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# Industry and Industrialization in Ethiopia: Policy Dynamics and Spatial Distributions

Kindeye Fenta*

College of Development Studies, Addis Ababa University, PO box 1176, Addis Ababa, Ethiopia

**Abstract**
This study explored the formulation and implementation of industrial policy under the successive regimes of Ethiopia and the sectors inter-regional and intra-regional distribution. To this end, a mixed research approach is pursued in the analysis of the primary and secondary data. The study revealed that, industrial policy formulation in Ethiopia has undergone several changes across the regimes. The industrial policy menu and practice at one time or another consisted of market-oriented development (under the Imperial era and EPRDF regime), public oriented (under Dergue), foreign dominating industrialization (under Imperial Regime), domestic ownership (Under EPRDF), and import Substitution Vs export promotion (under all regimes). The study indicated that industrial policy formulation and execution in Ethiopia is pragmatic that is not obsessed with a particular development ideology. At national level, under the incumbent regime, the output and the number of establishments increased rapidly though below the expectation of the government. The large and medium manufacturing industries are not equally distributed across regions. The ''developed regions'' achieved an increasing share of industrial development while the ''peripheral regions'' lagged behind. Notwithstanding its dominance in major industrial establishments, the share of Addis Ababa City Administrations is decreasing over years though still serve as industrial hub of the country. There is significant disparities among and within regions in the number of people engaged in the sector, wages and salaries paid to workers, the fixed assets possessed by the sector and, the sector`s contribution to national income account and capital expenditure. This difference is primarily driven by difference in the productivity of the private sector in each region. Constraints related to accesses to land and finance and competition from informal sector affect each region to a different degree. There are striking differences among urban areas of the same regions. Cities that are the seat of the regional governments and their surrounding environs serve as centres of industrialization for their own respective region.
**Key words:** Industry, Industrial policy, region, spatial distribution

## 1. Introduction

Industrialization is the engine for socio-economic transformation of countries. It is favoured for creating employment opportunity, bringing competitive advantage, and generating dynamism in the economy. A glance at the successes of the developed world revealed that industrialization significantly increased production and productivity and hence it has successfully altered the economic structure as well as the social composition of the population. Industrialization and industrial development also signifies the political power of countries and their relative influence across the globe (Sonobe and Otsuka, 2011).

Like all other countries, Ethiopia has been striving to transform the structure of its economy since the end of the 19th century. Modern manufacturing factories were emerged in the country in the 1920s (as of 1927 about 25 were set up mostly by foreigners) though a conscious effort towards developing a modern industrial sector did not start till the 1950s. And the sector got momentum since then during which a comprehensive plan to promote industrialization and economic development was commenced (Mulu, 2013).

Since then, the successive governments of the country pursue their own respective industrial policy. The three consecutive five years development plans of the Imperial regime(1930-1974) were formulated that the development of the industrial sector and policies and strategies pertinent to materialize it were formulated. The Dergue Regime(1974-1991) and its claimed socialism led to planned means of production, production targets and allocate resources based on the deliberate decision of the authorities. Production of large scale goods was almost entirely state owned. As a result, there was little room for private sector development. Later on, the Ten-Year Perspective Plan of the same regime (1984/85-1993/94) sought to promote the production of intermediate and capital goods, and expansion of small-scale industries (Sarah and Mesfin, 2011). The incumbent regime, EPRDF, adopted Agricultural Development Led-industrialization (ADLI) as a guiding economic principle which allows and promotes the participation of the private sector in most sectors of the economy. The first decade

(1991-99) was marked by various reforms reversing the command economy of the preceding regime. The three phases of IMF/WB sponsored reform programs and the 1998 Export Promotion Strategy were the major policy measures in this regard. Policy reform and adjustment continued of which a full-fledged Industrial Development Strategy (IDS) was formulated in 2002/03(Kenichi, 2009).

Thus, the central tenets of this paper is to assess the industrial policies pursued under the different regimes and the pattern of spatial distribution of large and medium scale manufacturing industries across time. Specifically, it will attempt to identify the major tenets of the industrial policy of the successive regime of Ethiopia; to show the regional distribution of manufacturing industries and factors accounted for it and to explain the intra-regional concentration of industries. For this end, primary data from the Central Statistical Authority on large and medium scale establishments will be compiled and analysed systematically. Furthermore, secondary sources such as books, articles, government reports and scientific journals will be consulted.

In this paper, Large and Medium Scale Manufacturing is confined to those establishments which engage ten persons and above and use power-driven machinery and covers both public and private industries in all regions of the country. This approach is confined to the survey of the Central Statistical Authority for these industries. However, this is not an attempt to deny the role of micro and small enterprises that have a huge contribution interms of number of establishments and employment opportunities. For instance, Mulu(2013) indicated that in 2007/08 the micro and small enterprises account more than 97 % of the total manufacturing establishments and 54.9 % of the total manufacturing employments. However, the same author posited that the value added by these firms is below 13% in that more than 87% of the value added by firms drive from medium and large firms. In terms of time much attention is paid for industries under the incumbent regime.

## 2. The Historical Context on Industrial Policy of Ethiopia

Looking at the industrial policy trajectories and practices of Ethiopia demonstrate that the successive governments have a strong commitment to achieve their own version of industrialization as a tool of altering the structure of the economy. They all believed that a sustained economic development can be realized through industry despite their differences in how and when to realize it. The following argument of Altenburg (2010) on industrialization and industrial policy in low income countries seems to hold true for Ethiopia as well:

> *Industrial policy is a contested issue, especially for low-income countries. On one hand, it is widely accepted that these countries need proactive policies to master the transition from low-productivity resourced-based societies with large informal sectors to more productive, knowledge-based and formalised patterns of productive organisation. On the other hand, deliberate interventions aimed to channel resources into preferential activities may well end up reducing allocative efficiency and creating perverse incentives for investors and bureaucrats alike. This is especially true for low-income countries, where political checks and balances tend to be weak.*

The debate over the role of the state vis-a-vis the market; the industrial policy orientation; ownership structure and incentives as well as its allocation continued in the industrial policy formulation menu of Ethiopia. At times the governments became the major industrial actor and at times priority is given for the market mechanism to bring efficiency and effectiveness in their endeavour. Some of the regimes pursued import substitution industrialization while other regimes attempted to combine import substitution with export promotion. Some of the regimes pursued selected industrialization as they tried to exploit the claimed comparative advantage of the country in certain areas.

Specifically, systematic and comprehensive policy framework aimed at charting the sector`s trajectory was introduced in the successive five years plans of Hailesellasie I regime. Mulatu (1994) posited that both the first(1957-1962) and second(1963-1967) five year plans pursued by the regime identified manufacturing as the key sector for transforming the structure of the economy and for achieving a rapid and sustained growth. He further argued that;

> *Investment allocation for manufacturing increased from 10.7 percent of the total investment in the first five year plan to 18.0 percent in the third five year plan. By the end of the third five year plan in 1974 the share of the large manufacturing had more than doubled to5.4 percent of the GDP compared to the 1960-1961 figures of 2.4.*

The five year development plans adopted import substitution industrialization as a major strategy in promoting industrial development. The policies provide a package of explicit and implicit subsidies in the

form of high tariffs on imported goods, tax exemption, import and export duty relief and other similar privileges (Eshetu, 2004).

The 1974 Ethiopian revolution has not only changed the political landscape of the country but also the economic policy orientation of the country. The revolution has profoundly affected the manufacturing industries. The private sector was excluded from the economy and the government had emerged as a dominant economic actor. For example, Mulatu (1994) indicated that by the end of 1976 the government nationalized about 100 major manufacturing establishments and this figure was immense at that time. Up to the takeover of the military government in Ethiopia, 273 medium and large-scale industrial enterprises had been established among which 65% were wholly or partially owned by foreigners (Eshetu, 2004). The government gave special treatment for state owned enterprises and protect them from foreign competition through providing finance and putting quota and tariff barriers (Sarah and Mesfin, 2011; Mulatu, 1994). At the verge of its collapse the military government retreated from its stubborn socialist commitment in that the private sector was allowed to participate in the economy. Mulatu(1991) as cited in Sarah and Mesfin(2011) clearly indicated that;

> *'President Mengistu's March 1990 speech to the Central Committee of the WPE[Workers' Party of Ethiopia] was a turning point in Ethiopia's recent economic history. Acknowledging that socialism had failed, Mengistu proposed implementing a mixed economy. Under the new system, the private sector would be able to participate in all parts of the economy with no limit on capital investment (Ethiopia had a US$250,000 ceiling on private investment).' (Mulatu Wubneh, 1991)*

After the EPRDF seized power, it restructured the economic policy framework. The restructuring process entails, among others, the promotion of the private sector, the adoption of market mechanism of resource allocation commitment to attract foreign investment (Mulu, 2013). In the same vein, the industrial development strategy and practice of the administration is summed as a market oriented; private driven but with a strong state; dominance of domestic private owned enterprises; export oriented and labor intensive industries; direct support for selected industries through capacity building, provision of economic incentives and preferential credit scheme(ibid.)

Despite all these developments and structural changes, industrialization was relegated to a secondary status as Agriculture Development Led-Industrialization (ADLI) strategy sets out agriculture as a primary stimulus to generate increased output, employment, and income for the people, and as the springboard for the development of the other sector of the economy. The assumption was that in ADLI, industrialization and, along with it, urbanization considered as a derivative process that naturally comes with the rapid development of the agriculture sector.

The industrial policy framework concretized through various strategies and by the successive development plans such as SDPRP(2002/03-2004/05), PASDEP (2005/06-2009/10) and the current Growth and Transformation Plan (GTP) (2010/11-15/16) (Mulu, 2013; Altenburg, 2010). However, it is fair to say that, these development plans never give due attention for the industrial sector unlike the agricultural sector, at least the first two of them. For instance, PASDEP aimed to significantly accelerate growth via the commercialization of agricultural and the promotion of private sector development (MoFED, 2006).

### 3. Current Performance of Industries

As indicated earlier, at the consecutive plans of the imperial regime, there were considerable developments of the industrial sector. Alemayehu and Befkadu,(2005) stated that in 1974, which marked the fall of the Imperial regime, the share of the industry sector in GDP of the country was 15.2% while it declined to 13.6% between 1985-1989 a period concided with the verge of the collapse of the military era. Thus, the argument of Mullu(2013) is sound as he vividly stated that the nationalization of industries under the Military regime adversely affected the growth of industries. The manufacturing sector shrunk and the private sector virtually reduced into micro & small manufacturing activity.

And the share of agriculture further declined to 10.4% in the year 1990-1994, the era coincided with the Transitional Government of Ethiopia. While after 1995, the industry began to again emerge even though the

economic philosophy of the government prioritized agriculture over industry. Favourable performance of the manufacturing industry during the reform period could be attributed to the revival of capacity utilization, following prevalence of peace and stability, abolition of monopolistic and discriminatory practices, public sector reform programs and generally the creation of a relatively favourable environment, which facilitated availability of foreign exchange skilled man power and other resource inputs.

The Eighth High Level Forum of the Ethiopian-Japan Industry Policy Dialogue (2011) stated that industrial performance was less than expected in the PASDEP period, a five year overall development plan of the country from 2005/06 to 2009/10. In this period real GDP grew at an impressive rate of 11.0% per annum on average against the base case target of 7.0% and the high case target of 10.0%. This was the result of overachievement of the agricultural (8.4% against base case target of 6.0% and high case target of 6.4%) and services sector (14.6% against base case target of 7.0% and high case target of 10.0%). In the same vein, Ministry of Finance and Economic Development of Ethiopia(2013) demonstrated that compared to the 2010/11 performance of 15 percent and the 2011/12 target of 17.9 percent, the growth rate of the industrial sector in 2011/12 showed short falls of 1.4 and 4.3 percentage points respectively. The share of industry in GDP remained stable at 13% though the target was 16.5%. In fact manufacturing has stagnated at about 5% of GDP over the last 20 years. The manufacturing industry is largely limited to simple agro-processing activities (sugar, grain milling, edible oil production, leather tanning) and production of basic consumer goods (beer, footwear, textiles and garment). Industries that might help accumulate technological capabilities and create dynamic inter-industry linkages – such as chemical, electrical and electronics, metal-processing and other engineering industries – are almost non-existent (Altenburg, 2010). Of course, under the Growth and Transformation Plan (GTP), the one that succeed PASDEP, attention is given for the establishment of some industries. One of the strategic pillars of the GTP is creating conditions for the industry to play a key role in the economy. Establishments like pharmaceuticals and chemical industries, ceramic industries, cement industries, metal and Engineering Industries are inaugurated, alas the performances of some of the industries are dismal. Overall, the technological level of firms is very low, even by regional standards; e.g. only 4% of firms use technology licensed from foreign companies, and likewise only 4% have ISO certification (compared to 12% in both cases in Sub-Saharan Africa) (World Bank / IFC, 2006).

The Ethiopian Economic Association (2008) argued that the Ethiopian manufacturing industries are mired with complex problems of which industries operate with crude technology; they engaged in processing primary commodities and employing a few hundred thousand unskilled labour. Similarly, the critical constraints related to logistics and transport, access to land, as well as poor public services delivery and facilitation (MoFED, 2013) hinder industries to be effective and competent.

The relative gloomy performance of the sector at the country does not hide variations in the spatial distribution and the subsequent performance of industries across regions. In fact, the next section tries to look at the unequal distribution of industries and their respective performance under the incumbent regime, EPRDF.

## 4. Spatial Distribution of Manufacturing Industries in Ethiopia

Where to locate industries is a contested issue both in the academic and policy circles. Questions such as: how did governments take industrial spatial distribution in their respective policy frameworks and practices; did they formulate policies based on the principle of comparative advantage or else other parameters; did policy makers believe in even industrial development of all administrative units; what are the rationale behind industrial policy formulations and executions are entrenched in the *modus operandi* of every administration.

The dominant ideas and practices in most third world countries, including Ethiopia, is that their industrial establishments should be allocated in a way that they become more efficient and effective. Badri(2007) posited that the general critical factors of industrial location are transportation, labour access and cost, raw materials, markets, industrial sites, utilities, government attitude, tax structure, climate, and community. Thus, scarcity of capital resources compelled states and industrialists to make a wise decision that requires, either implicitly or explicitly, industrial establishments to be carried out taking efficiency and effectiveness into account. Thus, in most cases, industries are concentrated in selected areas rather than allocating it evenly across administrative units.

Looking at the industrial policy trajectories of Ethiopia demonstrates that the driving forces that underpin the location of industries are dictated by the doctrine of efficiency though the incumbent regime claim that maintain inter regional industrial equity is also its priority. The industries already established in the country have been

concentrated in and around Addis Ababa (Eshetu, 2004; Mulatu, 1994). The industrial policy menu of the country seems to give little attention to the uneven distribution of manufacturing industries in the country notwithstanding the existence of sparing laws and provisions that stipulate the need for balanced industrial development.

For instance, under the imperial era the major industrial players were foreigners and they want to operate in areas where they had large consumers, labour force, low transport cost. The government was in favour of supporting them in its full potential regardless of where to put industries. In short, they undertook industrial activity to maximize their profit margin in every possible means. Large foreign investors, including the Dutch sugar giant HVA, and the British automotive firm Mitchell Cotts, were lured in with tax incentives, import export privileges and finance. Mixed origin communities particularly Ethio-Italian, Ethio-Greek, and Ethio-Armenian) also played important roles in the economy (Sarah and Mesfin, 2011).

The industrial policy of the Dergue was not concerned with the spatial distribution of industrial establishments. Partially, the very economic philosophy pursued by the Dergue accounted for this development. Under the rhetoric of socialism, the regime aim to bring social justice through redistribution of properties from the ‘‘haves’’ to the ‘’have not’s’’ and hence neglected regional disparities .In other ways governments operating under the tutelage of socialism gave secondary attention to regional disparity. Thus, the crux of the socialist philosophy was analysing every economic phenomenon in class terms.

The current regime firmly argued that it is committed to bring industrial development in the ‘peripheral’ regions of the country. The argument of Tegegne(2000) make sense at this juncture where he posited that the regional development objectives of the current government include the reduction of regional inequality through the provision of financial and technical support to less developed regions and the enhancement of regional capacity. Despite these efforts of the government in minimizing disparities that inter regional industrial gap continued unabated and still the manufacturing industries concentrate in few areas. The next section aims at demonstrating regional variations in their industrialization effort**.**

### 4.1 Differences in the Growth of Industrial Establishments

There are considerable variations in industrial developments across administrative units of the country. Tegegne (2000) posited that in the absence of a colonial power, internal historical factors and policies have given rise to the emergence of unbalanced regional development characterised by a primate city, uneven distribution of services, infrastructure and facilities and languishing rural regions kept out of the mainstream processes of modernisation in Ethiopia.

The following table clearly demonstrates that the aggregate number of manufacturing industries in the country are steadily growing though the pace of industrialization quite vary across administrative units of the country. From 1996/7 to 2009/10, a threefold increase in industrial establishments was witnessed in the country.

| year | | Tigray | Amhara | Afar | Oromia | Somalia | Beni-shangul | SNNP | Gambela | Harar | A.A* | D.D** | **Total** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1996/7 | No. | 21 | 44 | 3 | 101 | 1 | 0 | 57 | 3 | 6 | 484 | 21 | **741** |
| | % | 2.83 | 5.94 | 0.4 | 13.63 | 0.13 | 0 | 7.69 | 0.4 | 0.81 | 65.32 | 2.83 | **100** |
| 1997/8 | No. | 28 | 43 | 2 | 94 | 1 | 0 | 55 | 1 | 7 | 510 | 21 | **762** |
| | % | 3.67 | 5.64 | 0.26 | 12.34 | 0.13 | 0 | 7.22 | 0.13 | 0.92 | 66.93 | 2.76 | **100** |
| 1999/0 | No. | 28 | 48 | 3 | 111 | 4 | 0 | 57 | 2 | 8 | 503 | 24 | **788** |
| | % | 3.55 | 6.09 | 0.38 | 14.09 | 0.51 | 0 | 7.23 | 0.25 | 1.02 | 63.83 | 3.05 | **100** |
| 2000/1 | No. | 37 | 58 | 3 | 122 | 4 | 0 | 54 | 2 | 7 | 485 | 24 | **796** |
| | % | 4.65 | 7.29 | 0.38 | 15.33 | 0.5 | 0 | 6.78 | 0.25 | 0.88 | 60.93 | 3.02 | **100** |
| 2001/2 | No. | 38 | 63 | 8 | 128 | 4 | 0 | 76 | 3 | 9 | 557 | 23 | **909** |
| | % | 4.18 | 6.93 | 0.88 | 14.08 | 0.44 | 0 | 8.36 | 0.33 | 0.99 | 61.28 | 2.53 | **100** |
| 2002/3 | No. | 55 | 78 | 6 | 137 | 5 | 0 | 73 | 3 | 16 | 568 | 24 | **965** |
| | % | 5.7 | 8.08 | 0.62 | 14.2 | 0.52 | 0 | 7.56 | 0.31 | 1.66 | 58.86 | 2.49 | **100** |
| 2006/7 | No. | 156 | 136 | 6 | 222 | 9 | 0 | 121 | 2 | 21 | 739 | 31 | **1443** |
| | % | 10.8 | 9.42 | 0.42 | 15.38 | 0.62 | 0 | 8.39 | 0.14 | 1.46 | 51.21 | 2.15 | **100** |
| 2009/10 | No. | 199 | 232 | 14 | 451 | 13 | 3 | 292 | 4 | 28 | 875 | 61 | **2172** |
| | % | 9.16 | 10.68 | 0.64 | 20.76 | 0.6 | 0.14 | 13.5 | 0.18 | 1.29 | 40.29 | 2.81 | **100** |

*Addis Ababa(AA)

** Dire dawa(DD)

**Table 1. Number of manufacturing establishment across regions in Ethiopia, 1996/7-2009/10**

**Source:** Compiled from CSA Annual Reports on Large and Medium Scale Establishments in Ethiopia, 1996/7-2009/10

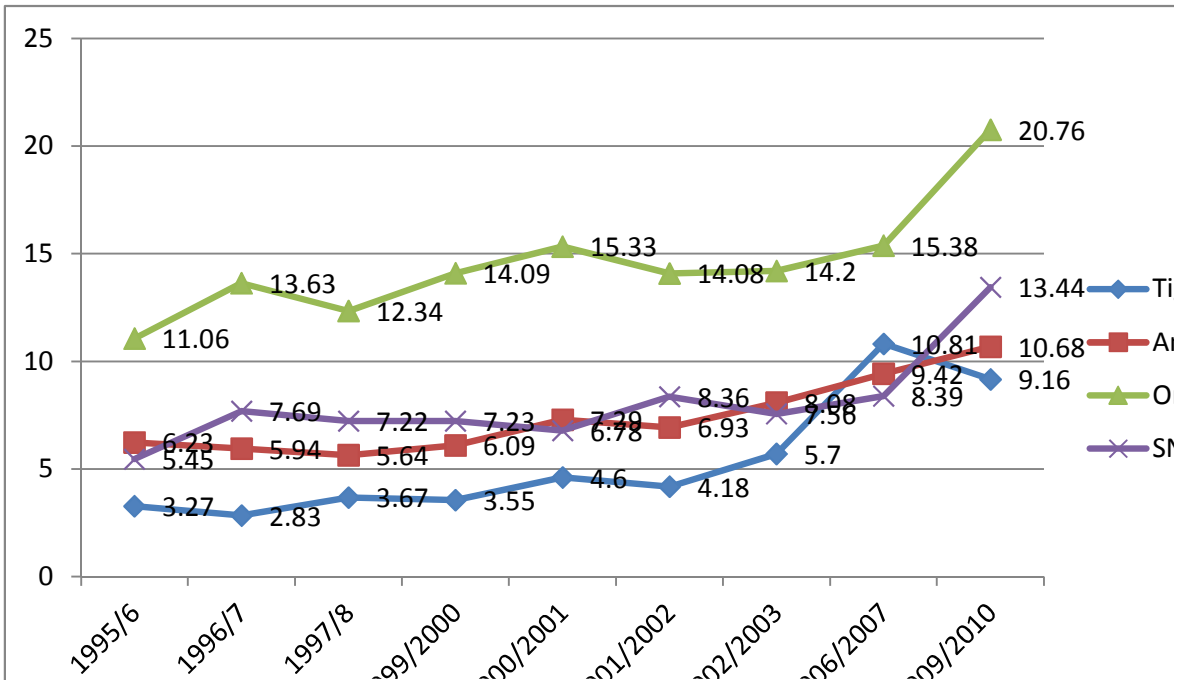
The table shows all regions of the country achieved an increased number of establishments though variations are there in their rate of industrialization. The number of establishments and pace of industralization is more skewed in some regions than others. Some regions have a track record of industrialization in that they sustained spontaneous growth than others. Thus, to systematically observe the different industrial trend, all regions of the country are divided as developed region, peripheral areas and urban centers as per the politico-administrative arrangement of the incumbent regime.

### 4.1.1 Percentage Distribution of Large and Medium Scale Manufacturing Industries(LMSMI) across ''developed'' regions

The developed regions comprise the regional states of Amhara, Oromia, Tigray and Southern Nations and Nationalities (SNNP) and they account more than 80% of the total population of the country. All these regions have achieved sustained manufacturing growth but with different paces. For instance, the total number of large and medium scale manufacturing establishments nearly doubled in Oromia and Amhara and tripled in SNNP and Tigray regional states (from 11.06% to 20.76%; 5.45% to 10.68%; 5.45% to 13.44%; and 3.27% to 9.16% respectively) in the year between 1995/6 and 2009/10 as the chart below demonstrates.

**Chart1. Percentage Distribution of Industries across ‘‘developed’’ regions**




**Source: Compiled from CSA Annual Reports on Large and Medium Establishments**

The number of persons employed and their corresponding gross value of production in the industrial sector also increase but with various degree in which the share of Oromia and Tigray has increased at a rapid rate unlike Amhara and SNNP. For instance, number of workers engaged in the sector during 1995/6 in Amhara, Oromia, and SNNP were7922; 14964; and 4257 respectively and for Tigray it was 4473 in 2000/2001. The percentage share of each region in the given years was 8.7%; 16.4%; 4.6%; and4.7% respectively. While in 2009/10, numbers of workers in the manufacturing were: 11526; 55328; 9926 and; 17879 and their corresponding percentage were 6.1%; 29.5%; 5.3%; and 9.5% for Amhara, Oromia, SNNP and Tigray respectively. Thus, looking at these figures demonstrate that the in each region the number of workers have increased but with considerable variations. The percentage share of Amhara region has declined from 8.7% to 6.1% while for Oromia it increased from 16.4% to 29.5% and doubled in Tigray (from 4.7% to 9.5 %) and slightly increased in SNNP.

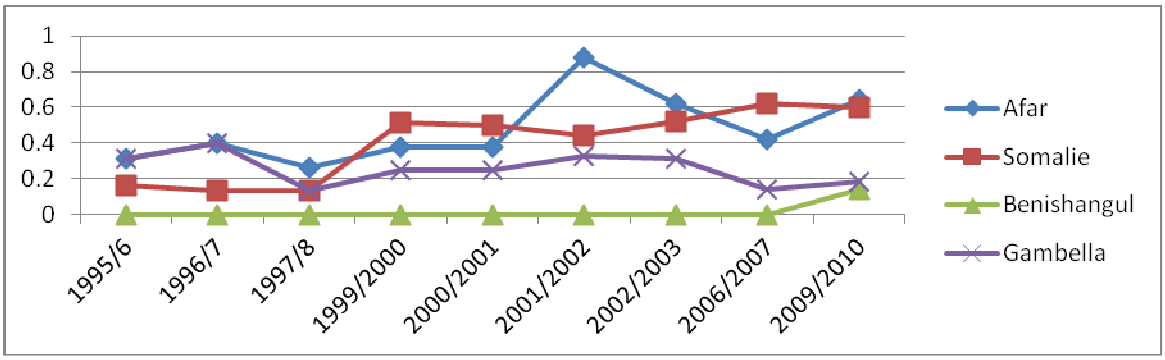
Looking at the gross value of industrial production for each of the region, it is pinpointed as follow; In 1995/6 the gross value of production for Amhara, Oromia, SNNP were 244250 birr (4.2%); 1856557birr (32%); and175283birr (3%) respectively. For Tigray, in 2000/1, it was 292614birr (3.4%). For the year 2009/10, the corresponding gross value of production and percentage share for each region were: Amhara, Oromia, SNNP and Tigray were: 1361868birr (4.5%); 13432069 birr (44.2%); 1238546birr (4%); 3775681birr (12.45%) respectively. Thus, the percentage share of Amhara and SNNP region remain constant while the share of Oromia and Tigray region has significantly increased in the last fifteen years.

### 4.1.2 Percentage Distribution of LMSMI ‘‘Peripheral’’ Regions

The peripheral regions are usually those regions that are located in the borders of the country and far away from the political headquarter. They are dominated by agriculture in general and cattle rising in particular. For the purpose of this paper, the regional states of Afar, Somalie, Benishangul and Gambella are designated as ‘‘peripheral’’ regions. Historically, these regions are neglected by the central authorities and hence have insignificant number of establishments. All these regions experienced a slight increase in the number of establishments. Even if this is the current pattern, Tegegne(2000) posited that the industrial distribution of the country still now is dominated by few places which attract services and population, exacerbating the pattern of inequality between regions.

**Chart 2: Percentage Distribution of LMSMI ''Peripheral'' Regions**



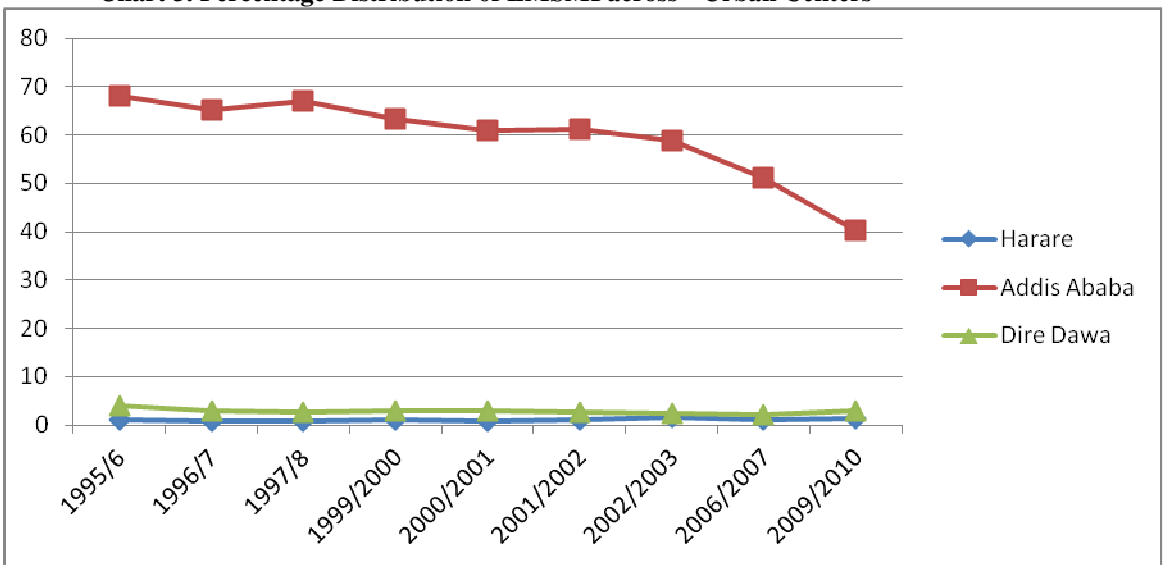

**Source: Compiled from CSA Annual Reports on Large and Medium Establishments**

As stated earlier the government committed to support these regions by taking various measures of which: preferential budget allocation; provision of infrastructure and technical support; direct industrial establishment in these areas. In addition, the investment proclamation section one No. 5(2) stipulated that any investor who invests a new establishment in peripheral regions in Gambella, Benishangul Gumuze, Afar 15 km far away Awash river, Somali, some areas of Oromia and SNNP is entitled to income tax deduction exemption of 30% for three consecutive years after the expiry of the income tax exemption time (Federal *Negarite Gazetta* of FDRE (2012). However, the use of incentives to entice firm locations is not feasible unless there are real comparative advantages in terms of natural resources, unique locations, special skills, etc. (Kaothien and Webster 1999).

### 4.1.3 Percentage Distribution of LMSMI across ''Urban Centers''

Urban areas considered in this paper account for less than 4% of the total population of the country but share more than 45% large and medium establishments of the country. The graph depicts that the share of Addis Ababa, the economic and political hub of the country, decrease across time while it remained relatively flat for Dire Dawa and Harar at least in the number of establishments. These may be related with a number of factors that are dealt in the next sections of which the rural and agricultural orientation of the incumbent regime so as to bridge the rural-urban divide. The cost of doing investment in industries is also relatively expensive in these areas.

**Chart 3. Percentage Distribution of LMSMI across ''Urban Centers''**




**Source: Compiled from CSA Annual Reports on Large and Medium Establishments**

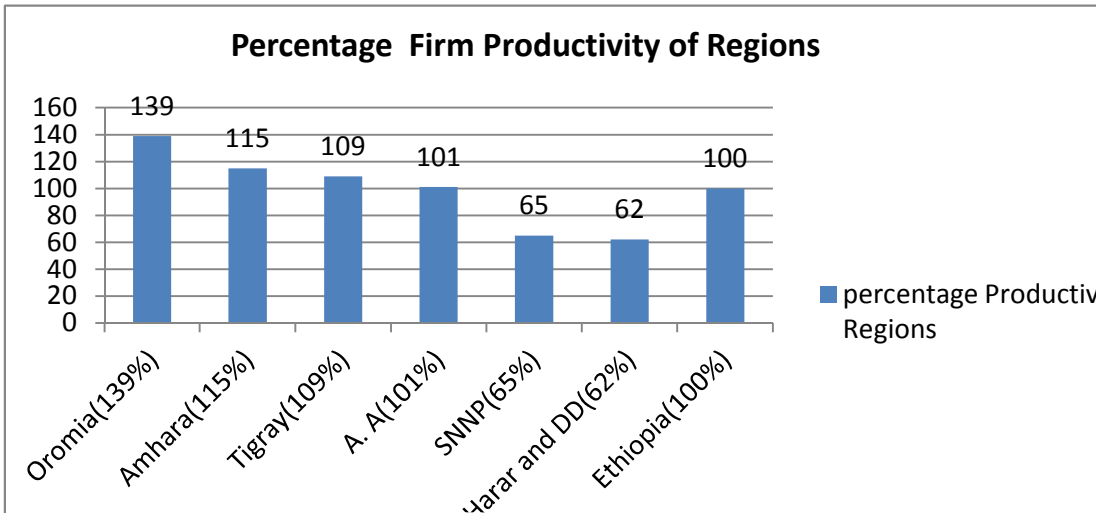
### 4.2 Disparity in Firm Productivity across Regions

The other factor that shows industrial disparity across regions is to approach it from their respective productivity. Notwithstanding EPRDF`s effort in ensuring balanced growth across regions, there is glaring regional

differences in firm`s productivity level. Firms in Oromia are productive at about 139% of the Ethiopian average; East Harare/Di re dawa operates at 62% of the national average of value added per worker (WB,2009) which demonstrate two extreme scenarios. This reflects both industry endowments and differences in investment. From the following diagram, industrial productivity is higher in Oromia, Amhara and Tigray while low in Harar and Dire Dawa and SNNP. The variation in productivity may be explained in industrial ownership and investment climate as demonstrated in the next sections.

**Chart 4. Disparity in Firm Productivity across Regions**




**Source: WB (2009)**

## 5. Determinants of Regional LMSMI Distribution

### 5.1 Lease price of Land

There are a number of possible factors which are accounted for variations in the performance of industries and their consequent spatial distribution. The issue of land price and other investment challenges are important factors in explaining spatial differences of industries. The average lease price of rural land per hectare per year for agro industrial activity vary across regions and is between 30-40; 70-135;111-498;30-117;50-70 and 12-45 for Tigray, Oromia, Amhara, SNNP, Benishangul and Somali respectively (Ethiopian Investment Authority,2010). The peripheral regions have a low lease price of land but failed to be destinations of industries.

| Region | Tigray | AA | Oromia | Amhara | SNNP | DD | Gambela | B/gumuz | Somalia |
|---|---|---|---|---|---|---|---|---|---|
| Lease price Br./m2/year | 0.42 | 828.9 | 5.4 | 27.8 | 1.01 | 7.7 | 0.04 | 0.06 | 0.18 |

**Table 2. Average Lease Price of Urban Land for Industrial Activity**

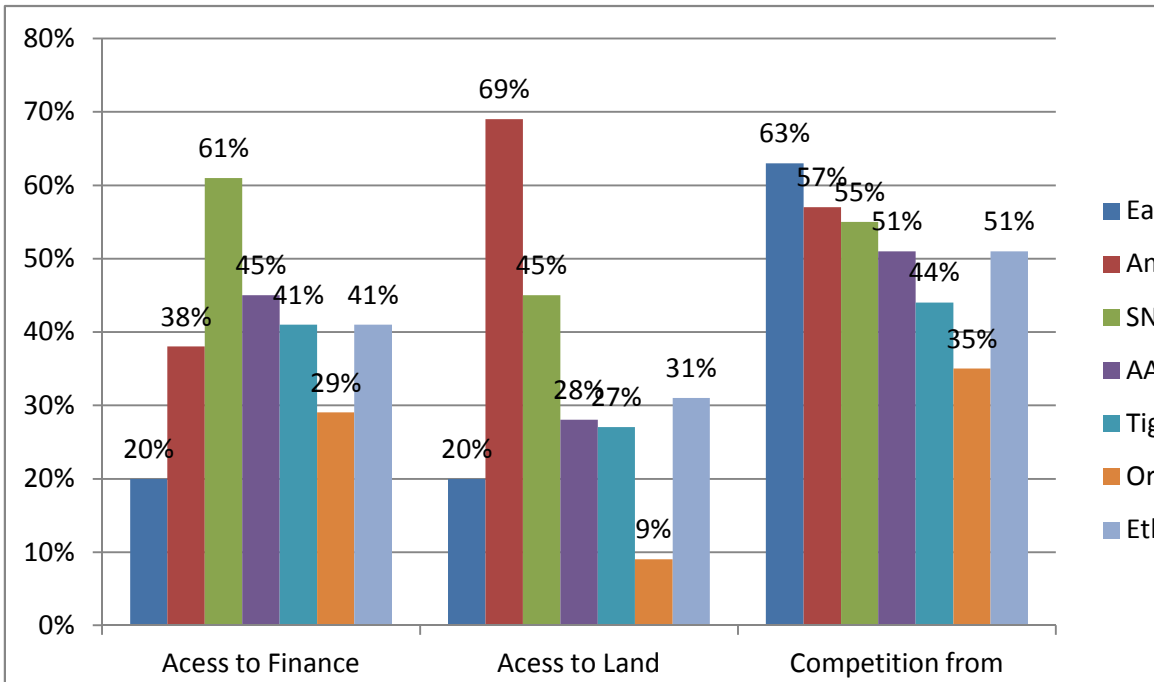
Source: **Adapted from Ethiopian Investment Authority (2010)**

### 5.2 The Investment Climate

There is very significant variation in the perceived investment climate constraints between establishments in different regions of the country. Example in terms of corruption it is seen a significant problem in SNNP region (a major or severe obstacle to 48%) of the establishments while in Oromia and Eastern region, corruption is not seen as a major business constraint.

**Chart 5. Regional Differences in Severity of Constraints for Investment**




**Source: Adopted from WB (2009)**

On the other hand, a look at the issue of access to finance indicates that 61% of the Southern region followed by 45% of the sampled establishments in Addis Ababa rate it as major obstacle

**5.3 Does Public Investment affect spatial distribution of Industries?**

The state influences regional distribution of industries by monitoring economic activity, providing rules and regulations for the economy, resolving supply bottlenecks, and alleviating poverty and above all by making public investments.

As one of the dominant actors in the economy the government can directly invest in industries in addition to regulating and monitoring other economic actors and hence influence patterns of industrial distribution. Though the theory is that public investment affects patterns of distribution, the empirical evidence from Ethiopia is that it has little impact on the patterns of distribution.

**Number of Public Manufacturing Industries**

| Year | 1995/96 | | 2000/01 | | 2003/04 | | 2009/10 | |
|---|---|---|---|---|---|---|---|---|
| Region | No. | % | No. | | No. | % | No. | % |
| **Tigray** | 1 | 0.59 | 1 | 0.71 | 1 | 0.67 | 1 | 0.72 |
| **Afar** | 1 | 0.59 | 1 | 0.71 | 1 | 0.67 | 1 | 0.72 |
| **Amhara** | 11 | 6.5 | 8 | 5.76 | 9 | 5.96 | 6 | 4.34 |
| **Oromiya** | 37 | 21.9 | 32 | 23 | 24 | 15.9 | 34 | 24.6 |
| **Somalia** | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0.72 |
| **SNNP** | 10 | 5.9 | 9 | 6.47 | 10 | 6.62 | 10 | 7.25 |
| **Gambela** | 1 | 0.59 | 2 | 1.43 | 1 | 0.67 | 1 | 0.72 |
| **Harari** | 3 | 1.78 | 3 | 2.16 | 5 | 3.3 | 3 | 2.17 |
| **AA** | 99 | 58.58 | 79 | 56.83 | 96 | 63.5 | 77 | 55.8 |
| **DD** | 6 | 3.54 | 4 | 2.87 | 4 | 2.65 | 4 | 2.9 |
| **Total** | **169** | **100** | **139** | **100** | **151** | **100** | **138** | **100** |

**Table 3. Public Manufacturing Industries across Regions for some selected years**
**Source: Compiled from CSA(1995/96, 2000/01, 2003/04 and 2009/10)**

The trend of public investment can be also approached by looking at the gross value of Production for Public Manufacturing Industries across regions.

| | 1995/96 | | 2000/2001 | | 2009/2010 | |
|---|---|---|---|---|---|---|
| | **Amount** | **%** | **Amount** | **%** | **Amount** | **%** |
| **Tigray** | * | * | 8627 | 0.16 | 10442 | 0.08 |
| **Afar** | * | * | 64800 | 1.20 | 648550 | 4.95 |
| **Amhara** | 233750 | 4.67 | 236756 | 4.41 | 169662 | 1.3 |
| **Oromiya** | 1809366 | 36.12 | 2093865 | 39.03 | 5749694 | 43.92 |
| **Somalie** | - | - | - | - | 2317 | 0.02 |
| **SNNP** | 165469 | 3.30 | 123998 | 2.31 | 158028 | 1.20 |
| **Gambella** | * | * | 2942 | 0.05 | 186 | 0.001 |
| **Harai** | 83399 | 1.66 | 149384 | 2.78 | 340448 | 2.6 |
| **A. A** | 2507346 | 50.06 | 2542190 | 47.4 | 5705644 | 43.6 |
| **D. D** | 146810 | 2.93 | 141902 | 2.65 | 304749 | 2.33 |
| **Total** | **5008193** | **100** | **5364463** | **100** | **13090721** | **100** |

**Table 5. Gross Value of Production of Public Manufacturing Industries**

*Tigray, Afar and Gambella have each one establishment and they had a small share in the selected years.
**Source: Compiled from CSA (1995/96, 2000/01, 2003/04 and 2009/10)**

From the table it is fair to say that the number of public industrial establishments and their gross value of production decreased across time. The retreating of the government from ownership may be associated with the need to increase efficiency through privatization.
This seems to be directly related with the policy prescription of liberalism which was adopted by the current government at least when it assumed political power and thus the role of government in maintaining sustained and accelerated growth was questioned. Kenichi Ohno(2009) argued that:

> *During the transition from 1991 to 1995, important policies were adopted and later incorporated into key policy documents. As an expression of the policy thrust of the Interim Government, Economic Policy for the Transitional Period in 1992 proclaimed a shift toward market orientation, removal of most restrictions on private sector activities, and liberalization and reforms in sectoral, investment, and public enterprise laws*

Notwithstanding this, the steady decrease in the number of public industrial establishments does not imply a reduction in the role of the government in the sector. The government still plays crucial role to achieve industrialization in the country. Ethiopia, claimed itself as ‘‘developmental State’’, and its government actively involve in ‘governing the market’. The government is undertaking a lot of constructive roles. One of the instruments is to encourage and support the private sector to invest in the manufacturing sector. Tesfahun Abay (2014) indicated that Ministry of Industry (MOI) has developed first class industrial development strategy in 2004 with generous investment incentives and successfully implemented a private investor friendly sector management. Moreover, the MoI starting from the Minister down to the expert level are providing capacity building supports and high quality facilitation services to the manufacturing sector. Some international policy advisors assertion that the Ethiopian government provides one of the most generous investment incentives also shows the constructive role of government. According to these advisors, the free or very small land lease rate, provision of un-bureaucratic bank loan equivalent to 70 percent of project cost at preferential interest rate, duty free import of accessories and inputs, zero export tax, zero customs duty for imported machinery and equipment, five years tax holiday, full and disproportionate policy attention to the manufacturing sector, technical and financial grants of the government and other international development partners in building the overall capacities of the manufacturing enterprises and enhancing competitiveness, etc. are generous by any international standard (Ethiopia-Japan Industrial Policy Dialogue, 2011). The effort to bring economic efficiency through clustering industries is also one of the important tasks undertaken by the government.

> *Industrial zone program implementation plan has been developed to establish industrial zones in different regions and city administrations and transfer them to investors in a transparent and accountable manner. Accordingly, the Ministry of Industry has received a total of 3,537 hectares of land from Addis Ababa, Diredawa, Hawassa and Combolcha city Administrations. The design work to develop 156 hectare of land around Addis Ababa, Bole Lemi, for South Korean investors has been completed. Agreement has also been reached with a Turkish investor to set up an Industrial zone at Sendafa* (MoFED, 2013 ) though controversy arise over its implementation due to negative impact over the quality of drinking water to Addis Ababa.

The industrial policy of the government is primarily dictated by bringing efficiency. As a poor country capital is severely limited and the government of Ethiopia want to allocate it in efficient manner. The primacy of efficiency over equity can be explained by looking at the Growth and Transformation Plan (GTP), the major social, economic and policy document of the country for the year2010/11-2015/16, where no explicit or implicit idea on regional unequal industrial development is clearly indicated. In a nutshell, it seems that, the regional industrial disparity is not a consequent of public investment but the private sector.

**5.4 The private Sector: *prima Facie* Factor for Regional Disparity-**

As stated earlier, public investment has decreased both in number of establishments and people engaged in it and the gross salaries employees received. Even though the Ethiopian private sector remains relatively small and economic expansion has been driven to a great extent by government spending on infrastructure and service delivery (Sarah and Mesfin, 2011), it has grown steadily over the last twenty years. Over the past 20 years, up to 2009/10 (CSA, 2009/10), the number of enterprises has grown 15 fold, employment generated by the private manufacturing leapt-up 34 times, while fixed asset and gross value of production boosted-up 513 times and 172 times respectively(ibid). The 2002 industrial development strategy acknowledges the leading role of the private sector in materializing the structural transformation of the economy (Kenichi, 2009).

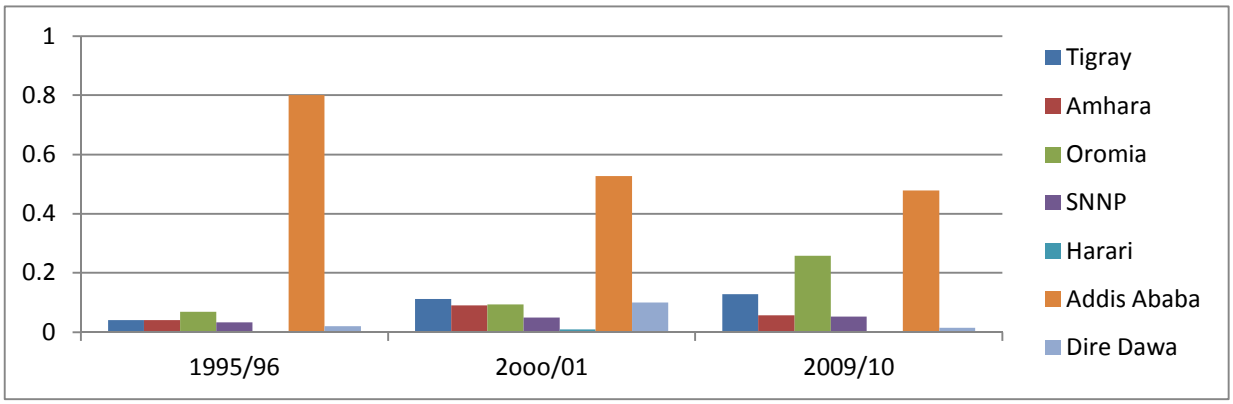
It is worth mentioning at this juncture that some international organizations report on the minimal role of the private sector and the huge role of government (WB, 2009). Some vehemently criticize it as ‘‘business unfriendly’’ government (Sarah and Mesfin, 2011; Messay, 2011). Concomitant to this argument, Stein(2006) further posited that the party remain convinced of the central role of the developmental state and the ruling party in directing development, strongly endorsing the view that ‘the central lesson of Asia’s industrialization is that there is no alternative to the state’. Thus the government pursues a centrally directed strategy toward economic growth and development, rather than simply creating a broader enabling environment for private sector growth (Sarah and Mesfin, 2011).

Whatever the economic ideological underpinning is, most of the regional industrial development in the country is primarily geared by the private sector. But the flocking of private industries and their relative performance varies across regions. The ‘‘peripheral regions’’ (the regional states of Afar, Somalie, Gambella and Benishangul Gumuz) share a small amount of percentage of the large and medium industries (for instance, they account only 1.5 %, of the total establishment which was 31 out of 2034 and 0.5% of the total number of persons employed, 709 people out of 139024 by the sector in combination during 2009/10) in the country. In a similar vein, variations among the developed regions as well as the City Administrations are also considerable. The percentage share of Oromia, Tigray, SNNP and Amhara, in private manufacturing industrial establishments, increase with some variations in their growth rate. For instance, in Oromia the number of establishments increased from 34 to 418 which in turn increase its percentage share from 6.8% to 25.8% between 1995/96-2009/10. In the same period, the number of industries mushroomed from 24 to 198 in Tigray and correspondingly its national share increase from 4% to 12.8 %. Looking at the percentage shares of Addis Ababa shows a significant decrease from 80% to 47.9 % though the numbers of total establishments increased from 340 to 799 during the same years.

In the same vein, a glance at the number of workers employed in the sector reveals variations among regions. The percentage increase of the number of workers in the industry sector for SNNP, Amhara and Harari smoothly continued unlike Oromia and Tigray regional states that achieved rapid growth in their respective share. It is worth to mention that the total number of employees in the sector arise in all administrative units including SNNP, Amhara, Harari , Dire Dawa, Addis Ababa and the ‘peripheral’ regions.

**Chart 6. Percentage of persons engaged in the private Industrial sector across regions**




Looking at the percentage share of the number of people employed in industries in Addis Ababa shows that there is a considerable decrease between 1995/96-2009/10(from 80% to 47% ) though the number of employees in the sector increase from 10596 to 66697 in the year 1995/6-2009/10 (CSA, 2010).

The wages and salaries of employee in the manufacturing establishment is also one of the important indicators to show variations across regions. The wage and salary ratio for each worker is not varied across regions while the percentage share of each region varies in wages and salaries given for each employee. Both Oromia and Tigray have performed better in which their share of the national average increase from 2.3% to 12.9% and 6.8 to 25.8% respectively while the share of Addis Ababa declined from 88.1% to 50% decrease from 1995/96 to 2009/10. Another dimension to show regional variations in the performance of the private establishments is in terms of their respective percentage share of value added in national income account. Generally the amount of values added by establishments in the national account vary across years. However, the shares of establishments in Addis Ababa decrease from 76% to 37 % while it increases in Oromia and Tigray. The same pattern occurs also in terms of their relative share of fixed assets.

| Region | Wages and salaries | | Gross value of production | | Value added in national account | | Fixed Assets | |
|---|---|---|---|---|---|---|---|---|
| | 1995/6 | 2009/10 | 1995/6 | 2009/10 | 1995/6 | 2009/10 | 1995/6 | 2009/10 |
| **Tigray** | 1534 | 247564 | 18620 | 3765239 | 8913 | 1271599 | 21114 | 2185957 |
| **Amhara** | 672 | 84305 | 10500 | 1192206 | 3639 | -278133 | 3966 | 473425 |
| **Oromia** | 3074 | 354658 | 47191 | 7682375 | 17769 | 1259248 | 40579 | 3949355 |
| **SNNP** | 1000 | 54079 | 9814 | 1080518 | 4610 | 223146 | 8201 | 468185 |
| **Harai** | 213 | 4715 | 1542 | 79821 | 660 | 55778 | 1026 | 9168 |
| **Addis-Ababa** | 37663 | 865875 | 697444 | 14530939 | 155726 | 2880392 | 283900 | 4664447 |
| **Dire - Dawa** | 669 | 28081 | 5571 | 608290 | 1895 | 185080 | 10382 | 671444 |
| **Total** | 44849 | 1650143 | 790911 | 29021496 | 193254 | 5629222 | 369221 | 12501615 |

**Table 6.Wages, value added and production and fixed assets of private industries across regions**

So, what explains in private industrial concentration in few regions and urban areas can be explained in association with various factors other than the investment climate of regions; lease price of the land; and public investment that we have dealt a lot previously. Firms want to locate where market potential is high, that is, near large markets. Markets will tend to be large where lots of firms locate on the other way around. The concentration of industries in Addis Ababa, though slightly decrease ; and the rapid industrial development in Oromia may be explained in this context as they consists of large markets and thus firms incur low transport cost. However, location alone does not provide a full fledged explanation for regional industrial development. Some regions have experienced better achievement than others like Tigray which is distant from Addis Ababa and consist of relatively small consumers. Here comes the myriad of endowments which may be associated with the political trajectories of the elites and their heavy hands in the economy. In favour of this claim that a series of share companies began to be established by individual shareholders who were prominent members of the TPLF (and in some rare instances other EPRDF parties), using resources amassed by the TPLF/EPRDF during its war against the *Dergue*(Sarah and Mesfin,2009). Similarly, others also argued that "a selective hold on politics and economics in Ethiopia was established" giving rise to "new, tremendously wealthy, party-associated elite" (Abbink, 2009, p.12). It is worth to mention that in recent times commercial objectives and decision-making guide activities of endowments that are designed to generate profit and drive expansion, albeit within an avowedly 'developmental' framework, as specified in its formal objectives (Sarah and Mesfin, 2011).

The effort at establishing industrial zones around Addis Ababa and Oromia Special Zones adjacent to Addis Ababa is guided by the external scale of economies. According to MoFED (2013) industrial zone establishment is imperative for knowledge spillovers, labour pooling, and economies in the production of intermediate inputs. In addition, accesses to services in these areas can be accounted in attracting private industrial investors than others.

## 6. Intra-regional Industrial Disparity: A Core-Periphery Linkage?

The spatial variation in manufacturing industrial distribution is not only observed at the level of regions but also with in a single region. Almost, in all regions of the country, we have at least one area that serves as destination for manufacturing industries for the given region. In Tigray, for instance, of the total establishments, Mekelle accounted around 31 % (61 of the 198 establishments) during 2009/10 and in SNNP; Hawasa covers 27 % of the existing industrial establishments. In Oromia National Regional state cities located within 100km radius of Addis Ababa accounted around 40% of the total establishments while in Amhara regional state Bahir Dar share around 21% followed by Gondar and Dessie.

The intra-regional industrial distribution disparity also hold true for the peripheral regions of the country. The peripheral areas have their own center which serves as the industrial hub of the region. For instance, Dubti accounted 38 % of the total Industrial establishments in Afar [5 of the 13] during 2009/10 while Jigjiga accounted for 58% of the establishments in Somali regional state. The variation is also immense in the number of people employed, the salaries paid, the value added on national account, the amount of fixed asset owned and capital expenditure spent. The disparity has continued unabated in all regions and even increase throughout the years of study (for detailed information look appendix).

This phenomenon can be more explained by the **location theory** of Weber and his followers who analyzed the location decision of a firm serving one or more markets and relying on one or more sources of supply. The firm would always choose to locate on top of either the input source or the market seems to be important idea and most of the firms locate where there are relatively a large number of population and most of the industrial outputs target the local area and produced consumer goods mainly food and beverage hence market potential is an impetus for decisions to locate in a specific city.

## 7. Conclusion and the Way Forward

### 7.1 Conclusion

Industrialization and achieving industrial development is the keen interest of all the successive regimes in the country. However, how to achieve it and where to locate it, is a contentious issue**.** Industrial development policy in Ethiopia as a whole is dictated by development paradigms such as market-oriented development (under the Imperial era and EPRDF regime); public oriented (under Dergue); foreign dominating industrialization vs. domestic ownership; and Import Substitution Vs Export promotion. It is important to notice that policy formulation and execution in Ethiopia is not static rather it is pragmatic and is not obsessed to a particular development ideology. The economic policy shift and hence industrial policy by extension, of the Dergue from a centrally planned economy to mixed economy and EPRDF's turn its back against liberal thought in favour of developmental state and the inculcation of import substitution industrialization in the industrial policy menu of EPRDF.

Looking at the whole trajectories of large and medium industrial development, it is characterized by a rapid increase in establishment; a rise in the number of people engaged in the sector; an increase in the contribution of value added for national income account; a growth in the fiscal assets and capital expenditure. All these developments are the function of the performance of the private sector as the share of public investment decrease across time, 1995/96-2009/10. However, the industrial investment undertaken by the private sector is not evenly distributed. The ''developed regions'' perform better, while the industrial share of ''City Administrations'' declined but with significant variations among themselves. Industrial establishments in Oromia and Tigray national regional states achieved good results across 1995/6, 2009/10. To the contrary, the share of Addis Ababa declined significantly by every industrial account. The ''peripheral regions'' are extremely at low industrial level despite some positive trends in recent years. The spatial variation is not only limited to between regions. Intra-

regional disparity is also clearly observed. Each regional state has its own core city and a number of peripheral cities. The existence of large market is an important determinant.

The manufacturing sector of Ethiopia remained at its infant stage for the last five decades due to myriad of constraints. It is generally characterized by weak production and consumption, and poor backward and forward linkage with the domestic economy. The sector is highly dependent on imported sources for its raw material requirements. Weak inter-sectoral and intra-sectoral linkage implies that the sector has not been the source of dynamism for the economy at large.

### *7.2 The way forward*

It is imperative to emphasize that natural resource-based growth is unsustainable and that human skills and technology to upgrade industry must be the central concern for every stakeholders in the sector. The industrial policy formulation and execution in Ethiopia is driven by pragmatic issues**.** It is private firms, not state-owned enterprises that must be the engine of production and investment because in the study it is clear that regional industrial development disparity is primarily explained by the existence and consolidation of the former. The Ethiopian government does not believe that free market, left to its own, will spontaneously raise productivity or learn technology. It believes that state must guide and supervise the market and that, if the state's capability is initially weak, it must be enhanced to fulfil this role.

This policy orientation is tremendously important in bringing industrial development which is fairly distributed across regions as the state can be a pioneer in investing in underdeveloped areas and can attract the private sector. The Investment proclamation and its special emphasize for peripheral regions is an important evidence for the need to have equity across the country. Here, it is important that state must use its authority to guide private firms toward investment, technology and global competition. However, the government also need to pay due consideration for efficiency as a backward country, Ethiopia needs to use its limited capital in the most efficient way. Care should be given to balance industrial equity and efficiency.

For some regions, there are constraints that militate against the industrial performance of the private sector. Constraints that are indicated in the paper such as land issue, financial constraints; the existence of rampant corruption needs to be addressed. Each region also needs to promote its industrial investment potential for the private sector. Training, technology transfer through shared experience and human development needs to be motivated. The intra-regional industrial difference needs to be taken seriously as each region has one or more centre where all the industrial activity is concentrated. An effort needs to be given to diversify industrial outputs as most of the manufacturing emphasize on the production of consumer goods primarily food and beverage.

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## Appendix

### Large and Medium Industrial Distribution across Regions and Urban Areas, 2009/10

| Region | No. of Establishment st | No. of persons engaged | Wage & salaries | Gross value of the product | Value added in national account | Fixed Asset | New capital Expenditure |
|---|---|---|---|---|---|---|---|
| **Tigray** | **198** | **17838** | **247564** | **3765239** | **1271599** | **2185957** | **429447** |
| Adwa | 20 | 8687 | 104550 | 416601 | 1202 | 560160 | 102115 |
| Axum | 14 | 193 | 793 | 7232 | 1265 | 2150 | 3 |
| Abi Abdi | 7 | 64 | 324 | 1116 | -201 | 1958 | 13 |
| Adigrat | 23 | 991 | 21072 | 349805 | 110524 | 99575 | 9909 |
| Mekelle | 61 | 3510 | 41566 | 1076184 | 329104 | 240703 | 45672 |
| Other Towns | 73 | 4393 | 79148 | 1914302 | 829703 | 1281411 | 271735 |
| **Afar** | **13** | **422** | **9043** | **35615** | **17152** | **72681** | **243** |
| Dubti | 5 | 278 | 8125 | 28255 | 13894 | 71689 | 43 |
| Awash 7 Kilo | 1 | 15 | 69 | 534 | 139 | 77 | 0 |
| Other Towns | 7 | 129 | 848 | 6825 | 3119 | 916 | 201 |
| **Amhara** | **227** | **8005** | **84305** | **1192206** | **-278133** | **473425** | **76375** |
| Gonder | 20 | 1273 | 21688 | 522425 | 125552 | 120816 | 10317 |
| Debrtetabour | 2 | 39 | 7 | 186 | 43 | 90 | 7 |
| Woldia | 1 | 11 | 50 | 1443 | 953 | 1 | 0 |
| Combolcha | 9 | 1043 | 30439 | 248275 | -514250 | 222979 | 55974 |
| Dessie | 22 | 631 | 4812 | 72416 | 13525 | 23262 | 805 |
| Shewa Robit | 4 | 46 | 270 | 7875 | 1024 | 825 | 39 |
| Debre Birhan | 20 | 1123 | 7384 | 42548 | 14480 | 21520 | 249 |
| Debre Markos | 16 | 207 | 782 | 4299 | 1522 | 1325 | 428 |
| Bure | 5 | 254 | 4766 | 73053 | 15773 | 18419 | 3122 |
| Bahir Dar | 49 | 1084 | 5669 | 52239 | 16071 | 23989 | 2221 |
| Other Towns | 79 | 2294 | 8437 | 167447 | 47073 | 40109 | 3214 |
| **Oromiya** | **418** | **35878** | **354658** | **7682375** | **1259248** | **3949355** | **690753** |
| Gimbi | 5 | 61 | 268 | 3715 | 3011 | 399 | 65 |
| Nekemte | 8 | 329 | 2786 | 24953 | 7252 | 22231 | 874 |
| Metu | 1 | 12 | 94 | 311 | 186 | 53 | 0 |
| Serbo | 1 | 14 | 11 | 339 | 147 | 18 | 0 |
| Agaro | 8 | 216 | 2082 | 25606 | 9048 | 8368 | 804 |
| Guder | 1 | 12 | 53 | 521 | 99 | 40 | 0 |
| Burayu | 35 | 2476 | 17507 | 368915 | 31476 | 254854 | 9128 |
| Ambo | 6 | 866 | 17334 | 137582 | 56928 | 231735 | 220744 |
| Sulelta | 3 | 113 | 1010 | 7178 | 1596 | 8703 | 460 |
| Mojo | 14 | 1211 | 16614 | 474221 | 30238 | 98619 | 26879 |
| debrezeit | 38 | 4598 | 37078 | 1073786 | 312587 | 403121 | 55244 |
| Zeway | 3 | 96 | 937 | 260 | 142 | 62 | 49 |
| Shashemene | 9 | 246 | 1144 | 62747 | 4745 | 25328 | 11134 |
| Asela | 12 | 449 | 2158 | 119148 | 8561 | 33619 | 57 |
| Bekoji | 2 | 64 | 246 | 6370 | 701 | 737 | 0 |

 

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Asebetefri | 1 | 16 | 90 | 303 | 108 | 9 | 0 |
| Robe | 3 | 45 | 195 | 4975 | 781 | 321 | 57 |
| Sebeta | 38 | 2778 | 30055 | 643419 | 151243 | 295837 | 38162 |
| Woliso | 8 | 593 | 4756 | 81816 | 10706 | 4487 | 468 |
| Negele | 1 | 35 | 231 | 2969 | 1873 | 1477 | 0 |
| Nazreth | 48 | 5064 | 54186 | 1011860 | -72110 | 501647 | 62958 |
| Jimma | 6 | 124 | 772 | 3966 | 1909 | 873 | 5 |
| Other Towns | 167 | 16459 | 165050 | 3627412 | 698023 | 2056819 | 253666 |
| **Somalie** | **12** | **193** | **1402** | **43138** | **12056** | **5745** | **1494** |
| Jijjiga | 7 | 107 | 1055 | 36111 | 7720 | 3652 | 77 |
| Other Towns | 5 | 86 | 347 | 7028 | 4347 | 2094 | 1417 |
| **SNNP** | **282** | **7281** | **54079** | **1080518** | **223146** | **468185** | **45320** |
| Butajira | 5 | 46 | 172 | 5312 | 1278 | 646 | 45 |
| Hosana | 24 | 470 | 2718 | 50812 | 18539 | 24466 | 7810 |
| Durame | 4 | 37 | 225 | 918 | 517 | 410 | 2 |
| Yirgaleme | 11 | 211 | 699 | 11613 | 1740 | 5495 | 3296 |
| Hawasa | 75 | 3039 | 31274 | 588703 | 109159 | 327275 | 22249 |
| Dila | 15 | 469 | 2524 | 94244 | 16071 | 19127 | 551 |
| Yirgachafe | 11 | 182 | 1053 | 19409 | 4719 | 1905 | 57 |
| Sodo | 7 | 113 | 669 | 10293 | 1109 | 1425 | 132 |
| Jinka | 2 | 27 | 52 | 176 | 35 | 140 | 2 |
| Arbaminch | 8 | 215 | 896 | 2699 | -26 | 642 | 85 |
| Mizan Teferi | 5 | 72 | 244 | 667 | 513 | 140 | 3 |
| Alaba | 8 | 132 | 471 | 3240 | 1475 | 1029 | 35 |
| Other Towns | 107 | 2268 | 13081 | 292432 | 68016 | 85485 | 11053 |
| **Gambella** | **3** | **42** | **314** | **1143** | **603** | **928** | **35** |
| Gambella | 3 | 42 | 314 | 1143 | 603 | 928 | 35 |
| **Harari** | **22** | **646** | **4715** | **79821** | **55778** | **9168** | **619** |
| Harar | 16 | 451 | 3505 | 67255 | 53188 | 7188 | 278 |
| Other Towns | 6 | 195 | 1209 | 12566 | 4590 | 1980 | 341 |
| **Addis Ababa** | **799** | **66697** | **865875** | **14530939** | **2880392** | **4664447** | **1036756** |
| **Dire Dawa** | **57** | **1970** | **28081** | **608290** | **185080** | **671444** | **456424** |
| **B/Gumuz** | **3** | **52** | **108** | **2212** | **290** | **270** | **3** |
| **Total** | **2034** | **139024** | **1650143** | **29021496** | **5629222** | **12501615** | **2737469** |

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