africa** brings high representation of international and regional organizations, including the seat of the African Union and the United Nations Economic Commission for Africa.



## ICT

- Identified as strategic priorities by the Government of Ethiopia as it will drive and facilitate the transformation of Ethiopia's predominantly subsistence-agriculture economy to into an information and **knowledge-based economy and society**, that is effectively integrated into the global economy.
- **Tailored industrial park** has been dedicated to the sector



## Energy

- **Rapidly growing electricity demand at 30-35% annually;** Growing population, 13+ industrial parks requiring more than 1700 MW of electricity, electric powered national railway requiring over 4,500 KM, plans of exporting power to Kenya, Tanzania, Sudan and Djibouti
- **More than 80 GW of exploitable renewable energy reserves;**
  - ✓ **45 GW of Hydro power** exploitable energy reserves, >80% is unexploited;
  - ✓ **7 GW of Geothermal exploitable energy** reserves, >86% is unexploited; and
  - ✓ An average of **5.5 kwh/m2/day of Solar energy** capability, >98% is unexploited
- **Low electricity access provides opportunity for off-grid solutions;** Over 95% of rural areas and over 14.3 million households are without the access to power.



## Mining

- Ethiopia has a **wide variety of untapped mineral resources** and offers opportunities in upstream and downstream operations.
- Ethiopia is the **only producer of opal in Africa, major gold exporter, and emerging country for oil and natural gas exploration.**
- **Mining potentials:** gold, potash, platinum, opal, iron, tantalum, marble, granite, limestone etc



# Pharmaceuticals

- **Growing local market:** Ethiopia's pharmaceutical market is expected to grow by 15% annually and reach \$ 1 billion by 2020
- **Accessible local and regional market:** Ethiopia has the potential to serve as an export hub for the > \$ 20 billion pharmaceutical markets in Africa
- **Trainable workforce** with competitive wages
- **More than 10 schools of pharmacy** in Ethiopia are planning to expand with sector specialization programs
- Availability of **tailored investment incentive schemes** towards the pharmaceutical sector and industrial park development
- A **big demand and supply gap** for pharmaceutical products, with only a few local manufacturers covering < 20% of the demand

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Several plug-and-play Industrial Parks are being developed through out the country

# Industrial Parks:

Catalyst to drive Ethiopia's  
industrialization agenda

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# Africa's 1st park with zero liquid discharge facility (ZLD)





2

Massive investment has also been made in infrastructure development in support of industry (1/3)

## Electric-powered Railway

to ease logistics

Africa's 1<sup>st</sup> electric-powered railway



2

Massive investment has also been made in infrastructure development in support of industry (2/3)

# Ethiopian Airlines – Cargo hub

Largest cargo network and terminal in Africa



2

Massive investment has also been made in infrastructure development in support of industry (3/3)

**cost-competitive, renewable and clean energy**



## Tailored and competitive incentives are provided to foreign investors

### FISCAL



- ✓ Income Tax exemptions
- ✓ Custom tax exemptions
- ✓ Loss carry forward
- ✓ Full export duty exemption

### NON-FISCAL



- ✓ Guarantee against expropriation
- ✓ Guarantee for repatriation of funds
- ✓ Customs facilitation through bonded export factory and similar other schemes
- ✓ Relaxed Industrial park land regime

### OTHER



- ✓ One-Stop Shop Service
- ✓ Expedited procedure for securing visa, work permit and certificate of residency
- ✓ Facilitation of market linkages



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