

ETHIOPIA

CWA REFORM COMMITMENTS IN 2018	PROGRESS ON REFORM COMMITMENTS SINCE 2018	ADDITIONAL REFORM INITIATIVES	PARTNER SUPPORT
Macroeconomic Framework:			
Macroeconomic stability:			
Pursue prudent monetary policy to keep inflation in single digits	Exchange rate policies implemented, with real depreciation of the official exchange rate in progress. Monetary policy loosened in response to COVID, including liquidity support to the financial system and lending to the government by the National Bank of Ethiopia. YoY inflation remains high at around 20% as of January 2021, spurred by growing food prices.		
Stabilize and improve external debt distress rating and government budget deficit	Public debt remained stable in FY20, while DSSI led to some reprofiling of debt repayment. Debt levels still at high distress, due to high debt- and debt service-to-exports levels. Budget deficit slightly increased in FY20 to 2.7% of GDP, with further increase to 3% forecasted in FY21 due to COVID-related impact on revenues and expenditures.	Ethiopia requested its public debt to be treated under the G20 Common Framework.	
Domestic Revenue Mobilization:			
Introduce improved tax collection and other tax transformation reforms for increased share of domestic tax revenue.	Domestic revenue mobilization reforms seek to ease tax compliance, rationalize tax exemptions, expand the tax base, and reduce distortionary effects of trade taxes		
Strengthening public investment management (procurement, SOE, PPPs, utilities):			
	Reforms in SOEs governance, budget deficit, and domestic resource mobilization (focusing on tax administration capacity through operational improvements, better use of data and IT, and enhanced human resource management).	SOE debt resolution in progress	
Introduce a comprehensive legal regime (Proclamation) that governs Public Private Partnerships (PPPs). Ensure PPP contracts largely use standard clauses. Expand productive infrastructure for business competitiveness.	PPP regulatory framework and implementation guidelines. Ratification of the SOE privatization proclamation Decision to open in the telecom and energy sectors to private and foreign participation.		
Business Framework:			
Regulations and Institutions:			
Enhance the ease of doing business in Ethiopia through trade logistics and business regulation reforms.	Improving ease of doing business by revising commercial code, investment law, and modernizing business service delivery. Implementation of electronic Single Window (for import/export business).		

	Ratification of the African Continental Free Trade Area; conclude negotiations for accession to the World Trade Organization.		
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Investor protection and dispute resolution:

Targeted investor recruitment in priority sectors of manufacturing, industrial park development, energy generation and logistics services.	New investment law (more open to private sector and foreign investors than before).		
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Implement a structured approach of addressing investor's concerns coupled with sound legal framework for grievance management	Ratification of New York Convention		
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Financing Framework:

Investment risk mitigation:

Mobilization of private and institutional investments:

	Removal of 27% rule and issuance of Government T-bills through auctions with market determined prices.	Further improvements in the government securities market. Discussions commenced on capital markets development	
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