

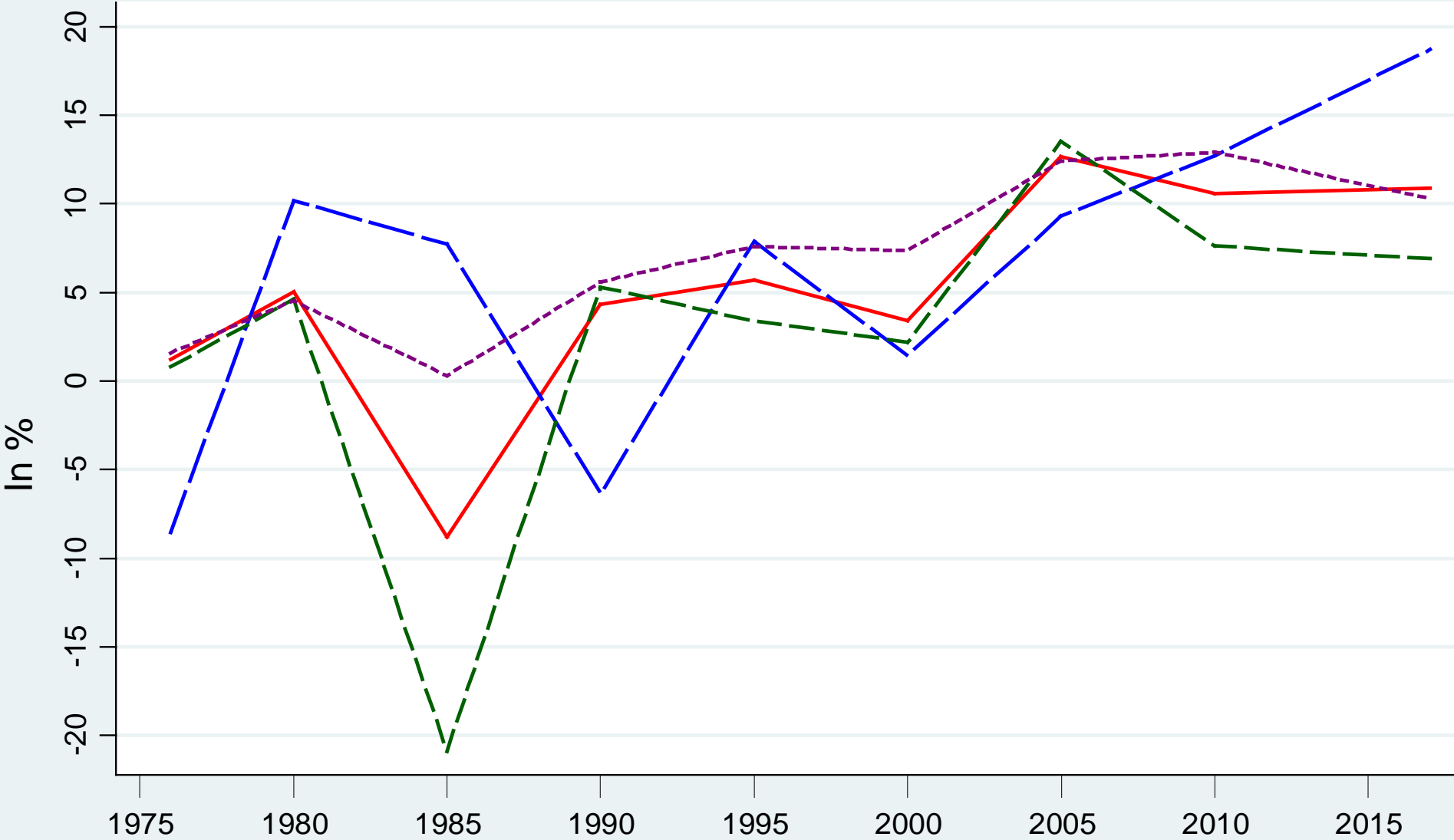
Made in Africa: *The Ethiopian Experience*

G20 COMPACT WITH AFRICA

Arkebe Oqubay (PhD)

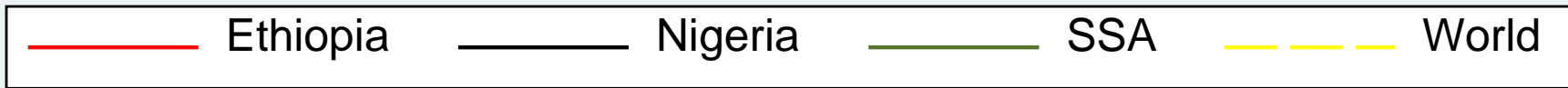
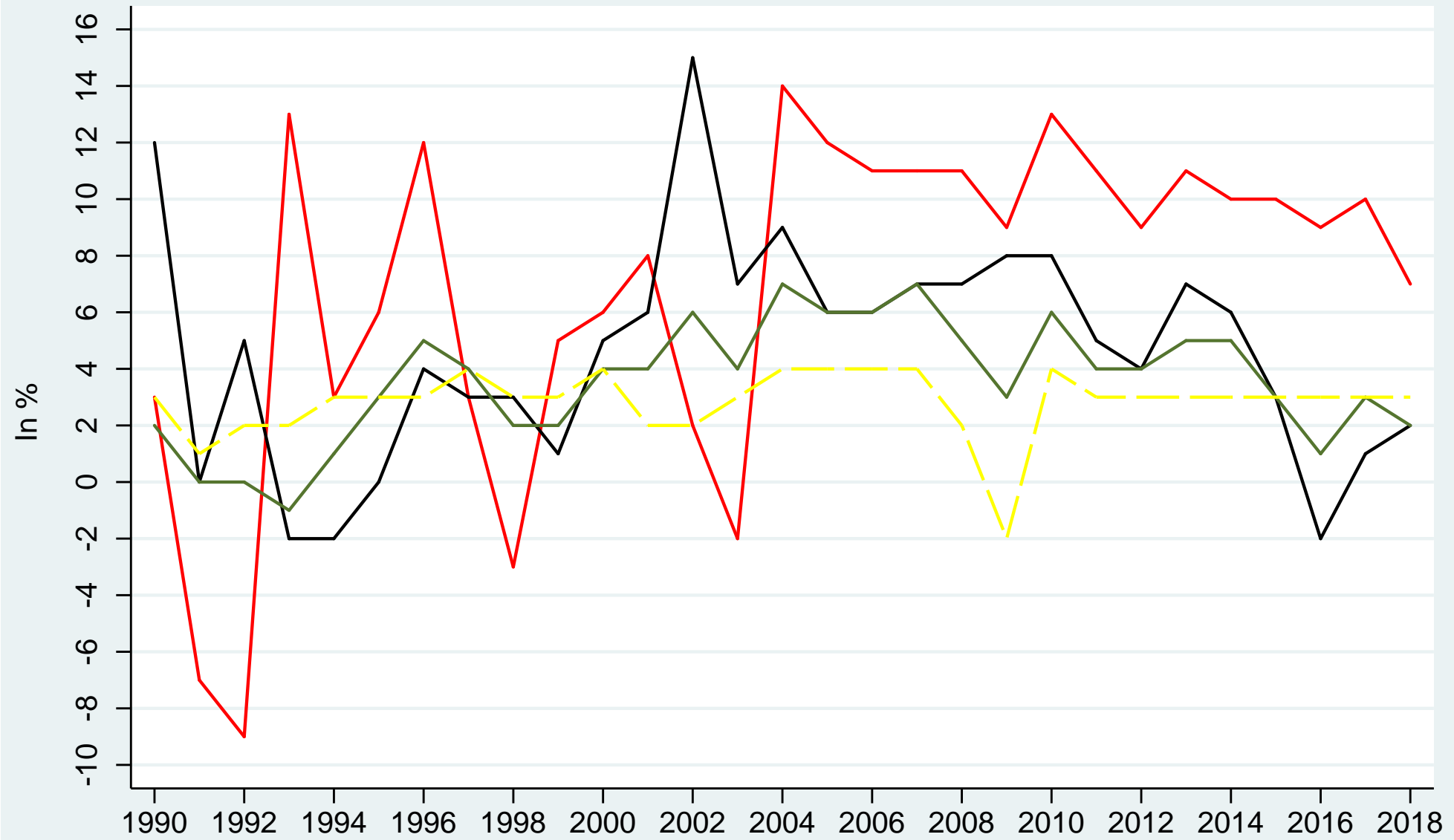
Addis Ababa, July 17 2019

Economic growth in Ethiopia, 1975-2017 (%)

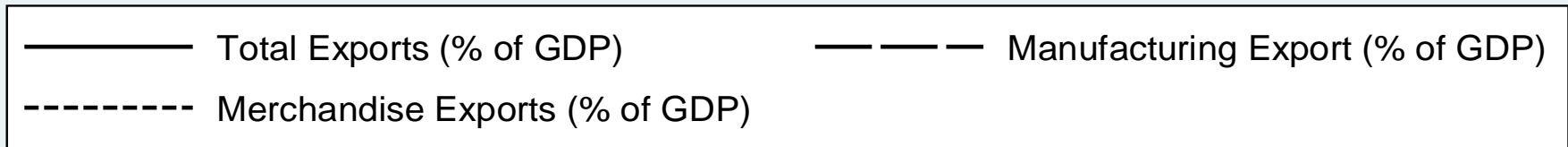
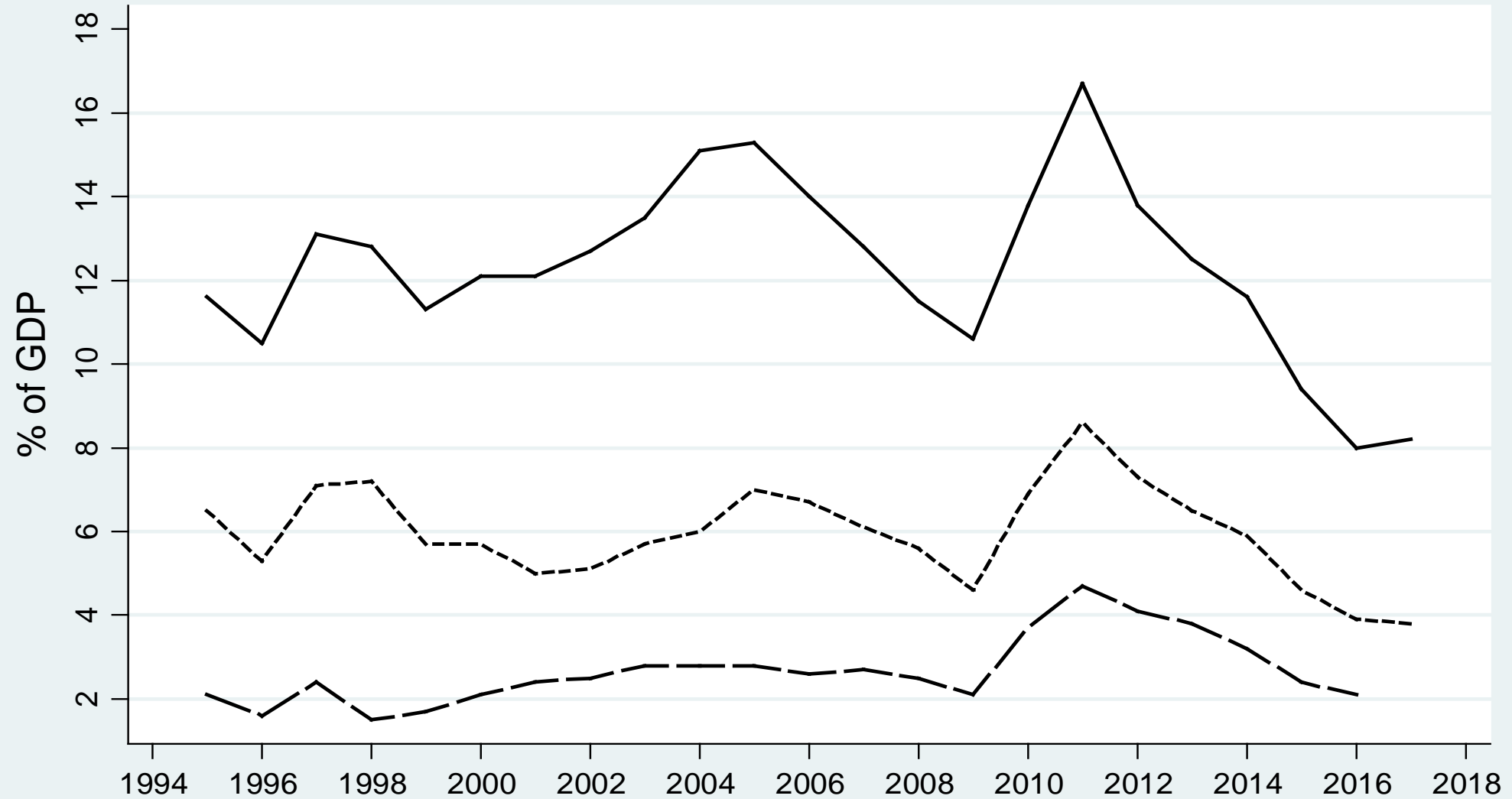


— GDP Growth Rate - - - Industry - - - Agriculture - - - Service

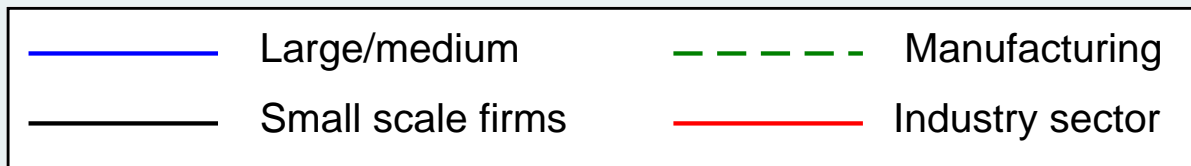
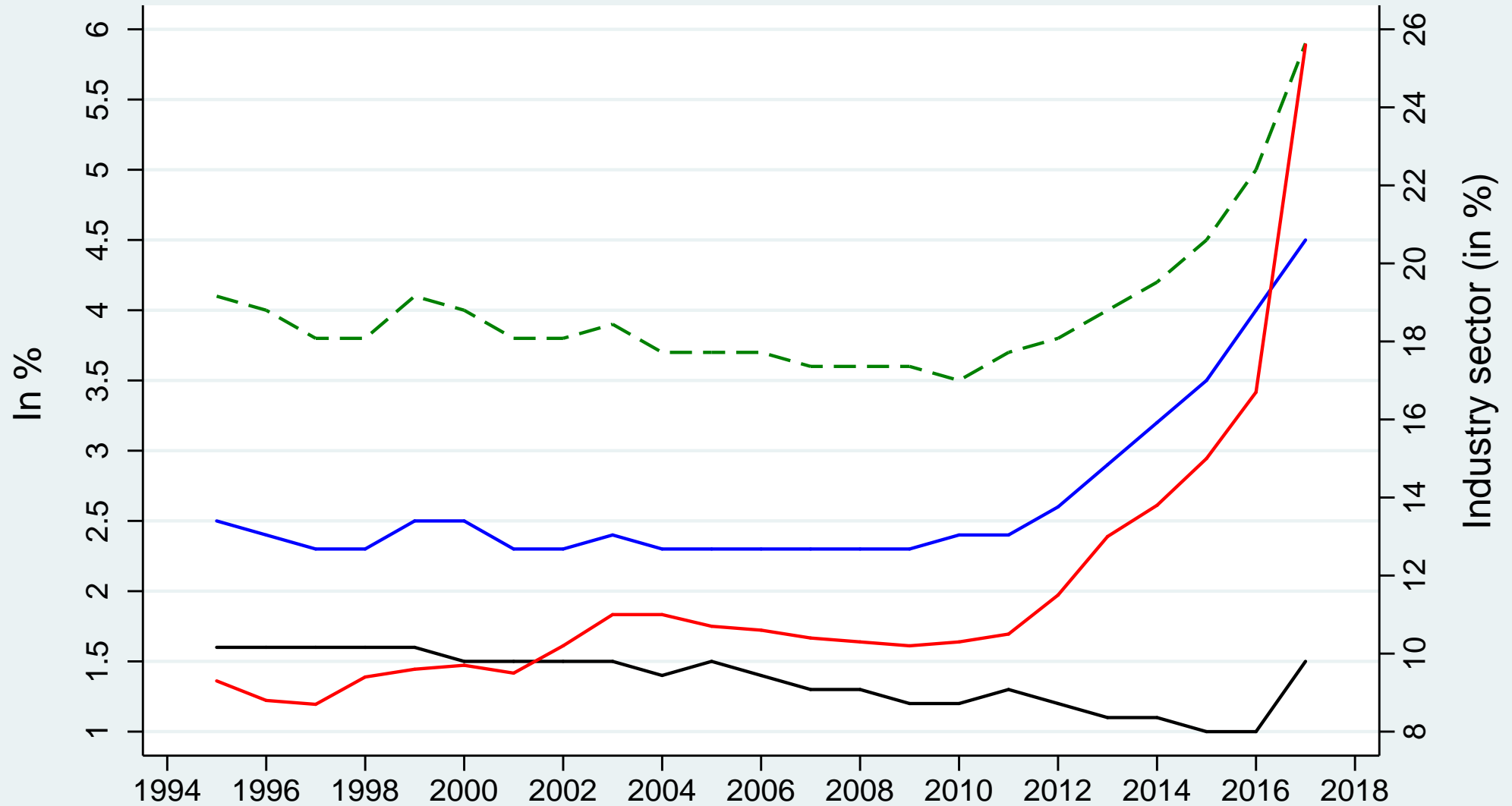
Economic growth: Ethiopia, Nigeria, SSA



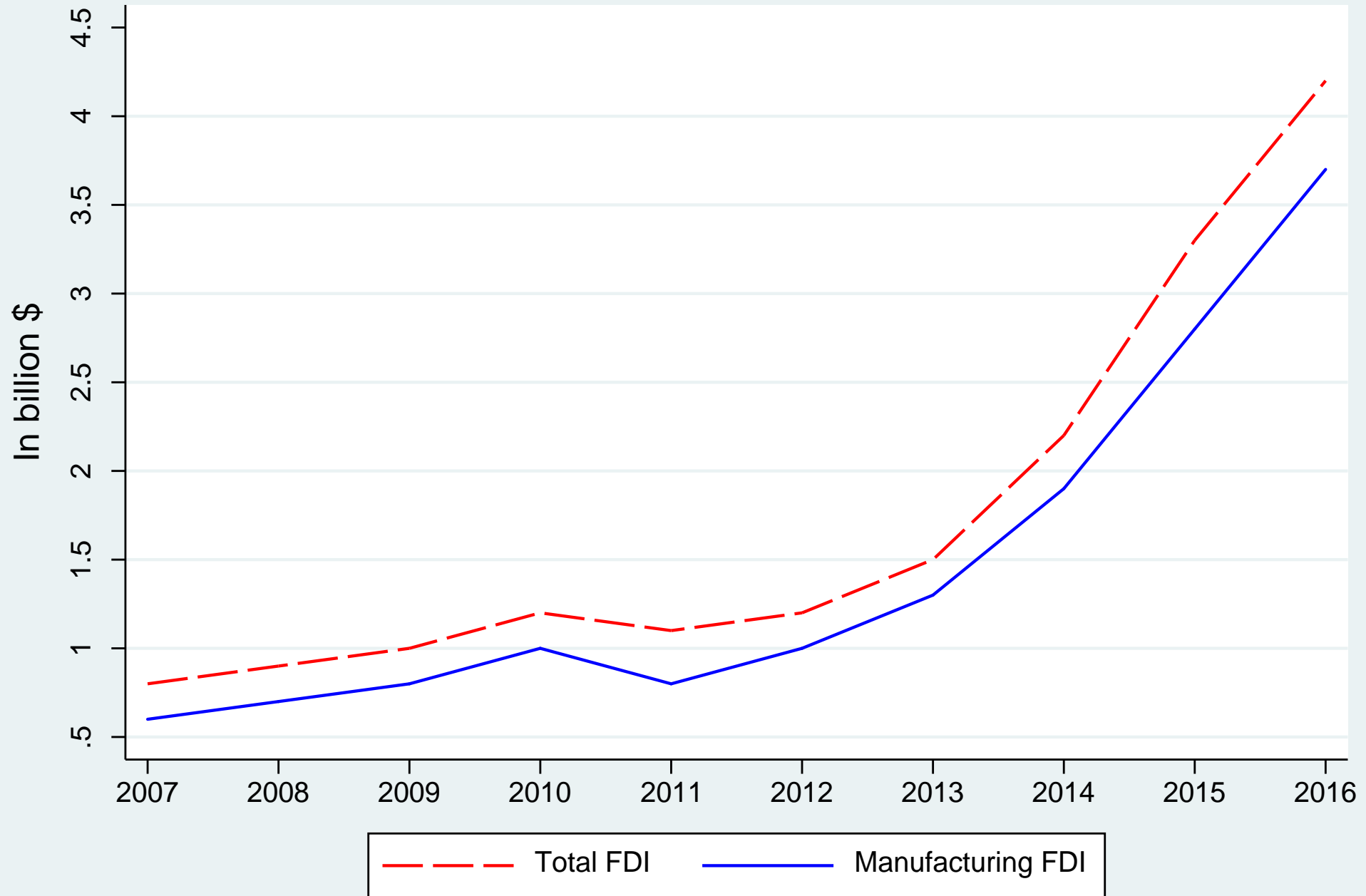
Export patterns (1975 - 2017)



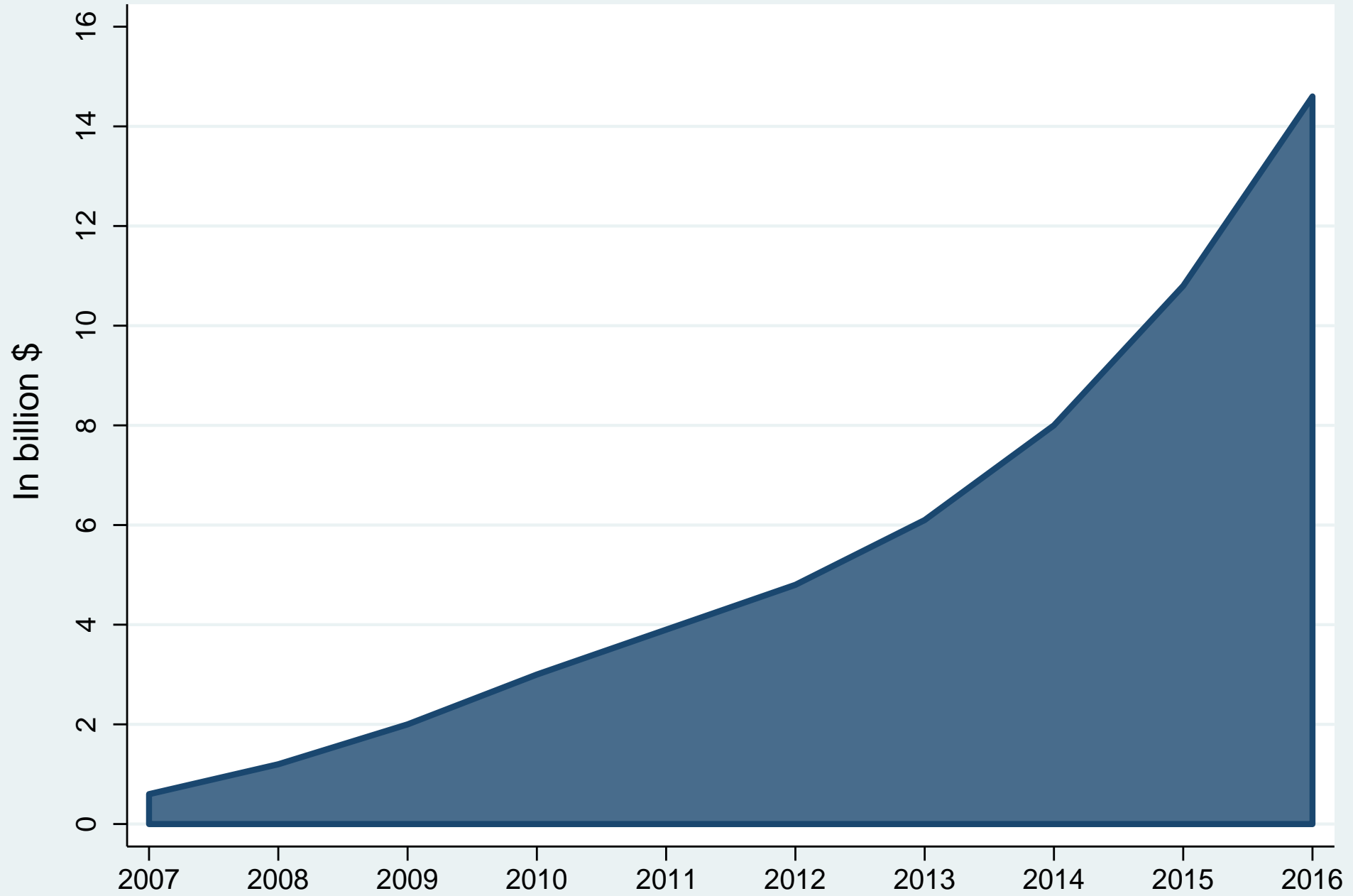
Manufacturing output contribution to GDP (% of GDP)



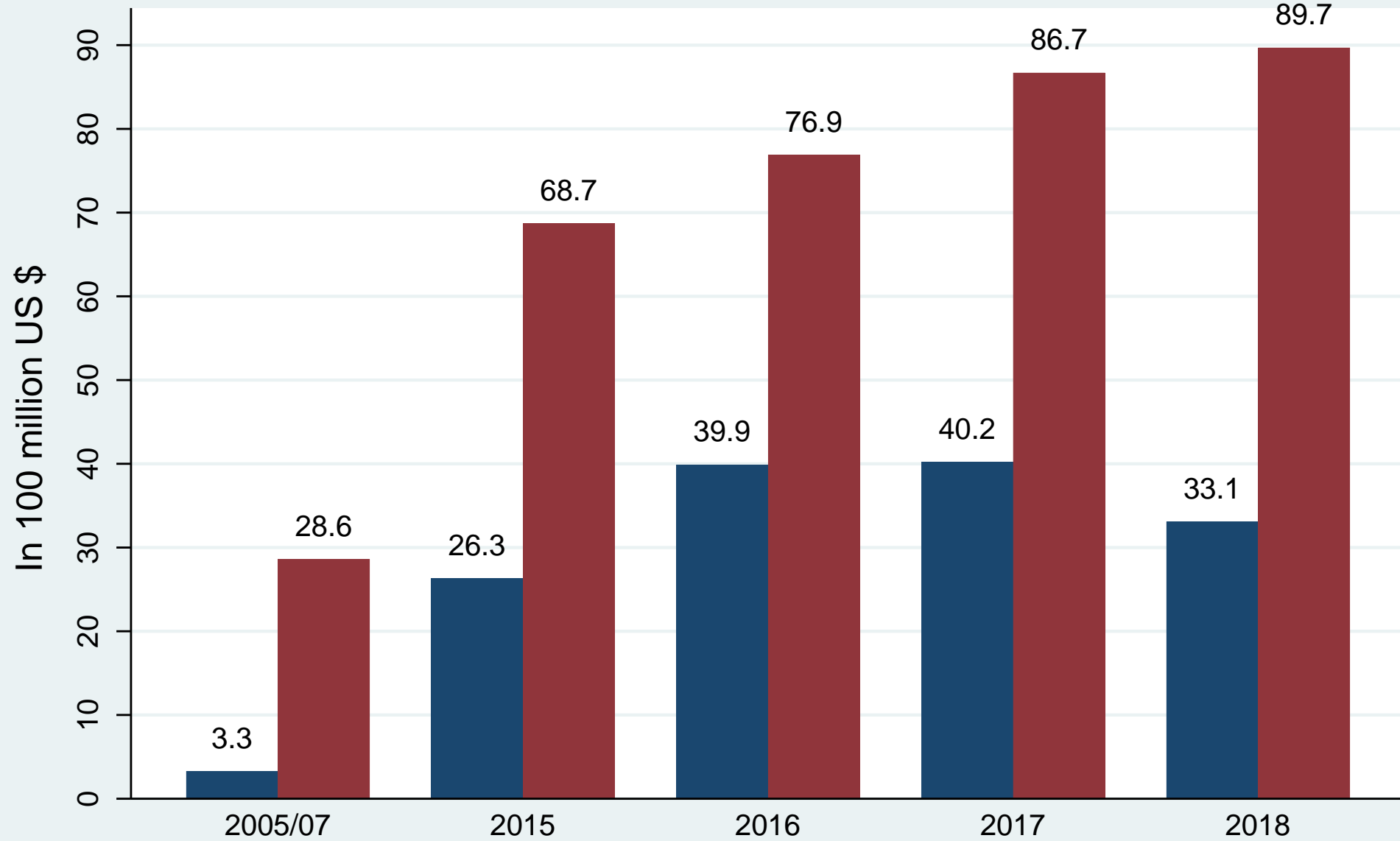
Manufacturing FDI inflow



Manufacturing FDI stock



FDI inflow: Ethiopia, East Africa



Ethiopia's initial economic take-off [1991-2010]

Ethiopia's initial economic take-off

- Economic *reforms, transition, recovery*
- Rapid *economic growth*
- *Shared growth: life expectancy, Gini-coefficient, poverty*
- Driven by *agriculture*
- **Structural constraints**
 - *Weak agriculture*: productivity, low-value, climate resilience
 - *Weak manufacturing*: outputs, employment, exports,
 - *Weak exports*: growth, composition
 - *Weak economic linkage*

Structural transformation I

▪ Long-term investment

- *Investment and saving*
- *Infrastructure* (energy, transport, rural)
- *Human capital*, skills, and knowledge

▪ Industrialization and a focus on productive capacity

- *Productive investment and linkages*
- *Growth and composition*: FDI, domestic
- *Industrial hubs*: a new approach (*specialized, sustainable, eco-system, excellence*)
- *Key challenges*: Industrial workforce, domestic firms, linkages

▪ Reforms

- *Economic*: Private sector development, business climate, regional peace,
- *Political reforms*: Diversity, pluralism, governance, youth

Structural transformation: Made in Africa

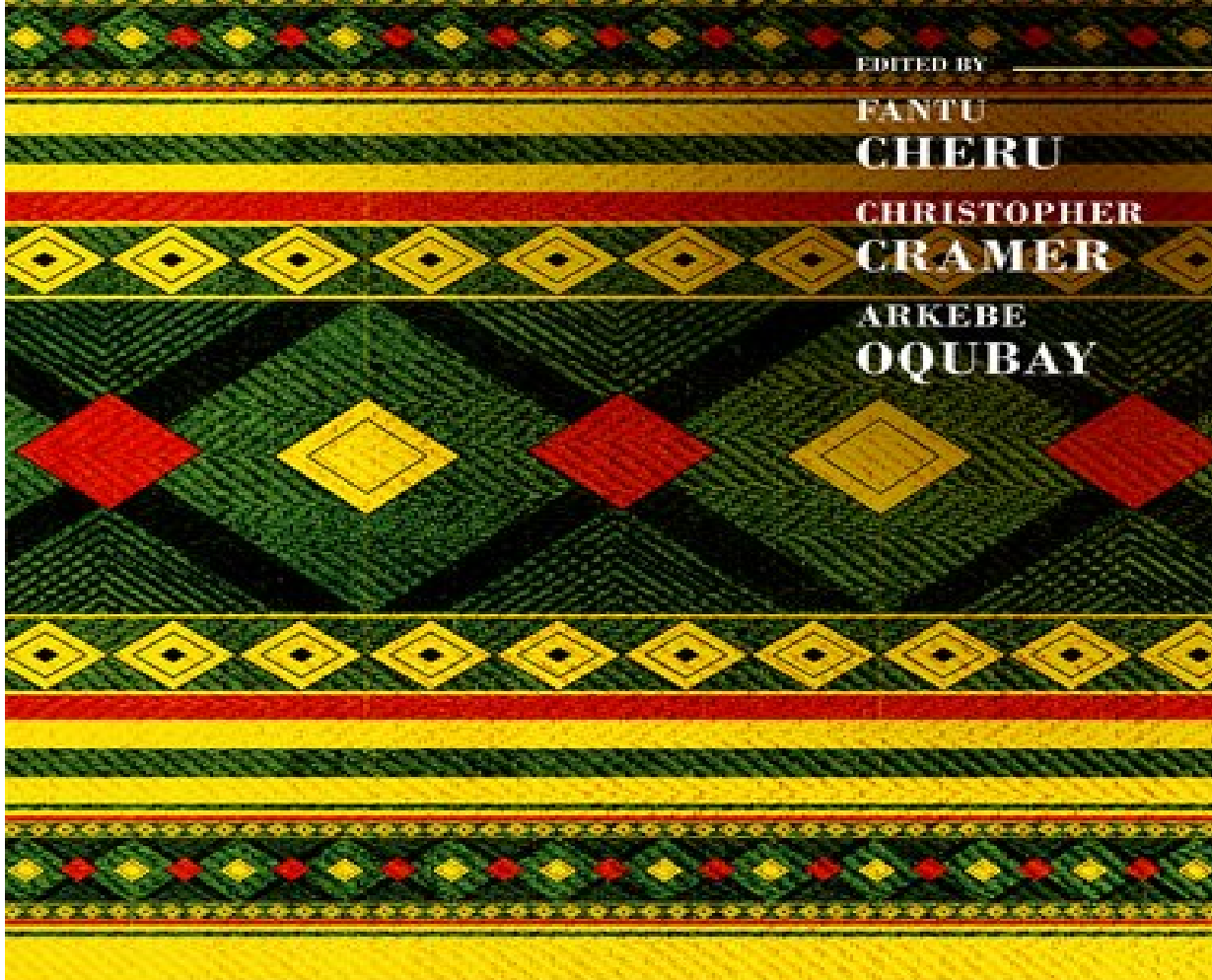
Made in Africa: Strategic lessons

- *Development path*, economic policies, and *activist role* of the state
- *Focus productive capability*: industrialization, investment, linkages
- *Exports*: Strategic role, growth, composition, diversification
- Macro-economic stability, infrastructure, human capital
- *Policy learning*: policy independence, emulation, learning by doing

A tale of two nations: Structure matters!

- *Industry*: Vietnam 39% (4M *manuf.* jobs) Vs Nigeria 20% (services 59%)
- *Exports*: Vietnam 90% of GDP (\$165 Bn) Vs Nigeria 95% oil, revenue 80%
- *Middle-income trap*

G20 Compact with Africa: as a catalyst



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≡ The Oxford Handbook *of*
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