

Africa **Partnership Conference**

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Investment Opportunities and Policies in Ethiopia



Ethiopia: Brief Country Profile

- Located in North-East Africa
- The fastest growing economy in Africa
- The second most populous nation in Africa with a dominantly young and productive population
- Has huge untapped resources
 - A multi-party democracy
- One of the oldest nation on the planet



our Vision

- Ethiopia envisions to become a **middle income country by 2025**. The target is broader than a quantitative target; includes aggressive poverty reduction and advances in health, education, and the environment
- The three key pillars to achieving the target are economic, social, and environmental developments:

Economic development	Social development	Environmental development
Focusing on Light Manufacturing mainly Textile & Leather Garment	Focusing on Education & health	Sustainable use of natural resources and boosting resilience to adverse impacts of climate change



Infrastructure

- Ethiopia is rapidly investing in modernizing infrastructure for population and industry
- Mega infrastructural projects have increased the accessibility of:
 - **Electric power**
 - **Roads**
 - **Communication services**
- The aviation industry is under a rapid growth with new airport projects and expansion of the existing ones
- Ethiopia is on track to generate about 12,000 MW of power by 2017
- Ethiopia has an enormous potential for electric power generation from multiple sources:
 - Hydro: > 45,000 MW)
 - Wind: > 10,000 MW, and
 - Geothermal: > 5,000 MW



Infrastructure

Addis Ababa Measso –Dawale Railway Project

- it covers 656 km
- status of this project:- under construction
- it is expected to open for service at the end of September 2016
- Invested capital is around USD 3.4 Billion

Awash- Woldia/ Hara Gebeya Railway Project

- covers 392 km
- under construction
- expected to be completed in 2018
- Investment Capital Required USD 1.7 Billion



Investment Policies and Incentives

Investment Policies

GTP II sets out clear vision and realistic goals for investment

Ethiopia has a development plan that investors can align to



To grow share of total investment as percentage of GDP from 36.3% in 2015 to 41.3% by the end of GTP II (2020) registering an annual average growth of 23.6%



Ethiopian Investment Policy

- Foreign investors can invest alone or in partnership with domestic investors in areas open for FDI
- All investors are required to have an investment permit
- Allocate minimum of USD 200,000
- The Ethiopian Investment policy has been modified more than 4 times in the last 20 years, in favor of investors
- The Ethiopian Constitution and the Investment Law guarantee protection of private property and investment
- In addition, Ethiopia is a signatory of 29 Bilateral Investment Treaties and 6 Multilateral Investment Agreements that stipulate:
 - Protection of private property rights
 - Principle of National Treatment
 - Repatriation of capital and profit



Investment Incentives

Repatriation of investment and profits	Repatriation: of profits, dividends, principal and interest payments on external loans out of Ethiopia in convertible currency
Hiring Expats	The right to employ expatriate experts and management staff; there is also an exemption of 2 years corporate income tax for exporting companies of expat employees
Customs duty exemption	on capital goods, construction materials and partially on spare parts (as much as 15% of the total value of capital goods)
Income tax exemption	2-8 years, may be more for manufacturing of textile and garment inside IPs and 10-15 years for Industrial Park Developers



Support for Investors and One Stop Shop Services

- **The Ethiopian Investment Board (EIB) is the highest investment policy making body on Investment and Industry Park in the country**
- **EIB is chaired by The Prime Minister**
- **EIC is responsible for promoting, supporting & regulating investment projects**
- **EIC has introduced One Stop Shop services (OSS) during entry, implementation and operation phases and also After Care Services**



Cont.

- **One Stop Shop Service:**

Registration of business for investors now takes a matter of hours for most, and generally 1-2 weeks at most.

- **After Care Service: Providing support to investors in processing investment related requests such as:**
 - Land for investment
 - Residence permits
 - Approval of environmental impact assessment on investment
 - Acquiring water, electrical power and telecom services



Investment

Promoted Investment Opportunities

Ethiopia plans to become the manufacturing hub of Africa

Promoted Investment Projects:

Industry Park

Agro-processing

Textile & Textile Garment

Leather & Leather Garment

Pharmaceuticals

Construction materials, Capital Lease Financing

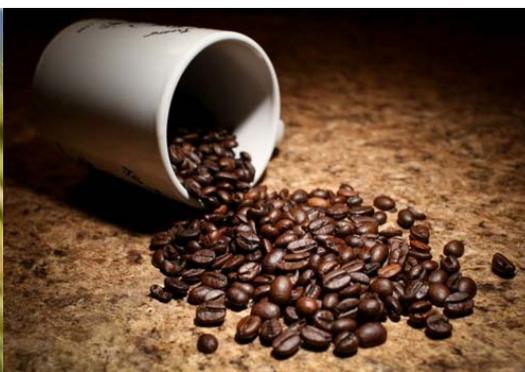




Investment Opportunities

Agro Processing

- 74 million ha of arable land (only 15 million ha cultivated)
- Largest producer of **Wheat** and third largest producer of **Maize** in Africa
- Has the largest **Livestock** in Africa, 55 million cattle, 28 million goats, 27 million sheep
- Top producer of **Coffee** in Africa and 5th in the world
- Opportunities in: **Cotton, Flower, Vegetables, Fruits, Herbs, Livestock and Poultry** breeding etc





Investment Opportunities

Textile and Textile Garments

Ethiopian textile firms export to Europe & US

Potential to develop a competitive cotton or textiles industry due to favorable climatic and soil conditions

Strong export performance: the Ethiopian garment and apparel industry has grown an average of 51% over the last 6 years:



Main reasons for investing in Ethiopia

Fast and sustainable economic growth and development

Stable economic and political environment

Access to international markets (AGOA, EBT etc)

Availability of abundant and wage competitive labor force

Fast growing infrastructure and very cheap green energy

Transparent investment policies aligned with GTP Targets

Attractive investment incentives

Naturally conditioned weather (no need for heater or cooler)

Clear Strategy and Plan (GTP II)

Continuous Government Support



We Welcome you to invest in the fast growing Ethiopia

**For further reference our website is:
www.investethiopia.gov.et**

Thank You!