Ethiopia

Emerging manufacturing hub in Africa
Attractive investment opportunities
Enablers & support
Our Investment Promotion Objectives are:

**Coordination and collaboration** to attract FDIs to Ethiopia

Link up and network with the international community for **soliciting support**

Pitch potential manufacturing **opportunities** in Ethiopia & enablers

Learn Ethiopia’s effort in developing the **manufacturing sector in general**
Investment - Why do business in Ethiopia?

Growing & dynamic Economy, access to East African market

Opportunities to invest in high value pharmaceutical sector

Benefit based on tailored enabling environment including specialized parks
Ethiopia has a clear vision for industrialization that builds off of its rapid growth. One of the fastest growing economies with 9.68% average growth over the past 10 years. One of the top destinations for foreign direct investment standing 5th in Africa. Productive labor force with more than 60% of its population between the ages of 15 – 65. Dedicated leadership with a vision to become a manufacturing hub in Africa by 2025. Member of preferential trade agreements and bilateral investment treaties - COMESA, AGOA, etc.
Strategic sectors have been identified for investment including pharmaceutical and textile manufacturing.
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Benefit based on tailored enabling environment including specialized parks
Pharmaceutical manufacturing sectors is nascent with a potential for growth

Ethiopia's pharmaceutical sector market size

Mainly driven by:
- Import
- 12% of GDP to health (75% on essential medicines & services)
- Out of pocket expenditure (46% of total expenditure)
- Government 10 years expenditure for the sector ($15B USD)

~ 1 B USD by 2020

~ 4 B USD by 2030

- One of the first African countries to develop a national strategy for pharmaceutical manufacturing
- Strong investment policy focused on pharmaceuticals including tax exemptions, one-stop-shop services and price preference in public procurement
- Potential to serve >$20 billion pharmaceutical market in Africa
Ethiopian pharmaceutical market has been growing at 15% per year and is predicted to reach $905 million by 2020.

Local market has been growing steadily at an average of 15% per year.

With growing population, increased access to health services and a growing middle-class, demand is projected to grow exponentially & reach >3.6 billion by 2030.

Ethiopia currently imports ~85% of its pharmaceutical needs – a big gap that is yet to be fulfilled by manufacturing locally.

Note: *Forecast
Large & growing population and rising health care coverage make pharmaceutical manufacturing an attractive endeavor

Key drivers of pharmaceutical demand in Ethiopia

- Second-largest population in Africa (>100M, ~8.5% of Africa's population); growth of 2.3% per year is expected

- With average economic growth of >10% per year, increase in disposable income will influence spending on pharmaceutical products

- Increasing healthcare coverage by government to the large rural population creates growing demand for pharmaceutical products.
  - Primary health care service coverage reached 100% in 2015

- Awareness, diagnosis and treatment are increasing
  - High burden of communicable diseases: malaria, HIV/AIDS, TB
  - Prevalence of non-communicable diseases: diabetes, cancer, hypertension

Source: Interviews, market research
Ethiopia’s textile and garment industry presents unique opportunities to investors

- **Booming industry** which has grown 7 fold since 2008
- **Emerging as a regional hub for sourcing/contract manufacturers**
- Managed to attract **leading global brands** such as PVH, H&M, Wuxi and Sunshine,

- **More than 2.7 million** hectare of suitable land availability for cotton cultivation
- **Reliable green energy** supply with an estimated cost of 0.04 USD/kWh.
- **Market access to USA and EU** through free trade agreements

- **Textile manufacturing**: producing any goods prepared by weaving, knitting or felting.
- **Garment manufacturing**: producing any article of clothing such as dresses, suits, shirts, trousers
- **Components and Trim manufacturing**: producing components & decorations such as zippers, buttons, plastics, etc.
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Opportunities to invest in high value pharmaceutical sector

Benefit based on tailored enabling environment
Kilinto Industrial Park is the first IP specializing in pharmaceuticals

Location
- Addis Ababa; 25 km from city center, 863 Km from Djibouti port and 10 minutes drive from Bole International Airport

Population and employment
- >4 million people live in the city
- Accessible to skilled labour

Industrial park area
- Established on 279 ha of land
- 177 ha service land for manufacturing
- Land is available at reasonable lease prices

Industrial park facilities
- Health Center
- Police Station
- One-Stop Shop Services
- Commercial Building
- Fire Brigade & 24/7 Security Services
- Waste Treatment Facilities
Located along strategic economic corridors, connected to ports by electric driven railway lines and asphalt roads with close proximity to abundant labor force.

Ready for plug-and-play, equipped with all the necessary infrastructure including waste water treatment plants with joint calibration.

Dedicated power with own sub-station and state of the art waste treatment facilities with a dedicated park administration and support system.

Health stations, fire brigade, expats accommodation and 24 hours security services.

One Stop Services (OSS) including processing & issuance of permits, licenses, registration certificates, agreements, tax identification number, customs clearance, banking services.
### Fiscal Incentives tailored to investment
- Exemption from income tax up to 15 years for Industry Park Developer,
- Exemption from income tax up to 8 - 10 years for enterprises inside IPs,
- Exemption from duties and other taxes on imports of machinery, equipment, construction materials, spare parts, raw materials and vehicles
- Loss carry forward
- Full export duty exemption

### Non-fiscal Incentives tailored to investment
- Customs facilitation through bonded export factory and similar other schemes
- Guarantee against expropriation
- Guarantee for repatriation of funds
- Relaxed Industrial park land regime - 60-80 years charge-free lease for IP Developers, discounted lease rate for IP Enterprises

### Industry support targeting manufacturers
- Public procurement: 25% price preference and 30% prepayment for firms manufacturing in Ethiopia,
- Potential for long term procurement guarantee.
- Fast-track medicine registration
- Regional regulatory harmonization underway to catalyze regional trade

### Miscellaneous
- Expedited visa procedure - expedited procedure of securing entry, work permit and certificate of residency
- Multiple entry visas for share holders and general managers
- Facilitation of market linkages
- One-Stop Shop Service under the EIC - including pre-establishment licensing and registration and post-establishment after-care services
10 minutes drive from Addis Ababa International Airport.

35 minutes drive to Modjo dry port through expressway.