



# Ethiopia Investment Weekly

26 June, 2020

Top News Selected For You,  
Frequently Asked Information,  
Communication on EIC initiatives.



## The week in brief

**EIC welcomes new Commissioner:** EIC Commissioner Ato Abebe Ababayehu announced his resignation on Tuesday June 23. Ato Abebe is succeeded by Lelise Neme, former CEO of the Industrial Parks Development Corporation. The EIC management team has held a briefing session to welcome and onboard the new Commissioner.



**Update to COVID-19 State of Emergency regulation:** Amendments to the regulation include:

- Travellers arriving at Bole International airport with a negative PCR SAR-CoV test certificate dated up to 72 hours before arrival will be required to provide a sample on arrival and self-quarantine at home for 14 days.
- Travellers without test result certificate and returnees will be quarantined for 7 days at designated sites and tested. They will then be required to self-quarantine for 7 days at home.
- Suspected or confirmed COVID-19 cases with mild or no symptoms will be asked to self-quarantine at home if they have the resources and support, are willing and meet the criteria.

**Council of Minister endorses bill to amend Commercial Code:** The 1960 Commercial code of Ethiopia has regulated the constitution and activities of business organisations since September 1960. The Council of Ministers has endorsed a draft new bill to amend the Commercial Code. The proposed changes include the definition of business organizations, formation and management structure of share companies, debt reorganization process, and definition of bankruptcy laws. We will provide a full summary of the amendments once the new Commercial Code is rectified.



## COVID-19 IN ETHIOPIA

### IMPACT ON PUBLIC HEALTH

Total number of cases to date: 5,175 (+1,416 from last week)

Total tests performed to date: 232,050 (+34,689 from last week)



## Additional resources

**Realizing New Productive Capacity in Ethiopia's Textiles and Apparel Sector: Strategy and Policy Recommendations ([Link](#))** : Textile and apparel is a priority sector for the Government, which has set an ambitious goal to achieve \$30bn in exports by 2025 and lead the African textile and garment sector in global competitiveness. The EIC and the Ministry of Trade and Industry commissioned a study to identify bottlenecks in the value chain and develop policy recommendations.

**UNCTAD: World Investment Report 2020 ([Link](#))**: The World Investment Report supports policymakers by monitoring global and regional FDI trends and documenting national and international investment policy developments. This year's Report takes stock of the COVID-19 crisis and includes a new chapter on investment in the Sustainable Development Goals



## The new 10-year development plan is aiming at making Ethiopia an African Beacon of Prosperity

The Development and Planning commission has recently developed a 10 year development plan, which is planned to replace the country's Growth and Transformation Plan. Highlights from the plan are provided below.

### Macro-economic Targets

The country aims to sustain and further accelerate the growth recorded in the past 10 years

#### 1. Economic Growth

Achieve 10.2% average growth rate for the period 2020 – 2030

Increase per capita income to USD 2,220 by 2030 (8.5% annual growth rate)

Reduce the proportion of people living below the poverty line from the current 19% to 7% in 2030

#### 2. Structural transformation

Accelerate structural transformation of the economy by significantly increasing the contribution of industry to the country's GDP (from the current 27.8% to 35.9% by 2030).

### Development challenges

Four main challenges for the development of the economy have been identified:

1. **Macroeconomic imbalance** including inflation, unemployment, high debt burden and forex shortage
2. **Vulnerability to shocks** such as COVID-19, climate change, and Desert Locust infestation
3. **Poor quality and high inequity in infrastructure projects**
4. **Poor quality service** in health and education



### Strategic Pillars

**Private sector's leadership in the economy:** Stimulate the private sector's increased participation in the economy by creating a conducive investment climate, providing incentives, and building public-private partnerships

**Quality economic growth:** Ensure that economic growth is inclusive and focused on priority sectors of modern agriculture, manufacturing, and mining

**Production and productivity:** Support exports and import-substitution by providing the required infrastructure, developing trained human capital, availing targeted incentives, improving logistics services, and creating technological competences

**Institutional transformation:** Build the required institutions to support growth and innovation

**Equitable participation of women and children:** Ensure gender equity in economic and social sectors by ensuring the fair participation of women and youth in leadership and decision-making positions

**Climate resilient green economy:** Increase development efforts to fight land degradation and to reduce pollutions, improve productivity and reduce GHG emissions



### Other useful information

**PPE Raw Materials Suppliers List ([Link](#)):** The EIC has published a list of local and international PPE raw material suppliers here.

Products featured include spunbond non-woven meltblown, nitrile rubber, natural rubber + latex, polyisoprene, polychloroprene, vinyl, polycarbonate



## 2019 EIC ANNUAL REPORT – highlights on progress made and government reforms to attract new investments in Ethiopia

1



### Ethiopia is the largest recipient of FDI in East Africa

Since 2012, FDI inflows to Ethiopia have been growing by an average 50% per year, reaching the peak of \$4.1 billion in 2017. While FDI inflow to Ethiopia declined slightly in 2018 - in line with the global downward trends and the slowdown in global economic growth - Ethiopia was still the largest recipient of FDI in the East African region and the fifth largest recipient of FDI in Africa after Egypt, South Africa, Congo and Morocco

2



### Ethiopia launched a comprehensive and well-coordinated Homegrown Economic Reform agenda based on 3 pillars



#### Ease of doing business

**Macroeconomic reforms** to correct foreign exchange imbalances, control inflation, and safeguard financial stability

**Structural reforms** to ease institutional and structural bottlenecks to productivity

**Sectoral reforms** to address constraints to productivity growth in key strategic sectors of agriculture, manufacturing, tourism, mining, and ICT

3



### In 2019 EIC has adopted measures to improve operations

- Upgraded systems to provide services via digital platforms
- Coordinated with multiple donors to build capacity within EIC and set up tools to support operations
- Built the Next Generation Ethiopia Technocrats through the Young Professionals Development Programme (YPDP)

#### EIC is adopting online systems to streamline operations

EIC has implemented an Online Investment Service Management System and Ethiopian Electronic Single Window System to provide licensing, registration & incentive services.

**EIC has developed an FDI Tracking Tool to track the activities of EIC.** This internal tool will be used at EIC to track all interactions with investors throughout the investment cycle and to measure FDI.

4



### The Government of Ethiopia has taken bold steps to promote the tourism sector as a priority area:

- Tourism Ethiopia designed 2 new strategies (MICE Tourism and Stop-over Tourism) in collaboration with World Bank/IFC to support the national tourism development.