

# Monthly Press Review

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BY EAGATE FOREIGN TRADE AUXILIARY PLC

## Local Company gets green light for Kia Assembly

Belayab Motors, a local company in the automotive industry, has inked a deal with Kia Motors Corporation, a South Korean car manufacturer, over an assembly partnership. This will place Belayab in the position to locally assemble vehicles manufactured by Kia.

The two partners made the deal at a signing ceremony held at the Golden Tulip Hotel, off Cameron Street, on September 22, 2016.

The deal will see the introduction of Kia's first car assembly plant in East Africa.

"As one of the exciting brands in the world today, Kia offers some of the best looking, high quality vehicles to its customers and we are excited to bring our products to Ethiopia with this partnership," said Soon Nam Lee, Kia Motor's president of Middle East and Africa regional headquarters.

Kia's global production capacity stands at 3.08 million units a year. The total value of the Kia brand has grown by 224pc since 2010 – rising from 1.5 billion dollars to 5.7 billion dollars.

Following the deal, Belayab will invest close to 150 million Br. It will start its assembly at its factory in Adama, which rest on 30,000sqm of land. It plans to complete the dedicated assembly facility by January 2017. The facility will have the capacity to assemble 12 cars a day in a single shift. This will also give Belayab the capacity to assemble 3,000 vehicles each year.

[Source: Fortune September 25, 2016]



## BRLi, Artelia Get Clearance to Conduct GERD Impact Studies

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Technical teams of Sudan, Egypt and Ethiopia signed on Tuesday contracts that enable them to conduct additional studies on the impacts of the Grand Ethiopian Renaissance Dam (GERD)

## DBE to Provide Interest Free Lease Financing

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The Development Bank of Ethiopia (DBE) is to amend its lease financing directive, which was adopted in March 2016, in a bid to support small & medium enterprises (SMEs).



### RESTAURANT CHAIN PLANS TO PROCESS OLIVE OIL

Olive oil, which is well-known for its health and nutritious values, and is a symbol of Greece's civilization, is set to be processed in Ethiopia by a local restaurant chain: London Café, its owner said.

For the time being, however, NHY Importer, a firm well-rooted in the trading and restaurant businesses in Ethiopia is strenuous to battle against counterfeit oil products by importing genuine and organic "extra virgin olive oil" from the source.[...] [Source: *The Reporter*, September 10, 2016]

### JV ACQUIRES PRINTING ENTERPRISE FOR CLOSE TO 329 MLN BIR

At a ceremony held at the Ministry of Public Enterprises on Tuesday, the ministry and representatives of JV signed the agreement whereby the latter took over the enterprise after they were declared to have paid the initial capital, which is worth 115.1 million birr (which is equivalent to 35 percent of the total price). It was also announced that the remaining 65 percent will be paid in five years-time. [...] [Source: *The Reporter*, September 10, 2016].

### CHINESE FIRMS COMPLETE ETHIO-DJIBOUTI RAILROAD PROJECT

Ethiopian officials on Saturday said a multi-billion dollar railroad project linking the nation to the port of Djibouti has been completed.

The project manager, Mokenen Getachew said the 656km Addis Abeba-Djibouti electric railway trans-boundary project will be inaugurated next month

The mega project, built by China Railway Engineering Corporation (CREC) and China Civil Engineering Construction (CCECC), has reportedly cost \$3.4 billion. [...] [Source: *The Daily Monitor*, September 27, 2016]

## ZayRide, M-Birr Ink Taxi Payment Deal

**M-Birr will charge users between one and two birr commission for each journey they pay for with the service**

ZayRide, a local IT firm, has inked a deal to facilitate the payment of taxi fares for the newly delivered meter taxis, with M-Birr. This will allow users to make payment anywhere they are using their mobile gadgets.

From this agreement, M-Birr will charge users one to two birr – the service fee varies according to the amount of money spent by the customer. If customers pay up to 100Br via mobile phones for the service they get, they will be charged one birr; if the taxi fare is more than a 100Br, M-Birr will charge two birr for as a transaction fee.

M-Birr will provide confirmation once the payment has been made, and it will also record the transaction history of customers.

"This will make the taxis easily accessible," said Habtamu Tadesse, founder of ZayRide.

ZayRide is behind the development of applications for some of the meter taxis that were recently delivered and began to provide a service last week in the streets of the capital. Their application is accessible on android phones.

The IT firm has already signed a deal that includes 536 meter taxis under it, out of which 149 are yet to be imported.

Through the app, customers can easily see the nearest taxi within in their proximity and can also book for later use.

Among the meter taxi companies that partnered with ZayRide, Abinet Le Andinet is one.

The company, established by 35 individuals, took delivery of 35 of its Lifan 5030 model taxis last week. It was established last year, with 47,000Br in initial capital following a directive issued by the Federal Transport Authority (FTA), which insisted that the blue taxi association and individuals must form a company.

Upon the directive, 26 companies were established. These associations were able to strike a deal with four automotive companies. These companies have been given a permit to import 1,163 cars duty free.

Just last week, 836 of the cabs officially began operations at a ceremony held at Mesqel Square. [...] [Source: *Fortune*, September 18, 2016]





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## **BRLi, Artelia Get Clearance to Conduct GERD Impact Studies**

Technical teams of Sudan, Egypt and Ethiopia signed on Tuesday contracts that enable them to conduct additional studies on the impacts of the Grand Ethiopian Renaissance Dam (GERD) in Khartoum, Sudan, when the Tripartite National Committee (TNC) held its 12th meeting.

The contract was signed by the heads of the technical committees of the three countries: Gedion Asfaw (Ethiopia), Ahmed Baha (Egypt), and Saif al-Din Hamad (Sudan). In addition, ministers of water resources in the three countries and the representatives of the consultancy firms were in attendance. All the three ministers made their opening remarks and the representative of the consultant also made a brief remark.

Two French engineering consultancy firms—Artelia and BRLi—have been selected to undertake the dam impact studies. The UK-based law firm Corbett & Co was selected to manage the legal affairs of the tripartite committee.

The contract was awarded to the two French companies – BRLi as a leading consultant and Artelia as a sub-consultant – to carry out the two studies, namely: Water Resources/Hydropower System Simulation Model and Transboundary Environmental and Socio-economic Impact Assessment.

The Ethiopian Minister of Water, Irrigation and Electricity, Motuma Mekasa, in a press conference held at Bole International Airport VIP Salon, told journalists on Wednesday that the negotiations between the three countries have been conducted at the level of governments, ministers and professionals since the beginning of the construction of GERD.

The Minister emphasized that Ethiopia's unchanging stance in these negotiation processes is that the benefits of the water which is a gift of nature that needs to be shared among all riparian countries. The establishment of International Panel of Experts (IPoE) which comprises two experts from each of the three countries and four well-experienced independent international water experts in September 2011 is a reflection of this spirit, according to Motuma.

After the IPoE conducted a year-long study on the possible impacts of the GERD, the results were notified to the three countries on May 2013. One of the recommendations of the IPoE is the need to conduct further studies on the impacts of the GERD. One area of study identified by the experts is the impact of the flow of the water. The other area is the impact of the GERD on the environment and social life.

### Continued - BRLi, Artelia Get Clearance to Conduct GERD Impact Studies

On September 22, 2014, the three countries established a Tripartite National Committee (TNC) which has four members from each country to facilitate the additional studies. The Committee is mandated to elect competent firms to conduct the studies. As a result, the Committee invited seven international firms that are believed to be capable of delivering the required outcome to participate in the process of selection. Only five of them showed interest. At the end, two firms – BRLi responsible to conduct 70 percent of the study and Delta Ries the remaining 30 percent – were selected. However, the two firms failed to provide their detailed technical report that outlines how they plan to conduct the studies in harmony.

After this gap delayed the process for a while, another round of negotiations by governments, ministers and professionals managed to result in the selection of BRLi and Artelia to conduct 70 and 30 percent of the studies, respectively. The three countries were seriously considering the proposals of the two French firms taking their special interest into account.

“For the two firms to start the studies, the agreements of the three countries, the consultants and contract administrator firm are required. Getting the agreements of all these parties is not easy. As a result, it took time. After securing these agreements, we have now signed the contract that starts the two studies,” said the minister.

To initiate the studies, the three countries are expected to provide relevant data and information on GERD to the two firms. When the minister asked by The Reporter how the firms can verify if the information received is correct, he said “The TNC is there to clarify any question from the consultant.”

The Reporter also inquired if the studies will specifically cover the impact of the dam on the agriculture sector of Egypt. “We have already agreed on the scope of the studies. So, we cannot add another area of study. However, it is true that the issue was a source of controversy. For now, we have agreed to stick to the original plan. In the future it may be reconsidered,” the minister said.

According to the contract, the preparation for the studies will take two months, and the study will take 11 months. The study costs 4.45 million euros which will be shared between the three countries.

The GERD is being constructed on the Blue Nile, about 20 kilometers from the Sudanese border, and has a capacity of 74 billion cubic meters, and is expected to generate electrical power of up to 6,000 megawatts.

Motuma pointed out that at the end of August 2016, 51.9 percent of the GERD construction was completed. “In the coming months, the process will be accelerated. The studies are not related to the construction of the dam. No matter what the outcomes of the studies, the construction will not be affected. Ethiopia believes that the studies will create confidence to the three countries to work together,” he said.

Ethiopia insists that the dam will not significantly harm other riparian countries of the River Nile specifically Sudan and Egypt while it plays a key role to transform her economy and realize her aspiration to achieve middle-income by 2025. Ethiopia also maintains that the dam is primarily built to produce electricity.

However, Egypt is concerned that the dam could reduce its quota of 55.5 billion cubic meters of the Nile water.

Different studies conducted by independent experts highlight that the cooperation among the three countries benefits them more than confrontations.

[Source: The Reporter, September 24, 2016 ]



### IMF Appoints Ethiopian to Head its African Department

Christine Lagarde, Managing Director of the International Monetary Fund (IMF), on Friday announced her decision to appoint Abebe Aemro Selassie as Director of the IMF's African Department.

Abebe, who is the first Ethiopian to clinch such an influential position in IMF, succeeds Antoinette Sayeh, whose departure was announced previously. He is expected to begin his work in this capacity on September 19, 2016.

“Abebe brings a profound understanding of the challenges facing Africa, having worked closely with policymakers from across the region for much of his career,” Lagarde said, [...]

[Source: The Reporter, September 17, 2016]



### Bottle plant loan hopes for import substitution

The state owned bank, which has been the main ally of developmental projects for more than a century has approved a 565 million birr loan for the bottle factory that will be erected at Debre Birhan 130km north east of Addis Ababa.

Birhanu Kassaye (PhD), Corporate Communication and Promotion Director of DBE, told Capital that the loan agreement between the two bodies was signed on June 29.[...]

[Source: Capital, September 25, 2016]

## DBE to Provide Interest Free Lease Financing

**This is part of the country's ambition to help build up the manufacturing sector from the grass roots level**

The Development Bank of Ethiopia (DBE) is to amend its lease financing directive, which was adopted in March 2016, in a bid to support small & medium enterprises (SMEs). The bank will rewrite articles on who is qualified to get loans via lease financing.

Lease financing is a capital goods' financing service availed by a Bank to SMEs.

One of the articles that the DBE will amend from the existing directive states that only small & medium enterprises who are given sheds by the government are allowed to get loans from the bank through lease financing. In its provisions, it was clearly stated that SMEs are expected to submit a land lease or shed rent contract to the bank as one requirement to get the loan.

“This definitely will exclude SMEs that do not have sheds, but are working towards renting work places from private holdings,” Asfaw Abebe, acting director general of the Small & Medium Manufacturing Industry Development Agency, told Fortune.

“So, from now on, those who rent work places will be part of it,” he added.

The second thing that will be added is that SMEs will be granted with interest free financing. In the previous directive, it is clearly stated that a nine percent interest rate will be implemented on those who get the financing.

From the SMEs, there is a problem of awareness when it comes to lease financing, according to Asfaw.[...]

Unfortunately, after purchasing the machine via credit, they fell short of money as working capital, which finally led them to bankruptcy.

“We understand this has been a challenge for a number of SMEs,” said Asfaw.

The financing by the DBE will be given in the form of capital goods. The bank will procure the machines demanded by the customers and hand them over. The customers are supposed to pay the value of the machines within five years and then they can have ownership over them.

It was last year that the Agency was re-established as an autonomous entity, departing from the Small & Micro Enterprises Agency. It was mainly established to support the transformation of small manufacturing industries to medium manufacturing industries; and then from medium manufacturing industries to large scale manufacturing industries. It also has an objective of creating a back and forth linkage in terms of inputs, supply, production and technology.

“Getting advanced technologies in terms of machinery has been a challenge for the SMEs so far,” said Asfaw. “We believe this scheme of capital goods financing will help to fill the gap.”

So far, close to 586 applications from SMEs are under process. The applications are from Addis Abeba, Amhara, Tigray and the Southern Nations, Nationalities and People's regional states. The DBE has already allocated [...]

[Source: Fortune, September 18, 2016]

## Pumps on at Total Ethiopia's Dukem Depot

Total Ethiopia inaugurated its brand new 8-million litre Fuels and LPG Depot in Dukam town. This represents an investment of more than 270 Million ETB. This occasion provided a good opportunity to visit the depot but also understand better the current situation of the fuel distribution in the country.

The depot is located less than 1 km from the railway line like Horizon depot in Djibouti. We are working closely with the relevant authorities and believe that the railway could be connected to Horizon Terminal in Djibouti, our Dukem depot, to the neighboring NOC depot and to the EPSE depot in Awash. These connections could be achieved in a short timeframe, once the infrastructure is in place, providing a very flexible and reliable supply hub for the country. The railway will reduce significantly the prevalent transit loss of fuel and contamination of fuel along the Djibouti corridor and will save FOREX for the country as the railway uses electric power instead of fuel. road exposure.[...]

[Source: Capital, September 25, 2016]



## Upcoming Events

### First International Agro-Industry Investment Forum Ethiopia

Dates: 5-7 October 2016 | Venue: UNECA Bldg, Addis Ababa, Ethiopia

The event is by registration only. To register please click on the following link:

<https://isid.unido.org/AIFEI.html>

### 7th ADDISBUILD International Construction, Construction Materials & Technologies Exhibition

Dates: 14-17 October 2016 | Venue: Millennium Hall, Addis Ababa, Ethiopia

This event will provide your international business platform by enabling you to catch global investment opportunities, and build your brand in the region etc. in the Building Construction industry.

### ETHIOPIA TRADE EXPO

Dates: 3-7 November 2016 | Venue: Addis Ababa Exhibition Centre, Addis Ababa, Ethiopia

International Trade Exhibition on all kinds of General, FMCG, Consumer & Industrial products, Machinery & Equipment etc.



### Ethio Telecom Outsources Credit Card Services

Ethiopia's 42 million pre-paid mobile users will soon have the option of talk now, pay later, as the state monopoly ethio-telecom has begun the process of choosing the company that will provide the service.

In the presence of the competing local companies and their international partners, ethio telecom started the preliminary evaluation of offers on March 15, 2016, having begun the procedures in January 22 by floating a national competitive bid.

"The idea of launching the system was on the table for the past four years," Andualem Admassie, CEO at ethio telecom told Fortune. "We first considered doing it ourselves."

The country's sole network provider was unsure if the system would be better implemented if it started the service itself, but finally decided that outsourcing the risk involved to the private sector would be more profitable.

Like all kinds of loans, the risk lies in the percentage of those that will default. One competitor who has carried out some preliminary studies estimates that five per cent of these airtime credits will end up defaulting. [...] [Source: Fortune, September 11, 2016]



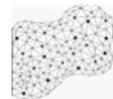
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