AN INVESTMENT IN ETHIOPIA’S FUTURE

Ezana Sehay  Feb., 13, 2014

It goes without saying Members of the Ethiopian defence forces are the embodiment of Ethiopians’ valor and determination. Consequently, the weeklong celebratory tribute – the national defence week – is a perfect accolade to this revered institution.

The defence forces week is when the people pay homage to those who sacrificed their lives so that the rest of us could live in peace. It is also when the public show gratitude, acknowledge and build rapport with the members of the armed forces. But that’s not all; it is also a time when the defence department showcases its achievements, projects and potentials.

In 2010, right on cue, the government created a conglomerate defence industry called; Metal and Engineering Corporation (MetEC), entirely run by the defence department. What this industry has achieved in its epoch is simply astounding. It has become transformative and demonstrated how national security and economic development are inextricably linked.

We know defence and security industry offer unique benefits, which is why many countries cultivate such industries. But this prodigy’s (Ethiopian defence sector) success at this infant stage is par excellence. It has already made a significant contribution to the country’s economy in terms of fostering innovation, jobs and domestic industrial capability.

In no more than two years, the Ethiopian defence industry’s scale is quite impressive; it has developed into a 100 billion birr economic powerhouse. Firms amalgamated with this industry account for over 20 billion birr revenue spread among them and the sector has generated some 20,000 direct jobs, most of which are high skill and high wage in nature.

Having home grown defence and security industry is viewed as a basic feature of national security and sovereignty by most developed and some developing countries. Similarly, as demonstrated by MetEC, such industries comprise highly innovative firms that produce technologies and services which offer potential commercial application – or economic spill over – far beyond the defence realm.

In addition unlike the other industrial sectors, the Ethiopian defence sector is not regionally concentrated – it is truly a Pan-Ethiopian, with significant presence in most regions of the nation. It is also highly diverse industry encompassing: aerospace technology (drone manufacturing), upgrading combat air craft, helicopters, weapons, tanks and armored vehicles, assembling and production of small arms, tractors and
buses, power supply equipments for the major hydro, wind and geothermal projects, in-service supply and professional services et al.

By the way the aforementioned and more were exhibited to the public during the occasion. All week long, Exhibition sites looked tabernacles - were teeming with the viewing public. As reported on live TV, people who have been to the exhibition were shown pulsate with pride and vigor by what they witnessed.

As you can see MetEC is unique relative to just about any other industry in the country. Firms who are coalescence in this conglomerate operate in every major economic undertaking where the government favors domestic suppliers for a variety of legitimate national security and economic development reasons. Consequently the government is the principal customer to services and products of these firms.

There are welcome signs; the Ethiopian government is embarked on a historic recapitalization of the Ethiopian armed forces – investment in equipment, infrastructure and spare parts maintenance. This is huge and unique opportunity for the country’s defence industry to grow, innovate, and create high skill employment for the growing number of university graduates.

However as the latest report indicate amid all the successes MetEC seems to be facing headwind. Apparently sales man ship seems to be the Achilles heels of the defence industry. This is actually the government’s responsibility. It is going to take some time for the young industry to develop its networking potential but the government already has that capability and it should lend a hand procede. Furthermore, if the defence industry is to grow it has to look for opportunities beyond domestic markets, esp. African. This can only be achieved if our diplomats act as sales reps.

The government should recognize what this opportunity can mean for the country, and should commit to developing new approaches to defence procurement that leverage greater economic benefit for the country, while ensuring our armed forces get the equipment they need to fulfill their obligation.

Information is critical to the design of such dynamic procurement policy. By pooling the information about the industry’s investment in people, capital, R&D and sales, the defence firms should get policy makers to pay more attention to the industry. The purpose is not only to maximize the foot print of the industry in the Ethiopian economy and the ensuring of jobs, but also strengthen and the firms to be players beyond our borders.

In the grand scheme of things notwithstanding the above mentioned minor setbacks; the expansion of the defence industry is an extremely important and positive development as that will no doubt expedite the government’s modernization plan.
From public policy perspective, having a healthy, reliable and efficient defence industry is an important policy goal. And the government deserves commendation for this masterstroke initiative.

Happy defence forces week!