

Business Opportunities in Ethiopia

The Embassy of Ethiopia in collaboration with CBL-ACP

March 28, 2024



**ETHIOPIA TAMIRT
EXPO 2024**

Outline

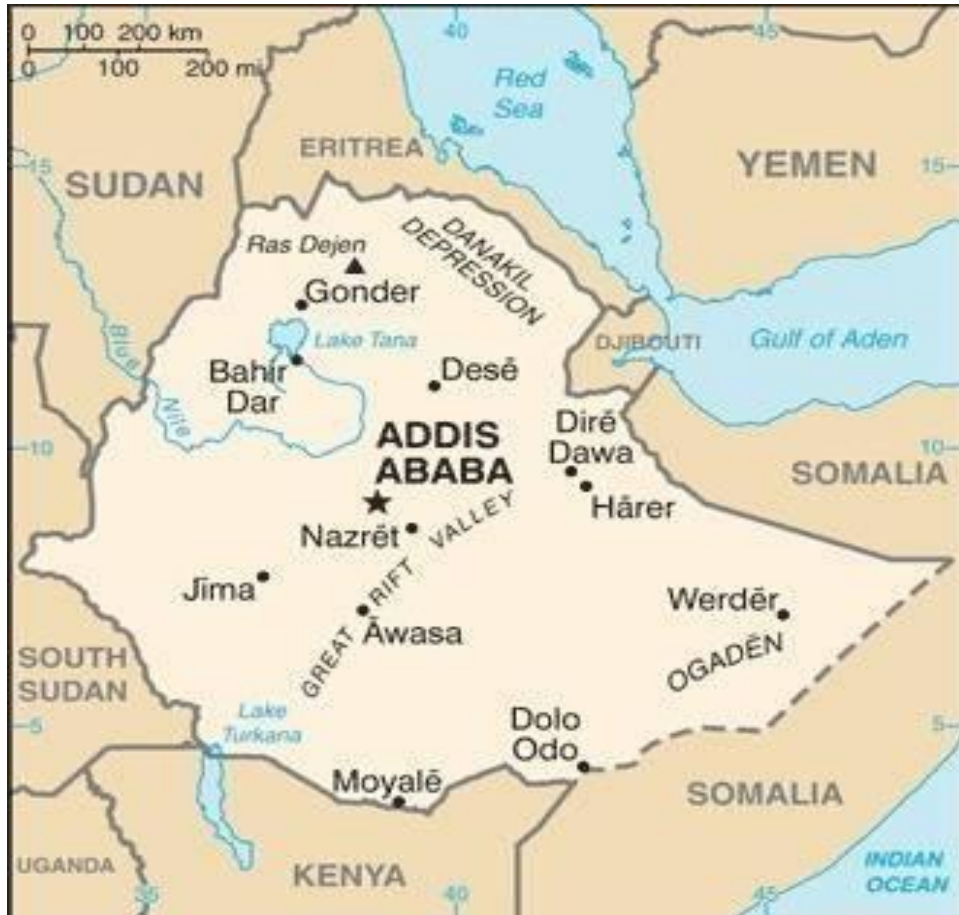
1. Basic Facts
2. Why Invest in Ethiopia
3. Major Investment Opportunities
4. Export Promotion
5. Incentives

Ethiopia-Belguim Relations



- Enjoyed a longstanding diplomatic relations dating back to **1906**.
- Promising business ties.
- Belgium mostly **imports** coffee, cut flowers and grains and horticulture products, while **Ethiopia imports** Agricultural Chemicals and Machineries and pharmaceutical products.
- EAL the 2nd largest cargo hub and daily flight.
- Currently 27 Belgian companies (Semi Multinational) actively engaged in Ethiopia (Durabilis, EFICO, ECOSTRYL etc ...).

1. Ethiopia – Basic Facts



Population: 120 million (World Bank)
→ 2nd in Africa

Area: 1.14 million sq km
→ About twice the size of France
- Strategic location (Horn of Africa)

Capital: Addis Ababa
African Union Diplomatic Headquarter
→ - Diplomatic power, Parallel with
Brussels for the EU

GDP: 158 Billion USD
→ 3rd in Sub-Saharan Africa

2. Why Invest in Ethiopia?



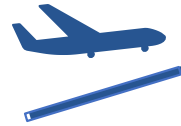
Fast-growing and resilient economy
6.4% GDP growth rate 2023 (IMF)



**Africa's 2nd largest pool of fast learning
& productive labor force**



**Expanding and enabling
infrastructure, Market
Access, COMESA, AfCFTA**



Strong Air connectivity
132 international destinations, the 4th
growing brand in the world, with
dependable cargo services 195,000T



**Dynamic policy, Reforms and
Attractive incentives**



**Top favorable FDI destination, FDI
inflow 4.3 billion USD in 2021,
Multinational Companies established**

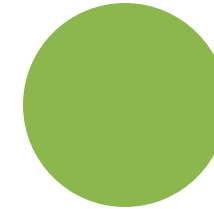
TARGETED PRIORITY INVESTMENT AREAS UNDER THE HOME-GROWN ECONOMIC REFORM



Agriculture



Manufacturing



Tourism



ICT



Mining



Emerging Sectors

- Energy
- Logistics & Transport
- Health
- Housing Development

3. Major Investment Arieas:

1. Agriculture

1. Crop production

- 74.3 million hectares of arable land (45% of the total area)
- Over 3 million hectares of land has made available for investment
- 5.3 million hectares of irrigable land among these only 15 % used
- Abundant water resources with 12 river basins



2. Livestock: Ethiopia has one of the largest livestock population in Africa and tenth in the world

- 52 million cattle
- 25.98 million sheep and 22 million goat
- 42.05 million poultry
- 10 million bee Colonies and 5.2 billion beehives



3. Special focuses

- Farming for coffee, rice, tea, sugar cane cotton and other

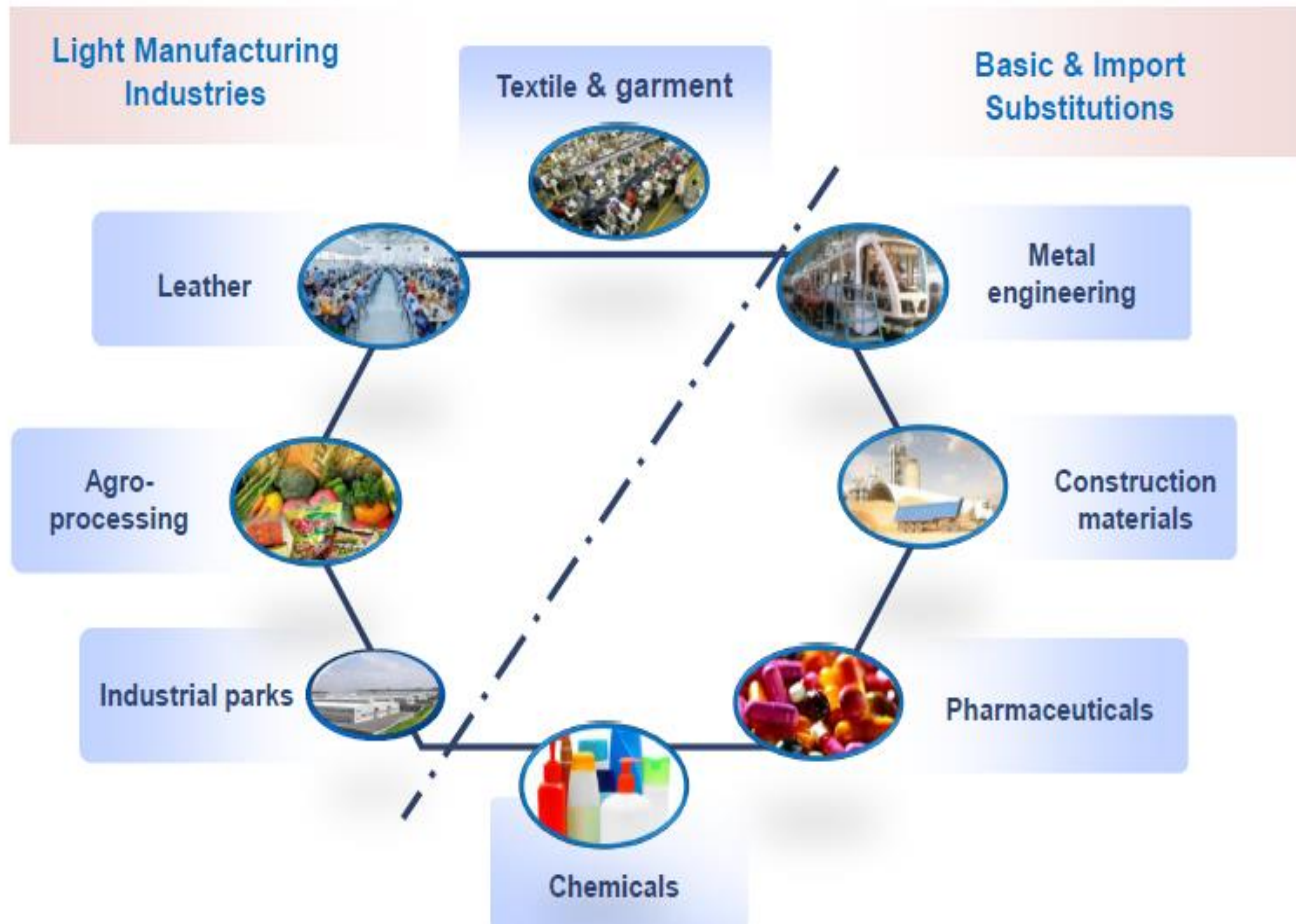


Manufacturing and extractive Industries

Seven priority sectors have been identified



ETHIOPIA TAMIRT
EXPO 2024



- Production of textile and fabrics
- Production of garments/ garment factories
- Production of other textile products (carpets, curtains, etc)
- Tanning of hides and skins up to finished level
- Manufacture of leather goods and articles (foot wear, garments, hand bags, luggage items, etc.)
- Wine industries, mineral and spark waters
- Paper and products
- Chemical factories
- Gypsum , marble and granite
- Steel bar factory
- Exploring minerals

Agro-Processing



- Processing of Meat and Meat Products
- Fruits and vegetable processing
- Manufacturing of Animal feed
- Brewing and wine-making
- Sugar production
- Pulses and cooking/edible oil
- Dairy development
- Natural composite/fertilizer
- Coffee roasting, processing and packaging
- Milk production and processing of butter, cheese and yogurt from milk
- Processing and packing of meat
- Tomato sauce, paste and ketchup
- Poultry development and processing of chicken production of eggs

Pharmaceuticals and Health

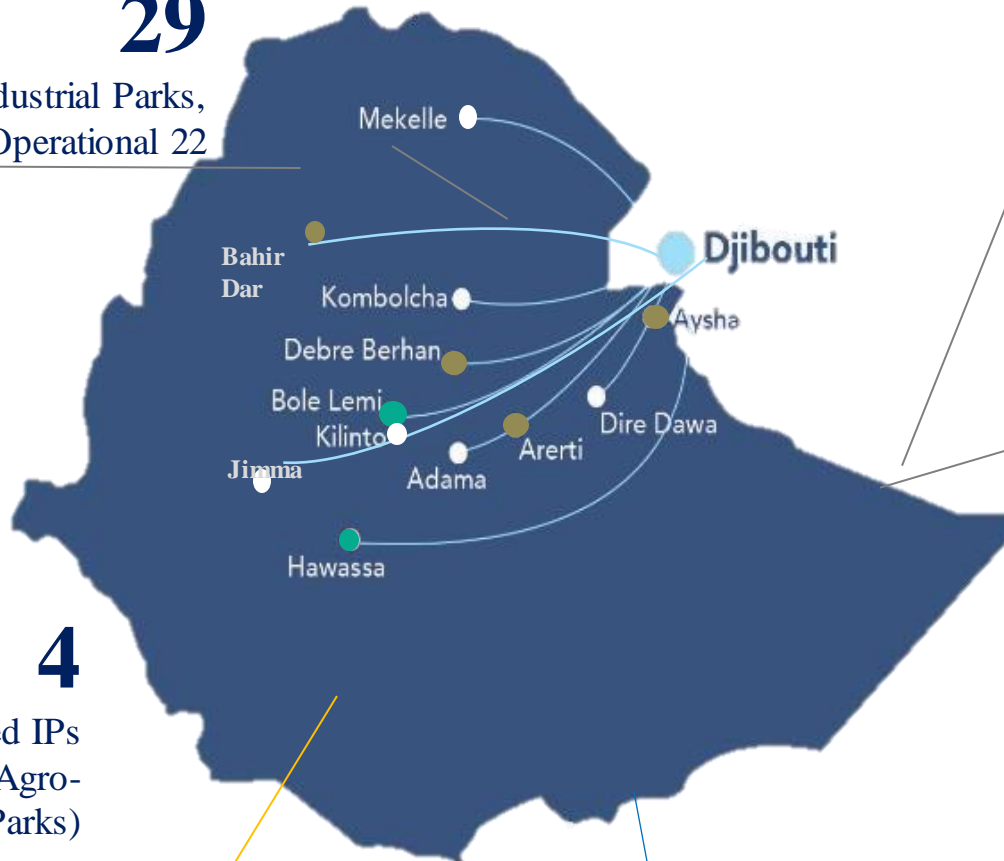
Why invest in Health Sector in Ethiopia?

- Huge opportunities to fill the gap of manufacturing
- 80% of pharmaceutical needs covered form imports
- Dedicated industrial park
- Government incentives

Specialized industrial parks and Special Economic Zones Development & Operation Projects

29

Total Industrial Parks,
Operational 22



4

Regional owned IPs
(Integrated Agro-
Industrial Parks)

4

Integrated Agro Industrial Parks

14

Federal owned Industrial Parks

7

Private Industrial Parks

KEY CHARACTERISTICS • Sector specialization focused • Vertically integrated • Export oriented • Sustainability driven • Skill development oriented



Ethiopian Sovereign Wealth Fund Ethiopian Investment Holdings (EIH)



Ethiopian Investment Holdings (EIH) is the **largest sovereign wealth fund in Africa**, with **over \$150 billion in assets under management**.

EIH represents Ethiopia's long-term commercial and investment interest.
Opportunities to co-invest with EIHs through Joint Venture.



Ethiopia's new **ESX**, or the stock market, is launched early 2024.

- Important sectors such as Banks and the Telecom are now gradually opening up for the private sectors.





ETHIOPIAN™
INVESTMENT
HOLDINGS

What are the Opportunities



Number of
Corporations

26
corporations



Diverse
sectors

8 sectors



Combined
Revenue

16 Bn USD

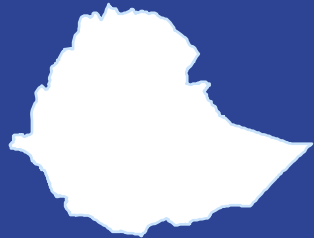


Development
Impact

~ 9%
of total tax
contribution

- Prioritised portfolio companies **to be listed in the Ethiopian Securities Exchange** – including Ethio-telecom
- Portfolio companies to be privatized (fully or partially) such as sugar estates
- Portfolio companies requiring equity and debt financing to expand their operations – EIH has developed a pipeline of investment projects in line with these needs
- Portfolio companies that require optimisation through management/supply contracts

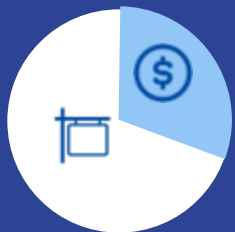
ESX - 69% equity open to both domestic and foreign private-sector investors



- The ESX is being established as the first modern and organized securities exchange in the country. Ethiopia is the largest economy in the world without a securities exchange



- Formed as a share company in line with Article 31 of the Ethiopian Capital Market Proclamation.



- EIH and FSD Africa to hold 25% and 6% equity stakes, respectively. 69% open to both domestic and foreign private-sector investors

Why Invest on the ESX

- Investment exposure to one of the key macro strategic initiatives in Ethiopia.
- Integrated business model serving the money markets, fixed income, and equity segments utilizing a state-of-the-art Electronic Trading Platform.
- Up to 50 companies will be listed in the first 10 years of its operation including major State-Owned Enterprises (SOEs) and key financial sector players.
- GoE commitment to early-stage capital market development, in the form of listing major SOEs and in utilizing the debt capital markets to fulfill fiscal needs.

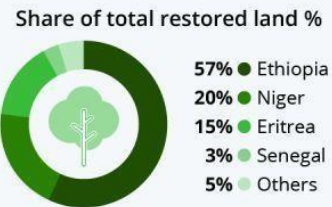
Ethiopia

Green Legacy Initiative (GLI)

The Great Green Wall Begins to Rise

Project: Reforestation of an 8,000 km corridor to combat desertification and the effects of climate change. Benefits also include the creation of local jobs.

- Planned route
- Project member states



* based on 2019 data

Sources: UNCCD, Greatgreenwall.org



Source: **statista**

Green Legacy Initiative (GLI)

Key Figures

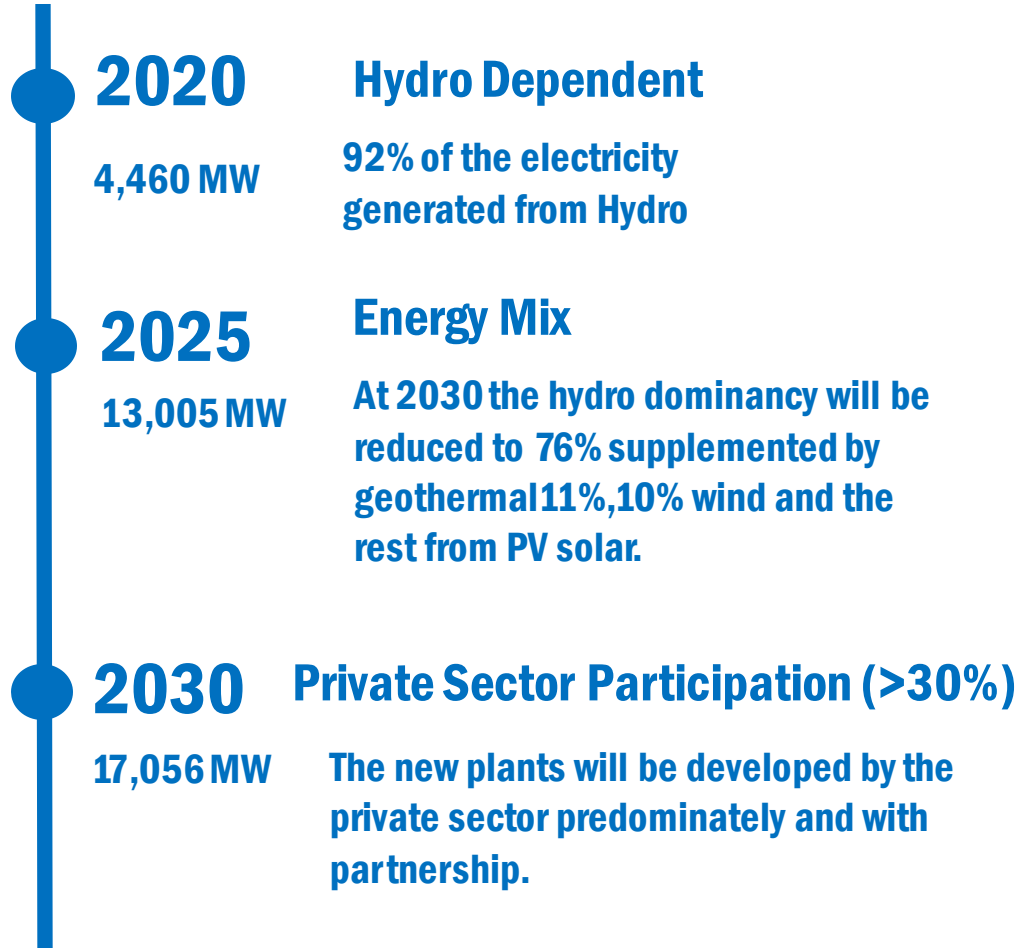
- 32 billion seedlings planted
- 767.000 jobs created
-

The Ethiopian **Green Legacy Initiative (GLI)** is the largest contributor to the **Great Green Wall** (57%)

Focus on 3 SDGs Sustainable Development Goals



Abundant Clean Energy Mix



GERD	5,150 MW
Koysha	1,800 MW
Assela – I	100MW

Expected new + 6,166 MW Wind farms (2,255 MW) Hydro (1,295 MW), Thermal (1,500 MW), Solar (975 MW),

Infrastructure development



- Strong connectivity by air, rail and ship cargo
- The cheapest Energy cost with clean source (0.28\$) Kwh.

3. Tourism

- ❑ Ethiopia is rich in historical, natural and cultural heritages which makes it suitable for tourism development
- ❑ Ethiopia is the home of to the largest number of 13 UNESCO World heritage sites in Africa
- ❑ New sites (Bale Mountains National Park & Gedeo Cultural Landscape) recently registered as a World Heritage by UNESCO
- ❑ New Destinations have been launched in and out Addis Ababa.
- ❑ The capital city, Addis Ababa, is the diplomatic hub of Africa and the seat of many international and regional organizations
- ❑ Ethiopian Airlines, Africa's world class airline, has an extensive network of domestic and international air transport services

Eco Tourism

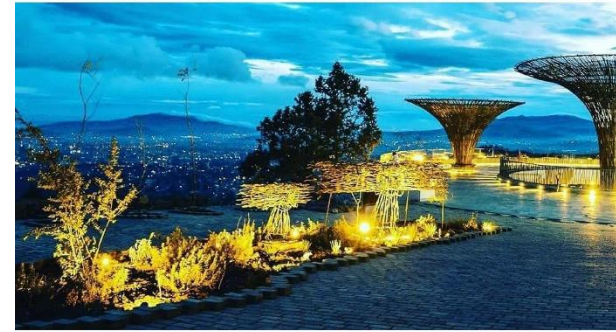
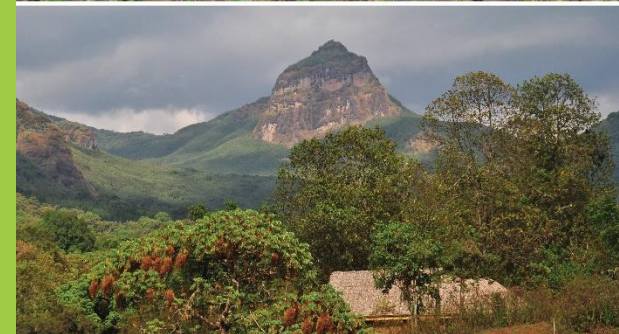
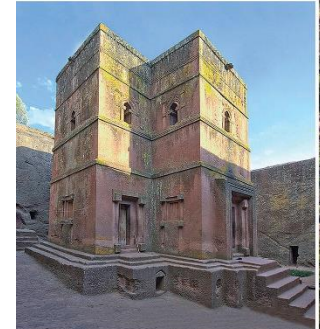
Spa Tourism

Health Tourism

Adventure Tourism

Resort Lodges

Restaurants and Tour Operations



4. ICT



- Telecommunications service,
- Software, application and database development,
- System integration and data center services,
- Manufacturing of ICT equipment,
- E-commerce and ICT infrastructure,
- ICT enabled service and others.

5. Mining



Attractive Royalties

- 7% Precious minerals
 - 6% Semi-precious minerals
 - 4% for industrial minerals
 - 5% for metallic minerals
 - 7% for gold
 - 3% Construction minerals, and
 - Petroleum royalties are negotiable.
- **Mining potentials: gold, potash, platinum, opal, iron, tantalum, marble, granite, limestone, etc.**
 - **Goal is the most expected minerals and one of the top export products.**

Export opportunities

Main Export Products of Ethiopia

Coffee, Spices & Oil Seed



Leather and Textiles



Minerals



Fruits, Vegetables and Flowers



- With a favourable climate, abundant labour, land, and water resources, most regions of the country are suitable for the production of a wide range of tropical and sub-tropical fruits, vegetables, and flowers
- The major export product coffee 30% of the total. Major buyers are German, S Arabia, USA, Japan. Belgium is the 5th buyer.
- vegetable export products are: Potatoes, green beans, okra, melons, white and red onions, shallots, cabbages, leeks, beetroots, carrots, green chilies, tomatoes, and lettuce.
- The main exportable fruits are: Oranges, mandarins, grapefruits, mangos, guavas, lemons, avocado, strawberry, and lime.
- Ethiopia is the second largest exporter of cut flowers in Africa and the fourth in the world. Cut-flower exports include: Statice, alliums, roses, and carnations

Incentive package

Custom Duty Exemption

- 100% exemption from the payment of customs duty on imported capital goods and construction materials.

Exemption from Income Tax

- Shall be entitled to income tax exemption for a period of 1-9 years.

Remittance of Capital

- Profits and dividends
- Principals and interest payments on external loans

Export Incentives

- No export tax is levied on export products with the exception of semi-processed hides and skins.

Low Rate of Farmland Lease

- land at cheap rates for commercial farming

Investment Guarantees and Protections

1. The constitution and other laws of the country protect private property
2. Ethiopia is a member of the Multilateral Investment Guarantee Agency (MIGA) of the World Bank which issues guarantee against non-commercial risks in signatory countries

INTERNATIONAL COMPANIES OPERATING IN ETHIOPIA



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A panoramic view of a lush, green valley with rolling hills and a winding road. The sky is filled with dramatic, colorful clouds, suggesting a sunset or sunrise. The text "Thank You!" is prominently displayed in the center of the image.

Thank You!