

BRIEF OVERVIEW OF THE ETHIOPIAN INVESTMENT HOLDING

Description

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Ethiopian Investment Holding is a strategic development wealth fund which aims to maximize the value of state owned assets through professional management leveraging international best practice.

The Ethiopian Council of Ministers approved the creation of Ethiopian Investment Holding on December, 29, 2021. Accordingly the Council of Ministers issued Regulation no. 487/2022 in accordance with Article 103 of the Definition of Powers and Duties of the Executive Organ Proclamation no.1263/2021. The main point incorporated under the definition of objective and function of the Ethiopian Investment Holdings Council of Ministers Regulation will be discussed herein under.

Overview of the Ethiopian Investment Holding

The Ethiopian Investment Holding is accountable to the Office of Prime Minister. Regardless of the holding percentage of the government, Ethiopian Investment Holding as well as sub-funds and companies set up by Ethiopian Investment Holdings or participants in setting up thereof shall be considered private business organizations as per Article 3(3) of the Regulation. Its authorized capital is Birr Twenty-Five Billion of which Birr Twenty Five Billion is paid up in cash and in-kind with the possibility of increase or reduction by the board of directors. Head office of the Ethiopian Investment Holding will be Addis Ababa with branch offices in and outside the country.

Objective of the Ethiopian Investment Holdings

The main objective of Ethiopian Investment Holdings is to serve as a strategic investment arm of the government of Ethiopia. It will also contribute to sustainable economic development, through professional management of its funds and assets achieving the optimal use thereof in accordance with international best practice and corporate governance principles. It will also maximize the value for the benefit of current and future generations. In addition to that it will provide a strategic vehicle for foreign investment.

Duties and Responsibilities of the Ethiopian Investment Holding

The Ethiopian Investment Holdings shall have the following duties and responsibilities;

- Operate and carry on a business of a holding company according to the Ethiopian Commercial Code;
- Hold shares, debentures, bonds and securities which are in its ownership;
- Invest in any business and investment opportunities as it sees profitable;
- Take part in capital market, money market and similar other sectors through purchase sell or other investment undertakings;
- Takeover and manage state-owned assets that may be assigned to it by the board of directors;
- Transform property of state owned enterprises and other assets transferred to it into optimal income generating ventures through structure and system change;
- Establish, control, manage and administer sub-funds;
- Acquire share in existing entities or funds solely or in association with local or foreign entities;
- Manage, supervise and exercise control of the subsidiaries under its pool;
- Hire appropriate staff
- Decide on matters of incorporation of any of its subsidiaries in any part of the world;
- Undertake all preparatory works and decide on the dissolution, amalgamation, division, sale, privatization, spin-off of subsidiaries it calls into its pool.

Generally the Ethiopian Investment Holding will perform any other tasks that are necessary for the attainment of its objectives as it is stipulated under Article 9 of the Regulation.

Organization of the Ethiopian Investment Holdings

The Ethiopian investment holding shall have the following governance structure;

1. Board of directors
2. A chief executive officer and executive management
3. Necessary staff and
4. An independent international advisory board

According to the structure, the powers and responsibilities of each organ are also specified under the Regulation.

Tax Exemption

According to Article 16 of the Regulation, dividends of the Ethiopian Investment Holding from its organizations shall be exempted from all taxes and duties. Such exemptions shall not apply to the sub-funds and companies in which Ethiopian Investment Holdings is a shareholder without prejudice to any exemption stipulated in other law.

Conclusion

Generally Ethiopian Investment Holding aims to bring together government resources under one company so that the resource will be properly managed and contribute to the overall economy of Ethiopia. This allows the government to exert strong corporate governance principles to instill commercial and investment discipline in the management of state-owned assets and resources. Thus this enables the government to provide strategic oversight, attract sizable foreign investment and

technology.

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