



**Report to G20 Compact with Africa  
Ethiopia Policy Matrix**

**Goal: Improve framework conditions for private investment (domestic and foreign)**

Focus Areas	Government action	Indicators and targets	Partners' support
<b>Macroeconomic framework</b>			
Macroeconomic stability	➤ Pursue prudent monetary policy to keep inflation in single digits.	1. Average annual rate of inflation (<10% in 2020)	<b>IMF:</b> Surveillance, policy dialogue, TA, analytical work (macroeconomic stability, debt sustainability, export diversification, financial sector supervision) <b>WBG:</b> Policy dialogue and analytical work (macroeconomic and fiscal stability, debt management)
	➤ Stabilize and improve external debt distress rating and government budget deficit.	2. IMF and WBG's external debt distress rating (Moderate or Low in 2020) 3. Level of government budget deficit (around 3% of GDP in 2020)	<b>AfDB:</b> TA (domestic debt/ capital markets development and debt management training and capacity development) <b>EU:</b> Support to macro modeling via EDRI
Domestic revenue mobilization	➤ Introduce improved tax collection and other tax transformation reforms for increased share of domestic tax revenue.	4. Share of domestic tax revenue to GDP (17.2% by 2020) 5. Share of domestic revenue to GDP (19.1% by 2020)	<b>IMF:</b> Expanded 5-year program of technical assistance on tax administration and policy <b>WBG:</b> Analytical work on enhancing revenue mobilization <b>DFID:</b> A new tax transformation program
Public investment management	➤ Strengthening public investment management.	6. Ethiopia's overall PEFA scores improved (aggregate scores in 2020 improved from that of 2015)	<b>IMF:</b> Support for capacity building on PFM <b>WBG:</b> TA to enhance PIM, PFM, procurement <b>AfDB:</b> Fiduciary clinic. <b>DFID:</b> EIAF program on PIM reforms
<b>Business Framework</b>			
Business environment and regulation	➤ Enhance the ease of doing business in Ethiopia through trade logistics and business regulation reforms.	7. Average time to import down by 20% to 40 days by 2025 8. Average time to export down by 20% to 14 days by 2025) 9. Increased satisfaction of investors on efficiency of business regulation and administration	<b>WBG:</b> Technical assistance on doing business reforms including trade logistics, implementation of electronic single window, automation for business registration and licensing etc. <b>DFID:</b> Invest Africa could help with the review of regulations <b>AICS:</b> Support through the Multi-Donor Initiative on Private Sector Development, implemented by IFC <b>EU:</b> New Customs management system (ERCA), direct support to EIC for investment promotion activities and commissioning of IT equipment
	➤ Expand productive infrastructure for business competitiveness.	10. Number of industrial parks fully developed (10 by 2020)	<b>WBG and AfDB:</b> financing and TA (trade logistics, transport, energy, infrastructure, service delivery in industrial parks) <b>DFID:</b> trade logistics, industrial parks <b>AICS:</b> Integrated Agro-Industrial Parks <b>EU:</b> Industrial parks
Investor protection and dispute resolution	➤ Targeted investor recruitment in priority sectors of manufacturing, industrial park development, energy generation and logistics services.	11. Investment promotion strategy adopted and implemented (in 2020) 12. Average annual percentage increase in FDI (20%)	<b>WBG:</b> targeted investment promotion support. <b>DFID:</b> support for investor recruitment and retention in manufacturing <b>EU:</b> support for EIC investment promotion activities, participation in PPD via EU business group (EUBFE), implementation of the European External Investment Plan

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	<p>➤ Implement a structured approach of addressing investor’s concerns coupled with sound legal framework for grievance management</p>	<p>13. Number of Public-Private Dialogues organized (5 by 2020) 14. Increased investor satisfaction in complaint resolution (at least 70% of surveyed investors think complaint resolution has improved over time)</p>	<p><b>WBG:</b> Technical assistance in the implementation of a systematic investor response mechanism; and Public-Private Dialogue. <b>DFID:</b> Support for a systematic investor response mechanism</p>
<p>Use of standard clauses in PPP</p>	<p>➤ Introduce a comprehensive legal regime (Proclamation) that governs Public Private Partnerships (PPPs). Ensure PPP contracts largely use standard clauses.</p>	<p>15. Number of comprehensive legal reform on PPP (1 by 2020) 16. PPP unit resourced and trained (with at least 3 PPPs with foreign investors by 2020)</p>	<p><b>IMF:</b> Technical assistance on mitigating fiscal risks related to PPPs. <b>WBG:</b> support for PPP implementation in sectoral engagement in energy and transport.</p>