

Ethiopia as an Emerging Economic Power House of Africa.

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In the last Ethiopian (2006 in Gregorian calendar) and before, authoritative international financial and economic institutional are continuously publishing official statements about the economic success stories of Ethiopia. For instance, World Bank has released its official declaration acknowledging that Ethiopia is among few top world economies that register double- digit growth in 2014.

Transparency International, Global Competitiveness Forum etc posted the same positive stories over the low level of corruption incidence and nation's increasing business competitiveness at global level respectively. Prominent world class investment rating agencies of USA and Europe such as Standard and Poor, Moody's and Fitch after undergoing serious studies of the performance of local financial institutions and investment ventures in the country came to the common conclusion and categorized Ethiopia average b+ status. The finding of the agencies proved that investing in Ethiopia is credit worthy and favorable business environment for potential investment.

Similarly, major international cable news, news papers and magazines are unequivocally reporting almost in similar fashion glorifying the sustainable growth record of Ethiopia. Moreover, the changing status of the country in the world stage with its enduring peace and security environment, favorable investment policies, have attracted the attentions of statesmen and business communities around the world especially the developed world. Last year, Ethiopia hosted top American, Japanese, Germany, Russian, Italian, Israeli, Qatari, etc senior political leaders and diplomats accompanied by their respective business communities.

The above positive stories clearly indicate that the historically impressive economic performance that Ethiopia registered since the last decade is not happened as a wind fall. It is the result of hard work, determination and political will to dramatically transform the abject poverty national scenario into a robust and mature economy that every citizens share the fruits of the success in fair and equitable way.

Why Ethiopia Does Captured The Attentions of World Top Companies?

Any reasonable person can ponder a plenty of intelligent guesses for as to why Ethiopia became the place that sought the attentions of top world multinational companies. However, it is possible to forward some key reasons/factors from the findings of the analysis of international institutions and multilateral agencies.

The common factors posit by these organizations are most likely associated with , among others, the catalyst role of the government to bring sustained development, the low level of crime commitment and corruption and the existence of peace and stability in the most volatile part of the world, attractive investment opportunities and polices thereof. Let's look at some of these points in brief.

The Government Catalyst Development Role

Until very recently, extensive development literatures espouse that the role of government as an engine and catalyst of growth and development in the economy is counted as counterproductive exercise that distorts the normal functioning of market forces. Especially international financial institutions including our own traditional western development partners strongly advocate similar minimalist state theories and to the principle of market fundamentalism. However, this minimalist approach is highly challenged by the dramatic industrialization and impressive economic growth witnessed in Asian Tiger countries and the people's republic of China in the last forty or so years alone.

Since, the beginning of the new European millennium, Ethiopia is a case in point that repeated the success stories of East Asian development progress in Africa. The GoE has proved in concrete terms and live example of in bringing sustained growth and development where government play some critical development roles under the ambit of market economic system. In fact, few Nobel laureates already underlined that selective government intervention in the economy is vital until the market forest are effectively provide the necessary deliverables and be able to keep the balance between demand and supply side of the economy is somehow expected to be intact at least theoretically. Besides, in the early take off period, the current dominant market economies experiences show that the respective governments provided a systematic scheme of rent allocation for local industries (for e.g. cottage, ship industries etc) and

government went to protect them with its iron hand from being defeated by external companies. Here, it is important to mention Ha Joon Chang's (2002) comment in his book, "kicking the Ladder: Development Strategy in Historical Perspectives";

...in light of such counter evidence to the orthodox view of capitalism's history, it's fair to ask whether the developed countries are somehow trying to hide the "secrets of their success'.....developed countries did not get where they are now through the policies and the instigating that they recommended to developing countries today. Most of them actively used 'bad' trade and industry policies such as infant industry protection and export subsidies - practices that these days are forwarded upon, if not actively banned, by the WTO.....

In spite of the continued harsh criticisms, direct and indirect pressures by international financial institutions, the GoE has continued to put land under the ownership of state and public. It has also kept holding strategic economic sectors, which sometimes referred to as “commanding heights.” Eventually, however, it has in most cases successfully managed effectively the above mentioned parastatal institutions. As a result of which the relatively huge amount of revenue earned from the operations of the public organizations was/is distributed and reinvested in basic social infrastructure sectors that would substantially improve the individual livelihood and overall national economy. Hence, the effective control and command of public institutions by the government created an enabling condition for the nation to collect substantial amount of revenue to finance public investment which mainly aimed to boost the quality, performance and accessibility of basic social infrastructures.

The government role in Ethiopian context can also be seen from the vantage points of inducing development and growth. In this respect, it has played critical catalyst role of determining the direction and pace of development through adopting consecutive development plans as well as setting realistic national development priorities.

Low level of Crime and Enduring Peace and Stability

Another key success factor for Ethiopian economic growth and development in the last decade is attributed to the existence of low level of crime commitment and the preservation of peace and stability throughout the nation. In Ethiopian context, of course in other developing countries too, poverty and backwardness is/are the core causes for crime, national insecurity, social exclusion and intra and inter community conflicts etc. Conversely, reducing poverty and backwardness are being given as top national priority issues right from the beginning of the coming of the incumbent regime to power. The antithesis of such social evils is nothing but ensuring growth, not mere incremental change but sustained growth and development. Consequently, the realization of successive economic progress in the country in the past consecutive years is bedrock for the increasing national's per-capita income, improvement of life expectancy, betterment of housing, expansion of education, road accessibility and potable water supply. On top of that, the progress is also reflected directly in reducing poverty and backwardness. The economic growth intern motivated most men and women to engage themselves in advanced level of education as an opportunity for lifetime profession and the reminding majority sections turned their face to self employment in micro-enterprises en masse. Currently, a quarter of million students are attending in thirty three universities all over the nation. Eventually, the aggressive public investment in construction and expansion of education sector enabled the majority of nationals in every part of the country who reached school age got ample opportunities to realize their dreams. The higher the number of educated persons, the higher scientific thinking, and the lower rate of disposition to superstition and backward lifestyle will be.

Attractive Investment Policies

World bank's yearly report of "doing business" ranks Ethiopian in many of its indicators top among Sub Sahara Africa (SSA) (World Bank Doing Business, 2014). It ranks the country 127th out of 185 world economies and 10th among its African counterparts after Mauritius, South Africa, Rwanda, Ghana, Seychelles, Namibia, Morocco, Egypt and Kenya. The positive outcome is believed to be the direct consequence of overall national socio-economic and political setting especially favorable investment milieu.

The National Industry Development policy clearly stipulates Investment in agriculture and Agriculture related activities, textile, floriculture, horticulture, food and beverages, garment, leather and shoe manufacturing, food processing, intensive agriculture etc are top investment priority areas of development in the sector. The development sectors are highly regarded and provided due emphasis and preferential treatment by the government for local and foreign potential investors. The lists of special treatments and exemptions are uncountable.

Ethiopia became one of the prominent foreign direct Investment (FDI) destinations in Africa. According to recent United Nations Conference on Trade and Development (UNCTAD) report on ‘world Investment 2013’ Ethiopia is listed among the top-twenty foreign direct investment recipient countries among all Africa and the third in Easter Africa sub-region with an average investment inflow amount between 0.5 to 1.0 billion per year USD (UNCTAD, 2013:39).

Table A. Distribution of FDI flows among economies, by range,* 2012		
Range	Inflows	Outflows
Above \$3.0 billion	Nigeria, Mozambique, South Africa, Democratic Republic of the Congo and Ghana	South Africa
\$2.0 to \$2.9 billion	Morocco, Egypt, Congo, Sudan and Equatorial Guinea	Angola and Libya
\$1.0 to \$1.9 billion	Tunisia, Uganda, United Republic of Tanzania, Algeria, Liberia, Mauritania and Zambia	Nigeria and Liberia
\$0.5 to \$0.9 billion	Ethiopia, Madagascar, Niger, Guinea, Sierra Leone, Gabon and Cameroon	..
\$0.1 to \$0.4 billion	Côte d'Ivoire, Zimbabwe, Mauritius, Namibia, Senegal, Chad, Mali, Botswana, Kenya, Lesotho, Togo, Rwanda, Benin, Malawi, Seychelles, Somalia and Djibouti	Democratic Republic of the Congo, Morocco, Egypt, Cameroon, Zambia and Togo
Below \$0.1 billion	Swaziland, Gambia, Eritrea, Central African Republic, Cape Verde, São Tomé and Príncipe, Burkina Faso, Comoros, Guinea-Bissau, Burundi and Angola	Mauritius, Gabon, Sudan, Malawi, Senegal, Zimbabwe, Côte d'Ivoire, Kenya, Tunisia, Niger, Swaziland, Mali, Mauritania, Seychelles, Guinea, Ghana, Guinea-Bissau, Burkina Faso, São Tomé and Príncipe, Cape Verde, Namibia, Mozambique, Botswana, Lesotho, Algeria and Benin

* Economies are listed according to the magnitude of their FDI flows.

As can be seen from the above table, the top five FDI recipients are Nigeria, Mozambique, South Africa, Democratic Republic of Congo and Ghana. Yet, such huge foreign direct investment in these particular states are in most cases conditioned by dispositions to extract the vast untapped natural resources and lust for raw material exploitations. Another United Nations report

provides explanations for such unique move and behavior of investment trends in SSA (World Investment Report 2013: Global Value Chains: Investment and Trade for Development, 2013:4):

Africa was the only region that saw FDI flows rose in 2012. Flows to North Africa reversed their downward trend, and Egypt saw a rebound in investment from European investors. FDI inflows to sub-Saharan Africa were driven partly by investments in the extractive sector in countries such as the Democratic Republic of the Congo, Mauritania, Mozambique and Uganda.

On contrary, similar report of UN underlines that the increasing inflow of FDI in Ethiopia, inter alia, is primarily, attributed to manufacturing sectors that is resulted from the sustained economic growth and emerging manufacturing sector (UNCTAD, 2013:42).

There is a rising number of success stories of manufacturing FDI in Africa that are not directly related to extractive industries, including in the automotive sector in South Africa, the leather industry in Ethiopia, the garment business in Lesotho and pharmaceuticals across East Africa.

Thus, the investment flow in Ethiopia is by and large associated to attentions given by the government to redirect potential investors to growth-oriented development sectors as opposed to many developing countries.

Host of International Conferences

AS headquarter of African union, African Economic Commission as well as other regional and international organizations, Ethiopia is hosting many high-class and esteemed international conferences. In the last two years alone, it hosted annual international AIDS conference, US-Africa Energy conference, and recently it has successfully organized FAO summit. The country will also host post-MDG summit, Africa Climate resilient infrastructure summit in the coming months, etc. The international community and most of the developed and developing nations already developed trust over Ethiopia and acknowledged its current

impressive economic progress. Their preference and attendance to the country is a show case that the strength of the state in handling such international events without any serious type of security and logistics problems.

Conclusion

Ethiopia is entered in to a new chapter of progress in all aspects of development indicators and became one of the African economic power houses since last decade. It managed to accelerate its impressive sustained double-digit economic growth in a steady upward direction. The achievement is not a mere wind fall as some optimist economists' presumptions that contemporary global scenario is conducive in itself for development with little or no efforts. Yet, the process to lift the nation out of extreme poverty and backwardness is a back-breaking exercise that will never be realized without clear national vision, effective material and human resource mobilization on the same national development agenda. It also requires mission-specific development-oriented leadership that tirelessly works to realize the vision and virtually divorced itself from patron-client relations and rent-seeking behaviors.