

# Ethiopian Investment Agency

**A New Direction**

# Why FDI Matters Now

- Ethiopia's growth will not continue without a deepening of industrial capabilities
- This requires a major surge of FDI
- No agency has a more important role in employment creation than the EIA

# The Pre-Reform EIA

- Most Investment Agencies , including EIA , are focussed on licencing, regulating, informing and monitoring
- The small minority of highly successful agencies have a different approach
- EIA can become a top class agency within two years
- The first step is to shift the focus from licences to employment creation

# The Pre-Reform EIA

- EIA emphasises the monitoring of all firms who obtain licences(Is this wise?)
- It offers help on request to all firms (Good!)
- It does not actively seek prospects
- It does not follow firms that are operational
- It does not emphasise relationship building
- This means it is exploiting only one of the 4 channels of job creation

# Relations with major investors

- Prime Minister level
- Head of Agency level
- Professional staff level
  
- The key is Leverage : under the pre-reform model , the number of firms with which the agency could interact is very restricted

# Leverage

- The new Director General Mr Fitzum Arega is personally very active in relationship building
- The issue is how to get leverage, going from 20 firms to 200 or 300
- This requires a major organizational and cultural change in the Agency
- How can this be achieved
- My role and modus operandi

# Relationship Building

- The key to expanding , reshaping and focusing on relationship building is:
  - 1. A drastic re-assessment of priorities
  - 2. New staff hires, and training
  - 3. A cultural shift in the approach to relations: “anticipating problems” versus “putting out fires”

# A New Focus on Major Job Creators

- Of the 1,353 licence holders in the 2007 cohort , there were 168 firms of size 50+
- Just 37 of these became operational
- They account for 9,468 projected jobs , or 75% of all projected jobs from operational firms

# The Target

- Only 23% of Firms of size 10+ have become operational
- Changing this to 50% would double the number of jobs created
- The best way to do this is by relationship building: Catch them before they cry for help
- The critical time is 1 year post licence

# Reforms in progress

- Appointment of new Director General Fitsum Arega
- Mr Arega's initiatives on salaries and on a major recruitment drive
- The building
- Information and image
- Mr Arega's re-organization of the industry groups

# Building Relationships with Companies

- Select the ones with most potential
- Understand their situation - where they are in the process of becoming operational
- Identify any obstacles or problems
- Agree how EIA can try to help
- Build personal relationships
- Keep in regular contact

# The New Database: Relationship Files

- What the file contains
- Why it matters
- How it is built up

# Questions I get asked at EIA

- Which companies?
- size?
- new sector?
- Recent arrival?
- How many firms?
- What if they are not in Ethiopia?
- How often should I talk to them?

# Where we are now`

- The first tranche of initial meetings
- Firms' responses and the reaction at the agency
- Lessons emerging
- The next year.....bedding in the new culture
- The industry groups and the recruitment of new graduates
- Other issues: publicity and information (use of Enterprise Map volume ; Simplified and effective documents and presentations)