Investing in Ethiopia – Opportunities and Challenges

European Entrepreneur’s Perspective
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Credit: Yonatan Tesfaye
**Personal interests** – Family (kick-starter), Cultural interest (language, history), Previous experiences (Vietnam), Taste for challenges

**Macaoeconomic** – 10+ y. continuous GDP > 7% av.

**Infrastructure** – Industrial parks, mega projects

**Demography** – 2\textsuperscript{nd} largest population, young

**Business Environment** – Strong public sector / Private sector emergence

**Opportunity** – EU market-gap / China industrial shift

**Agriculture** – Land access, water, altitude / weather

**Geography** – Crossroad of EU, Middle East, Africa, Asia (3.5 billions individuals < 8 hours)
Reported General Impediments to Setting-up & Running a Business

1. Administration of taxes (55%)
2. Lack of Certainty, Transparency & Governance (49%)
3. Foreign Exchange (35%)
4. Licensing & Business Registration (33%)
5. Customs (31%)
6. Legislative Related Issues (27%)
7. Infrastructure (26%)
8. Lack of Priority on Investment Promotion (14%)
9. Corruption (14%)
10. Financial Issues (13%)
**Impediments (2014/15 EUBFE Survey) – Grouped in Clusters + Examples**

### Finance: Foreign Currency - Financial & Banking Sector – Access to Finance
- Access to foreign currency
- Inefficient banking system
- Access to borrowing facilities

### Investment: Certainty, Transparency & Governance – Licensing & Business Registration – Investment Promotion
- Complex investment law subject to multiple “readings”
- Poor inter-agency coordination
- Unpredictable laws & regulations

### Infrastructure: Customs – Infrastructure – Supply Chain
- Lack of coordinated logistic system
- Delays in moving goods
- Single logistic corridor
- Access to electricity
Since 2018 – EthiopianGovFocusesonBusinessClimate

• Doing Business - Top 100 target
• New Horizon of Hope 2020 – Clear short-term targets
• Investment Board – Increased used / frequency
• WTO – Resumed talks
• Privatization Process – Ethio Telecom
• ACFTA - Africa Continental Free Trade Area
• PPPs, Eritrea, …

June 2019 – New Licensing Proclamation (Local start-ups)

• Commercial Registration:
  ▪ No newspaper publication
  ▪ Online application
• Mem. & Art. of Association – No need for notary public
• Simplification of late renewal fees / process
• No need for preliminary lease agreement
• No need for cash register machines
East Africa Gate

Investment is craft in Ethiopia

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