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ETHIOPIA 2016

BUILDING INVESTOR CONFIDENCE IN THE REGION



CELEBRATING RENAISSANCE ETHIOPIA AND ITS THOUGHT LEADERS

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WELCOME

BY TEDROS ADHANOM,
H.E. MINISTER OF FOREIGN AFFAIRS

Let me begin by saying that Ethiopia is a rare economic success story amid a region that has suffered numerous historical setbacks. As one of the oldest civilizations, Ethiopia is an example of how sub-Saharan Africa has changed in the last two decades, politically and economically and where the nurturing of good governance is able to usher in a new era of prosperity. With a population of more than 90 million and a GDP of over \$60 billion in the 2014/2015 fiscal year, we are a nation on the rise. We have made major strides forward under the Growth and Transformation Plan (GTP I), a plan that envisaged creating a thriving economy based on agricultural and industrial growth that has enjoyed an average annual growth rate of 11% over the past decade. Following the success of Ethiopia's original Growth and Transformation plan (GTP I), we have launched the second phase of the GTP II Agenda.

Ethiopia provides an attractive FDI regime protecting private property, whilst assuring full repatriation of capital, which makes Ethiopia a safe haven for capital. The government has varying customs duty exemptions provided to investors, both domestic and foreign. According to the United Nations, Ethiopia is "exceptional in its almost complete absence of routine corruption." We have focused on creating an even more attractive investment environment that is more transparent and competitive.

The country presents a low risk of debt stress,



where in December 2014, Ethiopia issued a US \$1 billion 10-years Eurobond, which received US \$2.6 billion in orders, hence indicating strategic investors' positive appetite for Ethiopia's risk. We have also reoriented our diplomatic activities to serve the country's economic agenda, where our national foreign policy is anchored on promotion of investment, external trade, technology transfer and tourism.

We at Ethiopia's Foreign Ministry, therefore, encourage foreign businesses to inject their investment capital into the country and bring the required expertise and technology thus providing the critical access to markets through their network. The government, armed with sound policies and strategies, is committed to change the livelihood of its people and will go to great lengths to boost business in its bid for fast, broad based and equitable growth.

WALLSTREET INVESTMENT GUIDE

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ETHIOPIA: *a country on the move*

H.E. AMBASSADOR GIRMA BIRRU

SPECIAL ENVOY, AMBASSADOR EXTRA ORDINARY AND
PLENIPOTENTIARY OF THE FEDERAL DEMOCRATIC REPUBLIC OF
ETHIOPIA TO THE UNITED STATES OF AMERICA

Ethiopia is one of the fastest-growing economies in the world and the 4th largest destination of FDI in Africa. It has registered a rapid and broad based economic growth - with an average annual GDP growth of over 11% for the past twelve consecutive years. It is also one of the few countries in the continent that has successfully achieved the U.N.'s Millennium Development Goals (MDGs).

The Ethiopian Government has created a conducive and continually improving business environment. Under its first 5-year Growth and Transformation Plan (GTP I), which was successfully completed in 2015, the Government has heavily invested in infrastructure development, capacity building, and social services such as healthcare and education. Ethiopia's infrastructure spending, as a percentage of GDP, is the highest in Africa.

Under the subsequent 2nd Growth and Transformation Plan (GTP II), which extends to 2020, the Government has set further ambitious targets in the areas of agricultural development,



infrastructure (roads, power, ICT, etc.), the establishment of industrial parks and export development, as well as further enhancements in education and healthcare services. Ethiopia's long term plan is to become a leading manufacturing hub in the region and attain middle income status by 2025.

Given these remarkable achievements and a population of 95 million (the second largest in Africa), Ethiopia offers enormous business and investment opportunities across all sectors of the economy. Thus, I invite you to explore these opportunities and I assure you that my Government is committed to supporting your endeavors.

ETHIOPIA LAND OF ORIGINS

A LOOK AT ITS UNIQUE HISTORY AND CULTURE

The Federal Democratic Republic of Ethiopia is located in northeast Africa, also known as the Horn of Africa. The continent's tenth largest country is home to over 81 million people. It shares its borders with several of its neighbors including Eritrea, Djibouti, Somalia, Kenya, South Sudan and Sudan. The capital and largest city is Addis Ababa located in the western part of the country.

Few countries can match the diversity found in Ethiopia. It is a melting pot of ancient Middle Eastern and African cultures, as noted by its ethnic, religious, and language makeup. Over 70 distinct ethnic groups reside here. The dominant ethnic groups are the Amhara and the Oromo accounting for 70 percent of the population. The official language is Amharic, but 80 different languages and more than 200 dialects are spoken.

Ethiopia is a religiously diverse nation. It lays claim to being the first country to adopt Christianity as a state religion, and many Ethiopians are devout Orthodox Christians. However, Islam also maintains a strong presence in the country among the Sunni Muslim population. There are others that also elect to follow the more traditional African beliefs.

Ethiopia's history is a long and distinguished one that extends back over 3,000 years making it one of the most ancient in the world. Its history is marked by Biblical stories of legendary King Solomon and the Queen of Sheba, and the long-lasting Aksum (Axum) kingdom that dates back to the second century and extends to the sixth century. References to Ethiopia can be found in the writings of early Greek tragedian Aeschylus and poet Homer.

After several centuries of war and conflict which fractured the country, reunification efforts commenced in the nineteenth century. Raids and incursions from its Egyptian and Sudanese neighbors disrupted its efforts to modernize,

and when its strategic importance increased with the opening of the Suez Canal in 1869, Ethiopia caught the attention of Italy, France, and Great Britain. After more struggles to establish its independence among its more aggressive European suitors, Ethiopia under Emperor Menelik II modernized. The emperor modernized the military, made Addis Ababa the capital, developed the economy and built the country's first railroad. Except for a five-year occupation by Italian military forces from 1936 to 1941, Ethiopia has remained Africa's oldest independent nation, never colonized. A symbol of freedom to its neighbors.

Throughout much of the past century and early twenty-first century, Ethiopia has struggled with military coups, on and off again border skirmishes with Somalia and Eritrea, ethnic discourse, periods of intense drought and flooding, famine and widespread poverty. Despite some seemingly overwhelming hurdles, Ethiopia continues to push forward with modernization efforts and economic reforms thanks in large part to the visionary leadership of former Prime Minister Meles Zenawi.

PM Zenawi has been credited with not only the development of the first Growth and Transformation Plan (GTP I) which provided a mid-term economic roadmap for Ethiopia, but also the Climate Resilient Green Economy Strategy. The strategy was the first of its kind in the world aimed at restoring, protecting and developing Ethiopia's devastated environment and creating a balanced, carbon free economy by 2025. Additionally under Zenawi's leadership, Ethiopia experienced many reforms and "firsts" including achieving consecutive years of double-digit GDP growth, a reduction in child mortality rates, and a multi-party parliament with opposition.

Ethiopia continues to push forward with reforms and modernization efforts. A true testament to its resilience and determination to improve the life of its citizens.

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INTRODUCTION TO THE THOUGHT LEADERS SERIES

A celebration of Ethiopia's Thought Leaders, innovators and thinkers, problem solvers, and drivers of Ethiopia's growth and development.

GROWTH AND TRANSFORMATION PLAN (GTP PHASES I-II)

Forging Ahead

Ethiopia has a state-driven development agenda to transform Africa's second most populous country from a poor, mostly rural country into a middle-income country by 2025. To sustain that agenda, the government created the Growth and Transformation Plan (GTP I). A five-year roadmap (2010 – 2015) outlining Ethiopia's long-term vision and objectives for achieving rapid and diversified growth.

Ethiopia's long-term vision as defined in its GTP is "to become a country where democratic rule, good-governance and social justice reigns, upon the involvement and free will of its peoples; and extricating itself from poverty and becomes a middle-income economy." To meet these goals, the GTP's major objectives were defined as follows:

- Maintain at least an average real GDP growth rate of 11% and meet the Millennium Development Goals (MDGs) as set forth by the U.N.,
- Expand and ensure the qualities of education and health services thereby achieving the MDGs in the social sectors,
- Establish favorable conditions for sustainable public building through the creation of a stable democratic state,
- Ensure growth sustainability by realizing all the above objectives within a stable macroeconomic framework.

GTP I, as it is now known, focused on infrastructure and capacity development and largely drew its growth and development benchmarks from the

United Nation's Millennial Development Goals (MDGs). GTP I came to an end in December 2015 and the government is working to assess its success while planning the implementation of GTP II.

While GTP I did not reach all of its goals, significant progress was made in several notable areas. According to the World Bank, Ethiopia's economy has experienced strong and broad growth over the last decade, averaging 10.8% (2003 – 2014). The regional average growth rate was 4.8%.

Ethiopia also has been successful in achieving the MDGs for child mortality and water. Much progress has been made on gender parity in primary education, HIV/AIDs, and malaria. The World Bank also reported positive results in Ethiopia's progress in providing universal primary education (enrollment is up from 50% in 2000 to 87% in 2015). The country's goal of halving the number of people living on less than \$1.25 a day was within 5% of that target.

GTP II is expected to be more detailed in its objectives for increasing manufacturing and agricultural exports. In the next five years, it intends to increase export revenue from its current level of US \$3 billion to US \$16 billion. Economic diversification will be the primary driver as will be improving the country's power generation capabilities. While many have characterized GTP II as likely to be an ambitious undertaking, Ethiopia has proven itself ready for the challenge.

GTP II: Moving Forward

Ethiopia's Growth Transformation Plan (GTP) is now entering its second phase (GTP II), and its goals are as ambitious as those that had been identified under GTP I. Under GTP II, Ethiopia stresses the need for greater economic diversification and less reliance on its agricultural sector for growth. Other objectives emphasize the development of water resources, sanitation, efficient and renewable energy technologies, and environmental protection.

Economic Diversification

Ethiopia hopes to reduce the agricultural sector's GDP contribution by 4% over the next year, thus dropping it from its current 40% economic contribution. The emphasis is instead shifted to opening up and building the country's industry and manufacturing to compensate.

Under GTP, the government is proposing the privatization of public entities to attract more investors. Such a move would support key sectors that have experienced unfair competition by the public sector and state-owned entities.

The government also intends to increase export revenue by 150% in the next five years. If successful, projections indicate this will generate an additional US \$16 billion in export revenues for the country. The assumption is that the manufacturing sector will be able to produce at least 25% of total exports, and greater emphasis is being placed on the manufacturing sector to assist in achieving GTP II.

Energy Development

The transition from an agrarian-based society to an industrial powerhouse has placed tremendous demand on the country's power supply. Ethiopia is aware of the need for a modern energy supply and the means to deliver it. Therefore, another targeted area for development continues to be the energy sector. Significant progress was made under GTP I in the energy sector. Several large power generating projects were undertaken and are set to come online in the next one to two years.

Ethiopia's large workforce, low labor costs, and the government's continued heavy investment in building the country's public infrastructure is drawing the eye of foreign investors. According to the United Nations Conference on Trade and Development, Ethiopia's inward FDI totaled US \$1.2 billion in 2014, up from US \$953 billion in 2013. With GTP II now in action, investors may have even more reason to give Ethiopia a more measured look.

According to Yohannes Tilahun, Former CEO of GE Ethiopia and Advisor to the Commissioner of the Ethiopian Investment Commission, over the last decade the government of Ethiopia has put substantial effort in building the necessary infrastructure to promote private investment – both local as well as foreign direct investment. This includes huge investments in power generation, roads and railway improvements, and airline expansion efforts. In addition to investment in infrastructure, the government is in the process of creating a business-friendly environment through supportive policies such as tax holidays and industrial zones.

THE BIG 4 ICONIC PROJECTS

Several large projects are either well-underway or set to start in the next few months. These include infrastructure projects in key sectors such as energy and transportation, as well as private commercial initiatives representing the continued growth and development of Ethiopia. Among those highlighted include:

Grand Ethiopian Renaissance Dam Project (GERD)

Located roughly 700 km northwest of Addis Ababa, along the Blue Nile, the Grand Ethiopian Renaissance Dam (GERD) is set to be the largest dam in Africa at 1,800 m long, 175 m high and a total volume capacity of 10 million m³. Currently, around 9,000 people are working around the clock to finish the project by 2017. Once completed, the dam will enable Ethiopia – where 77% of the country's people don't have access to electricity – to power its growth with the production of renewable energy.

Lamu Southern Sudan Ethiopia Transport (LAPSSET) Corridor

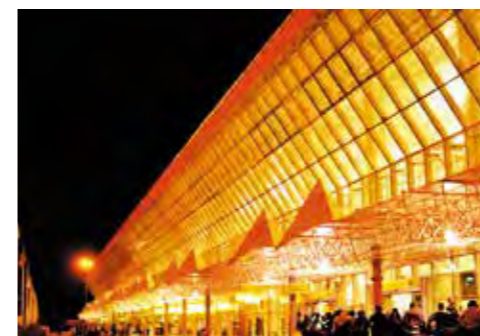
The \$26 billion LAPSSET Corridor project, built with neighbors Kenya and South Sudan is well under construction. The transportation corridor will improve transport linkages in the East Africa region. It is expected to significantly boost the volume of cross-border trade throughout the region.

Horn of Africa Pipeline (HOAP)

Ethiopia and Djibouti signed an agreement in 2015 to carry out the construction of a 550-km fuel pipeline. Antony Blinken, the United States Assistant Secretary of State, confirmed in February 2016 that the construction of the US \$1.55 billion 550-kilometer fuel pipeline linking the two countries was moving forward. Once the pipeline is operational, it will transport gas, jet fuel, and diesel, to the Horn of African nation where annual fuel demand grows at an average rate of 15%. The pipeline is expected to increase capacity significantly to 240,000 barrels per day.

New Mega Airport

Plans for the new mega airport hub near Addis Ababa are moving forward. Once completed, the international airport will have the capacity to handle more than 100 million passengers annually. The airport will feature four runways and several passenger terminals and will be built in phases. CEO of the Ethiopian Airport Enterprise, Tewodros Dawit goes so far as to describe the new project as an airport city featuring, among others, hotels, shopping malls, office buildings and apartments. Estimated projected cost is currently US \$4 billion.



MARKET WATCH

Despite underdevelopment and governing challenges, Ethiopia is becoming a promising destination for foreign investment. In recent years, several MNCs including Heineken, General Electric, the BDL Group, SABMiller and Starwood Hotels have made significant investments in Ethiopia. What's attracting these and other major MNCs?

Growth. Ethiopia's economy has seen steady, broad-based growth over the last decade. Among the continent's most impressive performers, Ethiopia has averaged annual growth of over 10% between 2004 and 2014. A major accomplishment considering it does not produce any oil.

Much of the country's strong growth can be attributed to the successful implementation of the first phase of the Growth and Transformation Plan (GTP I) which wrapped up in 2015. Under GTP I the country's infrastructure was updated to fuel rapid economic growth, industrial parks were built, and electricity output increased through large hydropower dams. Now entering phase two, the GTP II (2015-2020) is expected to focus on large-scale projects in transportation and power generation.

Although Ethiopia continues to further diversify its economy, the primary economic sectors remain agriculture and mining. Agriculture has long been the cornerstone of the Ethiopian economy, providing around 40% of GDP, 80% of exports, and employing approximately 85% of the country's workforce.

The economy remains overly dependent on coffee, and Ethiopia is officially Africa's leading coffee exporter. Coffee typically accounts for 25 to 30% of total export earnings. Other exported

goods include khat, gold, cut flowers, leather products, live animals, and oilseeds. Ethiopia's principal import commodities are food, petroleum products, chemicals, machinery, motor vehicles, cereals, and textiles.

According to Khalid Bomba CEO, Agricultural Transformation Agency (ATA), opportunities with the highest potential rates of return include investments in cattle feedlots or abattoirs; poultry processing plants; processing facilities for soybeans and high-value fruits and vegetables; and storage, cleaning, milling, or consumer product processing of wheat and tef, Ethiopia's high-nutrient traditional grain.

Ethiopia's mining resources are extensive, and gold is the main commodity. Gold is mainly mined from alluvial deposits by artisanal and small-scale miners, which produce more than 200,000 ounces annually. There is only one large-scale gold mine, the Midroc Gold Mine that produces more than 120,000 ounces each year.

"Ethiopia is the ideal destination for foreign investors looking at mid- to long-term, double-digit returns on their investment" according to CVT's Managing Director, Mehret Ghebreyesus. "Of course the journey can be challenging and there are certainly hurdles to overcome but we continue to see a number of successful ventures and we believe there are still many opportunities here in Ethiopia. Manufacturing, hospitality, construction, agro-processing, mining and ICT, are just a few sectors where foreign investors - either as sole owners or in partnership with locals - can do very well."

The World Bank is forecasting that for 2016 to 2018, growth in Ethiopia should remain near 9%.

MADE IN AFRICA

H.E. DR. ARKEBE OQUBAY, MINISTER AND SPECIAL ADVISOR TO THE PRIME MINISTER OF ETHIOPIA
(AUTHOR OF *MADE IN AFRICA: INDUSTRIAL POLICY IN ETHIOPIA*, OXFORD UNIVERSITY PRESS 2015)



Dr Arkebe Oqubay (PhD) is a Minister and Special Advisor to the Prime Minister of Ethiopia. He is the former mayor of Addis Ababa, and pioneered the transformation of the city under his leadership. In recognition of this, he was awarded 'The Best African Mayor of 2006' by ABN, and was a finalist for the award of World Mayor of 2006. Dr Arkebe serves as chairman and vice chair of boards of directors of many leading public organisations, such as the Ethiopian Railway Corporation (ERC), Ethiopian Airlines (EAL), and Industrial Parks Development Corporation (IPDC). He also serves as a member of Ethiopian Investment Board (EIB) and National Export Coordinating Committee (NECC), which are both chaired by the Prime Minister. Dr Arkebe has been a member of the core leadership of TPLF and EPRDF, the movement that spearheaded the seventeen-year popular liberation struggle. He holds a PhD in development studies from SOAS, University of London, and is a research associate at the Centre of African Studies in the University of London. His path-breaking and widely read book 'Made in Africa: Industrial Policy in Ethiopia' focuses on Africa's economic transformation, industrialization and policymaking.

Ethiopia, the second most populous African country is recognized for its double-digit economic growth for more than 12 years, driven by productive sectors. With the successful completion of the first Growth and Transformation Plan (GTPI, 2011-2015), the government of Ethiopia is determined to achieve Vision 2025 that aims to make Ethiopia Africa's leading manufacturing hub. To execute this vision, GTP II (2016-2020) has been approved by the House of People's Representatives. To achieve an annual growth rate of 11% of GDP and 25% of manufacturing sector, Ethiopia will require significant high-quality foreign direct investment, particularly into its manufacturing and agricultural sectors.

FDI inflow has more than doubled in the last five years, primarily in manufacturing. The availability of massive young workforce; the growing domestic market; supported by sustained stability, the development of industrial parks, expansion of new transportation (elective powered railway network) and energy infrastructure (renewable energy), and skill formation infrastructure; and introduction of supportive incentives have attracted massive manufacturing investment. With US \$.03 per KWH, Ethiopia provides one of the most competitive energy tariffs globally.

Greater efforts have and are being devoted to improving capacity in the country's infrastructure and public utilities sector. For instance, Ethiopia

spends up to 60% of its federal budget on infrastructure development and skill formation. The new Addis Ababa-Djibouti electric-powered railway is ready for operation. Ethiopia Airlines has emerged as the the leading and largest aviation group in Africa, flying to more than 90 destinations and with more destinations in Africa than any other carrier.

Our infrastructure development goals are even greater, and they include a quintupling of power generation capacity; a major expansion of road networks; construction of a massive electric-powered rail network to increase connectivity both within and across borders, expanding nationwide telecommunication service delivery, and the further expansion of potable water in rural areas. Renewable energy sources are being used as crucial inputs to enhance Ethiopia's economic growth to become a carbon-neutral middle-income economy by 2025. The all-encompassing directives are to develop trade routes to neighboring countries and boost the electric supply to increase revenues and improve competitiveness.

Ethiopia is also aggressively developing world-class eco-industrial parks as one of the key strategies to facilitate rapid industrialization, and to support foreign and domestic private partnership and to enhance exports. In this regard, the government is building the necessary infrastructure and facilities at the sites and will offer tax incentives for industries interested in such partnerships.

FITSUM AREGA

COMMISSIONER ETHIOPIAN INVESTMENT COMMISSION (EIC)

Foreign direct investment (FDI) is an essential component of economic growth for any country. FDI carries with it numerous benefits for both the home and host countries. For the host country, it can facilitate the transfer of resources, stimulate employment, increase productivity growth, and increase product and process growth. The home country's balance of payments can benefit from the inward flow of investment, potential employment effects occur when foreign subsidiaries create demand for home-country exports, and the transfer of knowledge and skills from subsidiary units is another notable benefit.

All countries, regardless of size benefit from FDI. This is apparent by the high levels of FDI flows noted each year. In 2015, UNCTAD's World Investment Report found that FDI inflows had increased 38% to \$1.76 trillion. The highest level since the 2008-2009 financial crisis. FDI inflows to Africa and the Middle East sat at \$54 billion, a 7% increase over 2014. FDI inflows for East Africa were up 11% to \$6.8 billion.

Ethiopia has also enjoyed an increase in FDI. According to the Ethiopia Investment Commission as of March 2016, FDI inflows under operation sat at around \$45 million. China, Saudi Arabia, Turkey, India, and France were the largest investor countries to Ethiopia. Key sectors targeted by the government in GTP II that are seeing higher levels of FDI investment include renewable energy, healthcare, tourism, textile and apparel, telecommunication, and light manufacturing.

UNCTAD noted in particular that Ethiopia is quickly become a hub for MNEs in garment and textiles. Furthermore, the government's aggressive investment in the country's agricultural sector has generated promising investment opportunities in



the country's food commodities sector particularly in meat and dairy, poultry, fruit and vegetables, wheat and Tef.

The United States has created new foreign commercial service offices in several countries in Africa such as in Ethiopia to enhance U.S. private sector engagement in Africa, including trade and investment partnerships and joint ventures between U.S. and African businesses. According to Florizelle Liser, Assistant U.S. Trade Representative for Africa, "the U.S. Embassy in Addis Ababa offers a list of helpful resources on its website to provide information to Ethiopian companies conducting business in the United States, which is available at <http://ethiopia.usembassy.gov/doing-business-usa.html>.

African companies that wish to get support entering American markets can do so through the U.S. Agency for International Development's regional Trade and Investment Hubs, located in Nairobi, Pretoria, and Accra. These Trade Hubs implement and innovative initiatives to reduce major bottlenecks, boost African exports to the US by helping improve productivity and competitiveness, allowing key value chains to scale up, providing information about AGOA, organizing participation of African companies in U.S trade shows, and promoting best practices by African companies and governments alike. Additional information can be found online at www.eatradehub.org, www.watradehub.com, and www.satradehub.org."

FDI opportunities within Ethiopia are numerous and varied. With the support of the government's clear vision, the Ethiopia Investment Commission has been working diligently to attract FDI to its borders. New industrial parks are being built and special incentive packages assembled to appeal to more foreign investors.



ETHIOPIAN AIRLINES ACQUIRES AFRICA'S FIRST AIRBUS A350

Q&A

with

TEWOLDE GEBREMARIAM CEO, ETHIOPIAN AIRLINES THE NEW SPIRIT OF AFRICA

In operation for almost 70 years, Ethiopian Airlines is one of fastest growing and most profitable airline in Africa. What are the long-term objectives of Ethiopian Airlines as outlined in its Vision 2025?

Vision 2025 is a fifteen year (2010-2025) strategic plan to transform the airline from carrying passengers and cargos, into becoming a leading aviation group in Africa with seven business centers: Ethiopian Domestic and Regional Airline; Ethiopian International Passenger Airline; Ethiopian Cargo; Ethiopian MRO; Ethiopian Aviation Academy; Ethiopian In-flight Catering Services; and Ethiopian Ground Service. The driving force behind this planned transformation is our four pillars: fleet capacity, human resource development, infrastructure, and systems, in which we have and continue to make major investments.

You have been in the aviation industry since 1985 and have witnessed the developments and regressions in the aviation sector. What do you envision for aviation excellence in Africa?

Intercontinental travel has become easier, more convenient, and faster between Africa and the rest of the world. One could say Africa is well connected. Ethiopian Airlines connects Africa with 40 destinations on five continents. Unfortunately, while intercontinental connectivity



has improved tremendously, it has not improved to the desired level in comparison to the rest of the world and specifically in intra-African travel. I think this is the area that we need to work hard to improve on, not just on the African level, but the airline level and the civil aviation level as well because it will take a collaborative effort to make these types of changes.

What does Ethiopian Airlines foster? What is the ethos that drives your vision and strategy forward?

Throughout history, Ethiopia has served as a role model for other African nations. The country served as a symbol of independence, freedom, and African Renaissance in the modern twentieth century, and Ethiopian Airlines was the only carrier there to support that transformation when it picked up speed in the 1960s. Many other countries viewed Ethiopian Airlines as their national carrier then.

What will twenty-first century Africa look like?

We believe it will be a very attractive destination for FDI from all over the world. Africa will be a place where you can build companies and conduct business. Therefore, Ethiopian Airlines wants to continue in a leadership role, bring innovation and technology to the region, inspire young Africans, and take a leading position in the region's economic development. We welcome all to take part in our renaissance.

with

BEKALU ZELEKE, PRESIDENT, COMMERCIAL BANK OF ETHIOPIA (CBE)



Ethiopia has very ambitious plans for economic growth and development. What specific role does Commercial Bank of Ethiopia (CBE) play in the country's future plan and direction?

We play a catalyst role in Ethiopia's economy by mobilizing resources

and availing loans that support the development endeavors of the country. We mobilize about 66% of the country's deposit and disburse about 53% of the loans to various sectors of the economy which directly supports projects that have large and wide impact in the country's economic growth and development.

As Ethiopia's flagship bank, CBE maintains strong relations within the local community especially in the promotion of sports and culture. What projects are you currently working on?

Yes, we strongly believe that corporate social responsibility is an important part of any organization. We have allocated substantial financial resources to support various social programs designed and implemented by our stakeholders.

CBE has a long history in Ethiopian Sports. We own two men and women football sport clubs. Both of which are currently major title contenders in the country's major football leagues. Specifically, the women's team has been the defending champion for the last four consecutive seasons winning around 10 trophies. CBE's Athletics Club is well known for training world class athletes which contributes to the national team. Many contenders in various world championships and Olympic medalists trace their origin to the CBE's Athletics Club and we are very proud of this.

CBE is expanding at a fast rate, 25% growth when it comes to assets, with plans for

branches regionally and internationally. What should we expect from CBE in the future?

Technology is our current focus. We are proud to say that most of our 1,130+ branches are electronically connected and in most cases, the services are well supported by banking technologies. We will continue our leadership and pioneering roles in the country's financial sector as well as catalytic roles in the nation's economic development. The next five years are crucial for us in terms of speeding up the transition towards a cashless society.

With a vision "*To Become a World Class Commercial Bank by 2025*", we are focused towards much improved and eventually world class service delivery, introducing new bank products highly supported by the latest technologies, professionalizing our work force and making CBE's presence felt not only in the domestic but also in the regional and international market.



with

MEAZA ASHENAFI, CHAIRWOMAN, ENAT BANK THE EMPOWERING BANK



What is the history and mission of Enat Bank?

Enat, which means "mother" in Amharic, began in 2013 by a diverse but tight-knit group of eleven influential Ethiopian women who had a vision to create a bank that was open to everyone, while maintaining a special focus on women. Initially capitalized with US \$19 million, women own 64% of the bank, and hold many of the major leadership positions.

Our mission is to improve access to financial services for women entrepreneurs, while impacting the perception and reality of women in Ethiopia. There is a proven link between the economic empowerment of women and a country's long-term sustainable development and we have positioned ourselves to assist in bridging that gap.

There are many challenges with educating and creating awareness about the importance of women's economic empowerment when it comes to poverty reduction and sustainable development, how are you helping to combat this challenge?

This is correct and that is why Enat Bank's inclusive business model initiatives involve women entrepreneurs to expand economic opportunities while creating value for Ethiopia's businesses and society in general. The Enat Women Business Financing Scheme provides access to finance for women-owned Small and Medium businesses (SMEs). Our Guarantee Loan program loans against cash collateral deposited by willing individuals for women-owned SMEs who lack collateral, which is a bottleneck to the growth of their business. We also contribute 5% of shareholders' dividend as cash collateral for SMEs to address financing needs and the existence of server limitation in the overall enabling environment for SME lending.

With the DFID, we developed free financial education tools and training to teach basic financial topics which help new and aspiring

entrepreneurs to understand business financial basics to ensure that women become socially and economically sustainable.

Who are your partners in achieving your vision of women's economic empowerment?

We work with several partners on key initiatives such as the Enat Collateral Saving Account Scheme which calls for the establishment of a deposit account by individuals/organizations who support the cause. They deposit their monies, partially or fully, to be used as a guarantee for loans to women. H.E. W/ro. Roman Tesfaye, First Lady of the FDRE, has become a champion for this cause by opening a deposit account of BR 100,000. Following Her Excellency's initiative, supporters of this cause have pledged deposits of BR 5.6 million. We are always looking for partnership opportunities with local contributors, foreign investors and government agencies.



READY TO EXPLORE

H.E. TOLESA SHAGI; ETHIOPIAN MINISTER OF MINES, PETROLEUM AND NATURAL GAS

Ethiopia is a resource-rich nation with a vast breadth of undeveloped minerals and resource levels. Thanks to its varied geology, a wide variety of mineral resources are available in Ethiopia and have enormous investment potential. Many prospective occurrences of gold, platinum, base metals and rare metals have been identified through geological mapping by both government and private sources. Deposits of industrial and construction minerals such as potash, feldspar, marble, limestone and gypsum have also been identified throughout Ethiopia and assist in supporting mining operations. Given this vast potential, the country's extractives sector is open and receptive to increasing the level of foreign direct investment activity, and it is our objective to increase the export levels of industrial minerals and metals in the coming years.

In 1991, Ethiopia opened its mining sector to private investment and in 2010 the government



took further steps to open the industry by revising its mining laws and broadening the range of licenses available. Additionally, the Mining Income Tax Proclamation (No.53/1993) contained significant investment incentives that included substantial deductions and calculations of expenditures, ten years' loss carry forwards, and

the write-off of investment within four consecutive years.

Investment in the extractives sector is on the rise, and the government is committed to assisting investors in further developing the natural resources of this country. The minerals and natural resources of Ethiopia are chiefly undeveloped providing an untapped potential to interested investors. Combined with a cooperative government receptive to collaborating, the extractives sector can provide investors with unlimited opportunity.



AIDA MULUNEH

ACCLAIMED PHOTOGRAPHER



“As a nation that has the most UNESCO registered sites in Africa, foreign photographers produce most of the images that reach the international market of our heritage sites. Hence, I knew early on that education is the key component in creating opportunities for emerging talents to partake in the photography industry.

However, it was not only teaching that was important but also providing access for our talent to network with the global market, therefore the establishment of the Addis Foto Fest (AFF), being the first and only international photography festival in East Africa, has played a role in cultural exchange through images. By bringing together photographers, educators, curators, editors and museum directors, the AFF has become an event that engages a global conversation in the development of photography not only in Ethiopia but also throughout the continent.

In addition, we exhibit sections of our collection in various festivals around the world in places such as New York (Photoville Brooklyn festival), Mali (Bamako Biannual), Senegal (Dakart Biannual), South Africa (Joburg Art Fair 2016) and England (1:54 Art Fair), therefore our global outreach and collaboration promotes the immense talent that is in Africa.” Aida Muluneh, Leader Insight

with

SELAMAWIT SAMUEL

EXECUTIVE VICE PRESIDENT SUNSHINE BUSINESS PLC

Ethiopia's tourism development depends on long-term economic stability and vision. As part of this vision, can you discuss your strategies in achieving these goals?

Our vision to help grow tourism in Ethiopia is through venturing out to the hospitality sector. Through our Marriott Hotels in the capital city of Addis, we are trying to help grow Ethiopia's meetings, incentives, conferencing, and exhibitions (MICE) tourism that has a tremendous growth potential. The Hilton resort located in Awassa (200 km from Addis) is focusing to bring leisure tourism outside the capital.



As one of the first local investors to own property under an international hospitality brand, can you enumerate on the processes and challenges involved?

The challenges include a shortage of finishing materials and lack of skilled workers. When building an international hotel, you have to maintain the standard so most of our materials were imported. Imported materials take up to 3 months to arrive and be cleared from customs. Converting an office building to a hotel is also challenging. It took time and patience to get it up to required standards.





BUILDING ETHIOPIA'S LARGEST POTASH MINE

Circum Minerals Ltd. owns a 100% interest in the Danakil project, one of the world's largest undeveloped potash resources, which will support a world class project in the Afar Region of north-eastern Ethiopia. A recent feasibility study indicates the Danakil project could potentially deliver 2.75 million tonnes per annum of the lowest cost potash in the world once it is in production.

The Danakil Depression, located in north-eastern Ethiopia, is one of the hottest places on Earth with average temperatures of 45° C (113° F) and very little rainfall. Over the last ten million years, this harsh environment created an area rich in potassium salts, or potash, which is predominantly used as a soil fertilizer. It is here that Circum is developing one of the largest potash projects globally and aims to become a leading supplier of potash to Africa, India and Asia.

While potash exploration has occurred in the region for the last hundred years, it is only within the last decade that the Danakil Depression has emerged as a premiere new potash basin with high quality resources. Circum's project covers 365 square kilometers in the Afar Region of the Danakil Depression and is located approximately 600 km north-northeast of Ethiopia's capital city Addis Ababa.

Circum was established by seasoned and successful mining entrepreneur Stephen Dattels to pursue investments in Ethiopia. Mr. Dattels indicated that Ethiopia was chosen for several reasons. It is a stable, progressive and investment friendly jurisdiction; it has a government committed to

infrastructure development; and it is one of Africa's top performing economies. Circum acquired its initial interest in the Danakil deposit in early 2013 and subsequently increased its interest to 100% over the next 18 months.

From the beginning, Mr. Dattels knew he needed a strong management team with the experience and knowledge to develop this potentially world class resource. Early in 2013, Plinian Capital Limited, a consulting and mining investment group headed by Brad Mills, was brought in as operator. Gilchrist Mining was also hired as the project manager.

Over the last three years, Circum has invested a significant amount of funds to advance the project and build the necessary infrastructure. Since the project's inception, there has been over 20,000 meters of drilling and assays, a seismic program, geophysical surveys, water exploration, drilling of a test well for trial solution mining and the building of infrastructure, including approximately 125 km of roads. Danakil is now a significant stand-alone deposit with a NI 43-101 defined Mineral Resource of 4.9 billion tonnes at 18.1% KCl (potassium chloride) and seismic data suggesting an overall resource size of potentially 12 to 14



PARTNER IN ETHIOPIA'S GROWTH



Circum Minerals is committed to a prosperous future for Ethiopia.

We operate in a socially responsible way to unlock the potential of Ethiopia's natural potash resources.

We insist on the highest standards from our employees and suppliers. We intend to continue to invest in the country and its people and are proud to be part of Ethiopia's economic transformation.

circumminerals.com



billion tonnes of potash-bearing salt beds within the property.

In July 2015, Senet (Pty) Ltd., a leading international project management and engineering firm, completed a definitive feasibility study on the project. The operation will be designed to initially produce 2 million tonnes per annum of Muriate of Potash (MOP, the most common form of potash fertilizer) and 0.75 million tonnes per annum of Sulfate of Potash (SOP, chloride free potash type that trades at a premium to MOP) with production anticipated to start in 2019. Danakil will utilize low cost, low risk solution mining and solar evaporation with cash costs projected to be the lowest in the potash industry, estimated at US \$38 per tonne MOP and US \$112 per tonne SOP. Total initial development capital is estimated at US \$2.3 billion.

One of the aims of Ethiopia's Country Partnership Strategy is to increase agricultural productivity to ensure food security in the country. Ethiopia's commitment to supporting the country's emerging potash industry is a key pillar of this strategy. Potash

improves a plant's water retention, yield, nutrient value, color, taste, texture and disease resistance. The Government's support plans will see the development of up to three producers in the Danakil Basin with Circum being the largest producer.

The Danakil project also enjoys the support of the local communities. As part of Circum's commitment to provide employment to Ethiopian nationals, several Ethiopians were recruited for camp management responsibilities. The field camp operates with Ethiopian-trained managers, chefs, mechanics, electricians, purchasing officers, and finance and medical staff. Once in production, Circum will employ around 1,700 Ethiopians.

Mr. Mills commented "The Danakil Project has the potential to be one of the lowest-cost large scale potash projects in the world. The development of the Danakil potash basin will make Ethiopia one of the world's leading exporters of potash. Given the project's substantial potash resources, Circum anticipates a long road ahead of investing in Ethiopia, and in its people, and together building one of the largest potash producers in the world."



MONARCH HOTEL

UPPING THE GAME IN ADDIS' HOSPITALITY SECTOR

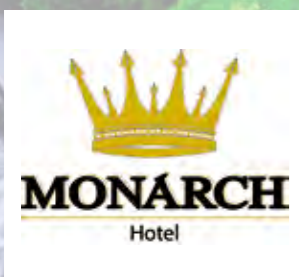
WHEN YOU COME TO ADDIS, DON'T JUST VISIT, LIVE...AT THE MONARCH HOTEL, AT LEAST THAT IS HOW WE FELT, AS IF WE WERE HOME AWAY FROM HOME. FROM THE FRIENDLY STAFF, THE LIVE BAR AND SWIMMING POOL TO THE GENIAL RECEPTIONISTS. EVERYONE WAS JUST SO FRIENDLY AND WARM.

The Monarch Hotel is a lovely four-star business hotel located on the famous Bole Road, where guests have a direct and quick access to and from the airport which takes approximately 10 minutes. Because the Monarch Hotel is in the most convenient street in Addis, guests are able to easily access all major areas and spots in Addis; restaurants, bars, offices, coffee shops, malls, theatres are all within minutes from the hotel.

Modern Quality Facilities

Guest comfort is a priority for the Monarch Hotel where all 74 rooms are thoughtfully furnished with individuality attributed to each room. Quality amenities such as plush beds, HDTV, Wi-Fi and mini kitchens are inherent in each room. Visitors to the complex can also enjoy the use of the large swimming pool, and a modern spa and fitness facility. The addition of housekeeping services and 24-hour security ensure a worry free stay. Guests also have access to the business center located in the lobby area and staff at the reception are always willing to assist with any of your business needs. Whether you need to print, scan, copy, or fax, the business center is the perfect place for entrepreneurs and business owners. Guests can be entertained and enjoy the live bar and band, while enjoying poolside drinks and delicious meals at the Monarch.

The Monarch cuisine offers a blend of Ethiopian and Western cuisine with emphasis on fresh, innovative food. Drinks are served in relaxing comfort, before dining on the terrace with live entertainment. Lasting impressions of the Monarch Hotel is one of being home away from home, where everyone knows your name.



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FKLM

A friend to the environment!

FFKLM Tour and Travel isn't just about connecting tourists to their destinations of choice in Ethiopia – it's about doing so in an eco-friendly manner! Our expert-guided tours contribute to the conservation of our earth, rather than contributing to its demise. Since FKLM's establishment in 2012, our team has strived to provide a more sustainable service with a focus on the environment. Examples include offsetting 100% of the CO₂ emissions we release by working with environmental agencies to grow new plants. By 2017, we aim to increase this focus.

FKLM provides tours in all parts of the country, including adventure, history, safari, trekking, and pilgrimage tours. We also provide tours to Djibouti, Somaliland, Kenya, Tanzania, Israel, and Dubai, tailored holiday packages, free travel counseling, hotel reservations, tickets at discounted rate, car hire, and DHL services to our international and local tourists.

We will adapt your tour plan to fit your schedule, while ensuring you have a memorable visit with well-informed guides. One of our tour options includes approximately 16 days on the Semien Mountain, where you will gaze upon mesmerizing landscapes, discover the unique flora and fauna, explore the rock-hewn church from civilizations past, meander through the castles and palaces of emperors, visit the salt flats, see the volcanic lava, and more. Whatever adventure you choose, FKLM always delivers! Nature is always on full display during our trips (which includes a dedicated bird watching tour)! In addition to our primary options, we also have numerous holiday packages that give unrivaled insight into the celebrations and culture of the local people. You will also have a once-in-a-lifetime chance to interact directly with the community.



Ethiopia has thousands of years of history – with many diverse ethnic groups – as well as exceptional landscapes – from the top of the rugged Semien Mountain to the depth of the Danakil depression, one of the lowest dry points on earth. Whatever corner of Ethiopia you decide to explore, FKLM is your choice for exciting, organized, and eco-friendly travel.

Business Travelers:

Ethiopia is fast becoming a business destination so we offer personalized services for the discerning business traveler so that you can focus on your business while we focus on logistics. From restaurants, events, and transportation, we have special corporate rates for all your needs which can be accessed via our web portal www.hahu.travel.



Saro-Maria Hotel®
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Service Is Our Passion



Strategically located in the heart of the Capital City of Addis Ababa, Saro-Maria Hotel is a pleasant 4 star City Hotel which evokes imagination of fresh ideas in the hospitality industry.

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