

## ETHIOPIA COUNTRY PROFILE

### LEGAL SYSTEM OVERVIEW

The politics of Ethiopia takes place in a framework of a federal parliamentary republic, where the Prime Minister is the head of government and the President is the head of state who is left with ceremonial powers. Executive power is exercised by the government and federal legislative power is vested in both the government and the two chambers of parliament.

On the basis of Article 78 of the 1994 Ethiopian Constitution, the Judiciary is completely independent of the executive and the legislature. For example, the legislation to prevent and sanction corruption in Ethiopia is strong as the Revised Federal Ethics, the Anti-corruption Commission Establishment Proclamation and the Revised Anti-Corruption Law criminalize attempted corruption and extortion, while the Criminal Code 2004 criminalises active and passive bribery including to foreign officials and money laundering.<sup>1</sup> However, the Freedom House report in 2014 shows that the judgements made “rarely deviate from government policy”<sup>2</sup> and this is the case still in 2019.

Even though there is legislation in place to protect against corruption, companies still face a high risk of corruption when dealing with Ethiopia’s judiciary. In return for favourable judgements giving bribes and irregular payments are common. This shows that judges are highly vulnerable to corruption and are easily influenced by high-end officials. Where the judiciary is supposed to be independent it is influenced by corruption which is the norm in Ethiopia.<sup>3</sup> Although there does seem to be a small improvement as the appointment of Meaza Ashenafi as chief justice of the Supreme Court has raised hopes of for judicial reforms.

### BUSINESS OVERVIEW

With a population of over 100 million people, Ethiopia has one of the world’s fastest growing economies. However, the country remains poor and ranks 167<sup>th</sup> in the ease of doing business.<sup>4</sup> Ethiopia is the 129<sup>th</sup> largest export economy in the world and the 116<sup>th</sup> most complex economy according to the Economic Complexity Index (ECI). The top exports of Ethiopia in 2017 are Coffee (\$712m) Other Oily Seeds(\$348m), Gold (\$242m), Cut Flowers (\$207m) and Dried Legumes(\$116m).<sup>5</sup>

Its top imports in 2017 are Planes, Helicopters (\$660m), Gas Turbines (\$351m), Packaged Medicaments (\$322m), Telephones (\$235m) and Delivery Trucks (\$194m).<sup>6</sup>

The top export destinations of Ethiopia are China (\$343m), Switzerland (\$287m), the United States (\$264m), the Netherlands(\$245m) and Germany (\$183m).<sup>7</sup> The top import origins are China (\$2.65b), France (\$938m), India (\$691m), Germany (\$369m) and Turkey (\$337m).<sup>8</sup>

Ethiopia is riddled with corruption which has made it difficult for businesses to conduct any business. There is a high risk of corruption in Ethiopia’s public procurement sector. Companies indicate that

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<sup>1</sup> Ethiopia Corruption Report, <https://www.ganintegrity.com/portal/country-profiles/ethiopia/>

<sup>2</sup> Freedom in the World- Ethiopia 2014, Freedom House, <https://freedomhouse.org/report/freedom-world/2014/ethiopia>

<sup>3</sup> Ethiopia Corruption Report, <https://www.ganintegrity.com/portal/country-profiles/ethiopia/>

<sup>4</sup> Doing business, the world bank, [https://www.doingbusiness.org/en/data/exploreconomies/ethiopia#DB\\_sb](https://www.doingbusiness.org/en/data/exploreconomies/ethiopia#DB_sb)

<sup>5</sup> Ethiopia, <https://oec.world/en/profile/country/eth/>

<sup>6</sup> Ethiopia, <https://oec.world/en/profile/country/eth/>

<sup>7</sup> Ethiopia, <https://oec.world/en/profile/country/eth/>

<sup>8</sup> Ethiopia, <https://oec.world/en/profile/country/eth/>

they are expected to give gifts, bribes or give irregular payments in order to obtain government contracts.<sup>9</sup>

Ethiopia is a member of the Eastern and Southern Africa Anti-Money Laundering Group, a Financial Action Task Force (FATF). In October, the FATF and the European Commission listed Ethiopia as one of 11 high-risk and non-cooperative jurisdictions with strategic deficiencies in its anti-money laundering and the finance of terrorism regimes. The FATF recommends that any financial flows from the country should be subject to additional counter checks and know-your-customer rules.<sup>10</sup> Ethiopia is one of eight countries named on both the FATF and European Commission lists.<sup>11</sup>

## COUNTRY OVERVIEW

Ethiopia is a country that shares land borders with Eritrea to the north, Djibouti to the northeast, Somaliland and Somalia to the east, Kenya to the south, South Sudan to the west and Sudan to the northwest. Ethiopia ranks as the 26th largest country based on physical size<sup>12</sup> and ranks number 12<sup>th</sup> as the most populated country<sup>13</sup> with a population of 110,182,216<sup>14</sup>. The major languages spoken in Ethiopia are Amharic, Oromo, Tigrinya, Somali.<sup>15</sup>

In October 2018, Sahle-Work Zewde was elected as the first female president of Ethiopia.<sup>16</sup> Also in 2018 Abiy Ahmed was chosen to be Prime Minister to lead the ruling Ethiopian People Revolutionary Democratic Front coalition after the unexpected resignation of Prime Minister Hailemariam Desalegn.<sup>17</sup>

Since Abiy Ahmed has been elected as Prime Minister he has ended the 2-decade long war with Eritrea and has made plans to partially privatise key state-owned enterprises, including the Ethiopian Airlines, Ethiopian Electric Power Corporation, and the sole telecom provider, Ethio Telecom.

In the past Ethiopia has used the Anti-Terrorism Proclamation (ATP) to suppress criticism from journalists and the opposition by detaining and prosecuting them. When Abiy Ahmed became Prime Minister he has released many detained journalists and bloggers and for the first time in more than ten years. No media professional was in prison at the end of 2018. Now Ethiopia ranks 110<sup>th</sup> as of 2019 in the Reporters without borders, press freedom index due to the changes made by Abiy Ahmed.<sup>18</sup>

Ethiopia ranks 137<sup>th</sup> on the Legatum Prosperity Index<sup>19</sup> and 23<sup>rd</sup> on the Fragile state index.<sup>20</sup> This shows that Ethiopia has a long way to go in terms of development however, there are high levels of corruption within Ethiopia. This has made it hard for businesses to prosper as they have to pay bribes and give gifts in order to get their work done. The Ethiopian anti-corruption law is primarily contained in The Revised Federal Ethics and Anti-corruption Commission Establishment Proclamation and the Revised Anti-Corruption Law which criminalize major forms of corruption including active and passive bribery, bribing a foreign official, and money laundering however these laws are rarely enforced.<sup>21</sup>

<sup>9</sup> Ethiopia Corruption Report, <https://www.ganintegrity.com/portal/country-profiles/ethiopia/>

<sup>10</sup> Country Reports on Terrorism 2017 – Ethiopia, <https://www.refworld.org/docid/5bcf1fa728.html>

<sup>11</sup> Country Reports on Terrorism 2017 – Ethiopia, <https://www.refworld.org/docid/5bcf1fa728.html>

<sup>12</sup> World population review, <http://worldpopulationreview.com/country-locations/where-is-ethiopia/>

<sup>13</sup> Worldometers, <https://www.worldometers.info/world-population/ethiopia-population/>

<sup>14</sup> Worldometers, <https://www.worldometers.info/world-population/ethiopia-population/>

<sup>15</sup> Ethiopia country profile, <https://www.bbc.co.uk/news/world-africa-13349398>

<sup>16</sup> Ethiopia country profile, <https://www.bbc.co.uk/news/world-africa-13349398>

<sup>17</sup> Ethiopia country profile, <https://www.bbc.co.uk/news/world-africa-13349398>

<sup>18</sup> Reporters without borders, <https://rsf.org/en/ranking>

<sup>19</sup> The Legatum Prosperity Index 2018, <https://www.prosperity.com/globe/ethiopia>

<sup>20</sup> <https://fragilestatesindex.org/country-data/>

<sup>21</sup> Ethiopia Corruption Report, <https://www.ganintegrity.com/portal/country-profiles/ethiopia/>