

For Foreign Investors

For non-nationals, a new payment modality has been put in place since January 2008. According to the new payment modality, foreign investors will enjoy a 50% differed payment scheme on the following ground:

- ❖ Prior investment is required.
- ❖ Purchase price should exceed USD 5 million.
- ❖ 50% upfront—before signature of contract.
- ❖ The remaining balance shall be paid evenly within a maximum period of three years.
- ❖ The current average banks deposit interest rate shall be applied on the **unpaid balance**.

After-Sales Care

- ❖ After the hand over of the company is concluded, the Agency provides the investor with post Privatization Support which includes, among others, finalizing of ownership transfer processes, assist in registration of licenses, and liaise with relevant government institutions.
- ❖ More over, the Agency also sees to it that contract obligations are fulfilled through in the due course of time.

Incentives

In addition to deferred payment, both foreigners and domestic investors can enjoy the following incentives on their additional investments in accordance with the Ethiopian investment law.

- ❖ Customs duty exemption

100% exemption from the payment of:

- Capital goods
- Spare parts worth up to 15% of the total value of the capital goods to be imported

- ❖ Income tax exemption

- 2 up to 7 years for manufacturing or agro-industrial and ICT investments
- 2 years for expansion or upgrading of existing manufacturing or agro-industrial and agricultural investment
- Loss carry forward for half of the tax holiday period

Performance of Privatization Activities (Achievements)

- ❖ The Ethiopian government, in line with its policy of free market economy, has started the privatization of public enterprises since 1995.
- ❖ In this respect, for the last seventeen years the tenders of 327 enterprises and their branches have been floated so as to transfer them to the private sector. From these, 310(95%) of them have been transferred to the private sector to date. The cumulative sales value of these is Birr 8.7 billion.

Year	No. of privatized enterprises and their branches					Sales revenue in million Birr				
	Agri & Agro-industry	Manufacturing	Service	mining	Total	Agri & Agro-industry	Manufacturing	Service	mining	Total
1995/96			5		5			4.60		4.60
1996/97		18	109		127		319.94	152.9		472.84
1997/98		5	21	1	27		97.8	42.07	1290.43	1,430.30
1998/99	8	3	4		15	429.85	137.48	9.53		576.86
1999/00	2	2	5		9	138.96	87.16	9.53		235.65
2000/01	12	2	1		15	337.32	25.85	0.95		364.12
2001/02	4		2		6	10.31		5.04		15.35
2002/03	1		1		2	3.2		6.5		9.70
2003/04			3		3	4.84				4.84
2004/05	3	1			4	13.86				13.86
2005/06			1		1			6.95		6.95

Year	No. of privatized enterprises and their branches					Sales revenue in million Birr				
	Agri & Agro-industry	Manufacturing	Service	mining	Total	Agri & Agro-industry	Manufacturing	Service	mining	Total
2006/07		11	2		13		60.70	7.07		67.73
2007/08	4	8	1		13	23.34	138.95	4.0		166.27
2008/09	8	3	2		13	227.221	69.67	16.04		312.94
2009/10	7	9	4		20	19.43	141.10	103.52		264.06
2010/11	4	8	4		16	539.04	162.04	81.14		782.22
2011	8	9	4		21	602.19	3208.79	196.38	-	4,007.36
G. Total	61	79	169	1	310	2,349.507	4,449.48	646.22	1290.43	8,736.78

Break down of Buyers of Privatized Firms by Nationality

No.	Nationality	Number of SOEs transferred	(%)	sales value in 000 Birr	(%)
1	Ethiopian	263	84.8	2919.05	33.5
2	Saudi Arabia	31	10.00	2572.71	29.6
3	French	2	0.65	145.2	1.7
4	British	2	0.65	70	0.8
5	Indian	1	0.32	11.73	0.1
7	Sudanese	1	0.32	25.32	0.3
8	Italian	2	0.65	1.53	0.02
9	South African	1	0.32	JV	JV
10	Djiboutian	1	0.32	lease	lease
11	Yemeni	1	0.32	138.96	1.6
12	Netherlander	3	0.97	2742.4	31.5
13	Chinese	1	0.32	72.58	0.8
14	South Korean	1	0.32	JV	JV
Total		310	100	8699.48	100

Privatization execution by modality:

- ❖ 310 equity sale
- ❖ 5 leases and
- ❖ 9 joint ventures