

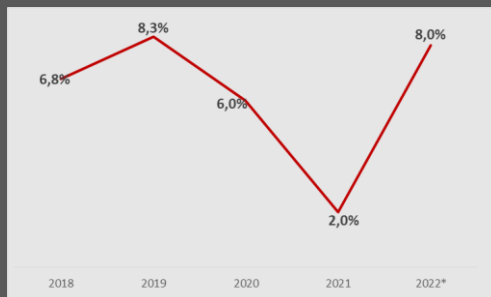
## Country Factsheet : Ethiopia

Ethiopia has a large domestic market of over 100 million people, making it the second most populous country in Africa after Nigeria. For more than a decade before 2016, GDP grew at a rate between 8% and 11% annually as one of the fastest growing states among the IMF member countries. This growth was driven by government investment in infrastructure, as well as sustained progress in the agricultural and service sectors.

Ethiopia's Prime Minister, Abiy Ahmed, has announced numerous reform plans including plans to loosen the state's dominance in key sectors, in efforts to attract investor interest and boost growth.

### KEY FACTS

- Population: 120 millions (2021)
- Demographic growth: 2.5% (2020)
- Current GDP : US\$ 107 billion (2020)
- GDP per capita: US\$ 936 (2020)
- Life expectancy: 66 years (2019)
- Literacy rate: 51% (2017)
- Inflation: 34.5% (2022)
- FDI (Net Inflows): US\$ 2.4 billion (2020)
- Current account: -2.5 % (2020)
- Primary export: Coffee US\$ 887 million (2020)
- Unemployment rate: 2.8% (2020)
- Last elections: 2021
- GDP Growth (%) :



\* Source : World Bank data, IMF, Reuters



### WHAT ARE THE MOST ATTRACTIVE INDUSTRIES?

Attractive industries include agriculture, energy and power infrastructure.

### SOME LEADING COMPANIES:

1. Ethiopian Electric Power Corporation (electricals)
2. SUR Construction (Construction)
3. Ethio Telecom (Telecom)
4. Commercial bank of Ethiopia (Banking)

### Ethiopia's international memberships

Ethiopia is a member of:

- African Development Bank Group (AfDB)
- African Union
- Common Market for Eastern and Southern Africa (COMESA)
- Group of 24 (G24)
- Group of 77 (G77)
- African, Caribbean and Pacific Group of States (ACP)

- World Trade Organization (WTO) (observer)
- International Monetary Fund (IMF)
- United Nations (UN) various memberships
- World Federation of Trade Unions (WFTU)
- World Customs Organization (WCO)

### AS A FOREIGNER, DO I NEED A WORK PERMIT?

Visas may be secured via an application to an Ethiopian diplomatic or consular mission abroad.

The eligibility criteria for obtaining a work permit are set by the Ministry of Labour and Social Affairs and the requirements may differ depending on the type of organization.



### INTERESTS & CURRENCY EXCHANGE RATES

**Central Bank rate: 7%**

**Currency: Ethiopian birr**

**USD 1 = 50.77 ETB**

**EUR 1 = 56.70 ETB**

**Source: National Bank of Ethiopia, Feb 24, 2022**

## WHAT IS THE TAX REGIME IN ETHIOPIA?

### **Corporate income tax rate (CIT):**

- The corporate income tax rate is 30% for non mining companies and 25% for large scale mining companies.
- The difference between large-scale and small-scale mining is based on the amount of estimated reserve, not by turnover.

### **Withholding tax (WHT):**

- **Dividends:** Dividends paid to resident and non-resident are subject to a 10% WTH.
- **Interests:** paid to a resident are subject to a 5% WHT, increasing to 10% if paid to a non-resident.
- **Royalties:** Royalties paid to resident and non-resident are subject to a 10% WTH.

### **Value Added Tax:**

The standard rate is 14%

Exports of goods and services are zero-rated

### **Personal income tax rate:**

The individual income tax is levied at progressive rates up to 35% and applies to both residents and non-residents.

## WHAT ARE SOME OF THE INVESTMENT INCENTIVES OFFERED IN ETHIOPIA?

### General Incentives:

Ethiopia's investment code provides incentives for development-related investments, reduces capital entry requirements for joint ventures, permits the duty-free import of capital goods (except computers and vehicles), opens the real estate sector to foreign investors, and gives priority to investors for the leasing of land.

### Tax incentives

To encourage private investment and promote the inflow of foreign capital and technology into Ethiopia, the following incentives are granted to domestic and foreign investors engaged in qualifying areas:

- Exemption from customs duties for certain eligible investors
- Income tax holidays
- Duty draw-back schemes
- Voucher schemes
- Bonded manufacturing warehouse schemes

### Export incentives

Export incentives are available, including facilitation of access to working capital finance.

## USEFUL LINKS / SOURCES :

1. [Investment Guide to Ethiopia](#)
2. [National Bank of Ethiopia](#)
3. [African Markets](#)
4. [World Bank](#)
5. [Deloitte guide to fiscal information](#)
6. [World Investment report](#)