



Ethiopia Investment Weekly

17 June, 2020

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



The week in brief

Development bank cuts lending interest rate to 7.5%: The Development Bank of Ethiopia (DBE) has cut lending interest to 7.5% for borrowers in the hotel, poultry farming and processing and tour operation sectors and to 8.57% for all other borrowers.

This adds to 3 other initiatives already announced by DBE: soft loans for industries engaged in export, including horticulture and textile companies; 2 billion ETB soft loan for consumer cooperative unions; loan repayment rescheduling for all its borrowers.

Ethiopia will start to produce 5.5 million face masks per day to ease the growing demand resulted from increase in new cases of the COVID-19 pandemic: The Ministry of Trade and Industry (MoTI) has announced that 67 textile factories will soon start production of 5.5 million face masks a day for social care. Face coverings on public areas and transport has become mandatory in Ethiopia to help stop the transmission of coronavirus as more people got infected with the virus.

Import value drops: The recent released quarterly bulletin report of National Bank of Ethiopia (NBE) second quarter report for the 2019/20 fiscal year indicates that the total merchandise import stood at USD 3.8 billion during the second quarter of 2019/20 (-13.9% vs same quarter last year). This is mainly drive by lower import values of fuel, capital goods, consumer goods and miscellaneous goods.



COVID-19 IN ETHIOPIA

IMPACT ON PUBLIC HEALTH

Total number of cases to date: 3,759 (+1,424 from last week)

Total tests performed to date: 197,361 (+45,027 from last week)



Additional resources¹

UNIDO Global Call for Innovative Ideas and Technologies vs. COVID-19 and beyond ([Link](#)): UNIDO and the ITPOs network have launched a Global Call to identify the most innovative solutions that aim to tackle the effects of COVID-19 in developing countries and to make their economies more resilient, in alignment with the UN Sustainable development Goals (SDGs). **Application deadline is 30 June, 2020.** For more information on application details please follow the [link](#).

PPE Dashboard ([Link](#)): IDH, the Sustainable Trade Initiative, has developed a platform to match PPE buyers and suppliers. PPE suppliers can share their information on this platform

¹ The EIC does not endorse any of the below publications



Useful Information

17 June, 2020



Digital Strategy for Inclusive Prosperity 2025

Objectives

The Ethiopian Ministry of Innovation and Technology has developed a digital economy strategy to: **have an inclusive approach** that supports Ethiopia's development and from which other sectors and institutions can draw; emphasize the **need for urgency**; **mobilize critical stakeholders**; coordinate and **strengthen current initiatives**; and **ensure an inherently international approach** that will enhance Ethiopia's place in regional and global value chains

Pathways to digitization

The strategy took into consideration current economic drivers, strategic sectors, and national objectives to identify the most relevant pathways to pursuing digital growth:

- 1. Unleashing value from agriculture:** Build a digital agricultural platform that offers insights for decision making and support ag-tech entrepreneurship
- 2. Constructing the next version of the global value chain in manufacturing:** Enable the creation and adoption of new communication technologies in industrial parks and enhance digitally enabled logistics management approaches to boost export
- 3. Building IT-enabled services:** Provide infrastructure to high potential talent centers and reframe and operationalize the IT Park to attract leading Business Process Outsourcing
- 4. Focusing on digital as the driver of tourism competitiveness:** Drive digitalization across the tourism industry by setting up a tourism digitalization task force, improve tourist inflow and increase tourist activity through targeted digital marketing strategies and build the capacity of tourism SMEs to adopt digital technologies

Assessing Ethiopia's readiness for digital transformation

The strategy provides recommendations to enhance Ethiopia's digital readiness in four ways:

- 1. Strengthening existing infrastructure**
 - a. Connectivity:** Develop a comprehensive telecom roadmap and robust regulation to support progress, upgrade WoredaNet, and operationalize a universal service fund to expand connectivity
 - b. Power:** Invest in last mile connectivity, diversify energy sources and off-grid solutions, establish a targeted subsidies scheme, and strengthen follow up and maintenance
- 2. Developing enabling systems**
 - a. Digital ID:** Adopt the Principles on Identification for Sustainable Development drawn around Inclusion, Design, and Governance
 - b. Digital payment:** Ensure financial inclusion by promoting current services, evaluating technology adoption, promoting benefits, and encouraging innovation
 - c. Cybersecurity:** Conduct a comprehensive assessment on Ethiopia's cybersecurity, develop a roadmap for national awareness campaigns, and enable adoption of cloud solutions
- 3. Facilitating digital interactions between government, private sector and citizens**
 - 1. E-Governance:** Design services with stronger government coordination and technology leverage to reduce complexity and cost
 - 2. E-Commerce:** Enact clear policies and regulations, build robust logistics sector, introduce a national addressing system
- 4. Strengthening wider ecosystem by addressing challenges in finance, human capital, and policy and regulation**

Sustainable Investment in Agroprocessing and Light Manufacturing

With more than 10,000 Chinese-owned firms now operating in Africa and an estimated 12% of Africa's industrial production (valued at \$500 billion a year) handled by Chinese firms, China has become a major investor in Africa.

To maximize sustainable growth for Chinese-owned businesses in Africa, the International Trade Centre (ITC) and the Ethiopian Investment Commission (EIC) have launched the sustainable investment handbook "Ethiopia: Sustainable investment in agroprocessing and light manufacturing" ([link](#)).

The handbook guide Chinese investors through compliance with environmental and social sustainability requirements (e.g. an environmental impact assessment) and voluntary standards in Ethiopia (e.g. site selection aligned with sustainability). It shows investors how to embed sustainability in all stages of business operations, and how this can translate into a triple win for productivity, environmental protection, and local livelihood improvements.

The findings stem from extensive research in Ethiopia and China, joining the insights of various ministries, investors, and other stakeholders with trade expertise. The handbook was developed under the framework of the [Partnership for Investment and Growth in Africa \(PIGA\)](#). The handbook is available in English and in Mandarin Chinese.

Government Update

17 June, 2020



Ethiopian Prime Minister, Dr. Abiy Ahmed, appeared before the House of People’s Representatives (HPR) on June 8 to address inquiries posed by the lawmakers. Below is a summary of the Prime Minister’s response regarding the current impact of Covid-19. Please refer to the press release [here](#) for full summary.

Covid-19 has challenged global social, political, and economic systems. Globally, 7 million cases have been confirmed and 400,000 lives have been lost. In Ethiopia, confirmed cases have been found in all regions and both city administrations. The global economy is expected to fall significantly. Global food insecurity is expected to increase. Ethiopia will also feel this impact.

Public Health Response

The crisis is an opportunity to build capacity. At the onset of this pandemic in Ethiopia, test samples used to be sent to South Africa. In the 3 months since, 31 laboratories with capacity to conduct 8,000 tests per day have been opened. Starting Hamle (August), this capacity will be increased to more than 14,000 test per day. Facilities have been prepared to quarantine suspected cases and travelers and to treat confirmed cases. The government has taken strong leadership during this period and has allocated 5 billion ETB for the public health response. Support is also provided to regional states.

Economy

The Ethiopian economy was initially planned to grow by 9% during 2012 Ethiopian Fiscal Year (EFY). The economy is now expected to grow by at least 6% during this period.

Export trade has grown by 13%. Coffee and meat exports are good examples. In import trade, due to the decrease in fuel imports, the country was able to save hundreds of millions of dollars. The import of strategic products such as medicines, fertilizers, and production raw materials has increased.

Work being done to make Ethiopia a top tourist destination post Covid-19 include the Riverside and Entoto Projects

Social

The Government is addressing food insecurity, The government has **procured wheat and oil worth 3.2 billion ETB.** 1.8 billion ETB has been donated through the meal sharing programme. The IMF and FAO have also provided support.

CONTACT

Send us your feedback or questions: covid-19.response@ethio-invest.com

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