



# ARKEBE OQUBAY

Senior Minister and Special Advisor to the Prime Minister of Ethiopia

## Thierry de Montbrial

I was about to say that we are all Senegalese now. Are we also all Ethiopians, Arkebe? I would also like to say that you are the author, or the editor, of a number of very important books, not only on Ethiopia but also on economic development in a large sense. The floor is yours.

## Arkebe Oqubay

Thank you Thierry. Firstly, I have to thank you and to express my appreciation for the great work that contributes to creating a new way of understanding global issues. I am referring to the contribution of IFRI and the World Policy Conference, which I have found to be quite important, so thank you for this. It is now considered one of the leading think tanks, although we know that most of the leading think tanks are in the US. This has been ranked as one of the leading think tanks globally, and I am really happy about this. I also congratulate my sister Aminata, maybe one of the few female prime ministers, for the great job our Senegalese colleagues are doing.

Let me start with the point Thierry raised. Are we all Ethiopians? This was a question, and the answer is yes. I have a good reason – human origins come from Lucy, and Lucy was found in Ethiopia, human remains 3.5 million years old, so your origins are from Lucy in Ethiopia. Ethiopia is also known for being one of the first countries to accept Judaism; that is why there are Ethiopian Jews, and this goes far back before Christianity in Ethiopia. Ethiopia is also one of the oldest Muslim countries – the first mosque was built in the seventh century, and followers of Prophet Mohammed, when they were not welcomed in Saudi, the Ethiopian king at that time welcomed them and gave them land – he was a Christian king – and Holy Prophet Mohammed said that no Muslim should ever declare war on Ethiopia. This makes it the oldest Muslim country. However, it is also one of the oldest Christian countries. Christianity has a long history there.

Therefore, we are a very diverse society in terms of religion, people tolerate each other, and in some places Muslims and Christians also marry each other. We are a tolerant diverse society.

Coming back to the prestigious award our Prime Minister has received, I would like to say a few words about this issue. One of the main reasons that our Prime Minister was awarded the Nobel Peace Prize was that he took a very bold initiative to end a 20-year war between Ethiopia and Eritrea, which may not have been politically popular. Without major intermediaries, the two leaders met and agreed to make peace, our Prime Minister taking the first initiative. Now Ethiopia and Eritrea are at peace, and we also appreciate all our friends who facilitated this great peace, including the Kingdom of Saudi Arabia, the UAE and the leaders of other states.

One of our Prime Minister's first initiatives was to travel to Cairo and appeal directly to the Egyptian people that Ethiopia was committed to peace with Egypt, and that the Grand Renaissance Dam is to be built with common interests in mind. He made it clear that we need to work closely together. Therefore, peace has been a major focus of our Prime Minister in the region.

The second reform our Prime Minister focused on was governance. One of the changes in our political system has been the increased involvement of women, and now our President is a woman, along with the Supreme Judge, Judge Meaza, along with 50% of cabinet members. The Speaker of the House is also female. Women are good for leading a country, and of course, looking at Germany, Ms. Merkel was the first woman to be in the position of Chancellor for a long time. This has been a major intervention in the governance area, along with additional economic reforms.



However, the key point is why the name of Ethiopia is invoked on many platforms, and there is one important reason. Since 1991, Ethiopia has been able to initiate very fast economic growth. The country has a big population, and between 1975 and 1991, during the military regime, the economy was stagnant and the country was in a bloody war. A new constitution was adopted in the 1990s, along with a multi-party system, and the country focused on recovery. It is now considered by the IMF and the World Bank to be the fastest growing economy, because it has been growing at a consistent 10.5% for 15 years, which is twice Africa's average growth rate of 5% to 5.5%, and this has been a key point of recognition for Ethiopia.

Ethiopia does not have petroleum, diamonds or other large resources, and its entire growth was achieved by the hard-working people of Ethiopia and its focus on attracting investment. Regarding social indicators, or improvements in the livelihood of the people, there have been some significant, although not sufficient, achievements. A key indicator, not mentioning education, health, food security, etc., is average life expectancy – if people are able to live longer, it means there are relative improvements in health services, food security, education, etc. Looking at key progress in this respect, in 1991 average life expectancy was 44, and Africa's was 50, so Ethiopia was 10 years behind. Average life expectancy in 2016 has reached 66, which is a 21-year increment in average life expectancy, and compared with Africa's average in 2016, which was 60, this is twice the average. This is an important indicator, because growth has to benefit the whole society.

However, the country has also focused on long-term investment. One key area has been education, but not limited to primary schools. Close to 30 million of our population are studying in primary schools. We have a big population; it is the second most populous country in Africa, with 100 million, and every year the population grows by two million. I always say, in order to give an indication of its significance, that the population grows by twice the size of Mauritius every year, so here education becomes quite critical.

The most important educational reform Ethiopia conducted was the transformation of the university system and the introduction of technical schools, and in transforming the universities and technical schools, we looked at alternative systems and found that the German system is more appropriate to us, especially the apprenticeship system of technical schools. We have undertaken a reform for the last 15 years to transform this system, and currently the number of technical schools has increased from only three in 1991 to 1 300, which can train a million technicians every single year.

The second major expansion and transformation has been in the university system. We only had three universities, and the entry capacity was only 5 000. This has increased with the reform to 50 public universities in addition to hundreds of private colleges and universities, and also the number of students in public universities has reached half a million. Every year we have 100 000 university graduates from public universities.

However, more importantly, regarding the major change, university education had focused on the social sciences and humanities. While these are important, for rapid economic transformation, engineering is essential and technology is critical. Therefore, the major shift has been from 85% social sciences and humanities courses to 70% natural sciences, technology and engineering, and of this 70%, 40% have to be in engineering. We have basically achieved this level, and have had to train thousands of lecturers to PhD level, the Government spending a lot of money on this. We brought in 500 Germans, and as you know the Germans specialists are expensive; all their salaries were paid by Ethiopian Treasury, as we wanted their technical skills.

Therefore, education and human capital have been a prime focus. The second prime focus has been infrastructure. You cannot sustain rapid economic growth without infrastructure. However, infrastructure is not a quick fix. For instance, building hydro power has a long decision period, and you need a minimum of 10 years from inception to completion, so you have to think long-term. Ethiopia focused on infrastructure, building energy, expanding highways, expanding rural roads, and now, building electric-powered railway systems. Our Government has been spending close to 50% of its federal budget on the expansion of infrastructure. This has helped us to attract and support more investment: in the last six to seven years, FDI inflow has been increasing. Ethiopia was one of the major FDI destinations in Africa in 2017, an increment of 50% that year. Between 2012 and 2017, FDI has increased fourfold, and the key aspect is that 89% of all FDI inflow to Ethiopia has been in manufacturing.



I would like to note on this occasion a misperception that it is only the Chinese who are investing in Ethiopia. That is not the case. Looking at infrastructure, one of the major projects is being built by a Turkish railway company, and it has been financed by Credit Suisse and a consortium of many banks from Europe. The European Investment Bank has been financing important infrastructure projects. Regarding the investment side, it is mainly Europeans who have dominated in some specific sectors. Floriculture is a very dynamic sector for export, and it has been dominated entirely by Europeans, with not even a single Chinese company. The major investors in food and beverage are Europeans. The brewing industry is growing rapidly, at a rate of 25% every single year, and we find groups such as Diageo from UK, Castelli from France, Bavaria and Keineken from Netherlands and other companies from Germany.

Therefore, I would like to highlight that the Government is continuously improving the business climate, and when you invest in Ethiopia you can also find the right type of skills, from university graduates to technicians. One of the good things is that, although French is not widely spoken, English is, which makes know-how transfer easy.

These are the few points I would like to highlight. I would also like to add, as it is important, that the European and African partnership is important, and here a good initiative by G20, and also many European countries, is the G20 compact with Africa. Ethiopia is one of the few countries selected to be part of this process, and if I am not mistaken Senegal is also part of this priority list. This is an opening that will encourage a broader partnership between our continent and Europe. I was at one of the ports of Morocco, which is just 15 km away from Europe, so these two continents are basically like one big region, and it is very important to think of the potential of these continents.

The population of Africa is 1.2 billion; by 2050 it will increase to 2.5 billion. Close to 25% of the world population will be living in Africa. A total of 4.5 billion will be living in Africa by 2100, or within 80 years, which will be more than 35%. This is a challenge for job creation, because currently Africa needs to create 20 million jobs every year, at a minimum, but this is also a huge opportunity. This is a demand, this is a market, this is a new economic opportunity, and this is also a source for productive investment. Production facilities could be established in Africa, and this could also contribute to the competitiveness of foreign companies.

### **Thierry de Montbrial**

Thank you very much, Arkebe. This was also a fascinating presentation, and we heard about two highly successful case studies, illustrating, like Rwanda, that Africa has a huge potential for development. I gave speakers extra time. Therefore, it will not be possible to have a discussion now. I want to thank you, Aminata and Arkebe; we learned a lot.