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Mayor Office of Addis Ababa City Administration and Addis Chamber Signs an Agreement to Promote trade and Investment

(July 13, 2023, Addis Chamber)



By Staff Reporter

The two parties have signed Memorandum of Understanding that considers cooperation as major instrument to promote trade and investment of the city of Addis Ababa.

It is learnt that the agreement would enable to create conducive environment to boost trade and investment of the city of Addis as well as to promote trade and investment opportunities to local and international investors.

The two parties have made a discussion to formulate an action plan for future implementation.

Addis Chamber: Championing Leadership



By Ashenafi Mitiku

The Institute of Directors (IoD) is one of the biggest achievements and initiative of Addis Chamber that is anticipated to fill the leadership gaps witnessed in companies and corporate businesses. The Institute, the first of its kind in Ethiopia, was launched with the attendees of prominent stakeholders drawn from key sectors such as from government, non-governmental organizations, private sectors and civil society organizations among others.

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Editorial

IoD to inculcate highest standards of Ethics and Corporate Governance

Directorship is one of the most important leadership roles in society. Organizations in the private, public and non-for-profit sectors rely on directors and their equivalents to make crucial decisions in respect of their welfare and prosperity. Directors have ultimate legal responsibility for corporate entities, and play a crucial role in shaping organizational behavior and culture. Board members serve as role models in their respective organizations.

To this effect, Addis Ababa Chamber of Commerce and Sectoral Associations (Addis Chamber) officially launched the first of its kind Institute of Directors /IoD/ on July 13, 2023 at the Hilton Hotel, Addis Ababa.

Such services will focus on building tomorrow's strong, professional and visionary Board of Directors, stimulating their innovative thinking by creating appropriate platforms for discussion and exchange of ideas that have practical applications, installing code of conduct, ensure accountability and transparency across business enterprises in the country.

It has also objectives to promote the spirit of good governance in Ethiopia and Ethiopian businesses, and continually raise sound corporate governance practices and good business ethics to the directors in the course of discharging their roles and responsibilities, and enhancing their capacities.

The institute and its activities align with the Ethiopian policy to improve the business ecosystem and the general business environment. It is believed that, the latest service offered by Addis Chamber will bring change and modernize the existing corporate leadership culture across the private sector through inducing new leadership practices particularly for executives and company leaders.

Addis Chamber strongly believes that the behavior of directors is also just as important for society as a distinct professional behavior of different fields in the economy.

The central tenet of IOD is to raise the level of knowledge and skills of directors, inculcating highest standards of ethics and corporate governance, preparing them to anticipate, positively transform and manage the future and be strategic, leading and demonstrating excellence in directorship, enlightening directors to influence and solve boardroom challenges, and thereby help build and improve trust and confidence in organizations.

Addis Chamber: Championing Leadership...



The remarkable launching ceremony was accompanied by keynote speeches and remarks from high profile officials drawn from diverse sectors such as government, non-governmental organizations and representatives of business communities and the like.

“Directorship is one of the most important leadership roles in any society to promote knowledge, professional competency and skill on the part of directors as well as encourage and foster a favorable climate for entrepreneurship and wealth creation. Organizations in the private and nonprofit sectors rely on directors and their equivalent to make crucial decisions on welfare and prosperity. They also have ultimate legal responsibility for corporate entities and should play a crucial role in shaping organizational behaviors and their culture as well, underscores Mrs. Mesenbet Shenkute, President of Addis Chamber.

She further highlighted that “Directors will have a vital role to play and ensuring observance good

corporate governance, standards and complaints with increasing rules and regulations.

“Leadership is one of the most important aspects and for any business to sustain. In today’s world as we try to address the challenges of businesses volatility and vulnerability, we need leaders who sustain businesses, Leadership should promote sustainability because sustainable leaders provides for environmental, social and economic challenges facing the world” remarks Mr. Solomon Desta, Vice Governor of National Bank of Ethiopia.

“We believe that well governed companies often draw huge important premiums and achieve their objectives. In companies with dispersed ownership shareholders are unable to closely monitor management and its strategies and performance for lack of information and resources, further explains the Vice President of NBE.

He also stated that proper corporate

governance is important because it can help ensure long term shareholder value and company with strong corporate governance informs the market that the organization is well management and the interests of shareholders are alive.

Brook Taye (PhD) Director General of Ethiopian Capital Market Authority commends the initiatives of his government while delivering a keynote address during the launching ceremony. He said “among many endeavors in Ethiopia, the launching of the capital market in Ethiopia is one of the most economic measure elements under the homegrown economic reform agenda which has been shown by the successful ratification of the capital market in 2021 which includes the establishment of the Ethiopian security exchange in our country”.

This program dedicated to developing board members that covers a wide range of topics including corporate governance, risk management, financial reporting will play a critical function for the market discipline and for the market development, and the Director General of the authority further explains the importance of such services rendered by Addis Chamber.

Nelson Kuria(PhD) Chairman of IoD Kenya was also remarkable in sharing his long years of experience in directorship. “As the chair of IOD Kenya I am happy to see IoD Ethiopia in Africa it is honorable to eat alone it is always good to share with the chamber so that we could collaborate in such endeavor”

reiterates his readiness to work with Addis Chamber.

While sharing his valuable experience Dr. Kuria said that “We know that directors will play critical role in the stewardship of all types of organizations. As a matter of fact the board of directors will decide on the good governance of any organizations particularly with the VUCA environment that is complex and rapidly changing environment so that we need to capacitate the capacity of directors to enhance their professionalism such practices of directorship and to establish a framework of professional conduct”

The role of stewardship the director hold is such a big privilege in society further highlights Dr. Kuria adding that directorship is not an entitlement it is rather a position you demonstrate in a very best in times of stewardship that is given from private or society so that utmost care is needed in using resources wisely and it is for the greater need of society and we have a purpose to execute particularly in an environment where our people are suffering from poverty.

The launching ceremony also brought presentations by Mr. Shibeshi Bettemariam concerning strategic objectives of IoD including its vision and missions among others and he also calls on business and institutions to use such kinds of services to ensure businesses sustain for long. This is also followed by panel discussions whereby leading actors and key stakeholders shared their experience.

Addis Chamber Calls on Media Houses to promote Business and Investment in Ethiopia

By staff Writer

This has been disclosed during the annual media day marked by Addis Chamber on Tuesday July 04 2023 at Inter luxury Hotel. The annual media day, that is marked by Addis Chamber have also brought together key players of the media industry in Ethiopia.

In his address to attendees of the event, Mr, Shibeshi Bettemariam, Secretary General of Addis Chamber vows to continue disseminating evidence based advocacy and news information

to the wider public to ensure development in Ethiopia. The Secretary General also hailed and commends the role of the media in closely working with Addis Chamber that turns its 76th anniversary and looking for continued interaction with the media.

In his remark, the Secretary General also highlighted the interest of Addis Chamber to set up own media firm in the near future to further promote and reflect the interest of private sector and businesses operating in Ethiopia.

He went on to say that, the chamber that is undertaking numerous reform programs, is utilizing strategic partnership with media houses for common interest and mutual benefit while perceiving the recently signed agreements with Fana Broadcasting Corporate and Ethiopian News Agency.

In his keynote address to attendees of the annual media day, Mr. Admasu Damtew, CEO of Fana Broadcasting Corporate, commends Addis Chamber for its commitment in disseminating

business and economic updates for media consumption and vows to bolster the current ties with the Chamber.

He further reiterated that the current partnership agreement with Addis Chamber is ideal to promote business and economy in Ethiopia. He also calls on media firms to work together in a cooperative manner rather than competitors.

During the event it has been learnt that Addis Chamber to launch the first of its kind Institute of Directors to promote leadership and corporate governance in Ethiopia.

Business Communities Raises its Concerns on the implementation of the revised Property Tax



By Yidnekachew Alemayehu

The Addis Ababa City Administration has already revised the amount of property tax and started collecting from the residents based on the long awaited rate of the 1968 EC proclamation.

The representatives of business community in Addis welcomed the new property tax laws as a source of local government revenue but the considerations and amount of tax would be unbearable for city businesses specifically for SMEs, startups and entrepreneurs.

A consultative meeting on the Revised Property Tax in Addis Ababa was organized by Addis Chamber, in June, 2023. Speakers from government offices/ in the likes of officials from Revenue and Finance bureaus /as well as key stakeholders had made insightful presentations.

Mr. Adem Nuri, Head of the city’s Revenue Bureau focuses on the essentials of Property Tax in the context of Addis Ababa. According to Adem Nuri, the revised property tax, is regarded by the government as one of the most significant sources of revenue and is used to meet the rising demand of socio economic infrastructures and services render to the city.

In the study, houses in Addis Ababa were categorized into three levels based on their locational values, material composition, and service identities and

therefore calculated based on the annual rental value.

Adem Nuri has also reaffirmed that the city government is made this decision to execute tax levying and to raise its revenue while taking into account the capacity of taxpayers, infrastructural needs/ demands, the purchasing power of the residents and value of the current currency.

Yared Hailemeskel, an investment consultant made his points on the Implications & concerns of the current revised property tax on Businesses. According to him, the increment has its own socio economic impact and even doesn’t follow the ability to pay tax principle.

He further underscores that this revision is untimely and causes inflationary pressure. Yohannes W/Gebriel, Director

of the Arbitration institute of Addis Chamber dwells his presentation on the legal aspects of the current revised property tax in Addis Ababa.

Mrs.Mesenbet Shenkute , President of Addis Chamber said that this kind of platform organized by the chamber is more helpful for the city administration to get robust inputs in order to fill any gaps in due courses of implementation. More than 120 Businesses, representatives from relevant government offices, academia, BMOs, media and other stakeholders were participating this important consultative meeting.

Businesses in the meeting reveals their concerns while carrying out the regulation and even they aren’t sure whether this revision plays a role on easing or facilitating the doing business environment of the city.

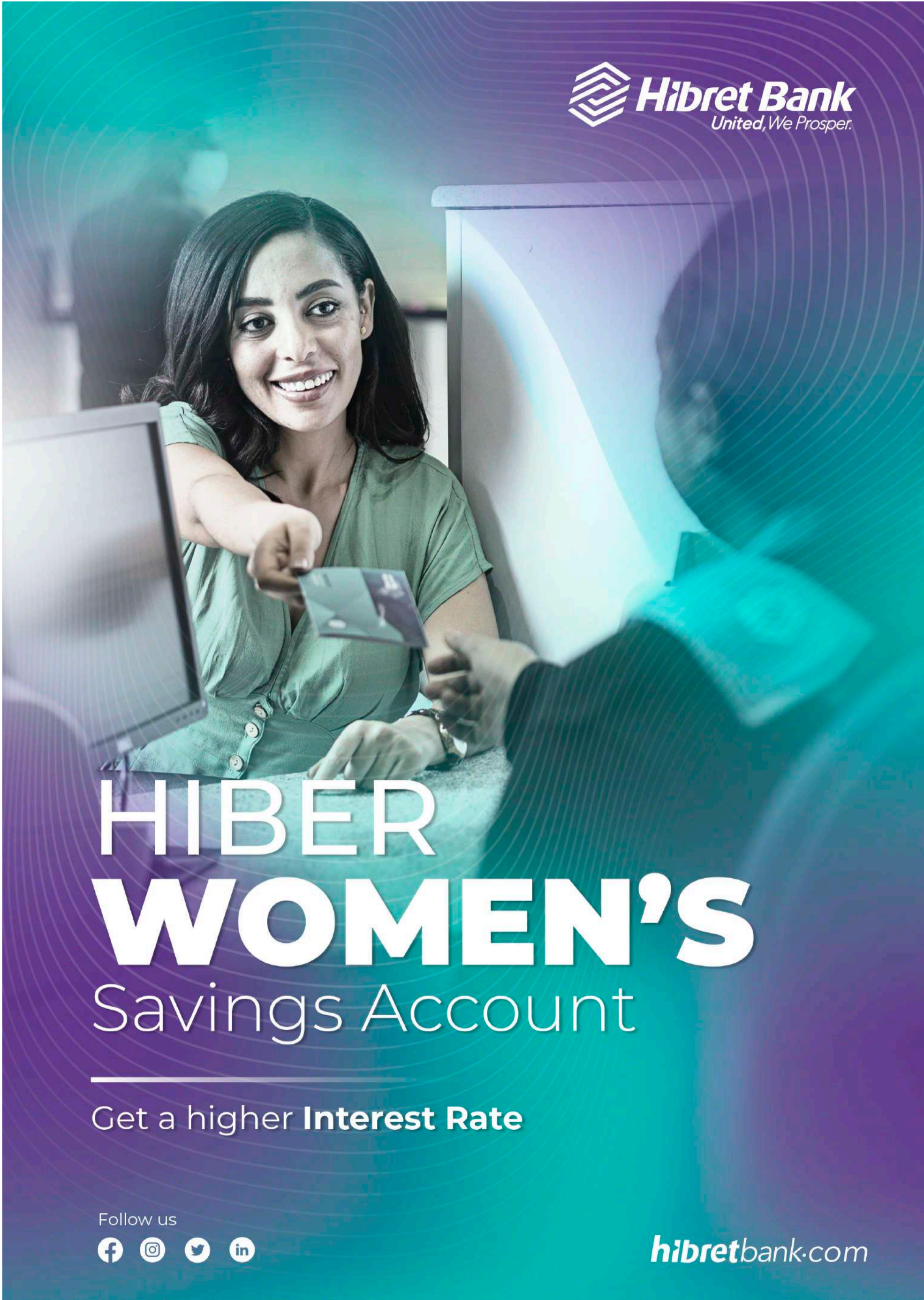
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Towards Sustaining Agricultural Export

By Tewodros Ayalew

Ethiopia is a land of paradox where someone can find ample natural resource such as water and fertile land and yet unable to feed or attain the food security of its nation. Agriculture in Ethiopia accounts for 46% of Gross Domestic Product (GDP), 85% of employment opportunities, and 75% of export earnings. Crops take the highest share of total production and area coverage and contribute 68% of the agricultural GDP (Wheat Flagship Program, 2021).

For this commentary let's reside on what causes Ethiopia's foreign currency deficit and the way out to boost export earnings from different economic sectors.

With more than 100 million plus population, Ethiopia has significant potential for exporting agricultural products. It is known as one of the world's top producers of coffee and oilseeds, and there is growing demand for these commodities globally. Additionally, the export of green mug, which includes tea leaves and herbal products, has the potential to contribute to foreign currency earnings and yet the sector couldn't bring adequate amount of foreign currency to salvage the economy and the society.

According to the Economic Complexity Index (ECI) 2021, Ethiopia ranked 126th in total exports

and the number 105 in total imports. Ethiopia primarily exports coffee, leather, and leather products to the United States. The vast majority of Ethiopia's imports come from Asia (61.3%) followed by Europe (22%), the Americas (7.6) of which the United States accounts for a large share (3.4%), and other countries in Africa (8.9%)

The same report states that the value of merchandise exports from Ethiopia totaled \$ 3.05 billion in 2021. Merchandise exports from Ethiopia increased by 20% compared to 2020. Goods exports grew up by \$ 524 million in 2021 (the value of merchandise exports from Ethiopia amounted to \$2.53 billion in 2020. However Ethiopia's export earnings is still low as compared to other developing nations such as Kenya and Tanzania.

This is attributed to several factors among the few to mention include limited value addition. To further explain this, the majority of Ethiopian agricultural exports will miss value addition or in other words agricultural products will be exported in raw or minimally processed form. This limits the potential to capture higher value in the global market.

The other challenge is associated with inadequate infrastructure to export agricultural products in an effective manner. Inadequate transportation and logistics infrastructure, including storage facilities and port capacity,

can hinder the efficient export of agricultural products.

Quality Control and Standards is also one of the biggest challenges that hinder effective agricultural export earnings to Ethiopia. Ensuring consistent quality, adhering to international standards, and meeting buyers' requirements are crucial for export success. Improvements in quality control systems and certification processes are essential. The other remedy to salvage agricultural export of Ethiopia is looking for reliable and sustainable market access and diversification of products. Expanding market access to diverse destinations and exploring new markets for Ethiopian agricultural products is vital to reduce dependency on a few traditional export destinations.

Providing support for Smallholder Farmers and capacity-building programs to smallholder farmers, as well as access to finance who are the backbone of Ethiopia's agricultural sector, can enhance productivity and quality, thereby facilitating increased exports. In countries like Ethiopia the role of rural communities such as farmers is remarkable in producing large output of agricultural produces. With the implementation of supportive policies, infrastructure development, and capacity-building initiatives, Ethiopia has the potential to boost its agricultural exports and reduce the foreign currency deficit. However, continued efforts,

coordination between stakeholders, and sustained investments in the agricultural sector are required to overcome the existing challenges and fully realize the export potential of agricultural products.

To conclude this commentary, Ethiopia exported a total of \$4.41B and imported a total of \$14.09B worth of goods in 2021. The real import and export market is easy to enter the market, but the main problem is to sustain in the business. For this some products in the import and export market have an oligopoly nature whereby few wealthy and experienced traders would have a total control of the market. But some research shows that there is no deep and professional study in the business. And even there is no market data analysis in the import and export business. However business analysts suggests for the utilization technologies to collect data and make right decision which type of product in what amount and quantity to export and import will be determined.

Assessing the untapped agricultural export businesses has to be considered by all. For instance investing on the newly demanded product such as green mug and oil seed can be considered as strategic business. However the issue of value addition in the case of coffee will be the new market penetration strategy to compute our experienced and oligopoly traders in the field.

Addis Chamber (AACCSA) Gets Recognition for Championing Quality Management



By Staff Reporter

As part of its reform measures, Addis Chamber is revamping quality management to ensure active service delivery to business communities. This outstanding achievement has

enabled the organization to receive an IQNET certificate from DQS Holding for the provision of services and support on policy analysis and advocacy, membership, business development, communication and media, trade and investment

promotion, arbitration, training, Corporate Governance, support services and management systems. The introduction and implementation of monitoring and evaluation mechanisms is one of the major instruments to ensure quality service delivery at Addis Chamber, said Shibeshi Bettemariam, Secretary General of Addis Chamber while receiving certificate from the renowned firm, DQS.

He went on to say that Addis Chamber is undertaking Strategy and Change Management to carry out its strategic directions. While handing over the certificate of recognition to Addis Chamber, Tadesse Solomon, Deputy Country

Manager from DQS, extends his appreciation to the commitment and devotion of the Chamber leadership despite the challenging business environment.

Business is system of standards, reiterates Tadesse, calling on AACCSA's leadership to further continue providing standardized services to cope up with global firms. He further remarks that AACCSA is model for championing quality services and management that in turn benefit the wider business communities in many ways.

Finally Tadesse reaffirmed his unwavering support to AACCSA (Addis Chamber) along its journey to ensure quality service for the business communities.

Addis Chamber looking forward to see Eco Minded Business Operators by 2030



By Ashenafi Mitiku

Addis Chamber is one of the strong advocates of green development to be undertaken in Ethiopia and globally. The chamber jointly with development partners like Confederation of Danish Industries (DI) are working to ensure businesses to be eco-friendly and sustainable.

The road map on Green and just Transition that is being developed by Addis Chamber aspires to engage vast majority of business to be Eco-Minded Business Operators that will be expected to create more Green Jobs by 2030.

The goal is to contribute to the realization of government Inclusive green economy policies and

structural transformation Agenda.

The new road map on Green and just Transition intends to support the national green and just transition plan that takes in to account the current initiatives and situations of Ethiopia, said Zenebe Mekonnen(PhD) senior climate change researcher while presenting the draft road map to stakeholders. “The Just Transition has concurrently shifted in focus from polluting industries to greenhouse gases and energy mixes, while workers remain a central concern” reiterates Zenebe at the validation workshop.

The draft road map also intends to indicate major green interventions contributing to positive changes for the environment and society as well to influence businesses make a meaningful public commitments through making them regularly aware of national targets and supporting

them in setting out plans to achieve green and Just transition goals and make prepare companies/businesses meet scaling demands from government, customers, investors and especially policyholders and other stakeholders ,remarks Zenebe. Discussants of the validation workshop forwarded numerous ideas to complement the draft roadmap and some of the highlighted issues are the need to diversify major sectors such as the transportation sector as the numbers of motorized vehicles are growing in number in cities like Addis Ababa and the need to include hotel industries in the road map among others.

In 2015, the Just Transition agenda was adopted into the Paris Agreement preamble UNFCCC, 2015 since then countries of the world are try to adopt in their national policies and guidelines.

Chamber Calls for Critical Policy Revisions on Goods, Labor and Financial Markets



By Yidnekachew Alemayehu,

A study commissioned by Addis Chamber has tried to thoroughly explore the underlying factors affecting the local goods, labor and financial markets in Ethiopia. The market efficiency is directly related to the market factors and the nature of consumer prices.

According to the study, a strong institutional framework, agricultural productivity, competitive financial actors are determinant factors for an efficient market to prevail in the Ethiopian context. Accordingly, weak regulatory system on the market chain, which gave rise to the unfair increment of consumer prices and ultimately contributed to the unprecedented inflation affecting wider sections of the society.

According the World Bank assumption, market efficiency of a country is

primarily gaged by the price stability of that country. Ethiopia's rank in the global goods market efficacy index is 150th and found unsatisfactory.

Inflation is also another factor to undermine the commodity market. The higher inflation, the more difficult for country, to perform in the international markets. The proliferation of parallel market is also contributing to the inefficiency of commodity market.

According to the research findings, the rural-urban migration, absence of the minimum wage price and political instability are major causes for the weak labor market we are having today.

The country's labor market inefficiency stands between 3 and 4, which are lower when compared to other countries. The mismatch in labor –employment relation, the rigidity in employment,

African leaders call for more investments in green energy and water infrastructure to accelerate sustainable development

New York, 19 July 2023 (ECA) - In New York, African leaders have called for concerted investment in energy and water infrastructure to accelerate the achievement of UN's Sustainable Development Goals and the African Union's Agenda 2063.

“We must rethink development and lead a transition that is climate resilient, truly just, people-centered, inclusive, and equitable to deliver on the promises of the Agendas,” the Economic Commission for Africa, Acting Executive Secretary, Antonio Pedro, said at an Africa Day event on the sidelines of the High-Level Political Dialogue in New York.

Held under the theme, “Harnessing water and energy for Africa's sustainable industrialization and inclusive economic transformation,” the event was co-organised by the United Nations Office of the Special Adviser on Africa UN-OSAA, the United Nations Economic Commission for Africa (ECA), the African Union Commission (AUC), United Nations Development Program (UNDP), and

the African Institute for Economic Development and Planning (UN-IDEP).

Mr. Pedro noted that African countries have been disproportionately affected by multiple crises which have reversed development gains, but Africa had the solutions to sustainable development. “There is no shortage of opportunities or African-driven blueprints and innovative solutions to enable us to achieve the SDGs and to propel us to The Africa We Want. Strengthening our implementation capabilities is a sine qua non condition for success,” said Mr. Pedro.

Underlying the importance of harnessing water and energy for Africa's sustainable industrialization and inclusive economic transformation, Mr. Pedro said water was an important enabler for the achievement of the SDGs and the Agenda 2063. For example, through the Great Blue Wall Initiative, ECA in collaboration with other partners, is seeking to accelerate the blue economy in the Western Indian Ocean region.

which is between 20 and 30, continued brain drain, averaged 2.6, that is an indication that the local job market does not attract educated people.

Therefore the research report has recommended among other things, the need to critical revision of laws, regulation and policies related to

goods, finance and labor markets by the government. Private business companies have to work hard in ensuring competency and professionalism in corporate leadership.

Several interventions were made by the audience, to which explanations were given from the resource persons.



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Towards Ensuring Clean Energy in Africa

By Ashenafi Mitiku

According to the African Development Bank (AfDB) over 640 million Africans have no access to energy, corresponding to an electricity access rate for African countries at just over 40 percent, the lowest in the world.

In Sub Saharan Africa, almost 80% of the energy consumed is generated through inefficient combustion of solid biomass such as wood and charcoal used for cooking. This is a great challenge as it increases deforestation, greenhouse gas emissions, habitat destruction and the loss of nature.

According to Africa Energy Chamber report, 2023, many African countries are still depending or are expected to depend on fossil fuels output to maintain as well as garner any hopes of increasing their respective universal electricity access rates. This remains a puzzle on the possibility of phasing out and divestment of the use of Fossil Fuels. At this point, those who make decision should think of communities affected by inaccessibility to energy. According to the report, Egypt is the sole African country with hydro and thermal powered plants and increasing exposure to renewable sources of energy which give the state a 100% access to electricity, while Algeria and Tunisia are dependent on gas for power, and South Africa generates most of its electricity using coal.

Ironically 86 per cent of Ethiopia's current energy demand is met through biomass despite the availability of huge potential for renewable energy in the country. It is by far the most widely used form of energy in Ethiopia, pointed out the 2022 Energy Outlook of Ethiopia. On the other hand, the UN sustainable Development Goal 7 (SDG) "Affordable and Clean

Energy" is expected to be achieved by 2030. This goal aims to ensure universal access to affordable, reliable and modern energy services and substantially increase the share of renewable energy in the global energy mix, and lastly to double the global rate of improvement in energy efficiency.

According to the recent report from Pan African Climate Justice Alliance, the demand for energy in Africa including Ethiopia is projected to nearly double by 2040, as populations increase and living standards improve. The continent can experience greater economic growth, social and health benefits while helping to mitigate the impacts of climate change by choosing sustainable energy sources.

In addition to its direct impact on improving livelihoods, access to modern, sustainable energy services is often regarded as a necessity for achieving all of the other SDGs.

There is a dilemma in cutting down emissions and keeping socio economic aspect of all African people while no additional solution for this to happen. However, a transition from dirty to clean energy is a must. Particularly for African countries such as Ethiopia the path to sustainable development will not be compromised this is due to the fact that Ethiopia has been highly vulnerable to climate change and natural hazards that affects the livelihoods of millions of Ethiopians concurrently.

Renewable energy has been integrated into an increasing number of national and regional programs however, more focus needs to be placed on the synergies that exist between energy, industrialization and development.

Only a handful of African countries have been able to successfully integrate the high-value added segments of renewable energy value

chains and generate employment. Many people continue to use low-carbon technology as consumers rather than as producers. This hinders the creation of new jobs and other socio-economic benefits related to construction, operations and maintenance.

Africa emits at least 4% of global emission. This is not excuse in addressing the pollution. However, while African countries are striving to reach socioeconomic path through industrialization, there is prospect that the industrialization will increase in Africa. Africa's development strategies which are in line with SDG goals to Agenda 2063 and African Union's 2011 Action Plan for the Accelerated Industrial Development of Africa also are in place.

Industrialization is also a strategic priority for the African Development Bank (AfDB) under its Ten-Year Strategy (2013–2022). With these strategies mentioned above, the need of energy would increase to meet the goals

Africa has untapped resources, but the most important resources would be continental collective commitment and understanding that under African context for Africans, with Africans and by Africans, the continent can take the lead in renewable energy development at a time when the rest of the world is scrambling to find answers to climate change.

Renewable energy can provide benefits for African economies with opportunities for economic growth, cost effective technologies to increase energy access, industrial development alongside new value chains and significant local job creation.

This can enable communities to access sustainable energy more quickly and efficiently, fostering economic growth and improved

living standards by focusing on localized solutions such as solar-powered micro grids. In addition, international financial and technical aid and information sharing between developed and developing countries will also be essential in accelerating renewable energy adoption.

In order to narrow the demand and supply of electricity, the Ethiopian government is working towards ensuring universal access to affordable, reliable and modern energy services by 2030 as part of the United Nations Sustainable Development Goals. However this doesn't come at easier price or alone by public investment. For years investing on energy by the government alone couldn't bring the anticipated outcome or unable to electrify the nation like other countries did.

Public Private Partnership is key to ensure the investment in clean energy is attainable. Governments should facilitate through enacting appropriate policies and incentives. This will hasten the rollout of renewable energy projects and reduce their costs, making clean energy more affordable.

The recent measures taken by the National Bank of Ethiopia to allow foreign currency guarantees for foreign companies engaged in joint ventures with government or private companies on key or strategic projects is remarkable. This will enable these companies to repatriate their profits in foreign currency and easily pay off loans taken from foreign financial institutions for their projects in Ethiopia, reads Addis Insight in its recent report.

Unless the issue of foreign currency is resolved, promoting investment in renewable energy will become unattainable thus the new decision has paramount importance to shift the gear towards energy investment in Ethiopia.

