



About the International Bamboo and Rattan Organization:

The International Bamboo and Rattan Organization, INBAR, is an intergovernmental organization dedicated to the promotion of bamboo and rattan for sustainable development. For more information, please visit www.inbar.int.

About the Dutch-Sino East Africa Bamboo Development Programme:

A Triangular South-South cooperation to support livelihood development, food security and better environmental management by developing robust bamboo value chains and a sustainable bamboo industry in Ethiopia, Kenya, and Uganda.



Bamboo as a Green Business Opportunity in Ethiopia



Sources of further information

- Ethiopian Investment Commission, Addis Ababa; www.investethiopia.gov.et;
- Industrial Parks Development Corporation, Addis Ababa; www.ipdc.gov.et;
- Ethiopian Revenue and Customs Authority, Addis Ababa; www.erca.org.et;
- National Bank of Ethiopia, Addis Ababa; www.nbe.gov.et;
- Development Bank of Ethiopia, Addis Ababa; Fax: +251 15 11606; E-mail: dbet@telecom.net.et.



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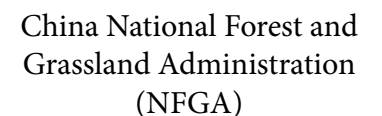
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Ethiopia has the largest bamboo resources in Africa, hosting a total bamboo growing area of 1.47 million ha of two indigenous bamboo species, namely lowland and highland bamboo. Bamboo resources are concentrated in seven regions of Ethiopia, namely Amhara, Benishangul Gumuz, Gambela, Oromia, Southern Nations Nationalities Peoples, Sidama and Tigray regional states. An estimated 750,000 people depend on bamboo-based economic activities. Market studies and property test reports of indigenous bamboo indicate that a huge domestic market (import substitution) for timber substitute, energy, pulp and paper, furniture and lifestyle exists in addition to the export market which is valued at USD 2.2 billion in 2018.





Ethiopia at a glance

Ethiopia is one of the top performing economies in Sub-Saharan Africa. The country's economy experienced strong, broad-based growth averaging 9.4% a year from 2010/11 to 2019/20. The country is generally peaceful and home to many international businesses and diplomatic missions. Its location gives it strategic dominance as a jumping off point in the Horn of Africa, close to the Middle East and its markets. The country has been one of the top destinations of Foreign Direct Investment (FDI) in Africa, attracting USD 8.6 billion FDI between 2010 – 2015. Ethiopia has the largest economy in East Africa and the eighth largest in Sub-Saharan Africa, with a GDP estimated at USD 95.6 billion as of 2020.

The Government of Ethiopia has accorded a high priority to the bamboo sector. In its 2016 – 2020 Growth and Transformation Plan (GTP II), bamboo has been targeted as a strategic resource for livelihood development and environmental management. The government proclaimed a 10-year strategy and action plan for bamboo sector development (2019 – 30).

The bamboo sector: Existing trends

Ethiopia has one of the largest bamboo resources and bamboo value chains in Africa. A large proportion of bamboo resources both in state forests and farmlands are not suitably managed and are underutilized. A large number of bamboo mat and bamboo basketry producers in bamboo growing regions drive additional income and employment benefits from bamboo. The existing bamboo producers are predominantly traditional in nature, catering to rural and traditional market segments. Several MSEs are successfully operating in Ethiopia, producing modern bamboo furniture and bamboo basketry mainly in urban centers. Besides, a few bamboo industries producing industrial products, such as bamboo parquet flooring, bamboo stick-based products, and bamboo energy are functional. Overall bamboo value chains are largely informal in nature, dominated by low cost, quality incentive, and unstructured market mechanisms.



- Bamboo-growing regions in Ethiopia:
- Oromia
 - Amhara
 - Tigray
 - SNNPRS
 - Benishangul-Gumuz
 - Gambella
 - Sidama

Potential areas of investment

Bamboo has a huge potential to contribute to the development of Ethiopia's green economy. A large untapped bamboo resource base is available that could be used to generate large-scale employment, income and socio-economic development, in addition to environmental benefits. Opportunities for investing on bamboo include but are not limited to:

- Bamboo timber substitute industries (parquet floor, MDF and OSB boards, lumber and panels, mat ply boards, plastic composite products);
- Bamboo round pole and bend laminated furniture; bamboo crafts and bio-plastics products;
- Bamboo stick-based products (curtains, mats, incense sticks);
- Bamboo pulp and paper;
- Bamboo bio-energy;
- Construction;
- Bamboo eco-tourism;
- Bamboo carbon credit plantation.



With more than 112 million people (2019), Ethiopia is the second-most populous nation in Africa, and the fastest-growing economy in the region.

Facts and figures	
Capital	Addis Ababa, seat of the African Union (AU) and United Nations Economic Commission for Africa (ECA)
Area	1.104 million km ²
Population	112 million (2019)
Working Language	Amharic and English
GDP per Capita	USD 855 (2019)
Currency	Birr
Labour Force	52,799,403 (2020)
Youth Literacy Rate	73 (2017)
FDI Inflow	USD 2.5 million (2019)

Source: The World Bank, 2021

Why Ethiopia

- Political and social stability;
- Growing economy;
- Excellent climate and fertile soils;
- Strong guarantees and protections;
- Abundant and affordable labor;
- Regional hub with access to a wide market;
- Improved economic infrastructure;
- Competitive incentive packages.



Market information

Bamboo commodities are some of the most important globally traded commodities. Averaged data of global trade (both import and export of 12 bamboo communities) with specific HS codes for the years 2014, 2015 and 2016 indicate that import and export of bamboo products totalled at about USD 2.82 billion.

Bamboo is one of the most important non-timber Forest Product (NTFPs) in Ethiopia. Its annual economic contribution to GDP is estimated at ETB 56,250,000 (USD 2,356, 875), and close to 750,000 people are dependent on bamboo for their livelihoods (MoEFCC, 2017). Currently, most bamboo products are traded locally and consumed by the domestic market.

Averaged annual imports and exports of bamboo products for the years 2014, 2015 and 2016 show that Ethiopia on average imports bamboo commodities worth USD 5.7 million, accounting for about 0.43% of global imports. It exports bamboo products worth USD 0.23 million, accounting for about 0.02% of global exports. Important bamboo commodities imported are (a) bamboo plywood (USD 1.5 million), (b) bamboo pulp and paper (USD 1.07 million), (c) bamboo and rattan furniture (USD 2.66 million) and (d) bamboo flooring (USD 0.18 million). The most commonly exported bamboo commodity is bamboo pole, at about USD 0.23 million.

Existing industrial value chains

Bamboo industrial products are an important emerging node of the bamboo sub-sector in Ethiopia. There are a few private medium scale industries producing bamboo industrial products such as bamboo flooring tiles, bamboo boards and bamboo stick-based products (curtains, table mats, incense sticks, bamboo sticks and tooth picks). In addition, there are a number of government-owned or managed industrial set ups aimed at promoting training, business incubation and production.

There are about six established private industries in Ethiopia, namely (a) Adal Industries Private Limited Company (PLC), (b) African Bamboo PLC, (c) SA Industries PLC, (d) Abraham Mulatu PLC, (e) Bamboo Star PLC, and (f) Tebubu PLC. The key industrial product lines are:

- Bamboo parquet flooring and ceiling tiles;
- Bamboo curtains;
- Bamboo sticks including incense sticks;
- Bamboo timber (beams) from crushed bamboo;
- Energy products (bamboo charcoal briquettes and pellets).

Incentive packages for investors

Ethiopia's new Investment Permit Application process is simple and requires only a few steps, and those steps vary slightly depending on the business form under which investors plan to operate their business. Investment Incentive Packages the government provides include but not limited to:

- **Duty-free import of capital goods:** To encourage private investment and promote the inflow of foreign capital and technology into Ethiopia, a number of customs duty exemptions are provided for investors (both domestic and foreign) engaged in eligible new enterprises or expansion projects;
- **Duty-free import of motor vehicles:** Total or partial exemption of motor vehicles from customs duties is available depending on the type and nature of investment projects, such as the amount of capital invested. Investors are advised to consult the Ethiopian Investment Commission desks for further information before taking a decision;

- **Income tax holidays:** Investors engaged in farming and agro-processing are exempted from profit taxes for 4–5 years depending on the type of investment and location;
- **Loss carry over:** Business enterprises that suffer losses during the income-tax exemption period can carry forward such losses, following the expiry of the exemption period, for half of the tax exemption period;
- **Export incentives:** With the exception of few products (e.g. semi-processed hides and skins), no export tax is levied on export products from Ethiopia;
- **Capital remittance:** A foreign investor has the right to make remittances out of Ethiopia in convertible foreign currency;
- **Access to finance:** Investors targeting export-oriented investment can get access up to 70% of finance from the Development Bank of Ethiopia and other commercial banks upon presenting a viable project proposal.