

**ETHIOPIA INVESTMENT AND TRADE OPPORTUNITIES:
PRESENTED TO MALAYSIAN INVESTORS**



Ethiopian embassy in Jakarta accredited to Malaysia

March 2021

1. Ethiopia at a Glance

Official Name: Federal Democratic Republic of Ethiopia (FDRE)

Political system: Federal State with multi-party system

Capital City: Addis Ababa, seat of the African Union (AU) and United Nations Economic Commission for Africa (ECA)

Area: 1.104 million square kilometers

Population: Appx. 110 million (2019)

Language: Multiethnic state with more than 80 languages. Amharic is the working language of the federal government, while Oromiffa and Tigrigna are widely spoken. English is taught in schools and is the main business language.

Location: Strategically located as a jumping off point in the Horn of Africa, close to the Middle East and Europe markets.

Arable land: 513,000 square kilometers (45%)

Irrigated land: 34,200 square kilometers (3%)

Population density: Appx. 90.5 per square kilometer (2017)

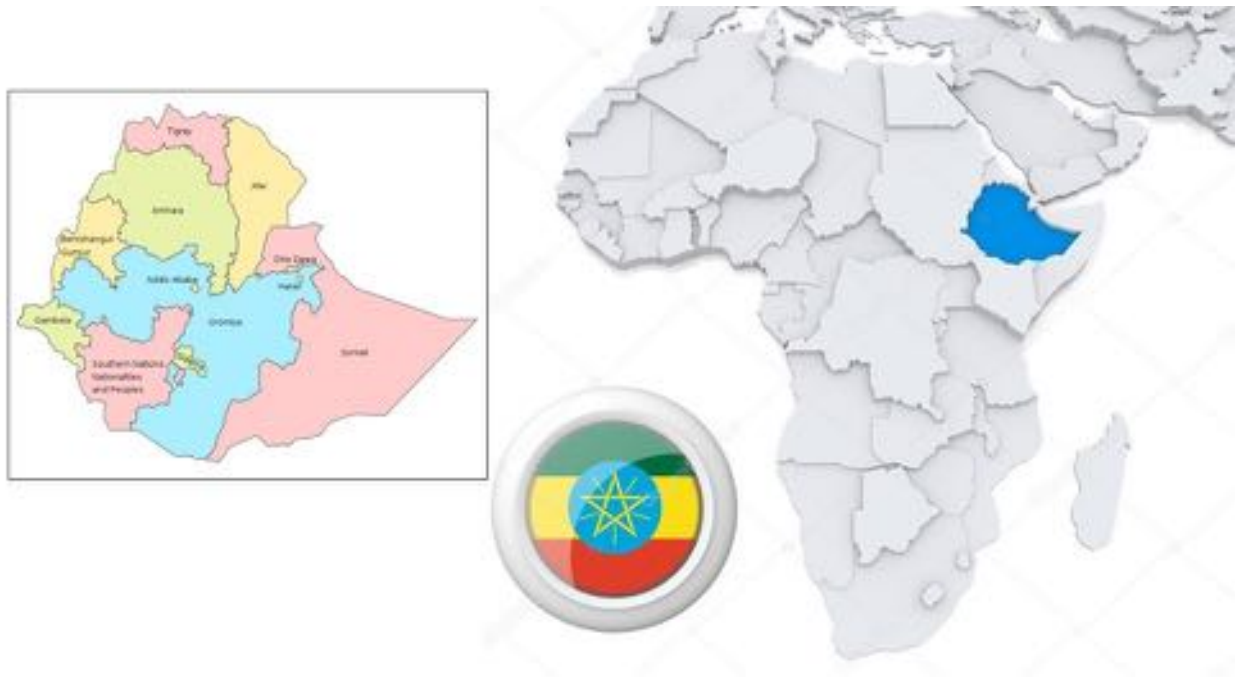
Climate: Temperate in the highlands, ranging from 20°C to 30°C (68°F to 86°F) and hot in the lowlands, often reaching 45°C (113°F). Rainfall ranges from 200 mm to 2000 mm.

GDP per capita: US\$ 900 (2019)

Rainy Seasons: Abundant rain in June through August; mild rains in February and March.

Topography: Ethiopia has an elevated central plateau varying in height from 2,000 to 3,000 meters above sea level. In the North and center of the country there are some 25 mountains whose peaks reach over 4,000 meters. The most famous Ethiopian river is the Blue Nile or Abbay, which flows a distance of 1,450 kilometers from its source to join the White Nile at Khartoum.

Economy: More than 70% of the population earns a living from the land mainly as substance farmers. Agriculture is the backbone of the national economy, and the principal exports from this sector are coffee, oilseeds, pulses, flowers, vegetables, sugar, and foodstuffs for animals. There is also the thriving livestock sector, exporting cattle, hides, and skins.



2. Ethiopia-Malaysia Relations



The Diplomatic relation between Ethiopia and Malaysia was established in 1965. Both countries have been keen to reinforce the overall relations. In this connection, higher officials and delegations have started making various visits starting from the 1990s. Malaysian delegation led by the special envoy of the Malaysian Prime Minister, Dr.Mahattir Mohammed, has visited Ethiopia in November 1997. The late Prime Minister of Ethiopian H.E Meles Zenawi and his delegation visited Malaysia in October 1998. During this visit, the two countries have signed treaties on Economic, Scientific, Technical Cultural, Investment and Trade. The delegation has also included a business team aimed at strengthening relations between the private sectors of the two countries.

The commencement of direct flight by Ethiopian Airlines to Kuala Lumpur, capital of Malaysia is expected to play a major role in the promotion of trade and investment. It is also anticipated that it will create a good opportunity to strengthen the people-to-people relation between the two countries.

A delegation led by Malaysian Primary Industry Minister H.E. Mrs. Tessa Kok visited Ethiopia from October 1-4/2019 and met with H.E. Misganu Arega (ambassador), State Minister for the Ministry of Trade and Industry and other officials, and discussed how to strengthen the trade and investment between the two countries. The delegation has also commenced a seminar on palm oil with stockholders.

Trade between the two countries is showing a progressive trend in recent years. In 2017 Ethiopia has imported products worth 340,705,770.51 USD and exported items worth 723,616.49 USD. Ethiopia exports leather and leather products, raw meat and vegetable products to Malaysia and imports sugar, cotton, fatty acid, vegetable oil, paper, and paper products, Medical equipment, soap, and Detergent. It imports 95% its demand from edible oil producing countries like Malaysia, Indonesia, and Singapore. The cooking oil demand of the Ethiopian market is 507,191 tonnes annually, of which almost 95% is imported edible oil.

Ethiopia is strengthening its diplomatic and economic relations with most of the Asian countries, but the overall relationship of Ethiopia and Malaysia are not at the desired level. The enhancement of the economic relationship between the two countries can play their own role in achieving Ethiopia's Growth and Transformation Plan. Promoting Ethiopian export products to Malaysia,

organizing the Business to Business (B2B) forum and sharing experiences, helps to strengthen the economic relations with Malaysia.

Ethiopia and Malaysia Trade Statistics

Year	TOTAL EXPORTS		TOTAL IMPORTS		TOTAL TRADE	
	RM Million (USD Million)	Growth Rate (%)	RM Million (USD Million)	Growth Rate (%)	RM Million (USD Million)	Growth Rate (%)
2014	191.3	0.0	5.7	0.0	197.0	0.0
2015	342.8	79.2	6.7	16.7	349.5	77.4
2016	469.3 (104.3)	36.9	4.6 (1.02)	-30.7	474.0 (105.34)	35.6
2017	665.1 (163.85)	41.7	10.2 (2.51)	119.9	675.3 (166.36)	42.5
2018	552.13 (133.6)	-20.5	6.85 (1.66)	-48.9	558.98 (135.26)	-20.8
2019	236.4 (57.79)	-57.2	26.35 (6.44)	284.6	262.75 (64.23)	-53

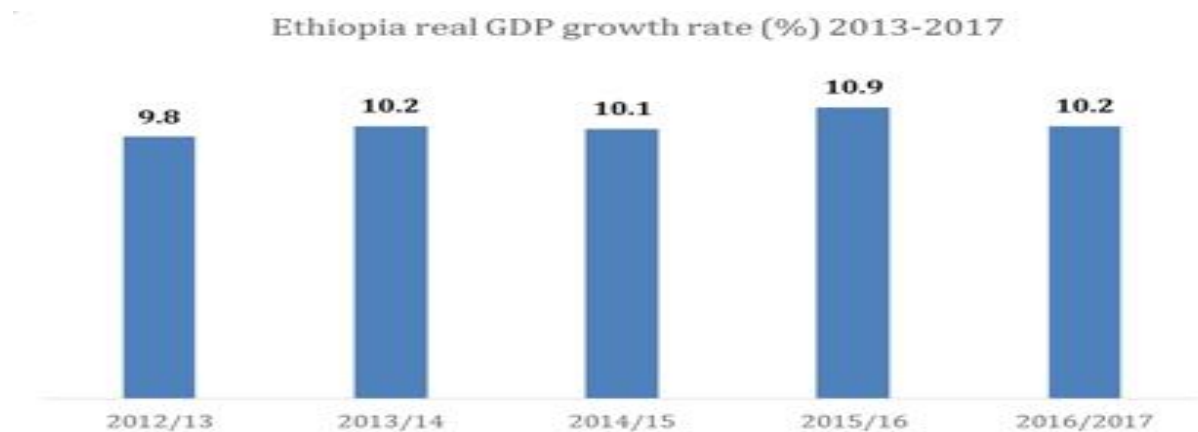
Source: Ministry of International Trade and Industry (MITI)

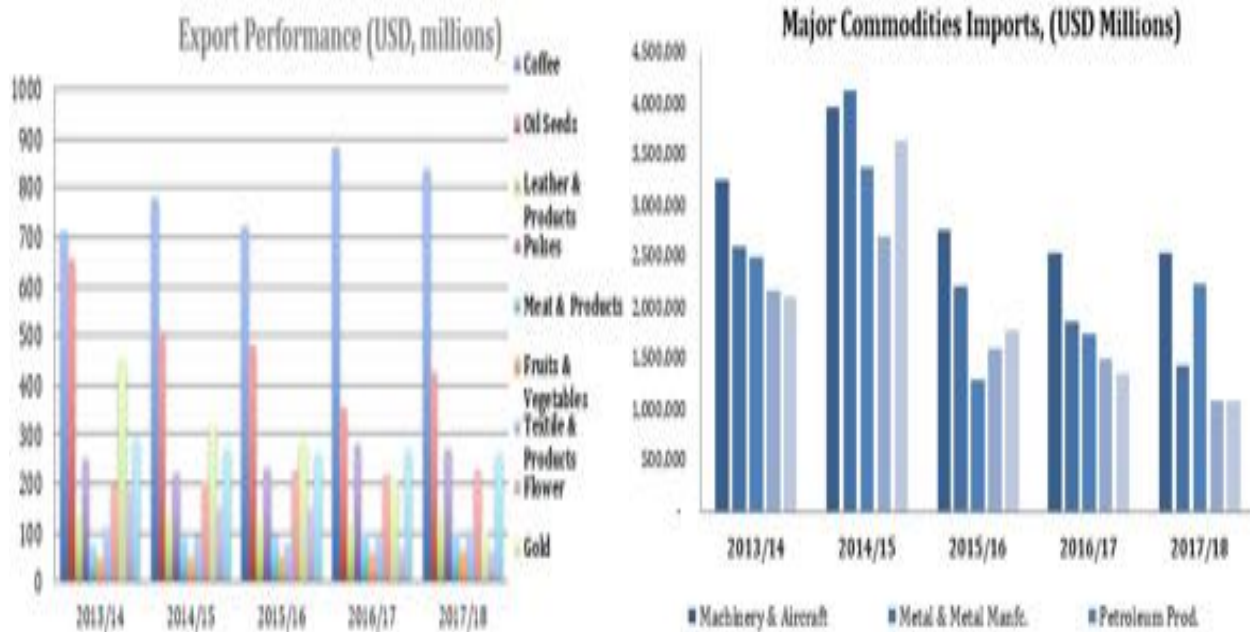
3. Economic Indicators

- As one of the fastest-growing economies in the world, Ethiopia's economy has achieved robust, broad-based growth.
- Averaging 10.3% a year from 2006/07 to 2016/17, compared to a regional average of 5.4%.
- Ethiopia has made significant progress in achieving the Millennium Development Goals. The share of its population living below the poverty line declined from 44 percent in 2000 to around 30 percent in 2010; by the end of the GTP I period (2014/15), the figures fell further to 23.4 percent (National Planning Commission 2015).
- Ethiopia - the second most populous country in Africa is one of the fastest growing states among the 188 IMF member countries. This growth was driven by government investment in infrastructure, as well as sustained progress in the agricultural and service sectors. The GDP in 2019 reached \$92.154 billion where the services have surpassed agriculture as the principal source of GDP.

- Ethiopia exports oil seeds like Soyabeans, Sesame, Niger seed, Sunflower seed, Almond seed and pulses like Green mung bean, Red kidney beans, Chick pea, Lentil, red, brown, Field pea, Faba beans, Vetch seed, Lupin seed, Black cumin, and flower like Gypsophila, Veronica, Rose, Hypericum, Chrysanthemums. Coffee and gold are also the top export products.

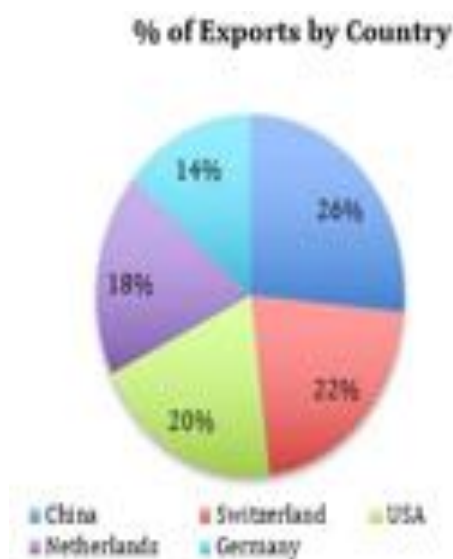
Economic growth 2012/13-2016/17



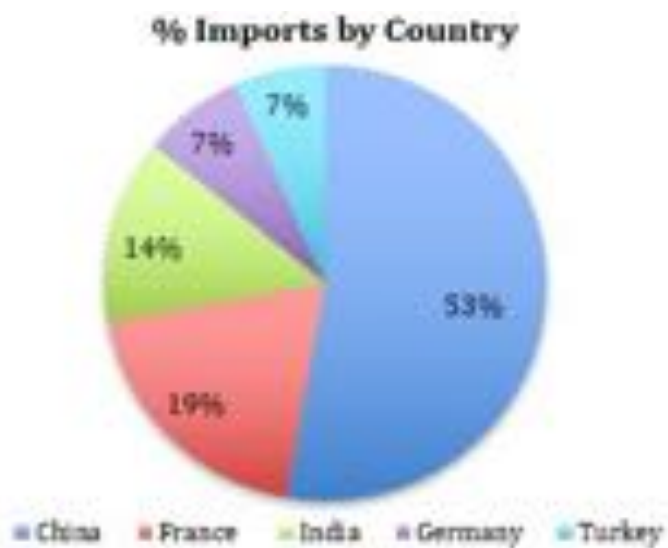


Source: National Bank of Ethiopia

**Exports by destination (Country)
(2016/2017)
(Country)(2016/17)**



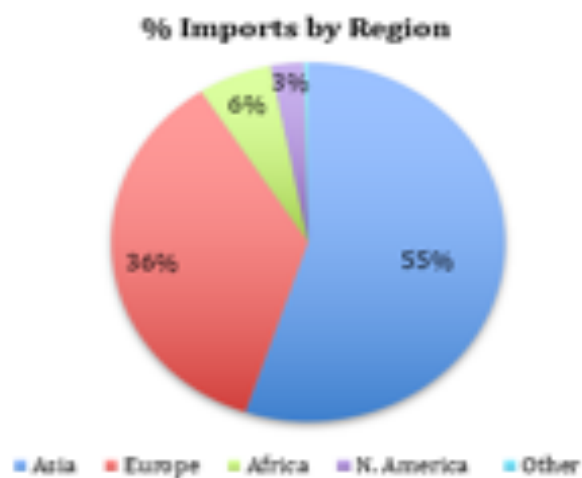
Imports by origin



Exports by destination (Region)
(2016/2017)
(Region)(2016/17)

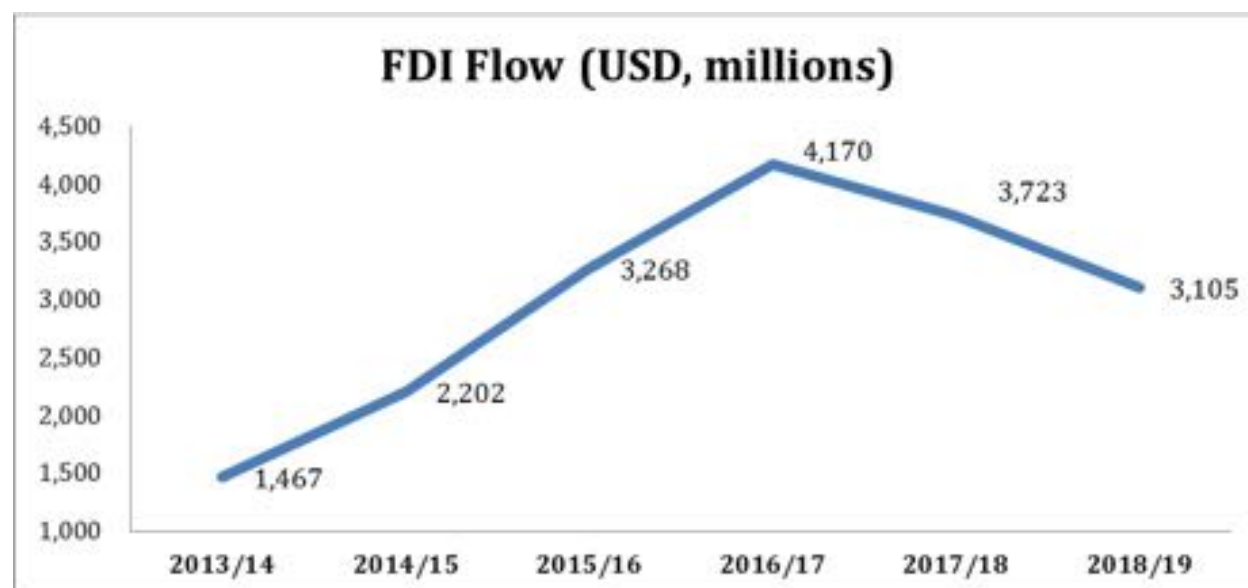


Imports by origin



Source: National Bank of Ethiopia (NBE)

FDI inflow



- Fast economic growth, conducive investment climate, large market size, and high-level government commitment towards FDI attraction have contributed to the growth of FDI inflow into Ethiopia-making the country the largest recipient of FDI in East Africa and the 4th largest on the continent.
- East Africa, the fastest-growing region in Africa, received \$8.9 billion in FDI in 2018, of which Ethiopia absorbed more than a third and is now the 4th largest recipient of FDI in the continent of Africa (after Egypt, Algeria, and Nigeria) and the largest in East Africa. (UNCTAD, World Investment Report 2019 and FDI Intelligence).

FDI Inward Stock



Demographics: distribution of the population according to age

- 0-14 years: % (male 21,273,689 / female 20,781,262)
- 15-24 years: % (male 11,488,831 / female 11,302,256)
- 25-54 years: % (male 15,682,287 / female 15,983,019)
- 55-64 years: 1,929,554 / female 2,213,067)
- 65 years and over: % (male 1,706,335 / female 1,984,631) (2017 est.)

4. Why Invest in Ethiopia?

4.1.

Political and Social Stability

- Ethiopia is the oldest independent country in Africa and is among the most stable countries in the region. The peaceful transition of power to a new Prime Minister in 2012, then again in 2018, has proven the stability of Ethiopia's political system and parliamentary form of government.
- After Prime Minister Abiy Ahmed (PhD) came to power in April 2018, Ethiopia has undergone unprecedented radical political and economic reform.
- Ethiopian Parliament appointed its first Female Head of state HE President Sahle-Work, Federal Supreme Court President, and the head of Ethiopia's Electoral Board.
- The ministerial cabinet was reduced to 20 from 28 in an effort to create efficiency and a lean government structure.
- The Ministerial cabinet is now gender-balanced with 50% of members composed of women, setting the standard for other African nations, as well as recognizing women as decision-makers in public life.

4.2.

Growing Economy

- An average of about 11% annual GDP growth for the last 14 years. The fastest-growing economy in the world during the same period (World Bank Global Economic Prospects)
- 46% growth in FDI inflow-one of the most dynamic and largest FDI recipients in Africa (UNCTAD World Investment Report, 2017)
- Ethiopia is ranked 57th, better than its regional peers (Kenya, Rwanda and South Africa), for its conducive macroeconomic environment (World Economic Forum, Global Competitiveness Report, 2017-2018)
- Recognized by UNCTAD for promoting investment in the Sustainable Development Goals (SDGs)
- Recognized by the World Bank through its "Star Reformer Award" for Ethiopia's outstanding performance on investment policy reform and promotion

- Stable and conducive macroeconomic environment.
- Stable and positive economic outlook forecasts of more than 7% projected by IMF and the African Development Bank, placing Ethiopia among the world's growth leaders over the medium term.

4.3.

Excellent Climate and Fertile Soils

- Ethiopia is the 27th largest country in the world by land size. Given its diverse topography and geographical location, it is suitable for the production of some of the world's most coveted food crops, such as cereals, pulses, oilseeds, a wide range of fruits and vegetables, coffee, tobacco, sugar cane, tea, and spices, among others
- The majority of land in Ethiopia has a surprisingly temperate climate by African standards due to its high elevation. Ethiopia has an elevated central plateau varying in height from 2,000 to 3,000 meters above sea level.
- Due to its fertile soils, Ethiopia is among the world's largest producers of coffee and the 3rd largest producer of Arabica beans in the world (USDA). Ethiopia also the top non-EU exporter of cut-flower to the EU market and the 2nd largest flower exporter from Africa.

4.4.

Strong Guarantees and Protections

- The Constitution and the investment law protect all private property.
- A foreign investor has the right to make remittances out of Ethiopia in convertible foreign currency at the prevailing rate of exchange.
- Ethiopia is a member of the Multilateral Investment Guarantee Agency (MIGA), a World Bank affiliate which issues guarantee against non-commercial risks in signatory countries, and of the World Intellectual Property Organization (WIPO).
- Ethiopia has concluded over 30 bilateral investment promotion and protection agreements, of which 11 are with individual European Union Member States. Significant other partners include China, India, South Africa, and Russia, and a number of regional economic partners (Malaysia, Israel, Egypt, and Sudan, among others).

4.5. Young and Trainable Labor Force

- Ethiopia's labor law, which regulates worker-employer relations, is in line with international conventions.
- Ethiopia is the second-most populous country on the continent with 60% of the population in the labor force
- Ethiopia has a young and trainable labor force (median age of 19) and a supportive government policy that facilitates labor sourcing for industries.

4.6. Regional Hub with Access to a Wide Market

- With a population of more than 100 million people and a rapidly growing middle-class society, Ethiopia is the second-largest market in Africa and is also part of the Common Market for Eastern and Southern Africa (COMESA) comprising 19-member countries and over 400 million people.
- Addis Ababa has emerged as a regional hub and is home to key international organizations such as the African Union (AU) and the UNECA, and the UNDP.
- Addis Ababa is also the main aviation hub for Africa and the home of Ethiopian Airlines, which has won repeated recognition as the best airline in Africa.
 - 101 international passenger destinations (57 in Africa, 20 in Europe and America and 23 in the Middle East and Asia),
 - 22 domestic passenger destinations, and
 - 35 cargo destinations (21 in Africa, 11 in the Gulf, Middle East, and Asia, and 3 in Europe). Carrying two-thirds of Africa's airfreight.
- Ethiopian products have duty-free, quota-free access to a wide market, including major markets such as the USA, and the EU:
 - Large domestic market of over 100 million consumers,

- COMESA (Common Market for Eastern and Southern Africa), with 19 member countries and over 400 million people
- AGOA (African Growth and Opportunities Act) and GSP (Generalized System of Preference) of the United States Government initiatives, and
- EBA (Everything But Arms) of the European Union

4.7.

Improved Economic Infrastructure

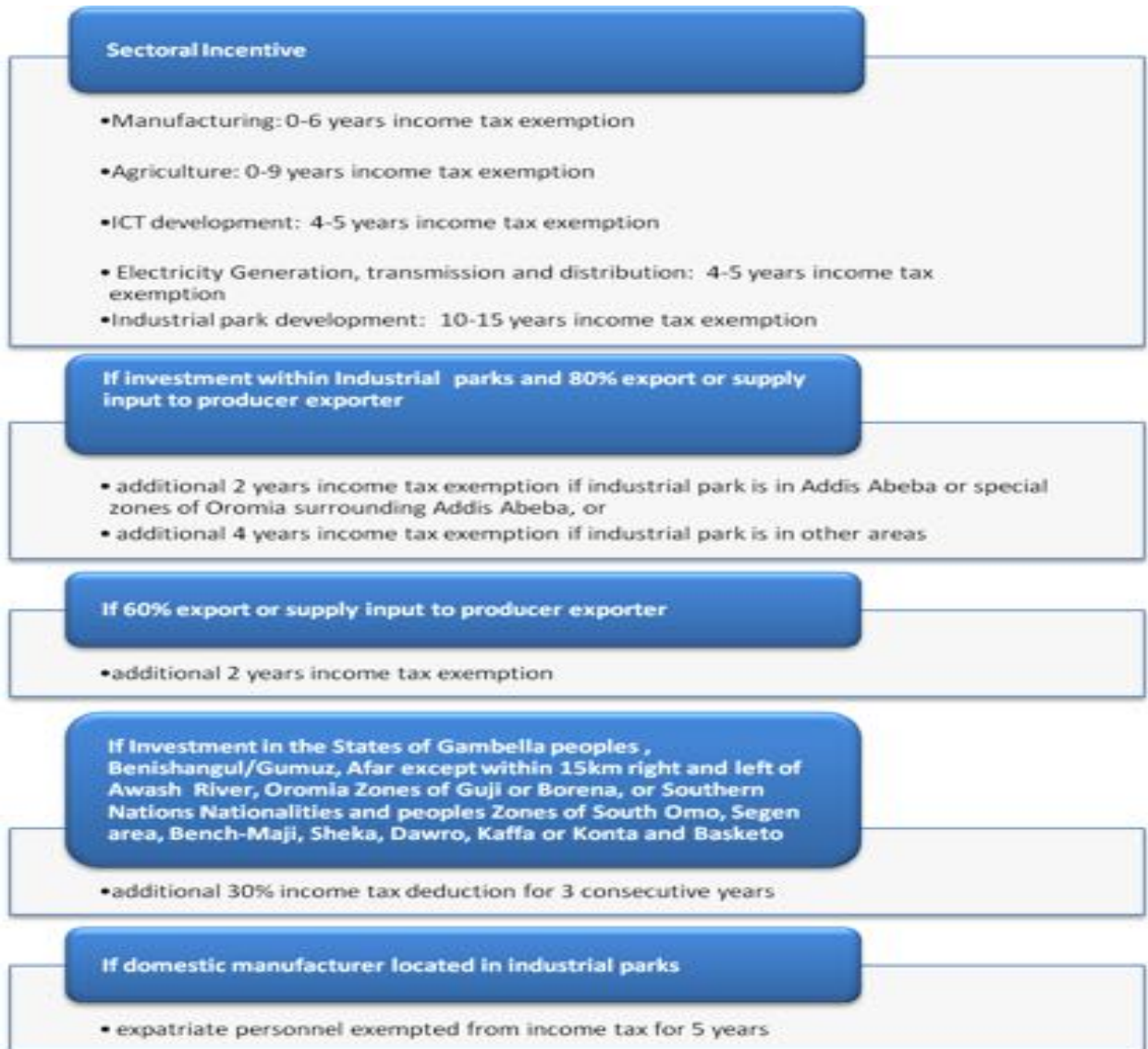
- Power production has increased steadily over the last ten years, with 99% sourced from clean energy in the form of hydropower.
- Ethiopia has the second-largest hydropower potential in Africa (Deloitte, 2014)
- The Grand Ethiopian Renaissance Dam (GERD) – the largest hydroelectric power dam in Africa being built on the Nile River - is expected to generate 6,000MW of electricity. This coupled with Gilgel-Gibe III (1,870MW) and Genale-Dawa III (254MW) and other wind power projects will make Ethiopia a regional powerhouse.
- Cheapest electricity rate in Africa and the whole world.
- Expanding and improving telecommunication service and road networks connecting national and regional markets.
- Newly built Addis-Djibouti electric-powered railway - making access to port Djibouti much easier.
 - As a significant portion of Ethiopia's import/export trade passes through port Djibouti, the railway construction is a huge efficiency enhancer.
 - 34 km Addis Ababa light rail is fully operational.
- Africa's world-class and Star Alliance member, Ethiopia Airlines, network covers more than 90 international destinations in the five continents of Africa, Asia, Europe South, and North America.
 - Ethiopian Airlines flies to more than 50 destinations in Africa alone.

4.8. Competitive Incentive Packages

Ethiopia offers a comprehensive set of incentives, particularly for priority sectors, such as:

- Customs duty payment exemption on capital goods and construction materials, and on spare parts whose value is not greater than 15% of the imported capital goods' total value;
- Investors have the right to ask a refund of customs duty paid on inputs (raw materials and components) when buying capital goods or construction materials from local manufacturing industries.
- Income tax exemption of up to 6 years for manufacturing and agro-processing, and up to 9 years for agricultural investment.
- Additional 2-4 years income tax exemption for exporting investors located within industrial parks and 10-15 years exemption for industrial park developers;
- Carry forward of losses for half of the tax holiday period;

- Several export incentives, including the Duty Draw-Back, Voucher, Bonded Factory, and Manufacturing Warehouse, and Export Credit Guarantee schemes



4.9. Government Commitment

- High-level political commitment for investment promotion and protection
- Investment policy-making is led by the Ethiopian Investment Board and chaired by the Prime Minister
- Wide-ranging incentive packages for priority sectors and export-oriented investments

- Bold initiative in the development of state-of-the-art industrial parks, an electric-powered railway connecting the capital and other economic corridors to the port of Djibouti

5. Investment Opportunities for Malaysian Companies

5.1. Agriculture



- Ethiopia's vast land, favorable climate, and water and land resources combine to make it an incredible hub for investment. Located in the horn of Africa, Ethiopia is at the crossroads between Africa, the Middle East, and Europe. Within easy reach of the Horn's major ports, Ethiopia is close to its traditional markets for export products – the Middle East and Europe. This geographical proximity provides major exporters in the world unparalleled access to the Ethiopian floricultural market.
- Sugarcane, horticulture, floriculture, forestry (including rubber tree plantation, fiber crops: (cotton, jute) animal husbandry, etc.
- The total land area coverage is about 111.5 million ha, of which 74.3 million ha is suitable for agriculture.

- Eighteen major agro-ecological zones have been identified in the country, and over 3 million ha land has been made available for investment. Ethiopia offers one of the largest and most diverse agricultural investment opportunities on the continent.

5.2. Textile and Apparel



Overview of the sector*

- Ethiopia's textile and garment industry witnessing rapid growth, as a number of domestic and multinational firms are being engaged in the production of textile and apparel for domestic and global markets. In the path to industrialize Ethiopia, the sector is given prominent position in boosting export, creating job opportunities, and as a model to other sectors as well.
- This recent surge in Ethiopia's textile and apparel production and export to the global markets shows that the country has the potential to become one of the leading textile and Apparel hubs of Africa, of exporting the equivalent of 30 billion USD with bold vision of transforming the action into compelling new apparel sourcing hub for brand, retails and their suppliers.
- Due to focused strategy and support of the government, in recent years, Ethiopia has grown spectacularly as a sourcing destination for apparel in recent years attracting most of the FDI in the sector.

Policy and strategy

- The sector has become a top priority for Ethiopia as part of its goal to become a middle-income country by 2025. The key objective is to make the sector globally competitive and to bring the necessary structural transformation to the nation's economy to export industrial outputs, create thousands of jobs, attract much-needed foreign currency and above all, contribute to poverty reduction.
- Plan 2020: generates USD 1 billion export earnings over 300,000 employment opportunity.

- Established the Ethiopian Textile Industry Development Institute to enhance skills and technologies in the sector.

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

5.3. Leather and Leather Products



Overview of the sector

- The sector is one of the leading manufacturing sectors for Ethiopia.
- Currently, Ethiopia is exporting mainly finished leather followed by growing shoe exports. Other leather items including gloves, bags and small leather articles have a large potential for exponential growth.
- The recent expansion in leather gloves production is proof of existing capacity as well as the potential to export with a steady growth of volume and value.
- More than 75 domestic and foreign leather and leather product factories have invested in Ethiopia.
- Export of leather, which was US \$ 23 million in 2013 reaches US \$ 133 million in 2018.

Policy and Strategy

- In the GTP II, the leather sector export and employment target by 2020 is USD 800 million and 59,580, respectively,

- Since 2012, the government has discouraged export of hides and skins to boost exports of value-added products.

Key Reasons for Investing

- Ethiopia has a cattle population of more than 53 million, and sheep and goat population of 25.5 and 24.1 million, respectively. This makes Ethiopia the 1st from Africa and the 9th from the world in its cattle population which enable the country to have a strong raw material base for the leather industry.
- Only 50% of hides and skins potential are being utilized currently.
- Ethiopia has a potential for price competitive and quality supply of skins and hides: The Ethiopia highland sheepskins have got 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.

5.4. Pharmaceutical



Pharmaceutical manufacturing is a nascent sector in Ethiopia with an annual 15% growth rate; import-dependent with an opportunity to invest and manufacture; in the second-largest populated country in Africa.

- Since the development of the first Growth and Transformation Plan, the Federal Government prioritized the development of the pharmaceutical sector by tailoring enabling environment to enhance domestic manufacturing and established dedicated government organs for effective policy implementation; Ethiopia is one of the first African countries to develop a National Plan of Action for Pharmaceutical Manufacturing Development.
- With a goal to become a pharmaceutical manufacturing hub by 2025, the government consciously established development institutes and supporting agencies, mandated to upgrade manufacturers' capability, ensure and avail technical support, and enhance industrial learning.
- The pharmaceutical sector in Ethiopia is heavily import-dependent, hosting few domestic producers supplying less than 10% to a half a billion-dollar market, producing limited therapeutic drugs, medical supplies/instruments and medical apparatus, and veterinary medicines.
- The country's strong economic growth, improvements in the delivery of health care services, the introduction of social health insurance coverage across the country, and increasing public health awareness and disposable income, diagnosis, and treatment are indicators for a surge in pharmaceutical products consumption in Ethiopia.
- 12 Universities provide pharmacy degree programs focusing on therapeutic drugs and industrial development; specialized training on industrial pharmacy, regulatory and/or research and development are given in the four universities identified as Center of Excellence for the pharma industrial development, these Universities are: Addis Ababa University, Mekelle University, Jimma University, and Adama Science and Technology University.

Competitive and Comparative Advantages

- The sector is given due emphasis on the country's industrial policy and strategy as one of the seven priority sub-sectors for industrialization and manufacturing, whereby a dedicated

industrial park is established in 270 hectares of land located within in 10-minute drive from Bole International Airport.

- Manufacturers can benefit from the country's low cost of pharmaceutical labor: from ~ 60 USD/month to ~ 3,000 USD/month, the lowest cost of a utility in the world with ~ 3 US cent/kWh with several support measures for hiring expatriate employees.
- The sector follows a centralized procurement system that is carried out by the Ethiopian Pharmaceutical Supply Agency (EPSA), the single procurer of pharmaceutical products especially human medicine, that gives out preference market access to local pharmaceutical companies and offer advanced payment of up to 30% of the value of orders, with 25% price preference. (In some cases, technical assistance and consultancy support are also given to help companies comply with international drug manufacturing standards)
- Preferential market access for domestic pharmaceutical manufactures is augmented by bilateral and multilateral trade agreements including COMESA, IGAD, CFTA, and others in which harmonization of regulatory and procurement streamlined for export.
- Fiscal and non-fiscal incentives are available for manufactures including customs, duties, and income tax exemptions, guaranteed repatriation of funds, bonded export facilities, and One-Stop-Shop Service under the Ethiopian Investment Commission for pre-establishment licensing, registration and post-establishment after-care services.

Key Sector/Commodity Opportunity's and incentive

- Tailored fiscal incentives to manufacturers including exemption from income tax up to 14 for Active pharmaceutical ingredient manufactures, 8 - 10 years for enterprises engaged in manufacturing of final drugs/ formulation, and up to 6 years for enterprises engaged in pharmaceutical packaging.
- Exemption from duties and other taxes on imports of machinery, equipment, construction materials, spare parts, raw materials, vehicles, loss carryforward, and full export duty exemption for manufactures
- Similar to other sectors, manufactures of pharmaceutical products are allowed duty-free import of capital goods and construction materials to facilitate in the establishment of a plant that adheres to the national General Manufacturing Practices guidelines, and for local manufacturing.

- Government is working towards setting an import tariff on non -Ethiopian Pharmaceutical Supply Agency imports to unify the advantages provided to local manufacturers in serving the domestic market; at the same time, applying the tariff only to non-EPSA imports ensures that EPSA can continue benefiting from the lower prices offered by domestic manufacturers.

5.5. Agro-Processing



Key reasons to invest

- Ethiopia's plentiful agricultural resources including cattle, forests, cropland, suitable climate condition, and labor force are critical inputs for agro-processing industries.
- Ethiopia produces the best Arabica coffee in the world and is known for having a wider genetic variety of coffee than any other coffee producing country.
- Ethiopian coffee is well known for its special aroma and flavor, a uniqueness that makes it preferable for blending with coffee from other countries. Currently, Ethiopia is among the top five coffee exporters in the world
- Ethiopia produces a 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.
- Ethiopia ranks first in Africa and tenth in the world by cattle population of 55 million which is a big opportunity for meat processing industry.

- Ethiopia already has well-established partners in the meat trade, including Cote d'Ivoire, Congo Brazzaville, Dubai, Egypt, Saudi Arabia and Yemen.
- The size of the livestock population, the natural endowment of favorable climatic condition for improved, high-yielding animal breeds, provides Ethiopia with significant potential to further develop its dairy sector.
- Demand for chicken products is growing quickly in Ethiopia. The Government recently set new targets to bring meat production to 164 tones and egg production to 3.9 billion eggs by 2020 through improved poultry breeds.
- Ethiopia is the tenth largest honey producing country in the world and the largest in Africa. It ranks fourth in the world in terms of bee wax production and export.
- Yields of tomato can reach up to 80 tons per hectare which assures consistent and abundant supply for tomato processing plant.

Investment Opportunities

- Processing of meat and meat product
- Processing of fish and fish product
- Processing of fruit and and/Vegetables
- Manufacturing of edible oil
- Processing of milk and/manufacturing of dairy product
- Manufacturing of starch and starch product
- Processing of pulses, oil seeds or cereals
- Manufacturing of macaroni, pasta and similar products
- Manufacturing of chocolate, candy and biscuits
- Manufacturing of baby foods, roasted and ground coffee and similar products
- Processing of animal feeds
- Processing of alcohol and soft drink

5.7.Tourism and Hospitality



- Ethiopia is one of the oldest civilizations, the source of the mighty Nile River, and is endowed with a long-aged heritage and uninterrupted political independence.
- Located in the horn of Africa's Rift Valley region and known globally as the origin of mankind, Ethiopia offers a variety of tourism attractions such as Natural, Cultural, Historical, Mystical, Athletics, and MICE.
- Ethiopia commands a large and untapped potential for the tourism and hospitality business. The increasing number of tourists and the evolving profile of today's traveler demand a host of new tourism offerings and infrastructure projects.
 - MICE Facilities
 - Star rated tourist hotels and lodges
 - Entertainment and Shopping Centers
 - Tourist Information Shops
 - Tourist Transport and Travel Services
 - Tourism Medical Services
 - Food and Beverage Services
 - Leisure & Sports
 - Education and Training Facilities

- In addition, Addis Ababa's significance as **the political capital of Africa** brings a high representation of international and regional organizations, including the seat of the African Union and the United Nations Economic Commission on Africa,

5.8. Power



Overview of the sector

Ethiopia has the second- largest population in Africa (>105 million, ~8.5 % of Africa population), with an expected growth rate of 2.3% per year. Such increase in population size will result in an increase in the number of individuals requiring access to electricity. The government of Ethiopia has set clear power generation and connection targets and sees the private sector as pivotal in meeting intended targets.

Policy and strategy

- National policy sees Ethiopia as a power supply hub for the East African region through the East African Power Pool
- Investment in on-grid power generation is open to the private sector, mainly targeting foreign direct investment

- Off-grid and mini-grid systems are also a major component of the nation's plan to increase access to electricity; and engaging the private sector has been championed
- With a dedicated regulator (the Ethiopian Energy Authority) in place, the Ethiopian power sector is semi-unbundled
- The Ethiopian Electric Power (EEP) owns all public power generation plants and is a monopoly power transmission provider; EEP also conducts all power purchase contracts with Independent Power Producers

The Ethiopian Electric Utility is a national monopoly power distribution service provider

Key reasons for investing

- Rapidly growing electricity demand at 30-35% annually mainly as a result of;
 - Growing population forecasted to reach 120 million by 2020;
 - A bold industrialization agenda driving power demand; 13+ industrial parks requiring more than 1700 MW of electricity to operate;
 - Over 4,500 KM of electric powered national railway to cover around 4,744 km imposing large electricity demand; and
 - Plans of exporting power to Kenya, Tanzania, Sudan and Djibouti as part of the East African Power Pool
- More than 80 GW of exploitable renewable energy reserves;
 - 45 GW of Hydro power exploitable energy reserves of which more than 80% is unexploited;
 - 7 GW of Geothermal exploitable energy reserves of which more than 86% is unexploited; and
 - An average of 5.5 kwh/m2/day of Solar energy capability of which more than 98% is unexploited
- Low electricity access provides opportunity for off-grid solutions to thrive because;
 - Over 95% of rural areas are without electricity; and
 - Over 14.3 million households are without the access to power.
- Trainable workforce with competitive wages

Major private investments in Ethiopia's power sector

- Corbetti Geothermal Plant - The planned 1,000 MW Corbetti geothermal project with an estimated investment volume of \$4 billion is planned to be built in two stages within 8 to 10 years. Upon completion, it would be Africa's largest geothermal facility and likely the world largest
- Tulu Moye Geothermal power plant – this is a joint venture by Icelandic engineering groups Mannvit and Verkís. The plant is planned to have 500 MW of installed capacity and will feed into the main grid.
- Multiple other investors in mini and off-grid systems

5.9.Mining



Ethiopia's mining sector has undertaken a major reform programme in recent years. The reform is designed to make it easier than ever to invest in Ethiopia, encourage exploration and mining, and unlock the sectors full potential and value. The reform includes geodata management, transparency and ease of licensing process and the artisanal mining sector among others.

The Ministry of Mines and Petroleum (MoMP) is the first port of call for all investors interested in Ethiopia's mining and hydrocarbon sectors. The MoMP can direct you to the most up-to-date geodata available, guide you to the right legislation and regulations for your business, and help you apply for any licenses required.

Ethiopia potential mineral resources

Ethiopia has known occurrences of more than 30 minerals. These include:

- **Metallic minerals** (gold, platinum, iron, nickel,chromite and base metals);
- **Energy minerals** (lithium, graphite, tantalum and coal);
- **Cement raw minerals** (limestone, gypsum, clay, pumice);
- **Fertilizer raw minerals** (potash and phosphate);
- **Ceramics raw minerals** (kaolin, feldspar);
- **Glass raw minerals** (silica sand);
- **Dimension stones** (marble, granite,limestone, sandstone, diatomite, bentonite, soda ash, salt, graphite and sulphur);
- **Gemstones** (opals, emeralds, sapphires).

COMMODITY	RESERVES	UNIT	LOCATION/LOCALITY
Gold	>200	Metric tones	Oromia: (Adola, Bule Hora, Moyale, Dawa-Okote, Tulu Kape) Benishangul Gumuz: (Metekel, Asosa-Dish-Dul, Kamashi, Odagodere) Gambella: (Akobo), Tigray: (Terakimti, Werri, Adi-Dairo)
Copper	>50	Million metric ton	Tigray, Oromiya: (Wollega) and others
Zinc	>30	Million metric ton	Tigray: Terakimti
Lead	4,648	Metric ton	Tigray
Coal	>500	Million metric ton	Oromia: (Moye, Delbi, Yayu, Lalosapo, Arjo, Nejo, Mendi), Amhara: (Chilga, Mush valley, Sar wika kunzila, Wuchale, Haik, Dese, Meriya), SNNP: (Kinde halal, Morka, Chida Waka, Gojeb)
Tantalum	19435	Metric ton	Oromia: (Adola/Keneticha and surroundings)
Platinum	12.5	Metric ton	Oromia (Yubdo)
Iron	300.145	Million metric ton	Oromia: (Bikilal, Melka Arba, Jima, Hararghe) Amhara (Sekota, Mekaneselam) Tigray (Shire, Axum, Adawa, Enticho)
Nickel	17	Million metric ton	Oromia (Adola, Shakiso and Kenticha areas)
Manganese	207563	Metric ton	Afar/ Inakfala
Potash	13	Billion metric ton	Afar/Dalol-Danakill Depressions
Phosphate	181	Million metric ton	Oromia: (Bikilal, Melka Arba)
Marble	207.159	Million metric ton	Benishangul gumuz: (Daletti, Mora, Baruda, Bullen, Mankush) Oromia: (Ifelakuni) Tigray
Dolomite	129.87	Million metric ton	Most parts of the country
Soda ash	460	Million metric ton	Oromia (Abiyata, Shala, Chiltu)
Graphite	460	Thousand metric ton	Most parts of the country
Lithium	419	Metric ton	Afar, Oromia (Kenticha)
Bromine	420	Thousand metric ton	Afar
Chromite	>150	Thousand metric ton	Oromia: (Western Wollega, Adola-Kenticha) Benishangul Gumuz (Bullen)
Gemstone			Oromia: Guji Zone) and Amhara (Wollo)
Opal, Emerald, Aquamarine, Sapphire, Ruby, Tourmaline and others			Amhara, Oromia, Tigray and SNNP Regional States

5.10. 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

- Ethiopia's internet penetration in 2016 was 15.4% while recent statistics show mobile penetration at 63%, with low penetration rates stemming from underdeveloped telecommunications infrastructure. With a population over 100 million and a median age of under 18 years, Ethiopia offers significant opportunities for ICT development.
- In June 2018 Ethiopia's government announced that it would allow private domestic and foreign investment in a number of sectors including telecoms tentatively opens up one of the last biggest telecoms opportunities in Africa. The government took steps to liberalization this year by issuing an internet service provider license to a local private company.

6. Industrial Parks Overview

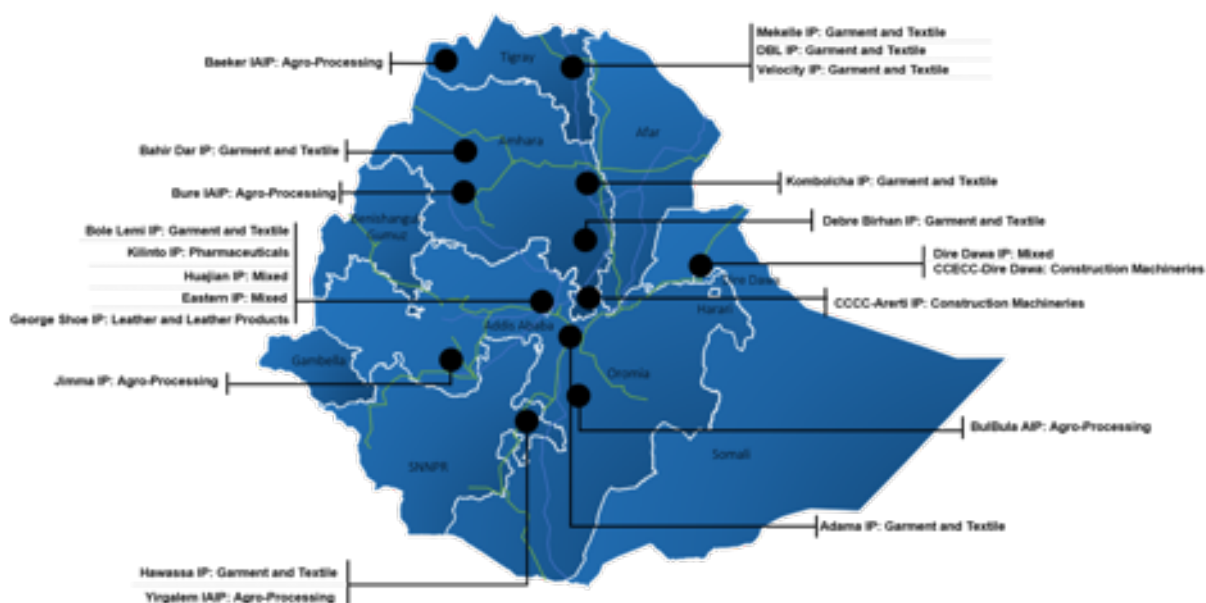


The Government of Ethiopia, with the vision of making Ethiopia a leading manufacturing hub in Africa, placed a high focus on industrial parks development and expansion.

The government has so far constructed and operationalized over 20 state-of-the-art industrial parks which are located along key development corridors – each with a distinct specialty in a priority sector (Textile & Apparel, Leather & Leather Products, Pharmaceutical, Agro-Processing, and Mixed).

Industrial parks allow the investors to get all the necessary services easily at a single place.

Industrial parks are both government and private owned. Facilities in industrial parks include One-Stop Service, dedicated power sub-station, waste treatment facilities, commercial buildings and housing facilities, health stations, fire brigade, and 24/7 security service.



With the vision to make Ethiopia a leading manufacturing hub in Africa by 2025, the Government of Ethiopia had placed a high focus on industrial park development and expansion. The GoE has so far constructed and operationalized over 20 state-of-the-art industrial parks which are located along key development corridors – each with a distinct specialty in priority sectors.

Specializations	Government-owned	Privately-owned
Textile & Apparel	7	2
Leather & Leather Products	1	-
Pharmaceutical	1	-
Agro-Processing	5	-
Mixed	2	1

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