Capital Market Takes More than Legal Frameworks

Abdulmenan Mohammed, Financial Management Expert

“The Task Requires Nonexistent Capacity.”

Lensa Mekonnen, CEO, Land Bank and Development Corporation

9th Year • Mar 16 - Apr 15 2021 • No. 96

Ethiopia ETB: 40.00

ETHIOPIAN BUSINESS REVIEW

FUELING INFLATION

AfCFTA:
Doomed from the Start?

Open-up the Agricultural
Input Market!

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ETHIOPIAN BUSINESS REVIEW

Ethiopian Business Review is published by Champion Communications. It is registered by Ethiopian Broadcasting Authority. Registration No 227/04

CHAMPION COMMUNICATIONS

CHAMPiON Communications is registered by Ministry of Trade Business Licence No 14/670/76602/2004

9th Year Mar 16 - Apr 15 2021 No 96

ISSN 2312-5403
Ethiopian Business Review

Editorial Address
Kirkos Subcity, Wereda 08 House No, 228 Jomo Kenyatta St. Tsehay Messay Building 4th Floor P.O.Box: 54605: Addis Ababa, Ethiopia
ethiopianbusinessreview.net

Editorial
editor@ethiopianbusinessreview.net

Subscription & Advertising
marketing@championethiopia.com | +251 961 41 41 41

This edition is printed at Master Printing Press
Arada Subcity, Wereda 06, House No. 122
Addis Ababa, Ethiopia.

Central Bank's Haphazardness Costing the Economy

After decades of indecisiveness and partiality, the National Bank of Ethiopia (NBE) was seemingly returning to its senses as of the last two years. Close to 60 directives have been revised under reform initiatives of the current government, laxing its previous restrictive bars. Nonetheless, the last few months have proven that the central bank was only partially baptized.

Beginning May 2020, the central bank has introduced two directives that are chocking the business environment unlike never before. On the 19th of May last year, NBE introduced cash withdrawal limits for the first time. Individuals and companies were respectively allowed to withdraw only ETB100,000 and 300,000 per day and ETB1 and 2.5 million per month. Six months ago, the central bank went further to introduce a directive capping businesses' cash holdings at ETB1.5 million and 200,000 for individuals.

Unsatisfied with results, further adjustments were made to the directives. In mid-March 2021, the central bank tightened cash holdings even more to ETB200,000 for companies and ETB100,000 for individuals. Also, withdrawal limits were reduced to ETB50,000 and 75,000 per day for a person and juridical person, respectively.

NBE advised businesses to work around the restrictions by using account-to-account transfer mechanisms instead of cash. However, the bank then went on to cap transfers to five per week, irrespective of volume.

The Construction Contractors Association of Ethiopia was the first to officially denounce the blindfold caps on cash holdings and number of transactions. Cash is the lifeline of businesses and organizations in Ethiopia's current stance.

The aim of the move was to discourage cash-based transactions and reduce informal cash hoarding by individuals. But NBE's latest tightening measures have a backing reason outside of what government officially states. Commercial banks are again facing a liquidity crunch, even after the demonetization and subsequent return of circulating currency to banks' vaults.

The first series of restrictive NBE directives backfired to create this liquidity crunch. Limits on the volume and frequency of cash transactions triggered companies to return to previous norms of stocking their money in hand and away from banks. Businesses are seen only withdrawing and not depositing money. If they are unable to access enough cash for daily dealings, hoarding cash makes sense as they have to keep their businesses afloat.

The central bank has not comprehended that operators in Ethiopia's economic engine of Mercato are extremely fast-paced and thus prefer cash transactions. There is no efficient, dependable, and real-time banking system that can parallelly operate with their fast nature. Hence, NBE is only capable of holding the cash supply, instead of going as fast as the businesses want.

If NBE is really not into political obedience, it should train its capacity towards repurposing commercial banks and businesses to partake in a digital financial system, which is easier to control. However, encouraging businesses to use account transfers is meaningless if companies cannot make more than five transactions per week.

A central bank, which proudly pronounces it is in the middle of financial sector reform, is obviously unable to operate as fast as businesses. In fact, NBE is introducing directives haphazardly overnight without evaluating worth or impact.

Once again, the central bank is losing its institutional integrity and entangling itself with illogical decisions that are foreign to the nation's business trends. Noted that some companies only want cash transactions for nefarious reasons and the government might excuse itself that the latest cash caps are to counter illegal financial flows that might water political factions. However, illegal money flow can only be controlled by strong intelligence and not strong mishaps. **EBR**

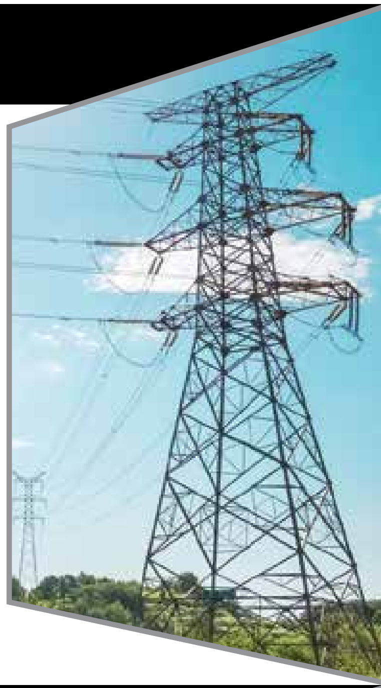
The following were some of the news stories in Ethiopia last month. They were sourced from Addis Maleda, a weekly Amharic Newspaper and sister publication of EBR.

Ethiopia to Install Institution in Charge of AfCFTA

Creating One African Market

Ministry of Trade and Industry disclosed it is working to establish an entity to oversee the implementation of AfCFTA and facilitate imports and exports. Its main objective will be to analyze market information on AfCFTA and provide research outcomes to traders and policy makers. The new entity will also follow-up on tariff-free goods and services to be traded under AfCFTA and indicate market gaps in Ethiopia as well as on the continent.

Electric Export to Kenya Highly Expected for Both Sides



Ethiopia expects USD6 million per month from electric exports to Kenya. Ethiopia has finalized the 433-kilometer electric transmission line within its borders at a cost of USD641 million, while Kenya is expected to finalize its 631-kilometer stretch within months. The completion date is three years late. The line will transfer 2,000 MW from the Wolaita Sodo station and can also transport Kenyan electricity when there is a power shortage in Ethiopia.

Fuel Profit Margin Calculation to be Localized

Ministry of Trade and Industry disclosed margins will be determined by the amount of fuel sold in specific towns, changing the current blanket margin. It is hoped that will ensure equitable profit and encourage investments in stations, leaving a smaller margin for places with high fuel sales, and vice versa. The ministry increased fuel prices by 25Pct in February and downsized the variance with international market prices to just ETB5.

Agricultural Bank to be Established after Decades

Ministry of Agriculture is preparing to establish the first of its kind bank, unseen in Ethiopia since the 1950s. On the footsteps of the Agricultural Transformation Agency's recommendations and the finalized Agriculture and Rural Development Policy, the ministry has given the green light. Related government workers and other stakeholders, including private actors, will be targeted as shareholders.

The Fuel Price Stabilization Fund, established under the Ministry of Trade to absorb fuel price fluctuations between international and local prices, has incurred ETB26 billion in losses as the international price is ETB5 higher than local rates, even after government increased local prices by 25Pct in January.

ETB 26 billion

No Privatization for Ghion Hotel Under Current State

Land Bank and Development Corporation, recently established to administer and develop federal landholdings, disclosed it is preparing to partner with private developers to invest, upgrade, and then privatize Ghion Hotel only when its value is satisfactory. Ahmed Shide, Minister of Finance, stated the revenue expected from the ongoing privatization process of Ethio Telecom and other state-owned enterprises will be used to pay external obligations.

New Customs Tax Proclamation in the Pipeline

Ministry of Finance is finalizing preparations for the new proclamation revising duty-free incentives. The proclamation will determine the amount of custom duties to be levied on imported goods and services. Items exempted from customs tax will also be listed. Thus far, duty-free incentives have been approved at 72 different institutions, now reduced to 32. Yet, largely abused duty-free incentives constitute as high as 6Pct of GDP, according to Eyob Tekalign (PhD), State Minister of Finance.

CBE to Finance Replacement of Old Taxis

Commercial Bank of Ethiopia allocates ETB6 billion to supply new vehicles for the replacement of old blue and white taxis commonly known as Lada taxis. The Addis Ababa Transport Bureau signed an agreement with Ela Auto Engineering Business Group for the later to supply 10,500 new vehicles this year. The old taxi owners will replace their Ladas with the new vehicles, paying 20Pct upfront and the balance covered by CBE loans.

Manufacturing Industries on the Verge of Vanishing

Addis Ababa Industry Bureau disclosed over 20 large-scale manufacturing plants have shut down lacking access to raw materials and foreign currency to import inputs. Over 700 factories are operating at minimal capacity. Also, out of 18,201 licensed investors of the last four-and-a-half years, only 5,627 (30Pct) are operational. Working capital, land, raw material, foreign currency, and infrastructure partake in the manufacturers' woes.

ETB 1.5 billion

Amount of tax the Customs Commission levied on the Ethiopian Agricultural Business Corporation. EABC's financial statement for the import and distribution of fertilizer and other agricultural inputs could not align with Ethiopia's fiscal year. Hence, the commission levied taxes on the basis of extended activities. "This will reflect on farmers' purchasing price of fertilizer and other inputs we supply," said Kifle Woldemariam, CEO of the state-owned corporation.

Top 10

Food Wasting Countries

Rank	Country	Household Food Waste (Million Tons per Year)	Household Food Waste (Kg per Capita per Year)
1	China	91.6	64
2	India	68.7	50
3	Nigeria	38	189
4	Indonesia	21	77
5	USA	19.3	59
6	Pakistan	16	74
7	Brazil	12.6	60
8	Mexico	12	94
9	Bangladesh	10.6	65
10	Ethiopia	10.3	92

Source: UN Environment Program

According to the United Nations Environment Program's (UNEP) 2021 Food Waste Index Report, a total of around 931 million tons of food is annually wasted globally, of which 61Pct is at the household, 26Pct at the food service, and 13Pct at the retail level. In fact, the report stated the veracity of global household estimates is medium to low. Food waste is food (including drink) and associated inedible parts removed from the human food supply chain in the following sectors: manufacturing of food products (under certain circumstances); food retail; food service; and households. "Removed from the human food supply chain" means one of the following end destinations: landfill, controlled combustion, sewer, litter/ discards/ refuse, co/ anaerobic digestion, compost / aerobic digestion or land application.

Average per capita waste is higher in Asia, at 110 kilograms per household per year, followed by 108 in Africa, and 90 in southern Europe. In terms of African countries' annual food waste, Nigeria leads with 38 million tons, followed by Ethiopia's 10.3 million, Egypt's 9.1 million, DRC's 9 million, Tanzania's 7 million, and Kenya's 5.2 million tons.

Globally, the lowest per capita food waste per household is the 33 kilograms in Russia, while the highest is 189 in Nigeria. Per capita food waste is higher in developing countries, though population size matters.

FAO estimates that 690 million people were hungry in 2019, a number that is expected to rise sharply during and post-COVID-19. With a staggering 3 billion people unable to afford a healthy diet, the adoption of technologies to reduce food waste is not optional. The UN is working towards halving food waste by 2030, as part of the SDGs. **EBR**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The following are a few of the biggest news stories that took place in Africa in the last month. The stories are sourced from Bloomberg and Reuters.

Pandemic May Push Another 39 Million Africans into Extreme Poverty

The economic crisis caused by the coronavirus pandemic could push as many as 39 million more people in Africa into extreme poverty this year, even as the continent's economy is projected to rebound from its worst slump in half a century.

About 30 million Africans were pushed into extreme poverty in 2020 as a result of the pandemic and even more could follow this year if appropriate support is not provided, the African Development Bank said in its 2021 economic outlook report. This will increase inequality, reverse hard-won gains in poverty reduction, and disproportionately affect women, the lender said.

It will push the total number of people living on less than USD1.90 per day to 465.3 million, or 34.4Pct of the continent's population. The continent's gross domestic product contracted 2.1Pct last year, while the region's economy is forecast to rebound and grow by 3.4Pct in 2021.

Libya

Libya's National Oil Corp., stated oil production will increase to 1.45 million barrels per day by the end of 2021. The new Libyan unity government will restore the oil and gas portfolio as one of 27 ministries to administer the war-ravaged OPEC member until December elections, according to the office of the prime minister-designate. A representative of western Libya will be in charge of the oil and gas ministry, which was scrapped by the Tripoli-based Government of National Accord. The head of the National Oil Corporation and the governor of the central bank will both be from the eastern region.

Ghana

Ghana begins a roadshow to raise USD5 billion from the international capital markets, to market the debt sale to investors. The sale of the international debt will help finance its budget gap, which is expected to narrow to 8.3Pct of GDP this year, down from a projected 11.4Pct shortfall in 2020. Ghana intends raising the amount through Eurobonds, diaspora bonds, sustainable bonds and syndicated/bridge loans.

Angola

Angola's decline from being Africa's top crude producer five years ago to barely pumping more than war-torn Libya today, shows the heavy toll of a slump in oil-industry investment. Crude output has held at a 15-year low of just below 1.2 million barrels a day since November. Nigeria could also suffer Angola's fate, as Big Oil makes another round of deep spending cuts. Yet, oil dependent nations need more oil supply, to attain economic recovery. Africa's oil production dropped when surging U.S. shale production caused price slump in 2014. As Brent crude fell from above USD100 a barrel to less than USD30, international oil companies slashed spending. Offshore drilling in Africa was recovering slowly, before COVID-19 triggered another deep plunge.

South Africa

South Africa's long-awaited plan to sell more high-speed internet spectrum has been thrown into doubt after Telkom SA SOC Ltd. won a court ruling suspending the process. The decision threatens to derail the sale of over USD521 million in broadband spectrum approved last year following years of delays. The structure of the sale is also opposed by MTN Group Ltd. and Vodacom, who have their own complaints. The award of new spectrum remains a critical part of reducing input costs and, by extension, the cost of data. The delay in the licensing of high demand spectrum has huge implications in terms of competition in the mobile-services market as well as reduction of cost to communicate.

REUTERS Bloomberg Business

Sudan

Companies from the UAE, China, and Qatar are all seeking roles in Sudan's ports, intensifying a global tussle for influence on a key stretch of the Red Sea coast. China Harbour is already developing a port for shipping livestock at Haidob, south of Port Sudan. Sudan's state-run Sea Ports Corp. is considering China Harbour's offer of USD543 million in funding to expand facilities at the historic port of Suakin, to be repaid over 30 years. DP World, meanwhile, has expressed interest in developing the southern terminal at Port Sudan. Sudan is recalibrating its foreign relations, balancing revitalized ties with the US, UAE, Russia, and China.

Kenya

Kenya has postponed plans to raise funds for road building through selling bonds backed by a fuel levy, citing the need to complete ongoing works before starting new projects. The government planned to raise USD274 million in the fiscal year ending June, by issuing debt that would be repaid through a road maintenance tax on every liter of gasoline and diesel. Kenya is struggling to narrow its budget deficit, estimated at 8.9Pct this year, without disrupting President Uhuru Kenyatta's infrastructure expansion plan that includes new investments in road and rail links.

Zimbabwe

Tsingshan Holdings Group Co., the world's top producer of nickel and stainless steel, will start construction on an iron ore mine and a carbon steel plant in Zimbabwe in May. A fluorite and limestone production plant will also soon be set up. Afrochine, the local unit of Tsingshan, initially signed a USD1 billion agreement in June 2018 to build the plant with capacity for 2 million tons of steel annually. It currently produces ferrochrome after building furnaces in 2020 and plans to construct additional furnaces in May. Zimbabwe planned increasing mining revenue to USD12 billion by 2023, as prices of gold, platinum and copper increases.

Botswana

Botswana picked Premium Nickel Resources Corp. as the preferred bidder for its shuttered copper mining group BCL Ltd. The privately owned Canadian minerals investor has six months to conduct due diligence before making an offer for the state-owned miner. Premium Nickel is seeking USD26.5 million of financing to be used for its due-diligence process, according to a January presentation on the website of North American Nickel Inc., the Vancouver-based founder shareholder of Premium Nickel.

Standard Bank to Review 'Way Forward' on East Africa Oil Pipeline

Standard Bank Group Ltd. hired an independent adviser to help assess its involvement in Total SE's planned East Africa Crude Oil Pipeline project that environmental groups have opposed.

Over 260 civil society organizations are pushing ahead to try and stop the project whose final investment decision is expected as early as this month. In an open letter, the groups asked dozens of banks, including Standard Bank, to stop their participation in the project they say will generate over 34 million tons of carbon emissions each year.

The 1,443-kilometer (897-mile) pipeline to run from fields in western Uganda to the coast of Tanzania will transport 216,000 barrels a day at its peak, according to a website for the project. Uganda approved an environmental impact assessment for the project in December, bringing closer the start of the pipeline's construction.

Standard Bank said its new fossil fuels financing policy sets out stringent conditions for lending. "Among other conditions, project owners must commit to minimizing or reducing greenhouse gas emissions."

FUELING WILD INFLATION

In the past, prices of commodities revert to reasonable levels after the end of the harvesting season. However, agricultural products are priced at new heights this year. In fact, the current inflation spike is the second highest after the record year of 2008. A major factor is the widespread instability affecting the mobility of commodities. Foreign currency scarcity and an increased money supply have also contributed. But the lifting of fuel subsidies by the government has brought the acceleration of prices to new levels. EBR's Ashenafi Endale explores.

September to December is the main harvesting season in Ethiopia. Close to 17 million small-scale farmers who have been cultivating their crops during the previous rainy season collect what they have sown. January and February is when these agricultural commodities start flooding into markets throughout the nation, historically equating to when produce prices start their descent.

This has been the custom in Ethiopia, until this year. In drastic contrast to past trends and periods, agricultural commodities and products are priced at new peaks. Towards the end of February 2021, the prices of major commodities especially food items, which constitute more than half of households' expenditure, has doubled from last year.

In February alone, the price of bread increased by 35Pct in Addis Ababa and beans by ETB5 per kilo. Teff and processed foods like macaroni also increased by ETB8 and 10 per kilo, respectively.

Such spikes have not been seen since 2008. Although the government claims the annual average inflation rate has been 15Pct for the past decade, independent experts assert otherwise. "My intensive research indicates the average annual inflation for the last 15 years to be 39Pct," argues Atnafu Gebremeskel (PhD), Assistant Professor of economics at Addis Ababa University. Atnafu, also an executive member of the Ethiopian Economics Association, published the pertinent study, "Inflation Dynamics and Macroeconomic Stability in Ethiopia," in December 2020.

Experts stress that one reason for the furthering of price hikes is the instability and conflict observed in different parts of the country, hindering the mobility of agricultural commodities from rural Ethiopia to markets.

Basic items like edible oil, wheat, and sugar—subsidized by the government—are sold at inflated prices as they are unavailable at governmental outlets. In the past, the administration has been supplying wheat to bakeries at the subsidized price of ETB780 per quintal. But now, the commodity can only be found in few private shops costing twice as much.

"Currently, the government is not supplying us with wheat," says Murad Ahmed, who runs a bakery shop in Kazanchis, in the Kirkos district. So, we are buying a quintal of wheat for ETB3,400 in Mercato."

It is not only small and medium bakeries and bread outlets that are facing

It is the wrong time to increase fuel prices because it has implications on the price of other goods and services.”

Alemayehu Geda (PhD)
Professor of economics at AAU

wheat shortages. Even Sheger Bread, the largest bakery and flour factory with a daily baking capacity of two million loaves, recently announced it is facing similar scarcities. Although the factory, built with strong support from the Addis Ababa City Administration, was expected to alleviate shortages and stabilize the price of bread, it is currently trying to stay afloat.

What further exasperated price hikes was the government's decision to increase the price of fuel by 25Pct in mid-February 2021. This move raised the prices of major petroleum products by up to ETB3 per liter, swelling the cost of transportation across the country. Even companies that provide taxi hailing services increased their fares by ETB10.

Since agricultural commodities have to be transported from rural parts to central markets, the fuel price increase spreads from the transport sector to other areas, galvanizing the already galloping inflation rate. But government officials stress that the fuel price revision is justifiable.

“If the government revised the fuel price based on international rates, the increment would have been ETB8 per liter,” argues Ahmed Tusa, the first Director of the Petroleum and Petroleum Products Supply and Distribution Regulatory Authority, which was established last year at the Ministry of Trade and Industry (MoTI). “But the government added only ETB3, which is very small.”

Ahmed says the price revision will continue. The government is heavily subsidizing fuel. Further adjustments are needed to bridge the difference between domestic and international fuel prices.”

Alemayehu Geda (PhD), Professor of economics at Addis Ababa University, stresses that “it is the wrong time to increase fuel prices as it has implications on the price of goods and services. The major reason behind government's decision to lift part of the subsidy is pressure from western allies. Western financial institutions have been demanding Ethiopia open up economic sectors to foreigners and lift subsidies. Now government is responding accordingly.”

Apart from domestic items, the price of imported goods has also skyrocketed. Rebars, construction materials, and capital goods have surged substantially. “The price of imported items increased because importers are accessing foreign currency from the black market at expensive rates,” explains a businessman who imports electronics. “Accessing foreign currency even for prioritized items has become very difficult. So, the parallel market has become the last resort.”

Despite conflicts that have affected the mobility of commodities and the lifting of fuel subsidies, the government says the main cause of inflation is market sabotage perpetuated by some political forces and businesses. “Although the reasons for inflation have to be studied, the major reason is hoarding by traders and middlemen who want to reap undue profits,” said Adanech Abebie, Mayor of Addis Ababa while briefing journalists on February 26, 2021.

In the last few weeks alone, the Addis Ababa Trade and Industry Bureau closed or took corrective action on 30,000 warehouses, distribution outlets, and shops found to be hoarding commodities and aiding price hikes.

Atnafu, however, says that no country has managed to control inflation by closing and arresting businesses. “The government is ignoring the real causes.”

Eyob Tekalign (PhD), State Minister of Finance attributed inflation to past mistakes when he briefed the media in March 2021. “We have a backlog of accumulated inflation from the past because Ethiopia previously implemented the wrong fiscal and monetary policies,” said Eyob. “There was massive public investment with little productivity for the past 15 years. This has led to the price hikes currently observed.”

According to Eyob, one of the previous government's mistakes was injecting huge amounts of money by borrowing from domestic sources and by printing money. “But this changed as of last year after government replaced its source of finance to the treasury bill market.”

However, Fekadu Degafe, Chief Economist and Vice Governor of the National Bank of Ethiopia (NBE), argues inflation is the result of supply and demand side factors as well as exogenous shocks or a combination of these factors in most cases. "There is empirical evidence that inflation in Ethiopia is the result of the combination of demand and supply factors as well as occasionally occurring shocks. As a mandate, NBE is responsible to maintain macroeconomic stability proxied by stable inflation, i.e., single digit inflation. However, due to the fact that inflation is caused by both supply side factors and demand management, NBE's role is limited to controlling the demand side, such as money in circulation."

Experts like Atnafu agree with the fact that the huge money supply of the last 15 years has significantly contributed to inflation. "The contribution of money supply towards inflation is around 80Pct in Ethiopia," he states. "Factors like conflict, market disruption, production shortage, devaluation, and forex crunch contribute only 20Pct to the total inflation rate."

Broad money supply has been growing at an annual rate of around 20Pct for the last decade, while GDP has been increasing at 10.2Pct. "Large money supply, not accompanied by production and productivity, has created phony money in the economy," explains Atnafu. "Even the recent measures including cash withdrawal caps and tax rate increments, could not mop out the huge money from circulation."

"We have planned a very tight monetary policy stance measured by base money growth in 2020/21 relative to more than 22Pct expansion in 2019/20," claims Fekadu, signaling a move away from previous inflation-causing moves by the government. "Base money expansion is affected by direct advances to finance budget deficits, among others. In this regard, the government has already started financing its budget deficit through market-based treasury bills as of December 2019. Therefore, there will be the lowest direct advance to the government from NBE in 2020/21. Still, however, supply side constraints and exogenous shocks have considerable roles in fueling inflation in Ethiopia." added Fekadu.

For Eyob, employing the same old approaches can be the antidote in the short term. "The government will import basic commodities and ensure there is no supply shortage in the domestic market. We will revive public outlets such as consumer associations and other selling points to cut out middlemen and ensure the supply of basic commodities at reasonable prices."

For the long term, Eyob stresses the current inflation will be solved only by improving production and productivity, straightening the market chain, and readjusting the macroeconomic imbalance. "Government subsidy cannot continue like this."

Yet, Alemayehu advises that the government must retain its policy of independence from western institutions' pressure. "Subsidy is not a sin. Even western countries subsidize their farmers."

If the government revised the fuel price based on international rates, the increment would have been ETB8 per liter."

Ahmed Tusa
Director of the Petroleum and Petroleum Products Supply and Distribution Regulatory Authority at MoTI.

While reflecting on the recent six-month performance report from his ministers, Prime Minister Abiy Ahmed (PhD) claimed the government is subsidizing beyond its capacity. "We are subsidizing the rich. Most car owners in Ethiopia are the rich. So, subsidizing fuel doesn't make sense." The lost realization is that fuel affects transport rates, which in turn affect all services and products. Especially in Ethiopia, production mobility is high during harvest seasons, from agricultural corners to central markets and nonproductive regions. Hence, transport costs have a significant influence on food prices.

Atnafu, on the other hand, argues that the cause for the recent inflation outbreak is weak political integrity and poor macroeconomic management. "So, the immediate action should be ensuring political stability. Political stability brings government credibility and the power of enforcement."

After ensuring political stability, the government can guarantee free mobility of commodities, money, and people, according to Atnafu. "The government has to leverage the purchasing capacity of the fixed income population and pensioners. It must set a minimum wage in a bid to save the low-income population from the inflation flame, which is pulling even the middle class into poverty." **EBR**

“When confidence in the government is lost, price hikes become normal.”

Atnafu Gebremeskel (PhD), is an Assistant Professor of economics at Addis Ababa University and an executive member of the Ethiopian Economics Association. In December 2020, he published a study entitled “Inflation Dynamics and Macroeconomic Stability in Ethiopia” in which he identified key sources of inflationary pressure in Ethiopia through the analysis of commodity price changes observed between 1997 and 2020. It became a timely reference and antidote as inflammatory inflation breaks loose since January.

Atnafu argues the actual permanent inflation rate in Ethiopia during the study time was 38.9Pct, driven by expansionary monetary phenomenon, though government has been underreporting inflation at 15Pct annual average. This problem of denial is keeping the solution at bay. Apart from the persistent as well as immediate causes, Atnafu stresses market responds by increasing price, whenever ineffective government is in charge. EBR sat down with the leading expert on Ethiopia’s inflation dynamism, conversing on his findings and its ramifications towards stabilizing current price hikes.

What are the immediate causes to the price hikes of the last few months?

The recent ascent of prices can be attributed to numerous factors. The shortage of wheat—the major input for bakeries—is one. Instability and conflict in the northern and western parts of Ethiopia have also prohibited the free movement of goods and people. Various industries, especially food processers, have been closed due to this reason. Others are operating under capacity. The foreign currency shortage has created additional problems.

The lifting of fuel subsidies and subsequent upsurge of fuel prices is another contributing factor. The effect of the increment was transmitted to other areas and industries beyond the transport sector as commodities have to be transported from one part of the country to another.

> **“It is unreasonable to lift subsidies when the price of every basic commodity is increasing steadily.”**

Uncertainty is another factor for the escalating inflation of recent months. There is a lack of trust between the government and public; people have lost confidence in the government. When there is a loss of confidence in the government and its inefficient regulatory capacity, market distortion and price hikes become normal.

Do you think it is the right time for the government to lift subsidies and increase fuel prices?

Ethiopia cannot achieve much for long by subsidizing food and fuel. The science supports the lifting of subsidies when the economy is stable. But it is unreasonable to do this when the price of every basic commodity is increasing steadily. Price hikes in the transport sector affect every villager in the country. Goods have to travel. When transport costs increase, all goods and services become more expensive. Fuel price growth automatically affects every item. So, it was not the right time to lift the subsidy.

At the same time, I understand the pressure from the International Monetary Fund (IMF) and other western institutions to lift subsidies and open up the market. They do so because it is in their best interest, not ours. Once government starts to obey them, you have lost your policy independence.

What about the long-term dynamics of accelerating inflation?

Historically, the Ethiopian economy was not inflationary until 2004. After the 2005 national elections, there was conflict and mass killings. Due to this, western governments refused to provide previously-afforded financial assistance. Thus, the incumbent had to raise resources domestically for huge investments in infrastructure and other projects in order to restore public support. As such, government decided to finance projects by borrowing from domestic sources. When I say borrowing internally, it is to mean printing money. Printing money is problematic if not used towards productive sectors.

Due to the massive increase in money supply financed primarily through printing, inflation more than doubled during post-2005. Since then, it increased by 15Pct annually, on average. This figure is given by the government. My research indicates that the annual average inflation rate reached as high as 39Pct.

Since the great depression, governments have been injecting huge monies to initiate growth. Why did the same method fail to bring change and increase productivity in Ethiopia?

The same policy does not always work in all places. This theory, developed by John Mayard Keynes, only works to increase aggregate demand. For instance, after the great depression, aggregate demand declined dramatically because the financial system collapsed. Under such circumstances, the method can be an effective instrument. Government can invest in projects that can create job opportunities and increase income. These, in turn, induce demand and thus encourage producers.

The same policy cannot apply to Ethiopia because demand has never been a problem. Rather, supply shortages are the problem. Another reason for the failure is that the government tried to initiate growth by injecting money under a highly corrupted institutional system filled with nepotism.

How do low productivity and supply shortages affect the problem?

Of course, the low competitiveness level of the Ethiopian economy is another major cause for unhealthy inflation. Ethiopia’s competitiveness in sectors like agriculture, industry, and service is very low. The 2019 World Bank Competitiveness Report ranked Ethiopia 126th out of 141 countries.

My research reveals capacity utilization in Ethiopian industries is only at 60Pct, meaning our cost of production is 40Pct higher than the rest of the world.

Can Ethiopia improve productivity by expanding access to finance?

Expanding access to finance is only part of the solution. Investing in Ethiopia today is difficult. There are many institutional problems and hurdles. For instance, investors cannot access land. So, improving access to finance alone cannot improve productivity under current circumstances.

Which cities in Ethiopia are affected more by inflation?

Addis Ababa, Dire Dawa, and Mekelle are highly prone. Addis Ababa is very volatile because an additional 3,000 people migrate to the city daily from rural areas. This means demand increases by the same level every day while supply remains constant. Addis Ababa is suffering a lot because of this.

"When there was high inflation, the government's effectiveness was very low."

What are the costs of inflation for society and the nation as a whole?

For the last two decades, the average inflation rate has been 38.9Pct. This is confirmed via data calculations from the Central Statistics Agency, National Bank of Ethiopia, and the Ministry of Finance. It is also equal to the rate of inflation required to maintain the 11Pct GDP growth Ethiopia achieved over the last fifteen years.

The 38.9Pct core inflation correlates to the welfare of the public declining by the same amount. In other terms, their purchasing power has been dropping by 38.9Pct year upon year. In layman terms, a product purchased with ETB100 last year now costs ETB139.

Due to high inflation rates, the welfare of retirees, pensioners, and others with fixed incomes has declined dramatically during the last 15 years. In monetary terms, the average annual welfare loss to these people is ETB22 billion. Economists call this welfare loss inflation tax.

My research indicates that when there was high inflation, government effectiveness was very low. The real economic sector also becomes unproductive.

Can we relate current price hikes with the political system administering the country?

Politicians and government officials use the central bank to manipulate money supply, particularly during election times. Scientific studies confirm, though not always true, that when the central bank is independent from government, inflation will be at normal levels. When the central bank is not pressurized by politics, the economy becomes stable.

Do you think government understands the root causes as well as the extent of the problem?

As per my experiences, there is a problem of denial from the government's side. When the government does not recognize the severity and speed of the predicament, the problem will be prolonged and everybody will continue to suffer more.

Is it possible to stabilize inflation by reducing money circulating in the economy?

Reducing circulating money is only part of the solution.

What are other employable actions to stabilize inflation?

The immediate action that should be taken is ensuring political stability. Political stability affords the government credibility and power of enforcement. If the political environment is stable, the government becomes trustworthy. Businesses, academicians, and the general public will have trust in the government. As a result, rules are better applied. This should be the priority for the current administration.

The next action should be utilizing already installed capacities. The scarce resources we have must be widely allocated. For instance, Ethiopia does not need to invest and develop industrial parks at this time. We must exhaustively utilize the installed capacity first. The industrial parks operating in the country at this moment are working below capacity.

Strict coordination between monetary and fiscal policies also needs attention. It seems that institutions tasked with implementing monetary and fiscal policies work towards different goals.

Do you believe the country has an efficient monitoring capacity allowing the identification of macroeconomic problems like inflation before they cause too much damage?

No. To make this happen, the country needs an independent central bank. We need an operationally independent central bank with a strong and credible research department to monitor macroeconomic problems in depth as well as guide and manage monetary policy instruments to achieve price stability and accelerate growth.

The central bank is a public entity created based on a social contract. It should address the public's demand. For this to happen, it should be independent enough to select and implement its own monetary policy, interest rates, and credit levels. This helps the central bank maintain inflation at a reasonable level. **EBR**

CLEANING THE HOUSING DEBACLE

Addis Ababans spend two-thirds of their income on housing. Although there is an additional 250,000 units of new housing demand created every year in the city, only one third is supplied, mainly by government programs.

The contribution of private developers to Addis Ababa's housing supply is limited to less than 5Pct. The property market is dominated by the land allocation policies adopted to fit only a few as well as the lack of finance and construction materials. Land supply is constrained to generate more revenue for the government, rather than as a vehicle to solve sheltering problems. The city administration is currently finalizing revising the land lease directive, expected to increase land lease prices by several fold.

Government is also devising new state-led property development schemes on state landholdings in the capital, despite inefficiency and resource wastage lessons garnered from condominiums.

In a bid to outmaneuver the land supply grip, private developers are exploiting possibilities in partnering with individual landlords, who contribute their land, to jointly develop apartments and villas. This arrangement has also been picked up by the government which is offering its federal landholdings in the capital to partner primarily with foreign developers to build complexes for housing, business, education, health, and leisure. EBR's Ashenafi Endale navigated newly surfacing housing options.

When Dietrich Rogge, Founder and CEO of the German based real estate company Rockstone came to Ethiopia three years ago, he saw many unfinished buildings in Addis Ababa. He found out that construction processes get stuck mainly because of the lack of finishing materials owing to foreign currency scarcity. At the same time, Dietrich observed the demand for housing as high. So, if he could solve the foreign currency shortage, his company could ease the demand by building residences in the shortest time possible.

By partnering with Schulze Global Investments (SGI), a noted American equity financer with a growing presence in Ethiopia, and Bigar Developers and Builders, the company secured a USD15 million loan. Rockstone then embarked on construction after securing a prime plot around Kazanchis to develop luxury apartments.

"The construction is progressing fast. We have no problem in importing construction materials because we have our own foreign

currency stock," says Dietrich.

Close to 80Pct of real estate developers target high incomers, while the majority of Addis Ababa residents' earnings doesn't qualify them as such. Currently, the average price of a residential unit developed by these companies is around ETB20,000 per square meter in central parts of Addis Ababa—almost doubling in the last five years. As a result, owning a home is becoming more and more unaffordable for the majority of low- and middle-income residents of the city.

The share of private real estate developers in the housing supply of Addis Ababa has increased from 0.6Pct in 2005 to 3.8Pct currently, according to the World Bank, a meagre contribution compared to government's 61Pct share and 35.1Pct by individuals through cooperatives and lease schemes.

The average price of dwellings developed under the government's housing program is four times lower at around ETB5,000 per square meter. However, the supply of condos is much lower than demand. Since the Addis Ababa City Administration started constructing condominium houses 15 years ago, close to only 200,000 housing units have been finished and transferred to residents thus far. In addition, the price of condominium houses is expected to be adjusted soon as harsh inflation bears down on the country.

The cumulative housing demand in Addis Ababa exceeded 2.5 million units in 2015, to which an additional 250,000 is added every year. Yet, only one-third is supplied.

According to Biruk Shimelis, Deputy General Manager of Flintstone Homes, three major bottlenecks are hindering private real estate developers from constructing more homes and bridging the housing supply deficit. "Difficulty in accessing land and finance as well as foreign currency for the importation of construction materials are the major difficulties property developers face in Ethiopia," argues Biruk. "Discouraging policies and regulations are also persisting bottlenecks." Flintstone is currently developing 6,000 abodes.

"Land allocation in Addis Ababa is disproportionate among residential, commercial, public institutions, green, industry, and infrastructure areas, according to Tamrat Eshetu, Urban Planner. "Land is largely held by public institutions."

Private developers access land through two methods. The first is through auction by the Addis Ababa City Administration, which must take place four times yearly. "But there hasn't been an auction in years. We are relying on this no more," says Biruk.

The size of land provisions through auctions has been declining over the last decade, before a total halt last year.

Further, total land supply by the Addis Ababa city government through lease, auction, and allotment has been declining over the years, while prices have been increasing, according to "Bidders Premium on Government Land Auction: Floor Price Versus Winning Price", a study by Alebel et al. "The city administration injects land for auction without any predetermined plan. Such practice clearly shows an inefficiency in the land market."

2.5 million — Cumulative housing demand in Addis Ababa in 2015.

Currently the city council is finalizing revisions to the land lease directive for Addis Ababa, expected to drastically raise the existing auction floor price, according to insiders. "The new lease price is approved but not yet implemented. There is a growing push from the government as it is itself developing many projects like Sheger Park and others in the city," explains Terefe Hailemariam, Director of the Developed Land Transferring Directorate at the Addis Ababa Land Development and Administration Bureau. "This will affect the size of plots provided to private developers." It seems developers are better off partnering with individual landlords. "This is the best option currently in use," adds Biruk. "However, since the agreements with landholders are based on the old commercial and civil codes, it is very difficult to solve disputes. Government must introduce legal frameworks."

Gojo Bridge House, just established in February 2021, is bidding to address the housing demand-supply deadlock in the capital. "We enter into an agreement with the landholders to access their land. We then collect money from home seekers including in the diaspora, which is deposited in closed accounts and used to develop the residences," says Almaw Gari, General Manager.

So far, the company has convinced 2,800 landlords who have registered to provide a total of over 2 million square meters of land. The company is preparing to build 1,000 homes on four sites. The company's plan is to yield 100,000 units in the next five years. The Commercial Bank of Ethiopia as well as Dashen, Awash, and Oromia International banks have agreed to provide finance, according to Almaw.

250 thousand — Additional housing demand created annually.

ETB 20 thousand — The average price per square meter of a residential unit developed by real estate companies.

In similar fashion, the government is currently searching for pockets of land to bridge the housing gap, but in a different manner from the existing condominium scheme. For example, the Ministry of Urban Development and Construction (MoUDC) is to embark on constructing homes. "Legal frameworks are being finalized to allow the ministry to build and rent or sell homes. Also, the Civil Service Commission will commence facilitations to provide housing to all public servants," explains Sileshi Zegeye, Deputy Director for communication at MoUDC.

Another arrangement the government is working to implement is the development of dwellings on vacant spaces under federal institutions' landholdings. "We are communicating with developers and financers to build dwellings under the Public-Private Partnership modality," underlines Lensa Mekonnen, CEO of the Land Bank and Development Corporation, a newly formed state enterprise partaking in the state's efforts towards residential property development.

Yet, Sileshi argues that the government's plan for the long run is to create a favorable environment for real estate developers and private investors. "We have already opened the housing market to international developers. We are also finalizing a new real estate regulation aiming to solve many bottlenecks including access to land and financing." The regulation is currently being reviewed by the attorney general, according to Sileshi. PM Abiy Ahmed (Phd) has even hinted that foreign-owned mortgage banks could enter the market, though its modalities and legality are unclear in today's Ethiopia. But such is the issue's gravitas. **EBR**


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OPEN-UP THE AGRICULTURAL INPUT MARKET!

Modernizing and transforming agriculture has been a generational effort skewed in the wrong direction. Production and productivity have been government's mottos for decades, only to remain lip service. Practically, the farmer's decision-making power has been overruled by the government with the use of extension programs. Government was not brave enough to consider the farmer as a private and for-profit actor due to political reasons.

As a result, the supply of agricultural inputs, consultancy, and technologies have been monopolized by the government and its extensive extension program. From importation to distribution, from improved seeds to fertilizers, from veterinary drugs to technologies, the agricultural input supply market is monopolized by inefficient state-owned enterprises with the partial involvement of local governments.

Affordable agricultural input is particularly critical for Ethiopia, where the land has been ploughed for millennia. Ethiopia's small-scale dominated agriculture, where farmers' per capita land area has diminished to just less than a hectare on average, requires intensive input use to achieve productivity. However, this cannot be achieved when the government is running an inefficient agricultural input market business. Over the last few years, the private sector has been highly interested in installing modern agricultural input shops as a viable business. EBR's Ashenafi Endale explores the growing potential of private one-stop agricultural input shops in replacing government's incapacitated role in agriculture.

Tuli Feyera, an ex-farmer, decided to become an investor after witnessing the huge gap in the supply of agricultural inputs. Two years ago, he opened an agricultural one-stop input supply and service center in Jimma, a city located in Oromia region where 61 similar centers are now servicing farmers. Tuli spent ETB1.6 million to purchase a plot of land, construct a building, and stock it with agricultural inputs.

"One-stop shops are helping farmers by supplying genuine inputs like agrochemicals at lower prices" explains Tuli whose shop is visited over 2,000 times monthly, accruing up to ETB600,000 in sales. "My profit margin is anywhere between five and 15Pct."

Such shops were primarily introduced by the Agricultural Transformation Agency (ATA) three years ago, as a pilot project aiming to expand access to high quality agricultural inputs including fertilizer, seeds, agrochemicals, and veterinary drugs as well as provisioning trainings to smallholder farmers on agricultural technologies. After the success of the pilot project, the number


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of one-stop shops has dramatically increased during the last three years. There are currently close to 200 operating in Ethiopia.

The Oromia regional government is planning to expand and open such shops in every woreda across the region, according to Manyazhal Shegaw, Coordinator of one-stop shops in Oromia region. "The region also plans to provide agrochemicals worth ETB179 million to 452,000 farmers this year through the outlets."

The setup is spreading outside of Oromia as well. In Amhara region, the number of one-stop shops has now reached 37 with an additional 15 on the way. "Unlike the past, people are now investing in agriculture," says Yedemie Yeshalem, Amhara region Coordinator for one-stop shops. "Supplying agricultural inputs to farmers is becoming a viable business." Over the last six months, over 500,000 farmers in Amhara bought inputs worth ETB145 million.

The success and rapid expansion of one-stop shops indicates demand for agricultural inputs is not satisfied by existing structures. Currently, agricultural input supply is dominated by the government. Major inputs including fertilizer, seeds, and agrochemicals are supplied by public institutions.

The Ministry of Agriculture (MoA) and related government-owned enterprises are the sole fertilizer importers in Ethiopia. The government monopoly exists despite the fact that the demand for fertilizer is increasing dramatically. Three years ago, the amount of fertilizer imported was 14.5 million quintals. For the 2021/22 main crop season, the MoA plans to import 18.1 million quintals, with five million quintals already reaching the Port of Djibouti. The MoA doesn't import and supply fertilizer for harvests cultivated in the secondary crop season or irrigated farming.

Ethiopia buys fertilizer from Morocco, taking 15 to 20 days to reach Djibouti. Only the Ethiopian Shipping Lines and Logistics Enterprise is allowed to ship the fertilizer. After reaching Djibouti, it is packed with material imported from India. It will then be transported and stocked at the warehouses of the state-owned Ethiopian Agricultural Businesses Corporation, the only enterprise allowed to import and distribute fertilizer. From the warehouses, it is distributed to regional governments and cooperatives. After passing through various parties and channels, the fertilizer finally reaches its end user—the farmer.

However, stakeholders say quantities are too small to satisfy the demand of close to 17 million small-scale farmers in the country. As a result, fertilizer prices are rising. "Per capita consumption of fertilizer in Ethiopia is lower than the sub-Saharan average," explains Aynalem Nigussie, State Minister at MoA.

200 **The number of one-stop shops operating in Ethiopia.**

The supply of improved seeds is also dominated by governmental organs. The state-owned Ethiopian Seed Enterprise (ESE) is the major player involved in the production and distribution of improved seed varieties. Although cooperatives and few foreign companies have a small market share, local private companies are not allowed to multiply and supply seeds.

But the existing seed market is far from adequate. In fact, only 20Pct of farmers in Ethiopia access genuine improved seed varieties. "There is a high demand for an improved maize seed named Pioneer. But there is no supply," says Kebede Lakew, Founder and General Manager of Ecogreen Liquid Fertilizer. "Seeds sold by foreign companies cannot germinate after the first year."

Over 80Pct of Ethiopian farmers still access rolling seeds from other farmers or from previous harvests. "The market of improved seeds is untouched," Chimdo Anchala (PhD), Senior Director of Production and Productivity at ATA, stresses. "Agriculture cannot modernize without smooth input supplies. Yet, most problems are deep rooted."

Regarding chemicals, the private sector is permitted to import and distribute. But the market is dominated by few. "Ethiopia's agent dealership law allows for exclusive supplying. The chemical market is monopolized. So, if an importer registers a chemical, then no other company can import that chemical," says Workneh Ayenew, Agriculture Bureau Head of East Gojam zone, in Amhara region. "This is because Ethiopia's exclusive agent dealership permits this monopolization. But this is negatively affecting agriculture. This law must change."

However, Wubshet Alemaw, General Manager of Lions International Trading, engaged in agrochemical import and distribution through its 500 outlets, argues otherwise. "I believe there is a trade monopoly in Ethiopia; but there is no content monopoly. Anyone can import any chemical. There are many manufacturers for similar chemicals."

A small fraction of farmers in Ethiopia access genuine agrochemicals, according to assessments. As the volume of agrochemicals supplied to farmers has declined over the last three years, the input's prices are exponentially increasing.

Experts underlie that the reason the agricultural sector could not access improved technologies and has failed to modernize is because agricultural inputs supply is controlled by the government and the private sector is fended off. As such, they recommend the government opens up the market.

"Mango production in Ethiopia has diminished beginning last year due to a new disease affecting the trees. Similarly, bacteria attacking ginger plantations is present. With no chemicals, yields shrink," adds Wubshet.

"Agricultural input supply is totally government-based in Ethiopia," argues ATA's Chimdo. "However, it is, or should be, a busines of professionals."

Tekle Alemu is an Agricultural Economist and agrochemicals supplier. He stresses that the government should withdraw from agriculture and open up the sector. "The MoA cannot carry all the burdens of the agricultural sector. The private sector must share the burden. Thinking everything collapses unless the government does it is utterly wrong. Government's role should be limited to regulating and coordinating with the private sector."

"Agriculture cannot modernize without smooth input supplies."

Chimdo Anchala (PhD)
Senior Director of Production and Productivity at ATA

However, the lack of access to foreign currency is a serious problem, according to Solomon Kebede (PhD), Veterinary Drugs and Feed Licensing and Regulatory Directorate Director at MoA. For instance, the USD25 million worth of veterinary drugs imported in 2013/4 dwindled to USD19 million by 2019/20. "There are very few chemical importers left in the business as forex shortages has pushed them out," says Wubshet. "This has opened the door for contrabanded supplies of agrochemicals."

"Foreign currency is scarce but is awarded for the import of unnecessary items. Also, no one is taking samples of the imported chemicals to check their specifications and contents, and if they are applied at the correct quantities and then properly disposed of," says Amsalu Getu, Manager at Ambassel Trading House, one of the companies engaged in the import and supply of agricultural inputs.

To import fertilizer this year, the central bank approved USD650 million for MoA, of which USD640 million has been spent.

"The private sector suppliers have many problems themselves," according to Mengistu Tesfa, Director for Agricultural Input Marketing at MoA. Tuli from Jimma concurs. "No importer or local producer is supplying agrochemicals to one-stop shops. The only place to find agrochemicals is Mercato. But they issue a receipt for only half of what we purhcase."

Tekle argues the private sector cannot participate in agricultural input supply business, while government is controlling farmers in all aspects. "Kebeles, woredas, and local government officials are all engaged in the state-run extension business. The private sector has no place when government is heavily involved."

Shimelis Araya (PhD), who undertook intensive studies on Ethiopia's agricultural policy, recommends the Ethiopian government design a new policy for the agricultural sector. "The government should exit from importing and selling agricultural inputs to farmers, and focus on developing its capacity in controlling whether inputs are imported as per their content specifications, and build a database of which chemical is supplied by which importer to which farmer."

Mengistu says MoA is currently finalizing revising the agriculture and rural development policy. "The new policy aims to increase the private sector's role in agriculture. Private businesses are highly interested in supplying agricultural inputs. It is a profitable business now."

Currently, Amhara and Oromia regional states are requesting to distribute fertilizer through one-stop shops. "Supplying fertilizer through private distributors like one-stop shops is a good idea," says Tuli. "This is because one-stop shops can pack fertilizer in small packages and supply to small-scale farmers." So far, fertilizer is packed in 50-kilo bags or more and there are no small size packs in the market. Small-scale farmers are buying large packs above their needs, leading to wastage and losses.

"Private businesses and one-stop shops will be allowed to import fertilizer if they have adequate foreign currency stocked at the central bank," says Yitbarek Semeane (PhD), Director of Inputs and Crop Protection at ATA. **EBR**

"THE TASK REQUIRES NONEXISTENT CAPACITY, WE MUST LOOK ELSEWHERE."

Lensa Mekonnen is assigned to lead the Land Bank and Development Corporation (LBDC), the latest SOE established just eight months ago. The corporation audited 3,700 hectares of landholdings under federal institutions and enterprises—constituting 5.2Pct of Addis Ababa's 54,000 hectares.

The corporation has embarked on a state-led property development endeavor and is already attracting world-class developers and financers towards developing housing projects, convention centers, seven-star hotels, tertiary hospitals, and specialized education centers on 30 prime locations identified in Addis Ababa, including the redevelopment of Ghion Hotel. The LBDC will indulge in a minimum 20Pct equity share in the projects, to be developed under a build, operate, and transfer PPP modality. The corporation has also identified government districts where public institutions will be relocated to in a clustered fashion.

Given the land scarcity in Addis Ababa, LBDC's efforts are a relief for investors with cash looking for prime locations, although Lensa says international developers are given priority. Yet, her agility in availing public holdings to private developers is showing results faster than previous governmental processes towards land provisioning, where land is owned by the public and government and is very scarce as hens teeth in the market.

What are the main objectives of the Land Bank and Development Corporation (LBDC)?

LBDC was established to utilize one of the biggest resources we have—land. Doing this requires auditing landholdings, preparing business plans for the development of projects on the lands, and building the projects. After auditing the land stock, we invited private investors to jointly plan and develop the identified projects on the allocated plots. We started our operations by auditing land owned by government entities in the capital. There are over 270 federal institutions in Addis Ababa.

How many plots have you audited and identified thus far?

The corporation has audited 3,700 hectares of land under federal institutions and identified 30 plots ready for development in Addis Ababa.

Is your mandate limited to land owned by public institutions? And in Addis Ababa only?

For now, our jurisdiction is limited to federal institutions. Our plan is not only constrained to Addis Ababa. Once we finish developing unutilized lands in Addis Ababa, we will continue onwards to other cities.

Is LBDC a public entity or a profit-oriented organization?

The corporation is a profit-driven public enterprise. But we do not engage in the day-to-day operations of the projects. Once the projects are developed and operational for some time, LBDC will gradually transfer the business to the private sector. After the Public Private Partnership's (PPP) term is over, LBDC fully owns the business. But the corporation will remain hands-off as the business will be privatized immediately after the developer exits.

How will the partnership between the private actor and LBDC work?

LBDC contributes the land as an equity contribution in the projects. The private investors provide finance for the projects to be developed on the land. Our equity share and profit will be determined by the types of projects.

What are the main criteria for selecting developers?

Private developers should have strong financial, technological, and project management capacities. These developers must have extra qualities that don't exist in Ethiopia.

Does this mean only foreign investors are allowed to develop the projects?

Foreign investors and international developers are our targets. Since the task requires capacity nonexistent in the country, we must look elsewhere. These developers should be immensely capable in the given criteria. We then link them with local companies. By creating forward and backward linkages, the domestic private sector will be able to emulate and implement new technologies. We have already identified which projects will be developed by local investors and which ones by foreign actors.

When such big projects are tendered, private developers and financers ask whether the projects have governmental backing or not. That is what LBDC is doing—backing projects on behalf of the government.

"We have selected five mega projects to be developed in Addis Ababa."

Have you made any contact with developers?

Few developers have already contacted us and are trying to secure financers. But it is too soon to disclose their identities. For instance, four developers have shown interest in partaking in housing projects.

Can developers borrow capital from local banks?

The government does not want to create additional loan burdens on local banks and the economy. The corporation's partners are expected to bring financial resources from abroad.

How will you determine government's ownership and returns?

Our earnings will be determined by our share in equity and by the type of business. The land LBDC avails for the development will be our equity contribution with the exact amount to be determined by each individual feasibility study. The minimum percentage of shares LBDC will have in the projects is 20Pct, according to our assessments.

What is the reason for the corporation's focus on Addis Ababa?

Although Addis Ababa seems saturated, it is still underdeveloped. The corporation envisions changing that. There are many undeveloped state landholdings in Addis Ababa. For instance, there are many properties built on public land with historical discourses such as heritage values. But there are many challenges to develop those properties. The properties were developed as best seen during past times. But they might not fit in today's modern development contexts. So, most properties on public holdings need revamping.

undervalued. So, scaling up its value is needed by redeveloping the hotel itself and surrounding areas. This requires adopting an integrated approach. For instance, the Meskel Square renovation project will have a positive impact on upgrading Ghion's value.

What are you planning to achieve?

We have selected five mega projects to be developed in Addis Ababa. These are affordable housing, international convention centers, seven-star hotels, specialized education institutions, and tertiary hospitals. Our plan is to realize these projects.

What about in the next five years?

Our plan for the next five years is to develop a maximum of five tertiary hospitals, five convention centers with adjoining hotels, and two specialized educational institutions.

What are the specific projects planned in prime locations?

For instance, around Lagar, there will be housing projects. Around Wollo Sefer, we anticipate a convention center and multicomplex buildings. Multicomplex buildings will also be developed around Arat Kilo for the high-end community. Since Kazanchis is a business district, commercial business centers, hotels, and convention centers will be built there.

Recently, LBDC launched a publicly-open design competition on the open land spaces. What is the purpose of the competition?

The public design concept competition is intended to collect information regarding what the general public wants to be built on public landholdings. Individuals and companies can participate in the design competition. We decided not to develop the designs by LBDC alone. Ech design should reflect the society's desires. Many residents of Addis Ababa [and other stakeholders] have various ideas about projects that should be built in their neighborhoods. So, we gave them the opportunity to reflect what they want for their city. The designs will be judged by the public and a panel of professional judges. After selecting winning designs, we will accordingly invite private developers.

Earlier you said that the Ghion Hotel will be one of your projects. What is your plan for Ghion?

The government has decided to attract investment and revamp the hotel first and privatize it later after some years. Our preliminary feasibility study indicates that if we add value to the Ghion and boost its status first, it will fetch a higher price when privatized.

> **"We are considering secondary city circles for the development of government districts."**

Is there any city you emulated as a model?

We extracted experiences from Egypt. Egypt is relocating its capital city because it is impossible to develop and redevelop Cairo anymore. We also reviewed the experiences of many European and American cities, such as Washington DC, London, and Paris, amongst others. But we will not follow a copy and paste approach. After picking different features from these cities, we will develop our own strategy fitting the type of development we want with the kind of resources at hand.

Redevelopment initiatives were introduced in Addis Ababa 15 years ago. Other SOEs and initiatives are also engaged in similar tasks. Won't LBDC's efforts be a repetition or overlapping of tasks in addition to a wastage of time and resources?

Though redevelopment initiatives have been implemented in Addis Ababa, they were not well-planned and integrated from the start. Some parts of the city are developed while others have deteriorated. So, an integrated land development program is essential in Addis.

How does integrated land development work in the case of Addis Ababa?

For instance, one of the projects we are currently studying is the Ghion Hotel. Ghion is located in a prime area but is

When you revamp Ghion, the private developer will become a joint owner of the hotel. Under such circumstances, how can you privatize it?

We adopt a build, operate, and transfer modality. In this modality, the developer runs the project until it recovers its investment and gains a certain amount of profit. It then returns the project to the government, after which it can be privatized. The private developer builds and operates, but the project is owned by LBDC until it is finally privatized.

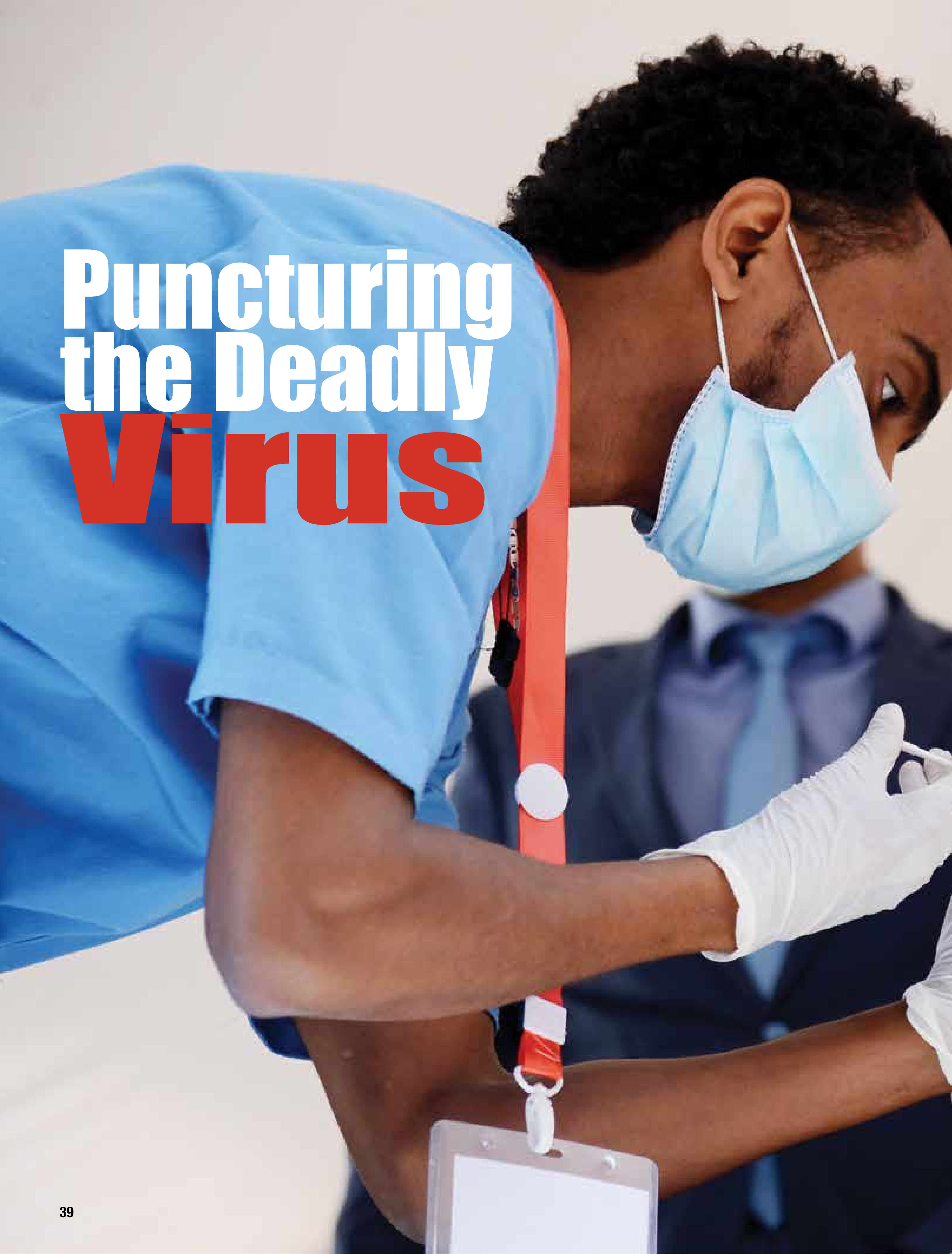
How do you plan to relocate government institutions operating in the capital?

We are considering different options to determine which institutions should be relocated and to where. We will transfer disparately located public institutions to specific government districts based on their functionality. We have already started the formation of these integrated-development government districts.

Which areas are identified for this purpose?

We are in the process of identifying locations to develop government districts. Currently, we are considering secondary city circles. In prime locations, there already is high saturation and congestion. By locating government districts in secondary city circles, it is possible to scale up these areas. **EBR**

Puncturing the Deadly Virus



The first coronavirus disease vaccine injections taking place at Eka Kotebe COVID-19 Hospital on March 13, 2021 in the presence of high-level government officials and other notable Ethiopians. Frontline health workers were first to take the jab.

The first COVID-19 positive case and vaccine were registered in Ethiopia on the same day of March 13 in 2020 and 2021, respectively, whether accidental or planned. The world seemed doomed by the invincible virus since the beginning of 2020. After unprecedented death, chaos, and ultimate test to science, new vaccines were created for the new pandemic.

"The vaccines work by training and preparing the body's natural defenses—the immune system—to recognize and fight off targeted viruses and bacteria. If the body is later exposed to those disease-causing germs after vaccination, the body is immediately ready to destroy them, preventing illness," stated the World Health Organization (WHO).

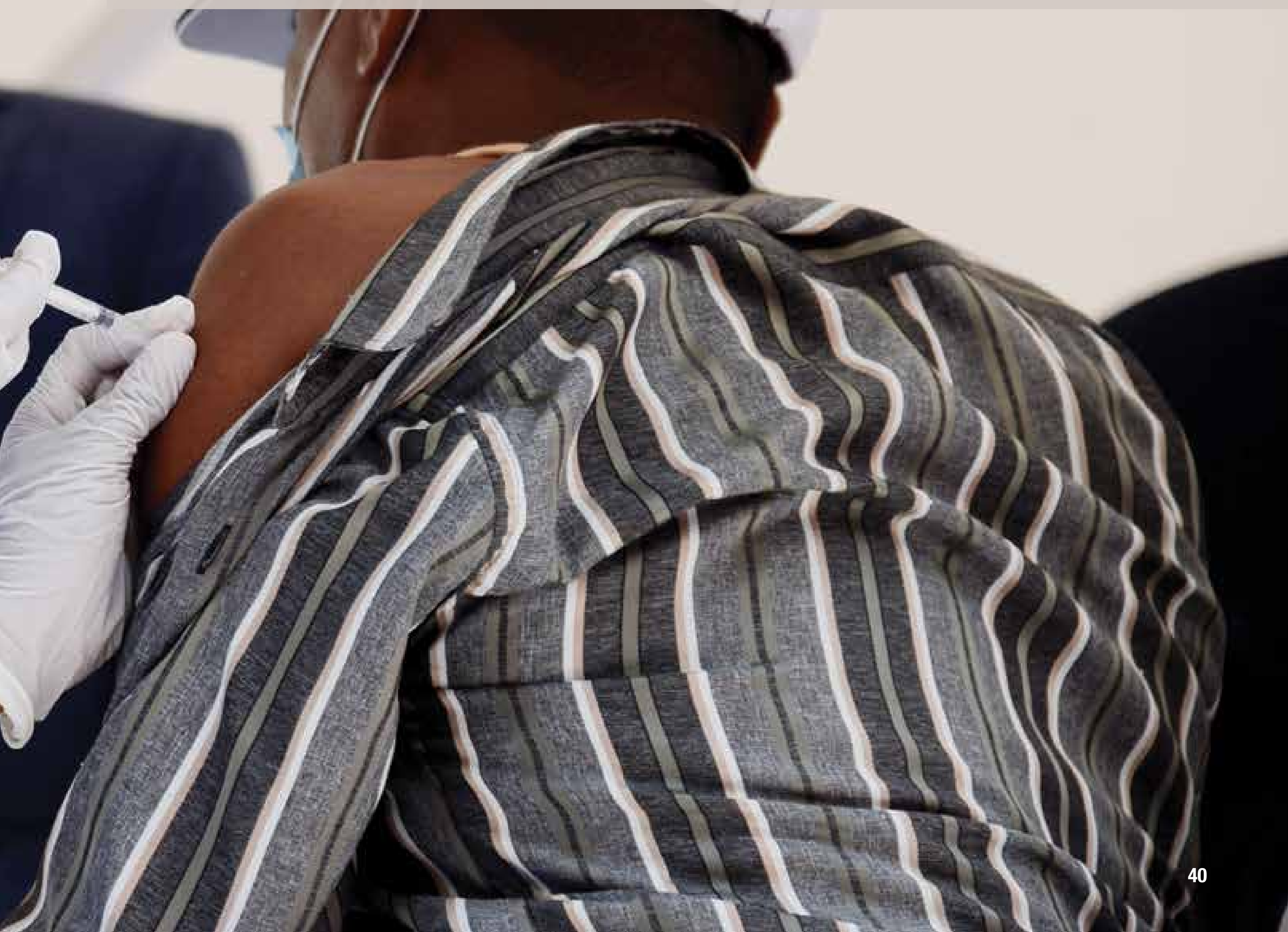
By the end of February 2021, at least seven different vaccines across three platforms have been rolled out globally. Highest priority is given to vulnerable populations in all countries. Over 200 additional vaccine candidates are being developed, of which more than 60 are undergoing clinical trials.

On March 6, 2021, the first shipment of 2.2 million vaccine doses, out of the planned 7.62 million doses to be given in Ethiopia by May 2021, arrived at Bole International Airport. Facilitated through COVAX, the AstraZeneca vaccine received by Ethiopia is produced by the Serum Institute of India (SII). Ethiopia is a beneficiary of COVAX, a grouping of 92 low- and middle-income countries where the WHO, UNICEF, the vaccine alliance Gavi, and the Coalition for Epidemic Preparedness Innovations (CEPI) are actively collaborating and seeking financial assistance to procure and provision COVID-19 vaccines, accessories, and consultancy.

Although schools, businesses, and the leisure and hospitality sector have resumed operations in Ethiopia, the pandemic's spread is soaring. As of March 19, 2021, deaths have exceeded 2,600 and positive cases are above 181,000 from 2.2 million tests. Over 145,000 have recovered.

Ethiopia aims to vaccinate 20Pct of its population by the end of 2021 and has already requested ETB16 billion (USD405 million) in aid from the World Bank.

According to the African Centers for Disease Control (CDC), the cost of vaccinating 60Pct of the African population will cost USD10 to 15 billion. The African Export-Import Bank has already approved USD2 billion as a pre-order guarantee to its members to purchase the vaccine. **EBR**



Doomed From

Despite the COVID-19 pandemic and other teething problems, African countries opened their markets in January 2021 under the African Continental Free Trade Area (AfCFTA). The new market, which allows for the duty-free trade of goods and services across borders, is expected to lift up to 30 million Africans out of extreme poverty. It is also expected to boost intra-African trade, promote industrialization, create jobs, and improve the competitiveness of African industries on the global stage. However, the new trade block is encountering problems from its birth. African countries, fearing trading through AfCFTA will immensely cost their economies, are retreating. In fact, more than 20 African nations, including Ethiopia, have not fulfilled necessary requirements to start trading under the agreement. EBR's Ashenafi Endale explores.

In February 2021, Ghana pioneered to become the first African nation to start trading under Earth's newest economic block, the African Continental Free Trade Area (AfCFTA), by exporting merchandise to South Africa and Guinea. Officially launched on January 1, 2021, in Accra, Ghana, where its secretariat is located, AfCFTA signaled the start of an important era in Africa's history where the dreams of the founding fathers for a united and integrated Africa can be realized.

The highly anticipated trade block, part of the African Union's (AU) Agenda 2063 initiative, is intended to drastically reduce tariff barriers for trade among African countries and enable the creation of a single market for goods and services. "Once restrictions imposed due to COVID-19 are lifted,

the Start?

other African countries are expected to follow," Brian Mureverwi, Trade Advisor at the AU, tells EBR.

However, Ethiopia is unlikely to start trading under AfCFTA soon even though the country was among the first to sign and ratify the agreement governing AfCFTA in March 2019. This is because Ethiopia is yet to submit tariff concessions specifying which products can be traded duty free as well as its Rules of Origin governing the conditions under which products and services can be traded. Including Ethiopia, 14 African nations have not submitted tariff concessions for goods while 20 countries are yet to submit their tariff concessions for services.

A little more than 6,000 goods and services are expected to be traded under AfCFTA. It has been agreed that member countries must liberalize 90Pct of total items listed by excluding them from any custom tariff. Members are also expected to liberalize the remaining 440 items, deemed sensitive, gradually over the next 10 years.

"The Ministry of Trade and Industry (MoTI) has identified and submitted goods and services that should be liberalized to the Ministry of Finance (MoF)," explains Muse Mindaye, Director of Trade Relations and Negotiations at MoTI. "MoF is still assessing the list in terms of revenue loss and competitive edge. Different government institutions and the private sector will have to discus and approve the tariff-free concessions. This will take a while."

On top of changing global trade dynamics and enhancing Africa's miniscule 2.4Pct share in global trade, AfCFTA is forecasted to increase intra-Africa trade to 70Pct from the current 15Pct in addition to boosting annual GDP growth by 1.1Pct and employment by 1.7Pct.

Mesenbet Shenkute, President of the Addis Ababa Chamber of Commerce and Sectoral Associations (AACCSA), explains the downsides of failing to implement AfCFTA for the continent. "Africa's population will double in the next 50 years. Unless African nations eliminate barriers and seize opportunities, the continent will be in crisis."

Yet, Getachew Regassa, Secretary General of AACCSA, argues that the disinterest towards globalization and trade liberalization has cast a shadow on the success of AfCFTA. "Countries are

"The disinterest towards globalization and trade liberalization has cast a shadow on the success of AfCFTA."

Getachew Regassa
Secretary General of AACCSA

retreating from globalization and trade liberalization. Brexit can be an example in this regard."

More than a shift from globalization, the main reason for African countries' hesitancy in fully engaging AfCFTA emanates from various threats and challenges which dwarf the opportunities presented by the trade block. In fact, in countries like Ethiopia, both the government and the private sector are uncertain about the gains AfCFTA is expected to bring along. Ethiopia and many African governments rely on customs revenue. If trade is to be executed among African countries duty-free, there is fear that the government's revenue will drastically decrease.

Concerns against AfCFTA are not unsubstantiated. A study conducted by the United Nations Conference on Trade and Development (UNCTAD) indicates that tax revenue lost due to AfCFTA could be 4.4Pct of the continent's GDP. Those who support AfCFTA stress that the reduction of tax and duty collections is insignificant compared to possible export revenues, job opportunities, and GDP growth.

Despite differing arguments, many agree that the winners will be African countries with a strong and competitive export sector. Trends indicate Ethiopia has a low track record regarding exports. The annual export earnings of the nation have stagnated around USD3 billion for the last decade. The export-to-GDP ratio also remains low, averaging around 9.65Pct. Ethiopia's exports are also highly concentrated to few agricultural products. Coffee remains the dominant export commodity.

Alemayehu Geda (PhD), Professor of economics at Addis Ababa University says Ethiopia has a low competitive edge because its productivity is very poor. "In terms of productivity, Kenya is three times stronger than Ethiopia. China and Malaysia are seven times more productive than Ethiopia."

"Production cost per unit is also extremely high in Ethiopia," argues Alemayehu. "This is despite the fact that the cheapest labor force in the world can be found in the country."

This does not mean the country has no competitive edge. Stakeholders stress that Ethiopia has a comparatively better advantage in the tobacco, textile, and footwear industries. "Ethiopia has a 100-year-old leather industry, the finest in Africa," argues Daniel Getachew, Secretary General of the Ethiopian Leather Industries Association (ELIA). "Although Indian and Chinese industries are destroying the local leather industry, the country still has an undisputable advantage in the leather sector."

Nevertheless, Ethiopia generates only USD150 million annually form the export of leather products. "The country could generate USD3 billion annually from footwear exports alone," says Daniel. "But to reach the success nations like India and China have achieved, the industry needs incentives including tax reductions."

It is not only tariff related barriers that are obstacles for improving intra-Africa trade. Rather, non-tariff barriers also threaten the success of AfCFTA. "On average, custom duties across Africa are low," Mureverwi explains. "Non-tariff barriers are common and serious across African economies."

The main non-tariff barrier for trade, in this regard, is the lofty logistics hurdle observed throughout Africa. "Although some sub-sectors in Ethiopia's manufacturing industry have potential, the infrastructure required to facilitate cross border trade is not in place," stresses Feleke Tadesse, General Manager of Elfora Agro-Industry.

Elizabeth Getahun, CEO of Panafric Global and President of the Ethiopian Freight Forwarding and Shipping Agents Association, agrees with Feleke in stating that the launching of AfCFTA without putting in place required logistics systems is like putting the cart before the horse. "The major challenge is not only underdeveloped logistics but also the disintegration of existing infrastructure."

Lack of coordination in the logistics sector is an adjoining problem in Ethiopia. "There are over 24 institutions involved in Ethiopia's logistics sector," Elizabeth explains. "Therefore, introducing and expanding a single window system is critical for cross-border mobility."

Of course, making AfCFTA successful requires the elimination of non-tariff barriers such as cumbersome and restrictive customs procedures that make

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ADDIS GEZAHEGN First Woman MARATHONER

In the shadow of Abebe Bikila's colossal fame is Addis Gezahegn, the first Ethiopian and African woman to win a major marathon. She finished the 1991 Rotterdam Marathon in 2:35:04, a record at the time for an African woman. She also competed in Tokyo in 1990, the Barcelona Olympic Games in 1992, and a in a total of 30 international tournaments.

She usually ran in men's races, as separate races for women were almost nonexistent. Addis participated in the annual Abebe Bikila Marathon for men in Addis Ababa in 1989, her first ever 42 kilometers. Her spontaneous performance and non-fatigable physique could not pass unnoted by talent explorers of the national squad. At 155 centimeters high and weighing 45 kilograms, Addis still runs as a life experience, though she retired in 2011. EBR's Abiy Wendifraw, chatted with the sport's stuntwoman about her captivating story.

Addis Gezahegn's place in Ethiopian athletics history was guaranteed 30 years ago when she competed in the men's marathon race named after the Olympics legend Abebe Bikila. She had to run with men because there was no separate race for women. Her name has since been well known for being the first Ethiopian woman marathoner.

Addis started running in high school. She used to compete in the 100-, 200-, and 400-meter races for Ayer Tena Secondary School in Addis Ababa. Later on, she even won the 800- and 1500-meter races at the school's championship in 1983, at the age of 14. However, that did not bring her to a professional athletics career. She rather completely left athletics. Addis didn't return to the running track or any other competition after taking her school leaving examination.

Almost a year after completing high school, Birhanu Girma, Lieutenant and Coach, who loved working with emerging athletes, went to her village where she resided. She remembers what the coach said to her back then. "Addis, listen to me. I know you had a great performance at the school's championship and I also heard that you have immense potential and can succeed in athletics. Now, I want you to join the group of girls training with me."

"He did not just invite me to join the girls in his team. He also paid for my transport," remembers Addis. The chance to work with the coach opened a door of opportunity. Addis joined Bankers Sport Club as an athlete and also as staff at the Commercial Bank of Ethiopia (CBE). She competed in the 3,000- and 5,000-meter races for the club.

Her international career trajectory launched when she finished 5th at the Jan Meda International Cross Country Championships and thus qualified to compete at the World Cross Country Championships in 1987 in Warsaw, Poland. She continued to race at the next two championships in Monte Carlo, Monaco and Aix-les-Bains, France.

The late Nigussie Roba, the then national team coach who has among the shapers of modern Ethiopian athletics, was among those closely following Addis's progress and strengths. "He used to watch us preparing for the World Cross Country Championships. One day, at the end of training, he approached me and said 'I have been watching you for a while. You have endurance and fatigue resistance. Please go for the marathon. You will be successful. Be ready for the Abebe Bikila Marathon.'"

Addis, who had only ran 15 kilometers at previous championships, thought the coach was joking. She responded, "marathon is tough. I do not think I can make it." Nigussie insisted she could do it and advised her to extend the distance she covers for training.

"The marathon was only two months away. During training, the longest distance I could cover was 30 kilometers. I told him about it but he did not change his mind. 'I want to see you in the marathon,'" Addis remembers.

That morning, the spectators packing the streets of Addis Ababa did not realize they were to witness the making of history. They were screaming and cheering up the athletes as they always do. Later, the crowd started shouting even louder as they spotted a girl running shoulder to shoulder with the men in a men's marathon. That was her marathon debut and it was the very first time Ethiopians saw an Ethiopian woman run in a domestic marathon competition.

"It was really tough but the crowd was almost running with me. I remember all the encouragement. There were people following me on foot, bicycle, and motorbike. I would not have finished the race without them. There was this old lady waiting for me carrying water in a container. She poured water over me and wished me the best of luck."

That race was like a curtain raiser for Addis who turned into a marathon runner. She went to the 1990 Tokyo Marathon just few months before finishing second at the Rotterdam Marathon in April 1991 where she broke the African record. Addis started preparing for the Barcelona Olympic Games after running two other marathons in Berlin and again in Rotterdam in September 1991. In Barcelona, where the great Derartu Tulu made history as the first black African woman to win an Olympic gold, Addis was running for her own history.

After the Olympics, Addis's athletics career faced new challenges. According to her, the club was convinced that having a marathon runner was like wasting money. They thought the marathon would only benefit the national team in international championships and not the club in domestic races. "That was heartbreaking. I was coming back from the Olympics and felt like a kid rejected by her own family," she says.

Addis moved to Switzerland in 1995 where she still resides. She managed to find a club and sponsors but her international career was over as she could not run for any country other than Ethiopia. She competed in several competitions until she retired in 2011.

"The last time I remember the local media covering or reporting on me is when I went to the 1992 Barcelona Olympics," says the unsung hero sharing her forgotten history. Addis, now 51 and a mother of two, sounds positive and grateful to Ethiopian Athletics Federation officials who remembered her on a special event organized to commemorate Olympic heroes last December.

"I was too emotional when I learnt that was happening. I still feel that. I thought my name had disappeared from Ethiopian athletics history books. I am happy now." **EBR**

DIGITAL ART:
REFURBISHIING OR DISMANTL ING TRADITIONAL ART?

Gone are the days when only humans play story characters. A human character does not have to put on excessive costumes to play the character of legends who passed even before photography was invented. With digital drawing pads, computers, and software programs, two- and three-dimensional visual characters are developed with even more features and abilities than their human counterparts. The only limitation, however, is that digital art cannot replace live theater.

The demand for digitally generated visual artworks is growing in Ethiopia, mainly from film makers, videogame enthusiasts, and visual advertisement agencies. However, there are only few digital artists as not even the traditional art has fully matured in Ethiopia. EBR's Samuel Habtab, assessed the baby steps digital visual art is taking in Addis Ababa.

Artists are always endlessly thriving to create unforgettable characters to communicate unforgettable messages. Few, such as Shakespeare and da Vinci, have succeeded in traditional story writing and painting. In modern times, characters are simulated and generated by computers, taking over inks, brushes, pencils, papers, and canvases.

Yet, some computer-generated characters, such as Tom and Jerry, are equally successful in capturing all kinds of audiences for generations. The film industry in the west is even producing great movies using both human and digital characters in the same movie, as seen in the latest Tom and Jerry rendition.

Digitally generated characters are flexible, play stories that could be difficult for human characters, and are enjoyed by all types of audiences because they are not limited by natural boundaries encountered by human characters.

Digital visual art, particularly the use of software applications to develop characters on computers and digital drawing pads, is usually used to revive and resurrect the features of historical people whose images are inaccessible and to also rebrand existing characters with new features. Digital visual art can generally be called digital painting. Once fully developed, digital art can animated into 3D or 2D formats.

"I have developed many characters from the battle of Adwa using digital art, with the right mood of the scenery at the time. It takes the audience back to that time. It is different from traditional painting. The characters I create are very relatable with the stories. They are also relatable to all audiences," said Fanuel Leul, Digital Artist.

Fanuel started painting digitally three years ago during the 122nd Adwa victory celebrations. He recently organized an exclusive exhibition where he displayed a few of his digital artworks, extremely rare for Addis Ababa. A graduate of Addis Ababa University's Alle School of Fine Arts and Design, Fanuel specialized in graphics designing. "If you want to learn digital graphics in Ethiopia, you must enroll

in the industrial design department at the art school. I majored in industrial design with a minor in fine art."

"Graphic art is given as illustration under computer graphics. It is used to create images to illustrate stories. Many software programs are used to change the illustrations into 3D. We teach art students not only of how to use digital art applications, but also the art itself," said Addis Afework, Lecturer and Painter.

In order to develop digitized 2D and 3D visual artworks, Fanuel uses various means. "Digital art provides immense resources because the artist is not limited by color, brush, and dimensions. It offers many varieties. You can use it emulate a painting, collage, charcoal, or other types. It includes all methods used in painting. The difference is, in digital art, everything is done on the computer screen or digital drawing pad. Plus, it also includes everything that is done by photography. Since you are not limited by the factors of traditional painting but have immense resources, the opportunity to expand and utilize your imagination is sky high."

There are times when Fanuel uses hundreds of picture bits to develop a piece of digital artwork. "I use color, lighting, and can perform photography manipulation. So, I envision what kind of digital art I can produce with the various combinations. I derive parts from different places to build a piece. I paint on a photograph to create another picture."

It takes Fanuel three weeks to finalize a digital painting. "Digital art uses special costumes to make the artwork more appealing and attractive. The thought process and the time it takes to refine what message you want to communicate takes time. Finding the image resources, stories, and actually creating the 3D piece takes time. Once everything is fulfilled, I sit on the screen, for up to five days."

His works go for at least ETB30,000 per piece. "This is not the price placed on the idea or message, but rather the energy exerted. If we value the substance and message, it would be much more. I cannot compare traditional painting on canvas with digital art on screen. It takes me three weeks for a digital piece. A traditional painting consumes just a day, until the paint dries. May be that is because I specialized in acrylic paint. But in digital art, there are much more tiring works to refine the idea and create the final product. Traditional painting also has its own laboring. People think digital art is simpler because they think it is all about manipulating photography. But for me digital art is more difficult."

Currently, digital artworks are largely demanded by advertisement agencies wanting to use computer-generated visual characters for their works. However, the main market destination is the film industry.

"Many people from the film industry are contacting me, but also from billboard and broadcast advertisement agencies. I am creating digital characters and stories, which are the base to produce animated movies and productions. But thus far, I do not think I have satisfied the demand. Digital art will garner big business from the film industry in the near future. But the end goal is more than that," said Fanuel. "My artworks have their own themes, and I can't wait until I introduce my own series. There are stories I want to tell, through a sequence of my own exhibitions but I'm waiting for the opportune time until the series is full. The rising interest of youth in digital art is inspiring."

Addis says digital art is not well utilized in Ethiopia. "Few graduates are currently embarking on developing it. However, there are no working spaces and platforms for youngsters who want to practice full time."

The lecturer argues that this is attributed to the absence of outlets for digital artworks and the overall nascent level of the art industry in Ethiopia. "Digital paintings can be used on printed mediums such as magazines. But mainly, digital paintings are used as input for animations. The animation could then immensely contribute towards a story's development and movie production. However, there is not much demand to change Fanuel's digital paintings into movable characters and movies. Magazines are usually focused on text. There are also no comic books in Ethiopia which could use digital art. All in all, the technology is already here, but there are no outlets."

"Coupling art with technology is the best way to boost the youth's imagination. Especially in developing countries like Ethiopia, the scope and imagination boundaries of the young has shrunk, mainly because their minds are constantly exposed to conflict, instability, extremism, and poverty. Digital art is a new venue to think about solutions," believes Fanuel. **EBR**

Tragic End of Addis Ababa's Cleaning Heroes

The life of waste collectors in Addis Ababa is not dissimilar to a burning kindle. They make the capital clean and bright while their very lives are hung by a thread. Each day, they move from door to door with pushcarts to collect garbage, just to get ETB0.71 per kilogram of collected waste. They have families but are homeless and excluded from social structures.

However, even that has become luxury for the close to 400 residents of a garbage collection site who recently lost everything in a fire accident and have to return to the streets with babies, elders, and pregnant women. Ironically, the city administration, local officials, and NGOs are all silent even a month after the major fire accident damaged all that they had. The fairy Addis Ababa is deaf to a number of flaws in its urban texture, all the while being a diplomatic hub. EBR's Mersha Tiruneh investigates how the lives of hundreds of Addis Ababa's cleaning workers have gone down the dust bin.

It was Friday around midnight on February 26, 2021. Meseret Molla, a mother of five at the age of 28, was breastfeeding her five-month old baby in her small shelter-house near Bambis bridge, in Kirkos district. Her tent is one of 34 slummed together on a sizable piece of open land used as a collection site for solid waste for the district. Close to 400 people live in tent homes at the waste site—children, women, and men who work at the dumpsite.

Suddenly, a violent fire broke out from one of the homes, lighting the half-hectare dumpsite lacking electricity or any infrastructure. The silent night is filled with cries, chaos, and people fleeing the tent houses to save themselves.

When the fire brigade arrived Saturday morning, six hours after the fire broke out, two people had lost their lives and all properties were burnt. One of the deceased had four children, who currently see no opportunity to go to school. By March 16, 2021, Meseret and the others who lost their dwellings were sleeping on the street, while others set out for their relatives. Most of the women have babies while others are pregnant. Some are raising eight children without a husband.

Except from trying to find out the cause of the fire, none from the city administration or Kirkos district have provided support to reestablish their lives. "Many NGOs came and took our pictures. But none have tried to help us," revealed Meseret.

Most of the people currently back on the streets, including Meseret, were street children. When the Addis Ababa city government introduced the dry waste proclamation in 2007 and called for jobless people to form bands and collect dry waste, they opted to change their lives by organizing as a microenterprise. But since they have no place to live, they erected shabby tents at the land allotted for dry waste collection. Over 100 people opted for the job and joined the dumpsite. Currently, 95 workers are employed there. The workers are mostly men who then bring their partners to live in the shelter- houses. All have a minimum of two children each.

Each day, the working men go door to door collecting dry waste, aggregate it at the site, then load it onto rented trucks to be transported to main dumpsites on the peripheries or outside of the capital city like the Koshe dumpsite.

When Meseret came to live with her boyfriend at the dry waste site ten years ago, they had planned to save enough money to have their own house and leave the waste site soon. But they realized the payment they get, i.e. the governmental

tariff, for collecting waste was very small and not enough to save. Disappointed by the deteriorating work and absence of any attention from the city administration, Meseret's husband left the dumpsite last year, leaving her to raise five children on her own. She then began to wash clothes for others to get some income.

"We are under a lot of psychological pressure. We deserve respect for the work we do. We are patriots, collecting waste door to door every day and cleaning Addis Ababa. However, the community and the city administration need a reminder on how to treat its patriots," said Tseganesh Demeke, another member of the dry waste collection center. She is among the survivors of the fire disaster currently living on the streets.

The city administration pays ETB0.71 per kilogram of dry waste collected from homes and businesses and transported out of the capital. Tseganesh and her colleagues collect an average of 600,000 kilograms of dry waste each month according to Daniel Negash, aged 32 and co-Founder of the 10-year-old Bambis Dry Waste Collection Association. Prior, Daniel worked the same job on his own.

Calculated at the 71 Ethiopian cents per kilogram rate, the association earns ETB426,000 per month, according to Daniel. Of this, ETB100,000 is spent on renting trucks, 15,000 for drivers, and 4,000 for guards. Dividing the rest with 95 active association workers, each working member receives between ETB2,500 and 3,000 per month.

"Each worker has a wife and numerous children. The money is not enough to feed all of them. Many are exposed to disease and there is no healthcare service. Many have died at the site with no health official in sight. There are no safety precautions when collecting and transporting the waste to centers. We cannot afford medical care," laments Daniel. "The government has totally ignored us before. Again, it is happening when all of us have lost everything we have in the fire. We have to restart life from scratch. We have nothing to install our tents on and save ourselves from sleeping on streets. We must buy equipment to cook, clothes to wear, and carts to transport waste. But nobody is helping us. Many street kids living in tents at this dumpsite have become mothers now. But now they have nothing to feed their children."

Citizens involved in garbage collection assert they deserve respect which has not been forthcoming from the government or the community. This is indicated by the absence of anyone trying to rebuild their properties destroyed by the fire.

"We cannot help them because they are considered private workers. They are neither public servants nor the poor of the poor who receive aid from the government," said an official at the Kirkos district, speaking on the condition of anonymity.

According to Samuel Tefera (PhD), Associate Dean of research and technology transfer at the College of Social Sciences at Addis Ababa University, the city administration needs short- and long-term solutions to relieve such segments of society from further psychological and social crises. "These people are part of the social worker scheme, not private businesses or daily laborers. The government must provide basic services immediately until they recover from the fire and rebuild their properties. They can easily summon businesspeople and contractors in the city to develop prefabricated housing camps made of movable metal joints. Their living space must also be separated from the dumping site. Children should not be raised on a dumpsite."

The tragic life and accident at the Bambis solid waste collection site prompts another tragedy at the Koshe garbage dumpsite on the outskirts of Addis Ababa, where 115 people living near the site lost their lives when the dump hill collapsed.

In fact, the 2007 solid waste management proclamation, ratified by the House of People's Representatives, states that solid waste collection and disposal sites must be installed and audited periodically. But currently, waste collection and dump sites are being used as settlement sites by a substantial number of low-income households who are outside of formal urban settlement and social structures.

For the long term, Samuel says the government must revise the waste management proclamation, not only for Addis Ababa but for all urban areas. "The city administration must revise its compensation scheme for the waste collector. The current pricing was formulated 13 years ago but inflation has grown by 20Pct this year alone. Since the waste collectors are ambassadors and keepers of the capital city, they should be part of the city administration and treated as front runners equal to the mayor. Government must provide them with a number of incentives such as special medical care packages, safety equipment, and free schooling for their children. Perhaps, the target of such workers in developed cities is not just collecting waste, but also recycling the waste. They should invest in and run recycling plants in joint ventures with city administrations or districts.

Some assessments undertaken five years ago indicate the average per capita waste generation in Addis Ababa is 0.32 kilogram per day growing by 5Pct annually. Addis Ababa's waste management is described as irregular, inadequate, and inefficient. This denotes sporadic and inconsistent collection, low coverage, technical frailties, and a lacking enforcement of laws. Only 5Pct of total dry waste is recycled, unsafely at that. **EBR**

The Plight of Startups during COVID-19

Samrawit Fikru's Account of the Difficulties

Samrawit Fikru is Founder and CEO of Hybrid Designs, the company behind the popular taxi hailing app, Ride.

Reprinted from EBR 87

The world has come to a grinding halt because of the coronavirus pandemic. Factories have stopped operations. Corporations that generated millions of dollars every day have ceased functioning. No one seems immune to the health, economic, and social hazards of the ongoing crisis. With no end in sight yet, businesses are being forced to lay off their highly valued employees as their expenses surpass the revenues they generate.

The problem is severe on entrepreneurs and small & medium enterprises that have low capital to stay afloat for a long period of time. This does not only affect the owners; rather the spillover effect will also adversely impact their employees who lead a hand-to-mouth life and always struggle to cover their daily expenses.

The situation is no different in Ethiopia, where startups have mushroomed over the last few years. These startups were fighting to achieve their final goals of making profit through services that solve society's problems. In fact, even during the best of times, startups found it difficult to stand on their own two feet and make their project a reality. The situation is even harder for tech startup companies. Let me explain this from my experience mainstreaming Ride.

I came up with the idea of providing a taxi hailing service, Ethiopia's version of Uber, after noticing the transport problem faced by society and the absence of convenient platforms to call a taxi. Once I set things in motion to realize my plan, I was not able to get support from various stakeholders. Although I sought support as a small and medium enterprise, they were not willing to accept my idea and help me grow.

I then tried to get financial access from banks. I even went to a bank that claims to support women entrepreneurs. However, the reality was far from the advertisement I heard. I also sought financial access from a bank that clams to finance ideas. But all of my efforts bore no fruit. This is the common trend for all startups. Almost every entrepreneur in Ethiopia is expected to pass through such challenges.

One thing that needs to be understood here is that the absence of financiers is not the biggest problem; rather the attitudinal problem that makes it difficult to pitch ideas and be listened to is the fundamental challenge. If those who claim to be supporters of startup businesses became candid and showed willingness to listen to innovative ideas, everything would be smoother.

The other problem that discourages startup businesses is the lack of convenient laws and policies. First, government officials are not keen to follow new global developments and draft legal frameworks before anyone tries to pursue fresh ideas. Second, as soon as new businesses become successful, there is a tendency to make their work complicated by introducing absurd laws and regulations that tend to discourage new entrants. Laws should not be barriers to innovative ideas that change people's lives for good.

As a developing country, we are living and dealing with many socio-economic problems. However, this can be taken as an opportunity for people who would like to capitalize on solving the problem. Unfortunately, the education system is not producing such type of graduates as most of them lack practical skills that could help them become self-employed and create job opportunities for many others.

Another cumbersome activity is access to finance. Most startups with smart ideas are still struggling to make their ground breaking discoveries and outputs public as persuading banks to finance their ideas is like sucking blood from a stone. Even after they setup their business, most startups start making profit and experience positive cash flows after four or five years of operation. That is what my experience in setting up Ride shows.

Now, all the above listed problems are complicated by the coronavirus and this should be addressed promptly. As the pandemic disrupts business activities in Ethiopia and beyond, startups and entrepreneurs have become the most vulnerable groups that have been directly affected by the crisis.

But their problem is overlooked and they are not being given equal attention as other sectors. They are also not benefiting from incentives that are provided to small, medium, and large businesses. To make things worse, such a situation forces them to be financially weak and fragile.

In these trying times, it should not be forgotten that even big companies find the economic shock hard to absorb. Investors who were keen to support startups are bearing the brunt of business slowdown. Yet it is only those who think outside the box that can drive the economy out of the crisis. It is thus imperative to support startups that can indicate the way out financially and through governmental support, which includes uninterrupted and very affordable internet services.

Way forward

Having short- and long-term strategies is vital in helping entrepreneurs and startups. As a short-term strategy, making the bureaucracy smoother for entrepreneurs who want to start a new business will play a crucial role. This may go as far as letting new entrants sustain their businesses without being stressed about paying punitive taxes. Tax should not be a barrier for new entrants and it should be understood that today's startups have a potential to be a big corporation that could pay billions of Birr in taxes.

Be that as it may, policymakers should draft new laws, instead of making the absence of proclamations or regulations an excuse to discourage or ban startup businesses. In this regard, it is very important to draft a very flexible policy that takes into account current problems and challenges faced by startups. Now is also the time to make tech businesses a priority.

To make this a reality, the government must give direction to banks to finance innovators with tech ideas by evaluating their business plans. This also requires amending existing loan policies adopted by commercial banks. It is understandable that some businesses may lack the expertise to administer their finances. But this can be avoided by providing training on how to run their businesses and stay afloat.

As Prime Minister Abiy Ahmed (PhD) has a background in tech-related matters, I hope techpreneurs would be given the necessary support. Taking its current importance to solve the COVID-19 crisis into account, this should be done now, rather than later. The government may start with channeling resources towards financing startups with innovative ideas.

Existing financing schemes (SMEs and Youth Funds) and priority areas should also be redesigned based on their importance in solving current problems faced by Ethiopians. In this case, identifying all problems and inviting entrepreneurs to come up with solutions and working in partnership with the government would minimize the catastrophic effects of the virus.

Providing tax relief to startup companies is another way to help entrepreneurs survive. Tax exempting startups for one or two years will allow them have a positive cash flow and survive the pandemic.

In addition, after the outbreak is over, reforming the education system to make it more practical is very important. The other important point is that business owners should embrace what is currently happening and shift to businesses with better returns in the time of COVID-19. A good example for this could be restaurants that have started delivery services. Instead of waiting for their customers to come through their doors, they embraced what was happening and acted accordingly. This is helping them survive the crisis. At the same time, they are creating business opportunities for delivery service providers. The same is true for detergent producers and garment factories. While distillers began producing hand sanitizers, garment factories started producing protective materials like face masks. Working on import substitution is also necessary. Now that the world is either in partial or total lockdown, international trade is declining. This could be a good opportunity for local producers.

If they can produce quality products and build a positive perception towards their brand, they can retain their customers even after the pandemic is over. This will have many benefits such as creating more job opportunities, reinvesting profits to expand the business, and reducing the demand for foreign currency. On top of this, data mining is very important. Without having the right data, coming up with the right solution would be very hard to achieve.

The Shape of Global Recovery

The accelerating rollout of COVID-19 vaccines in many advanced economies has set the stage for rapid recovery in the second half of this year and into 2022. Although growth in digital and digitally enabled sectors will level out somewhat, high-employment service industries will ride a wave of pent-up demand.

Michael Spence (PhD), a Nobel laureate in economics, is Professor emeritus at Stanford University.

EBR received the article from Project Syndicate

COVID-19 vaccination programs are gaining momentum as production capacity ramps up, and as disorganized and tentative distribution and administration procedures are replaced by more robust systems. A task of this size will surely encounter additional bumps along the road. But it is now reasonable to expect that vaccines will have been made available to most people in North America by this summer, and to most Europeans by early fall.

As of March 15, Israel has administered more than 100 doses per 100 people, compared to 38 in the United Kingdom, 36 in Chile, 32 in the United States, and 11 in the European Union – and those numbers are rising fast. The rates are relatively lower in Asia and the Pacific, but these countries already largely contained the virus without mass vaccination programs, and their economies have since experienced a rapid recovery. Meanwhile, lower-income countries on several continents are falling behind, pointing to the need for a more ambitious international effort to provide them with vaccines. As many have noted recently, in our interconnected world, no one is safe until everyone is safe.

Assuming that vaccination continues to pick up globally, the most likely scenario for the economy is a rapid recovery in the second half of this year and into 2022. We should see a partial but sharp reversal of the K-shaped growth patterns that have emerged in pandemic-hit economies.

Specifically, growth in high-flying digital and digitally-enabled sectors will subside, but not dramatically, because the forced adoption of their services will be tempered by the resumption of in-person activities. At the same time, the sectors that were partly or completely shut down will revive. Major service sectors like retail, hospitality, entertainment, sports, and travel will reopen for an eager public. Industries such as cruise lines will probably institute their own version of a vaccination certificate, with sales rebounding once customers are confident about safety.

All told, this return to previously closed consumption patterns, turbocharged by pent-up demand, will produce a burst of growth in depressed sectors, leading to improved economic performance overall. Unemployment will almost certainly fall, even if permanent changes in living and work patterns reduce employment in some areas. (For example, hybrid work models that lock in pandemic-era remote workplaces may reduce demand for restaurants in city centers.)

To be sure, while massive government programs have buffered the economic shock of the pandemic, hard-hit sectors have nonetheless faced significant losses. Between these transitory reductions on the supply side and the predictable surge in demand, a temporary bout of inflation is possible and perhaps likely. But that is no cause for great concern.

Financial markets are already anticipating these trends. After struggling before the pandemic and being hammered in the early stages of the contraction, many value stocks are staging a comeback. Growth stocks in the digital sector, meanwhile, have experienced a small correction. But this, too, should be temporary. While value stocks will continue to hover above their previous doldrums, digital growth stocks will benefit from the powerful long-term trend toward incremental value creation via intangible assets.

One matter of considerable importance is international travel. Businesses can function on digital platforms for a while, but eventually in-person contact will become essential.

Moreover, many economies are heavily dependent on travel and especially tourism, which accounts for 10-11Pct of GDP in Spain and Italy and as much as 18Pct of GDP in Greece (and probably more if one counts multipliers). Compared to many other sectors, travel faces additional headwinds, because it is non-local.

The rapid recovery pattern that local service industries can expect once the virus is under control does not strictly apply to travel, especially at the international level. To allow for more travel between countries, both—origin and destination—will need to have made progress in vaccinating their populations and containing the virus. Those who are vaccinated and willing to travel will have to be acceptable to the destination country, perhaps by presenting some kind of certification or vaccine passport.

Complicating matters further, international travel is subject to multi-jurisdictional and somewhat uncoordinated regulation. This, together with imperfect cross-border knowledge about external conditions, will make adjusting to new realities on the ground more difficult.

The current trajectory of vaccination indicates that the global rollout will take considerably longer than the programs in advanced economies. The hope is that once these first movers are done, their leaders will turn their attention to bolstering international cooperation and accelerating vaccine production and deployment in developing countries and some emerging markets.

By that point, the advanced economies will be experiencing a brisk recovery, like China and the other Asian economies that contained the virus early on. The return of high-employment service sectors will fuel a broad-based comeback, producing market shifts in relative value across sectors. Schools will resume full in-person learning, armed with complementary digital tools that may enhance the curriculum and provide resilience for the next shock.

In the second half of 2021 and into 2022, the K-shaped dynamic of the pandemic economy will give way to a multi-speed recovery, with the traditional high-contact sectors taking the lead. The two lingering areas of uncertainty for health and economic outcomes are the pace of the vaccine rollout in the developing world (Africa, Latin America, and some parts of Asia) and international cooperation to accelerate the restoration of cross-border travel. But with forward-looking leadership, both issues should be fully manageable.

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trading difficult and expensive. In fact, stakeholders agree that it is non-tariff barriers that will make or break AfCFTA. The latest estimates by UNCTAD indicate that in Africa, non-tariff barriers are at least three times more restrictive than tariff barriers.

To address this problem, the AU in collaboration with UNCTAD developed an online reporting, monitoring, and eliminating mechanism. Using the online system, importers and exporters conducting trade under AfCFTA can report encountered non-tariff barriers. African governments, then, have the obligation to solve and eliminate the barriers.

Stakeholders also point to other non-tariff barriers such as certification, quality assurance, and currency interchangeability as challenges. Alemayehu indicates that some of the challenges can be solved easily. "For instance, the currency interoperability issue can be solved by allocating a defined fund for trading with a certain country. The majority of payments can cancel each other out through imports and exports."

Currency swaps are another option on the table. In fact, Ethiopia already has a currency swap deal with Sudan, allowing the two countries to use their own currencies while trading with each other as of 2017.

Muse says the opportunities AfCFTA presents still outweigh the challenges, which can be solved. "AfCFTA creates a predetermined market. It can solve supply shortages in Ethiopia."

Yet, Wubshet Hailu, Owner of Watt International PLC, argues that opening up the economy without addressing persisting macroeconomic imbalances will further deteriorate Ethiopia's internal economic and political stability. "There is a chronic foreign exchange shortage in Ethiopia. As a result, industries cannot import raw materials. Therefore, Ethiopia needs a grace period until the country manages to settle macroeconomic distortions."

Although Ethiopia registered impressive economic growth during the last decade by implementing expansionary monetary and fiscal policies, it came with adverse consequences. A high current account deficit, chronic foreign currency shortages, and a commodity price boom are some of the macroeconomic problems currently challenging the country.

Citing such macro challenges, Wubshet stresses Ethiopia needs to maintain protectionist policies until its industries are ready. "The Ethiopian government signed AfCFTA without consulting the private sector. In fact, the private sector does not have enough information about the aged Common Market for Eastern and Southern Africa (COMESA), let alone AfCFTA."

To bridge the information gap and coordinate the implementation of AfCFTA, Elizabeth recommends the government establish a centralized administrative platform to easily provide information and effectively support the private sector."

Yohannes Dinkayehu, State Minister for Trade and Industry, says the government is going in that direction. "A national coordinating committee has already been established to synchronize the activities of the public and private sector for the effective implementation of AfCFTA." **EBR**

Capital Market, Takes More Than Legal Frameworks

Abdulmenan Mohammed is a Financial Management Expert. He holds an MSc in Financial Management from Edinburgh Business School, Scotland.
abham2010@yahoo.co.uk

The news of the establishment of a capital market has been received with hype and enthusiasm. It is hoped that it would support the national economy through the mobilization of capital for new ventures, promotion of new financial products, etc.

The idea of forming a securities exchange was raised in the late 1990s and early 2000s. Unfortunately, with the emergence of the developmental state model in Ethiopia in the middle of the 2000s, the idea was shelved. More than a decade has had to pass for the issue to resurface. As part of the recent economic reform package, the agenda of establishing a securities exchange came to light. After two years of efforts, the Council of Minsters approved the establishment of a capital market. A couple years ago, when the idea gained increasing attention, it was promised that the market would be operational in 2020. But there is still much work to be done.

The new proclamation contains a large number of issues including the formation of a regulatory body, the securities market, ownership, etc. Preceding the proclamation, as part of financial sector reform package, some groundwork had been laid in the money market sphere. The market-based treasury bill market began a year ago and is thriving. Efforts are being made to reactivate the inter-bank money market, which has been dormant for more than a decade.

With the establishment of the securities exchange, the government has made several enthusiastic claims, from FDI to promotion of significant investments. No doubt, the establishment of the securities exchange will bring the existing fragmented market into a formal and regulated platform. The market will be a venue where shares, bonds, derivatives, and other securities will be traded, making price discovery simpler and trading in securities fairer and easier. However, some caveats should be added to the hype surrounding the formation of the stock exchange.

Currently 29 African countries have stock exchanges. Apart from in South Africa, Egypt, Nigeria, and Mauritius, stock exchanges elsewhere in Africa have less than 100 listings. Even the century-old Casablanca Stock Exchange in Morocco has about 80 listings. Kenya's Nairobi Stock Exchange, established in the mid-1950s, has 65 listings. In Ethiopia, the number of companies that can qualify for listing may not be more than few dozen. Except for banks and insurance companies, it is very hard to find companies with public ownership that are well regulated and have good performance track records and performance disclosure experience.

Ethiopian business are known for their family ownership, use of bank credit for growth, and secrecy in operations. Stock market listing entails transparency, accountability, and discipline, both legally and in the market. Attracting family-owned businesses for listing is a very cumbersome task. In a capital market dominated by financial-sector companies whose shareholders are reluctant to sell their shares as they already see decent returns and lacking alternative investments, the volume of transactions may not be adequate and could lead to a relatively inactive exchange.

Over the past decade-and-a-half, dozens of share companies have made initial public offerings (IPO) in a disorderly and unethical manner. They promised much but achieved little. With the exception of a few thriving companies in the financial services sector, most have gone into the abys, causing considerable losses to investors. This episode has tainted IPOs, resulting in a huge distrust on such schemes. Gaining the public's trust requires considerable work.

A well-functioning securities market requires quality, timely, and adequate data about the listed companies. This would enable investors to make informed decisions. One of the most significant steps taken in recent years is the adoption of International Financial Reporting Standards (IFRS) and the International Audit Standards (IAS) as well as the formation of a regulatory body. The implementation of IFRS has improved the quality of information contained in the annual reports of companies but has increased the reports' volume and complexity. What worries me is that in a country where the level of financial literacy is low, investors may find such voluminous and complex information difficult to comprehend. The establishment of the capital market should take this factor into account and create a platform to upgrade the financial understanding of the potential investors.

A securities market requires a physical venue, technological infrastructure, and professionals in a range of trades. The venue can be readied with ease and the technological infrastructure can be acquired. But having the right mix of professionals in areas where there is no previous experience needs some time.

Quote

"Politics is the gentle art of getting votes from the poor and campaign funds from the rich, by promising to protect each from the other."

Oscar Ameringer (1870-1943), German American Author, Editor, and Organizer for the Socialist Party of Oklahoma.

From the Horse's Mouth

"When covid came, there was a big debate about should we stop the SDGs, and whether we are going to meet the targets. We think we can."

Vera Songwe,
Executive Secretary of the Economic Commission for Africa

"Particularly in the ICT sectors, there has been an acceleration of development. There was a USD2.4 billion investment in the sector in Africa in 2020. Acquisition was high. But consolidation and competition is also coming."

"Either we highly benefit, or lose too much,"

Abiy Ahmed (PhD), Prime Minister of Ethiopia,

said on the outcome of the African Continental Free Trade Area (AfCFTA). It will be determined by Ethiopia's level of preparation. "If we increase competency in every sector, Ethiopia will export more and benefit a lot. Otherwise, we will become a dumping site for others." As was told to his ministers on February 25, 2021, in Koisha.

The Number

USD 38 BILLION

FDI flow to Africa in 2020. The figure has dropped from USD46 billion in 2019, due to the COVID-19 pandemic.

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