



**BIRR RATE**

157 ETB/USD · Mar 2026

**BANKING OPEN**

First time in 50 years

**FX INFLOWS**

\$32.4B · FY2024/25

**INFLATION**

9.7% · Feb 2026

# BEFORE YOU BOOK THE FLIGHT

What the \$13.1 Billion Forum Result Actually Tells Investors About Ethiopia Right Now

<p><b>\$32.4B</b>  <b>Total FX Inflows FY24/25</b>  <i>Exports + remittances + FDI + loans</i></p>	<p><b>Banking,  Trade, Retail,  Wholesale</b>  <b>Sectors Newly Opened</b>  <i>2024-2026 reforms</i></p>	<p><b>157 ETB/\$</b>  <b>Official Birr Rate</b>  <i>Mar 2026; down 22% YoY</i></p>	<p><b>~13%</b>  <b>Parallel Market Premium</b>  <i>Targeting 5-8% by mid-2026</i></p>
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KEY INDICATORS AT A GLANCE

<p><b>157</b> <b>ETB/\$</b> <b>Official FX Rate</b> March 24, 2026 (Trading Economics)</p>	<p><b>9.7%</b> <b>Inflation Rate</b> February 2026; single digits first time</p>	<p><b>\$32.4B</b> <b>FX Inflows FY24/25</b> Exports, FDI, remittances, grants</p>	<p><b>\$5B+</b> <b>Export Revenue H1 25/26</b> 20% above government target</p>
<p><b>49% stake</b> <b>Banking Open To Foreign</b> Or wholly owned subsidiary</p>	<p><b>ETB 1.5T</b> <b>ESX T-bill Market Vol.</b> 15 months since launch</p>	<p><b>~13%</b> <b>Parallel FX Premium</b> Target 5-8% by mid-2026</p>	<p><b>\$3.82B</b> <b>FDI Inflows FY23/24</b> Ethiopia 2nd in Africa per EIC</p>

**01 THE REFORM STACK: WHAT HAS ACTUALLY CHANGED SINCE 2022**

**Seven Policy Shifts That Rewired Ethiopia's Investment Architecture**

The \$13.1 billion forum result did not emerge from a single policy decision. It is the accumulated output of a reform stack built over 24 months. Understanding each layer tells a potential investor what door has been opened, to whom, and on what terms.

- ▶ **FX LIBERALISATION (JUL 2024)** The National Bank of Ethiopia replaced its centrally managed exchange rate system with a market-based float under Directive FXD/01/2024. The birr depreciated approximately 120% through April 2025, correcting years of overvaluation. For foreign investors, the reform removed the parallel market premium that had previously made formal FX transactions economically irrational. Banks can now negotiate rates freely.
- ▶ **FX AMENDMENT (FEB 11, 2026)** Directive FXD/04/2026 extended the reform further with four specific additions: forward exchange transactions for currency risk hedging (the first hedging instrument available to investors); full foreign currency retention for service exporters; lowered entry barriers for independent forex bureaus; and priority allocation status for foreign investors in the FX queue for profit repatriation, input payments, and capital exit.
- ▶ **BANKING SECTOR OPENED (DEC 2024)** Banking Business Proclamation No. 1360/2025 ended five decades of closure to foreign participation. Foreign banks may now enter via wholly owned subsidiaries, branches, or equity stakes of up to 49% in domestic banks. This is not a partial liberalisation: it is a structural opening in a sector that has been the single largest complaint of foreign investors operating in Ethiopia for 30 years.
- ▶ **TRADE SECTORS OPENED (JUN 2025)** Directive No. 1082/2025 lifted long-standing restrictions on foreign participation in export, import, wholesale, and retail trade. Foreign investors can now export raw coffee, oilseeds, khat, pulses, hides and skins, forest products, poultry, and livestock, subject to minimum capital thresholds and volume commitments. Retail and wholesale are similarly opened with conditions.
- ▶ **CAPITAL MARKETS LAUNCHED (JAN 2025)** The Ethiopian Securities Exchange (ESX) opened for equity trading in January 2025 following an interbank money market pilot in October 2024. The T-bill market launched in July 2025. In under 15 months, cumulative interbank money market volume has reached ETB 1.5 trillion. Three

companies are listed for equity trading: Wegagen Bank, Gada Bank, and Ethio Telecom (via Ethiopia's first IPO).

- ▶ **INTELLECTUAL PROPERTY FRAMEWORK** The Council of Ministers approved accession to the Paris Convention for the Protection of Industrial Property and the Madrid Protocol for International Trademark Registration in October 2024, pending parliamentary ratification. For technology, pharma, and branded goods investors, this closes a gap that has previously deterred market entry.
- ▶ **NATIONAL BUSINESS PORTAL (MAR 2025)** The Ministry of Innovation and Technology expanded the National Business Portal to allow online construction permits, business licences, tax payments, and complaint filing. Integrated with Telebirr and CBE Birr payment systems, this streamlines processes that previously required in-person visits and has meaningfully reduced administrative friction for new entrants.

### Ethiopia Policy Reform Timeline | 2024-2026

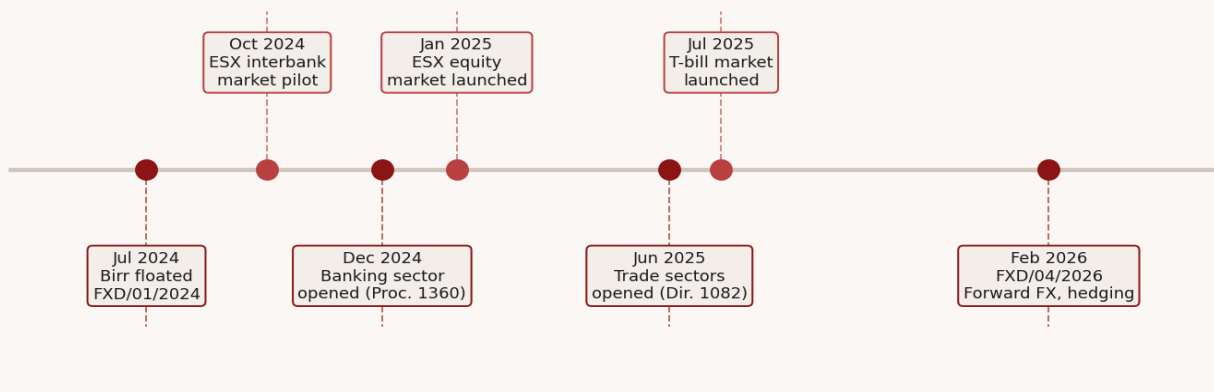


Figure 1: Ethiopia Policy Reform Timeline | Sources: Chambers & Partners 2026, Mondaq, NBE, Addis Insight, EIC (2024-2026)

## 02 THE BIRR: HONEST STATE OF PLAY

### What the Exchange Rate Means for Your Investment in Practice

The birr is the variable that investors ask about most and understand least. The exchange rate story has three distinct chapters: the pre-reform distortion, the float and its aftermath, and the current stabilisation trajectory. Each chapter has different implications depending on your investment type.

- ▶ **WHERE THE RATE IS NOW** The official USD/ETB rate stood at 157.375 on March 24, 2026, per Trading Economics. The birr has weakened approximately 22% over the past 12 months, but the pace has slowed significantly. NBE auction data shows the rate stabilising around 154.8-157 ETB/USD across January and March 2026. The birr is depreciating slowly and predictably, which is a structurally better outcome for investors than the pre-2024 pattern of forced stability followed by sharp administrative corrections.
- ▶ **THE PARALLEL MARKET PREMIUM** The parallel market premium, which peaked at approximately 38-40% in mid-2025, has narrowed to approximately 12-15% in early 2026. The NBE has explicitly targeted a 5-8% premium by mid-2026 through a combination of FX auctions, incentives for diaspora FX account deposits, and the elimination of minimum deposit requirements for foreign currency accounts. The February 2026 directive (FXD/04/2026) is designed to channel informal dollar supply into the banking system by making formal channels commercially competitive.

- ▶ **FX AUCTION SCALE** Daily FX sales by banks to businesses averaged \$25 million in July 2025, compared to \$1 million a year earlier. The NBE completed a single \$500 million special auction in January 2026, the largest since reform began. Export earnings in H1 FY2025/26 exceeded \$5 billion, 20% above the government's own target. These are not signals of a system under pressure: they are signals of a system building supply.
- ▶ **WHAT INFLOWS LOOK LIKE** Ethiopia received approximately \$32.4 billion in combined FX inflows in FY2024/25: \$16.8 billion in export revenues (goods and services), \$7.1 billion in remittances, \$4.5 billion in grants and new loans, and \$4 billion in FDI. The currency's continued depreciation despite healthy inflows reflects structural import demand, debt repayments, and profit repatriation outflows. It is not a sign of capital flight or macroeconomic collapse.
- ▶ **PRIORITY ALLOCATION FOR INVESTORS** Under FXD/04/2026, foreign investors are explicitly given priority status in the NBE's FX allocation queue for: profit and dividend repatriation; payment of imported inputs; servicing of foreign-currency obligations; and capital repatriation on exit. This is a specific, legal, documented protection that did not exist before 2024. It does not guarantee unlimited access, but it materially reduces the repatriation risk that was the primary FX concern for investors under the old system.

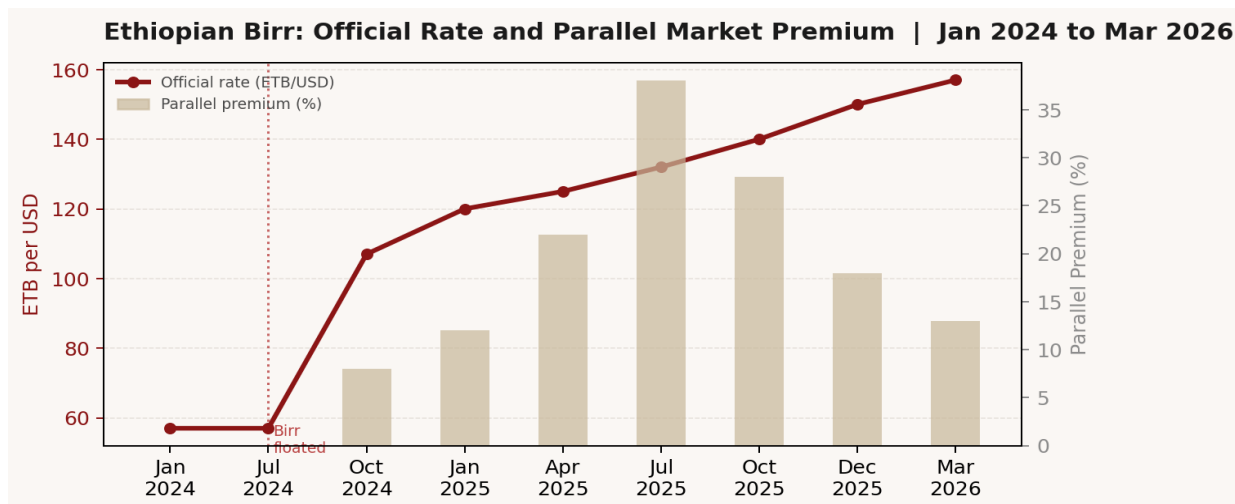


Figure 2: Ethiopian Birr Official Rate and Parallel Market Premium | Sources: Trading Economics, Finance in Africa, Birr Metrics, NBE (Jan 2024 to Mar 2026)

### INVESTOR IMPLICATION

The FX story has materially improved since 2023, when the parallel premium exceeded 100% and repatriation was effectively impossible. It has not fully resolved. A 12-15% parallel premium still exists. The interbank market is thin. Hedging instruments are new and untested. For export-oriented investors whose revenues are denominated in dollars, the depreciation trajectory is a competitive advantage. For import-dependent manufacturers paying for inputs in hard currency, FX cost and access remain the primary operational risk to model carefully.

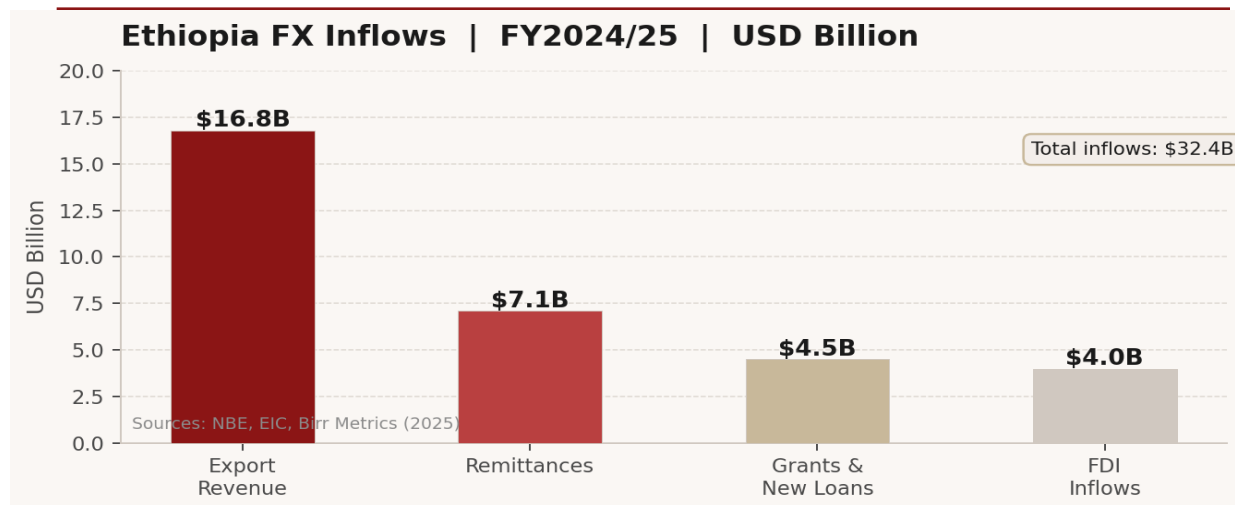


Figure 3: Ethiopia FX Inflows FY2024/25 | Sources: NBE, EIC, Birr Metrics (2025)

### 03 WHICH DOOR OPENS FOR YOU: THE SECTOR ACCESS MAP

#### What Is Now Open, What Requires a Partner, and What Remains Closed

Ethiopia operates on a negative-list principle: all sectors are presumptively open to foreign investment unless a specific law expressly restricts them. The practical picture is more nuanced. Here is where each major sector stands as of March 2026.

- ▶ **MANUFACTURING AND AGRO-PROCESSING** Fully open to foreign investment. Industrial parks offer plug-and-play infrastructure, duty-free capital goods imports, long-term lease rights, and direct access to GERD-supplied electricity. Over 90% of 177 sheds across parks are occupied. Investors from the US, China, India, and UK are active. The most developed track record is in textiles, garments, and food processing. Import-substitution manufacturing in steel, pharmaceuticals, and construction materials is the current growth area.
- ▶ **BANKING AND FINANCIAL SERVICES** Fully opened for the first time since 1974 under Proclamation 1360/2025. Foreign banks may enter via: a wholly owned subsidiary; a branch; or an equity stake up to 49% in a domestic bank. Capital requirements, governance standards, and licensing are set by the NBE under Directive SBB/95/2025. Insurance and microfinance remain closed to foreign ownership. Absa has publicly stated it is monitoring but waiting for rules to become less restrictive, indicating that the most sophisticated international entrants are evaluating rather than committing in 2026.
- ▶ **TRADE, RETAIL, AND WHOLESALE** Opened under Directive 1082/2025 with conditions. Foreign investors can participate in export of raw coffee, oilseeds, khat, pulses, hides and skins, and livestock, subject to minimum procurement and export volume commitments. Retail and wholesale are open above specified minimum capital thresholds. Supermarkets, hypermarkets, malls, and retail chains are explicitly included. This creates a genuine first-mover window in modern retail, which does not yet have a major international presence in Ethiopia.
- ▶ **RENEWABLE ENERGY AND GREEN FUELS** Fully open to foreign investment, with EIH available as a co-investor to reduce execution risk. The government has signed a framework agreement with Masdar (UAE) and others for renewable energy development. The Ming Yang commitment signals that the combination of Ethiopia's wind, solar, and hydropower resources is attracting tier-one international clean energy capital.
- ▶ **TELECOM AND DIGITAL PAYMENTS** Telecom was liberalised in 2019. Safaricom (Vodafone consortium) holds the first private unified telecom licence, acquired for \$850

million in 2021. A second private licence is expected. Ethio Telecom privatisation is planned. Digital payments were opened under the 2023 National Payment System Amendment. M-Pesa paid \$150 million for its payment instrument issuer licence. NBE is issuing wide-ranging communications service licences to foreign investors.

- ▶ **CAPITAL MARKETS** The ESX is operational with T-bills and equities. The equities market is early-stage: three listed companies, ETB 500 million minimum paid-up capital threshold for the main market, and a minimum public float of 15%. The T-bill market is more developed and growing rapidly. Foreign investors doing business in Ethiopia are not subject to capital market rules unless specifically regulated. For foreign financial institutions evaluating participation in Ethiopia's debt or equity markets, the legal framework is new but functional.
- ▶ **STILL CLOSED** Insurance and microfinance remain reserved for domestic investors. Primary security services are closed. Certain small-scale trade categories are protected for Ethiopian nationals. Land cannot be held freehold by any entity; investment is via land-use rights held through an Ethiopian-registered company. Domestic loans are not available for property acquisition by foreign investors.

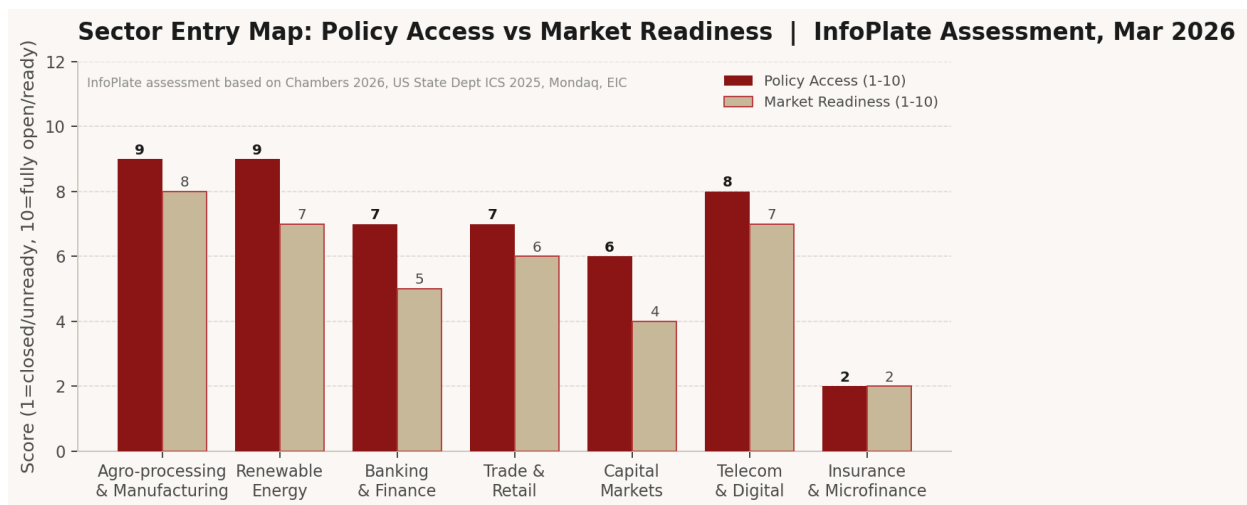


Figure 4: Sector Entry Map: Policy Access vs Market Readiness | InfoPlate assessment based on Chambers 2026, US State Dept ICS 2025, Mondaq, EIC (Mar 2026)

## 04 WHAT ACTIVE INVESTORS ARE ACTUALLY EXPERIENCING

### The Ground Truth from Operators Inside the System

The reform architecture is real. So are the gaps between policy intention and operational reality. The most reliable signals come from investors who are already inside: what they report at industry forums, in regulatory consultations, and in publicly documented grievances is more informative than what appears in investment promotion materials.

- ▶ **BANKING IN INDUSTRIAL PARKS** At an IPDC forum on March 21, 2026, active investors in Ethiopia's special economic zones documented three specific concerns: one bank operating in some zones, creating a service monopoly; additional FX account costs exceeding 10% beyond standard service charges; and weaknesses in tripartite financing structures linking manufacturers, banks, and buyers. The NBE has prepared a new directive in response and is in discussions with banks to reduce charges. These are solvable problems, but they are operational today.
- ▶ **FX ACCESS IN PRACTICE** Banks' average daily FX sales to businesses rose from \$1 million per day in mid-2024 to \$25 million per day in July 2025. That is a 25x improvement, but it reflects a baseline that was critically inadequate. The \$25 million figure covers the entire banking system, not a single investor. A large manufacturer

importing \$5-10 million in inputs monthly is competing for allocation with every other business in the queue. The priority allocation framework under FXD/04/2026 helps, but reserves remain constrained at approximately 1.9 months of import cover as of FY2024/25.

- ▶ **LAND AND PROPERTY** No freehold land ownership exists in Ethiopia. Foreign investors access land through their Ethiopian-registered company, which holds a land-use lease negotiated with municipal or regional land administration authorities, or through the EIC for designated investment zones. The 2025 reform allowing foreign nationals to own structures (not land) on leasehold plots valued above \$150,000 is an improvement. The previous threshold was \$10 million. Disputes over land rights and expropriation without adequate compensation remain a documented risk, particularly at sub-national level.
- ▶ **LOGISTICS AND FUEL** Fuel shortages disrupting transport and logistics were cited at the same March 2026 investor forum. Ethiopia routes approximately 90% of trade through Djibouti. Rail freight grew 78% in 2025 but still accounts for only 14% of cargo. The road network expansion programme and corridor investments are underway, but logistics remain a higher-cost, lower-reliability operating environment than peer markets such as Kenya or Rwanda.
- ▶ **CORRUPTION AND GOVERNANCE** Transparency International's 2024 Corruption Perceptions Index scored Ethiopia at 37 out of 100 and ranked it 99th of 180 countries. The Asset Recovery and Unexplained Wealth Law (January 2025) allows asset seizure above 10 million birr without documentation, with retroactive reach of up to 10 years. Critics note this could be used to target businesses rather than corrupt officials. Successful investors conduct thorough due diligence on land titles and engage legal counsel before capital commitment.
- ▶ **WHAT WORKS WELL** Industrial park investors report: reliable electricity supply (GERD has resolved the chronic power shortage that was the primary complaint before 2024); strong EIC one-stop-shop services; customs facilitation; competitive lease rates; and access to a large, trainable workforce at competitive wage rates. The \$377 million in new park investment and \$112 million in export revenue in H1 FY2025/26 represent genuine, documented traction.

### HONEST ASSESSMENT

The gap between Ethiopia's investment promotion narrative and the experience of active investors is narrowing but has not closed. The reforms are real and recent. The operational frictions are also real and recent. The investors who are doing well in Ethiopia in 2026 are those who entered with eyes open, structured their investment around documented risks, engaged local legal and regulatory counsel, and built their operating model around the constraints rather than assuming the constraints would disappear before they began operating.

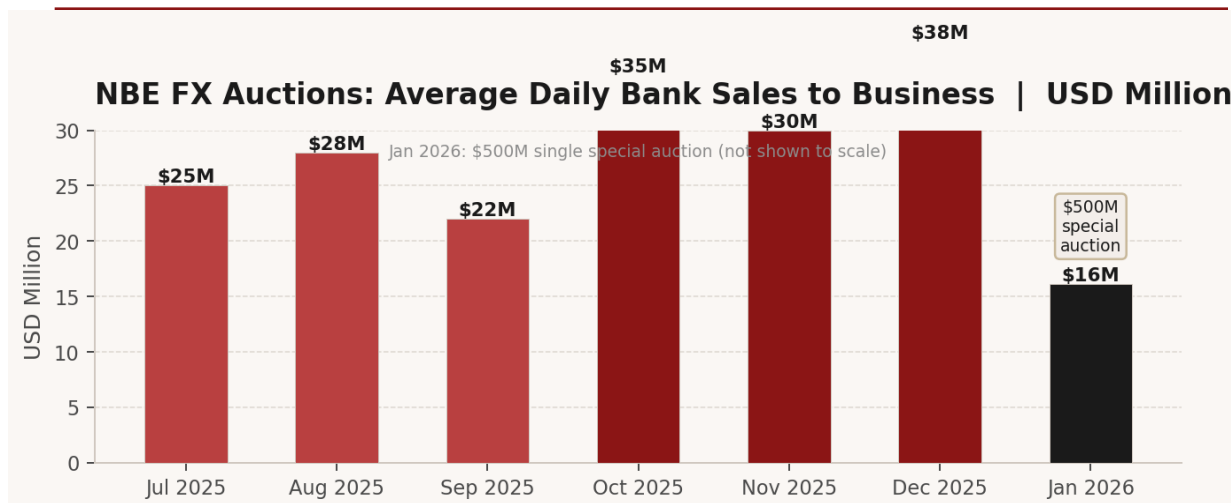


Figure 5: NBE FX Auctions: Average Daily Bank Sales to Business | Sources: Finance in Africa, NBE, IMF Fourth Review (2025-2026)

## 05 WHO ETHIOPIA IS GENUINELY READY FOR RIGHT NOW

### Matching Investor Profile to Market Conditions

Not every investor is an Ethiopia investor. The market is genuinely open and actively improving, but its current conditions suit specific profiles better than others. This section maps investor types against the current operating environment to give a direct answer to the question: is this your moment?

- ▶ **EXPORT-ORIENTED MANUFACTURERS** This is Ethiopia's most proven investment track. The birr depreciation since 2024 has made Ethiopian exports significantly more price-competitive globally. Industrial park infrastructure is operational, occupancy is above 90%, and power supply is reliable. Investors in textiles, garments, leather, agro-processing, and cut flowers have the clearest path from commitment to operation. The FX risk is manageable because revenues are earned in dollars. This is the segment where Ethiopia is genuinely ready today.
- ▶ **RENEWABLE ENERGY AND GREEN FUELS** Ethiopia's resource base is class-leading for wind, solar, and green hydrogen production. GERD's baseload hydropower provides grid stability. The regulatory environment for energy investment is open. The risk is execution: grid transmission infrastructure is lagging behind generation capacity, and the market for green fuel exports requires long-term offtake agreements and logistics infrastructure that is still being built. This is a five-to-ten-year investment horizon for investors who can underwrite a multi-phase development model.
- ▶ **BANKING AND FINANCIAL SERVICES** The opportunity is structural and early-stage. A 130-million-person market with a 30% financial inclusion rate and a banking system that has been closed to foreign competition for 50 years is a first-mover opportunity of the kind that rarely exists in 2026. The risk is that the regulatory framework, while now established, has no track record. Absa's posture of monitoring before committing is rational for institutions that require predictable regulatory environments. Early entrants in branches or minority stakes are in a stronger position than those waiting for full clarity before acting.
- ▶ **TRADE, RETAIL, AND AGRIBUSINESS** The trade sector opening under Directive 1082/2025 creates a window in modern retail and agribusiness that has no international incumbents. Entry conditions include minimum capital thresholds and volume commitments for commodity trade. The market size justifies these requirements: 130 million consumers, rapid urbanisation, and a growing middle class in Addis Ababa and



secondary cities. The operational risk is logistics and FX for imported goods. Investors sourcing locally are structurally better positioned than those dependent on import supply chains.

- ▶ **DIASPORA INVESTORS** The NBE's Debo initiative, the 100 billion birr fund across 31 banks accessible via the unite.et app, and the 2025 property ownership reform (residential purchase threshold reduced from \$10 million to \$150,000) are all specifically designed for Ethiopian diaspora re-engagement. Diaspora capital operates with lower information asymmetry and higher tolerance for the current operating environment than institutional foreign investors. This is a well-supported, actively incentivised entry profile.
- ▶ **WHO SHOULD WAIT** Investors requiring: immediate full repatriation flexibility without approval processes; insurance sector participation (still closed); freehold land ownership; or a parallel market premium below 5%. Investors whose operating model depends on imported inputs at scale and cannot absorb FX allocation uncertainty. Highly regulated international financial institutions that require a multi-year track record of regulatory stability before committing. Ethiopia will be ready for these investors. It is not fully ready for all of them today.

## EDITOR'S OUTLOOK

### THREE TESTS THAT DETERMINE WHETHER THE FLIGHT IS WORTH BOOKING

The \$13.1 billion forum result is the product of genuine reform, not manufactured confidence. Seven policy changes in 24 months have opened sectors that were closed for decades. The FX system has been restructured from the ground up. Inflation has returned to single digits. Export revenue is outperforming targets. These are earned outcomes.

Before booking the flight, an investor needs honest answers to three questions. First: does the FX trajectory work for your business model? The birr is depreciating slowly and predictably, which helps exporters and hurts importers. Priority allocation under FXD/04/2026 is real protection, but it is not unlimited access. Second: can your operating model absorb the current friction? Banking gaps in industrial parks, logistics variability, and land rights complexity are documented. Investors who have built Ethiopia into their operating model rather than assuming a frictionless environment are the ones generating returns. Third: is your investment horizon aligned with Ethiopia's stage of development? Ethiopia in 2026 is a frontier market in active reform. The investors who will look back at this moment as their entry point are those with a five-to-ten-year horizon and the institutional capacity to navigate a system still being built. For that investor, the flight is worth booking. For an investor expecting a fully normalised emerging market operating environment within 18 months, Ethiopia is not there yet.

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Sources: Chambers & Partners Investing In Ethiopia 2026, Mondaq (Proclamation 1360/2025, FXD/04/2026, Foreign Investment Legal Guide 2026), US State Dept Investment Climate Statement 2025, Finance in Africa, Trading Economics, NBE, EIC, IPDC, Addis Insight, Birr Metrics, ICLG FDI Report 2026, Afriwise, IMF ECF Fourth Review 2026 | Published March 31, 2026