



# Ethiopia P3 Market Snapshot

Ethiopia's economy is booming. The country has registered 10.3% economic growth from 2006/07 – 2016/17, becoming one of the fastest growing economies in the world. This growth was driven by intensive government investment in infrastructure, as well as sustained progress in the agricultural and service sectors. However, real gross domestic product (GDP) growth decelerated to 7.7% in 2017/2018.

The state is heavily engaged in the economy, with ongoing mega infrastructure projects in rail, roads, renewable energy, ports and industrial parks. Until recently, key sectors such as the telecommunications, financial and aviation sectors, remained under state control. However, in a major policy shift in 2018, the government announced to open up the economy to the domestic and foreign private sector to get a slice of the booming economy.

Ethiopia's foreign exchange earnings are led by the services sector – primarily the state-run Ethiopian Airlines – followed by exports of several commodities. While coffee remains the largest foreign exchange earner, Ethiopia is diversifying its exports, and commodities such as gold, sesame, livestock and horticulture products are becoming increasingly important. Manufacturing represented less than 8% of total exports in 2016, but manufacturing exports should increase in future years due to a growing international presence.

## P3 Environment

In 2018, Ethiopia enacted a new Public-Private Partnership law. The move indicates the government's commitment towards encouraging private sector development and greater collaboration between private and public institutions. As part of this, a new Public-Private Partnership Unit has been instituted within the Ethiopian Ministry of Finance, overseen by the direction and approval of the PPP Board.

The law sets out the new PPP legislative framework with a view to promoting and implementing privately financed infrastructure projects by enhancing transparency, fairness, and value for money. Under the Ethiopian PPP law, projects may be for either new or existing facilities and include design, financing, construction, rehabilitation, expansion, modernization, operation, maintenance, administration and/or management. The current PPP law scope excludes mining, airspace rights, privatization or divestiture of public infrastructure of public enterprises.

Since the ratification of the law, 17 major infrastructure projects were announced by the PPP board, worth 6.5 billion USD. Announced projects focus on road, hydro and solar projects. These projects have been carefully chosen by the government as a trial for the first few years, and are anticipated to enhance the Ethiopian government's capacity in terms of handling PPP projects.



## Ongoing and Pipeline Projects

From the 17 announced projects, so far, eight Solar PV projects of 800MW with an estimated cost of \$800 million USD were opened to the international private sector community in June/July 2019. In the first round, 250MW was awarded to a Saudi Arabian company to develop the project at a cost of \$300 million, with a negotiated Power Purchase Agreement (PPA) of 2.5260 US cents/kwh.

Upcoming pipeline projects expected to be open for tender in November 2019 include:

Expressway road projects

- 125km - \$440 million
- 72km - \$230 million
- 160km - 4445 million

Hydropower

- 469MW - \$793 million
- 100MW - \$387 million
- 280MM - \$729 million
- 424MW - \$1.2 billion
- 798MW - \$984 million

Another potential PPP pipeline project currently undergoing its feasibility study, at a cost of 3.2 billion USD, is Ethio-Sudan railway line.

## Expected Challenges

- Increased complexity with longer procurement timetables
- Lack of coordination efficiency with many stakeholders
- Public sector institutional capacity to implement and monitor

For Canadian companies looking to penetrate Ethiopia's P3 market, creating consortiums to reduce market-attributed risks and showcase knowledge-transfer intentions is highly encouraged. Further, the MOU signed between Ethiopia and Canada in June, 2019 to collaborate on P3 infrastructure projects, which indicates Ethiopia's recognition of Canada's clear track record in implementing quality P3 projects, is expected to attract Canadian companies to Ethiopia's P3 market system.

*Ethiopia is committed to improving its infrastructure in various areas and is open to seeing more Canadian companies developing these projects. The decision is yours!*

For additional information please contact:

[Louis.Lacasse@international.gc.ca](mailto:Louis.Lacasse@international.gc.ca)

TCS / SDC

The Canadian Trade  
Commissioner Service /  
Le Service des délégués  
commerciaux du Canada



**Get the TCS advantage**

We are located in over  
160 cities worldwide.

[tradecommissioner.gc.ca](http://tradecommissioner.gc.ca)

**Tirez parti du SDC**

Nous sommes situés dans plus  
de 160 villes à travers le monde.

[deleguescommerciaux.gc.ca](http://deleguescommerciaux.gc.ca)