TOV INNOVATION JOURNEY
DIGITAL TECHNOLOGIES IN AGRICULTURE

# Ag-Tech Environment in Ethiopia

## HANDBOOK FOR PARTICIPANTS

FEBRUARY 2022*

*All data presented refers to pre COVID-19 and pre Tigray conflict situation

The Innovation Journey is part of JDC's Tikkun Olam Ventures (TOV) project. It is an opportunity for Israeli agricultural technology (Ag-tech) companies to learn about the agricultural sector in emerging markets, with a focus on a specific entry market, and to build partnerships in their ecosystem to foster engagement on the ground. This includes exploring the specific 'base of the pyramid' market of smallholder farmers (SHFs) and new business opportunities that meet their needs. The overall goal is to encourage Israeli companies to operate in emerging markets.

The 2021 cohort focused on the Ethiopian smallholder farmers' market, while targeting the sector of digital Ag-tech, including the following sub-sectors: Smart Farming, Market Linkages, Fintech and Ed-tech/E-Learning.

This handbook captures briefly the theoretical knowledge provided to the participants during the 2021 Innovation Journey. The handbook includes information we believe companies need in order to properly explore partnerships and business opportunities.

The Innovation Journey is led and implemented by the TOV program. It was initiated and funded by JDC and the Israeli Ministry of Economy and Industry and implemented in partnership with Pears Program for Global Innovation as content partner.

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# Common Acronyms

| | |
|---|---|
| Ag-tech | Agricultural Technologies |
| ATA | Agriculture Transformation Agency |
| ATM | Automated Teller Machine |
| COVID-19 | Coronavirus disease |
| GDP | Gross Domestic Product |
| GoE | Government of Ethiopia |
| JDC | American Jewish Joint Distribution Committee |
| MoA | Ministry of Agriculture |
| P2P | Person to Person |
| POS | Point of Sale |
| SHF | Smallholder Farmer |
| SME | Small and Medium-sized Enterprise |
| TOV | Tikkun Olam Ventures |

# Introduction

## JDC activity in Ethiopia

In August 1983, JDC (the American Jewish Joint Distribution Committee) signed a general agreement with the then Relief and Rehabilitation Commission (RRC) in Ethiopia and started working in the country. JDC worked to distribute food, clothing and blankets for victims of the drought in Gayint and Ibinet relief centers; gave medical services and provided medicine at Arb Gebeya clinic; and conducted a three-year development and rehabilitation program for Agriculture, Health and Rural Infrastructure in Gondar Zuria woreda. In March 1991 an Operational Agreement was signed with the Disaster Prevention & Preparedness Commission (DPPC), the Addis Ababa Administrative Region and Ministry of Health to give emergency assistance to people temporarily relocated to Addis Ababa from Gondar (Beta Israelis). JDC assisted 3,000 displaced persons with medical attention, food and nutrition programs, and built a small cottage for industry projects. Since then, JDC's work in Ethiopia has ranged from being involved incognito in Operation Solomon, to offering logistical support and medical help, to implementing small-scale irrigation schemes.

Currently, JDC operates in three impact-driven development programs, which are based on priority needs in Ethiopia and on JDC's core competencies in the fields of:

1. Health: In 2006, a program to help Ethiopians with spinal deformities and other rare conditions was set up, and it continues to be led and directed by internal medicine specialist Dr. Rick Hodes.
2. Agriculture: Tikkun Olam Ventures (TOV) is a project that increases the productivity of smallholder farmers through transformative Israeli agricultural technology and a blended finance model.
3. Women's economic empowerment: in collaboration with WISE, JDC and Yozmot Atid will support women cooperatives in establishing a sustainable business model for producing and selling biomass pellets & marketing of clean cook stoves. Over the span of three years, 200 women will be provided with access to clean cook stoves, will receive financial support in the form of a loan, as well as receive business and financial training. This will allow them to establish their own businesses, to become self-sustainable and to provide for their families.

# Country Overview

- **Area:** 1,104,3000 sq km
- **Population:** Over 115 million, 2.5% growth rate


## Health Info

o Life expectancy at birth: **67.9 years** (higher than Sub-Saharan Africa average)
o **12 million** people suffer from malnutrition
o **57%** of the population **lacks clean drinking water** access
o Around **90%** of the population **lacks improved sanitation** services

## Economics

o Human Development Index: **173 out of 186**
o Annual per capita income: **850 USD**
o **25.2%** youth unemployment
o **23.5%** of population lives **below the poverty line**

## Demographics

o **70%** of the population is **below the age of 30** and **50% below 17**
o 9 districts with **80 ethnic groups**
o Major religions: Islam in the East, Christianity in the West

## Education

Adult literacy rate: **51.8%**

Before COVID-19 struck, Ethiopia was the fastest growing economy in the region, experiencing annual GDP growth rates of between 8% and 11% for over a decade. With government investment in infrastructure, agriculture, and service industries, alongside Ethiopia being the largest landlocked country in the world by population and the second most populous country in Africa, this makes Ethiopia an impactful market with significant business potential. At the same time, the economic impact of COVID-19 is still unclear, as well as the effect of the military crisis in the north of the country which continues destabilizing the country and generates diplomatic pushback.

Ethiopia is strategically located between the Middle East and Asia on one side, and Europe on the other, providing both historical significance and economic potential. The country is proud of its rich history, seeing itself as the cradle of humanity. It is one of the only countries in Africa with a written history and serves as a hub for the three main monotheistic religions. It was the second country to adopt Christianity in Africa, the first outside the Arabian Peninsula to receive Islam, and has biblical connections to Judaism that remain strong until today.

Ethiopia's recent history is also unique, being one of just two uncolonized countries in Africa. Following a military coup in 1974 that brought communism to the country, and liberation from it in 1991, the Federal Democratic Republic of Ethiopia was established in 1995. Presently, Ethiopia is an important site for regional and international governance and interaction, hosting the headquarters of the African Union and other important international organizations.

Politically Ethiopia defines itself as a parliamentary republic split into 10 ethnically based regional states. Despite the economic liberalization movement, the government controls several state-owned institutions, including the only telecommunications company, as well as power distribution and land rights, though gradual privatization efforts are underway.

Ethiopia's unique topography on top of three mountain rifts creates numerous climate differentiations and fertile land for many crops. This mountainous region creates key rainfall areas that drain into 8 river basins. Ethiopia can be roughly divided into two main areas. The highlands, which constitute 40% of the land, are mostly 1500m above sea level, reaching as high as 4550m at some peaks. The lowlands of the southeast are dry and sunny, creating arid and semi-arid environments. In the hot lowlands temperatures can range from 28 to 34 degrees Celsius while the coldest highlands temperatures can dip below 10 degrees Celsius. Generally average annual rainfall of areas above 1,500 meters exceeds 900 mm. In the lowlands (below 1,500 meters) rainfall is erratic and averages below 600 mm.

Ethiopia's foreign exchange earnings are led by the services sector, followed by exports of several commodities, of which agricultural products are playing an important role. Major exports include coffee, oil seeds, khat, pulses, flowers, and textiles. Banking, insurance, telecommunications, and microcredit industries are restricted to domestic investors. These sectors are either government controlled, such as telecommunications, or heavily regulated like the banking and insurance sectors.

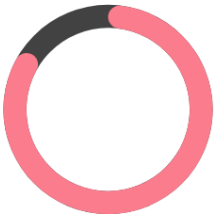
Despite its huge potential and positive trends, Ethiopia remains one of the poorest countries in the world, with limited infrastructure, a heavily regulated economy and foreign exchange shortages. 23.5% of its population lives below the poverty line and it is ranked 159 out of 189 economies in the

World Bank's Doing Business Rankings which results in a constrained manufacturing sector. Access to electricity is around 45%, and access to potable water remains limited, especially in rural areas. However, its extremely young population offers prospects of continuous growth, with the need to create 1.7 million new jobs every year for its 75 million people that are under the age of 30.

The current Prime Minister, Abiy Ahmed, has pushed forward many reforms, including market liberalization and peace with Eritrea. These have enabled some substantial development projects:

- **Grand Renaissance Dam**: a massive hydro-electric project that will significantly increase the electricity access in the country.
- **Access to Eritrean Ports**: will improve its connection to the international markets.
- **Liberalization of the Communications Sector**: privatization of parts of the national communications company along with opening of the market to competition will reduce data and airtime prices and will increase mobile phone and internet penetration.
- **Financial Regulation**: regulation and institutionalization of digital and mobile payments, which so far are limited and constrained.

# Agriculture Sector of Ethiopia



**85%**
employed by sector

**34.8%**
of GDP

**2%**
of agricultural land is irrigated

**80%**
exports

**Over 90%** of agricultural output is produced by smallholder farmers


## Main crops

o **Coffee** - Close to **5 million agricultural households** rely on coffee alone for their primary source of income. Accounts for close to **30% of export earnings.**

**Of export value:**
o **Oil seeds (17%)**
o **Vegetables, including khat (17%)**
o **Pulses (6%)**

o **Cut flowers (7%)**- majorly large farms, **second-largest exporter of flowers to Europe**

o **Cereals** - 75% of land area under cultivation, most important are wheat and maize. Maize - 20% of caloric intake.

o **Tea** - $228m in market value

o **Spices** - 356,000 tons in 2018; largest is Chilli pepper
o **Cotton, dairy, sugar, and meat** products are also important as household demand for these products rise.
o Out of 14 industrial parks, 9 have specialized in **textile and apparel.** The sector has grown to become the **country's sixth major export**.

§ **Land measurement unit:** 1 ha = 10 dunam

Agriculture is the backbone of the Ethiopian economy, employing the majority of the population and accounting for over a quarter of the state's GDP. It is predominantly subsistence in nature and dominated by smallholder farmers (SHFs) utilizing traditional farming methods and techniques and working on plots smaller than 1 hectare (approx. 2.5 acres).

Agriculturally, Ethiopia can be divided into two main areas:

- **The highlands**: experience high rainfall, key for staple crop and livestock farming complemented by coffee, sugarcane, and horticulture, hosting over 85% of the population and has been the epicenter of economic growth and political power for centuries.
- **The lowlands**: arid and semi-arid areas, where farmers tend to concentrate on livestock production (pastoralism) and some crop production in the semi-arid areas. These areas make up 60% of Ethiopia's land area and are home to 12-14% of the population. They lag behind the rest of Ethiopia in terms of social and economic advancement indicators.

The sector is characterized by several key features:

- **Diverse Climate**: Ethiopia's diverse topography creates different microclimates that affect agricultural production.
- **Predominance of SHFs**: smallholder farms account for more than 90% of the cultivated area and output in Ethiopia, with about 80 percent of the total population living in rural areas. On average, they possess less than 1 hectare of land and are widely dispersed throughout the country.
- **Subsistence farming**: Many of the farmers are growing produce mainly for their family consumption. Some of the production is sold in the local market. Processing and export are limited.
- **Rainfed Irrigation**: Ethiopia is highly dependent on rainfall irrigation with 97% of agriculture being reliant on natural processes. Only 7% of the country's irrigation potential has been developed and changes in rainfall patterns pose a significant risk to the farmers' livelihoods. Drip irrigation is still considered to be a highly innovative technology and its take-up of this technology by the sector is low.
- **Limited Financial Access**: Ethiopia lags behind other African countries in terms of access to financial services, particularly in rural areas: only 35% of adults have an account with a financial institution. Farmers will typically borrow from friends and family. Savings are often in the form of assets, such as livestock, and cash is still the most common method of payment.
- **Limited Market Linkage Infrastructure**: This includes gaps in centrally aggregated data, limited access to farmer information, decentralized and non-digitized agriculture extension systems, lack of timely weather and climate information as well as insufficient market assessment and lack of distribution and post-harvest infrastructure.
- **Dominance of the Government**: Over 20% of the national budget, before COVID-19, was targeted to agriculture, mainly via investment in technology and rural infrastructure. The

government plays a major role in providing market information, guidance and inputs provision, through their significant extension services and programs.

- **Dynamic Environment**: There has been rapid growth in the agricultural sector for the past ten years, fueled by an expansion in infrastructure and engagement with the market. Farmers are increasingly diversifying their activities, demanding agricultural inputs and market-related services, and complementing agricultural work with work outside their farms.

**Opportunities:**

- **Wheat and Soybeans**: grain is an essential part of the Ethiopian diet with over 50% of the daily caloric intake of an average household from wheat, sorghum, and corn. Households spend an average of 40% of their total food budget on cereals. It accounts for nearly 80% of the land under cultivation and employs 60% of the rural workforce, most of whom work on less than 1 hectare of land. Grain yields are relatively low due to the country's rugged topography, poor land management, small-scale landholdings, irregular rainfall, limited mechanization, and insufficient supplies of fertilizer and improved seed. The government of Ethiopia (GoE) has an ambitious plan for wheat self-sufficiency by 2023 by tapping into the huge production potential through expansion of the wheat production area under irrigation.
- **Cotton**: The GoE intends to make the textile and apparel industry one of the economic engines that will propel future growth. They have also made significant investments in cotton production to support manufacturing, including the recent establishment of industrial zones. Ethiopia's potential is constrained in part by outdated ginneries and limited availability of quality inputs, including seed, fertilizer, and pest control agents. Land tenure rights as well as natural disasters add challenges.
- **Livestock**: In Ethiopia there are approximately 50 million cattle, 50 million goats and sheep, plus an assortment of horses, donkeys, camels and chickens. The GoE intends to transform this sector and increase production and exports of meat to generate foreign exchange. The chicken business also shows promising opportunities. The GoE is focusing on expanding chicken meat production to reduce the country's long-standing dependence on the livestock sector, minimize the sector's environmental footprint, and provide more affordable protein to the masses.[1]

**Relevant Government Institutions:**

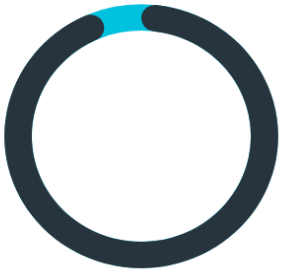
- **Ministry of Agriculture (MoA)**: This is the primary government body overseeing agriculture and rural development, dealing with agricultural production, trading, resources, and research. Principal responsibilities of the MoA include conservation and use of forest and wildlife resources, food security, water use and small-scale irrigation, monitoring events affecting agricultural development, promoting agricultural development, and establishing and providing agriculture and rural technology training. It plans and implements agricultural initiatives while delegating extension services out to the relevant regional bodies.

[1] https://www.trade.gov/knowledge-product/ethiopia-agricultural-sector

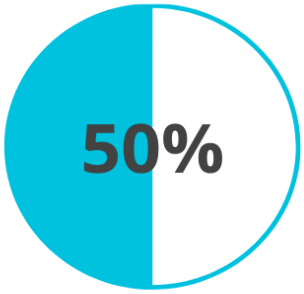
- **Regional bodies of MoA** play an important role in regulating and supporting Ethiopia's agricultural sector. The system is divided into local woredas (districts) and kebeles (wards). Each woreda is responsible for expanding extension services within its region through extension agents responsible for providing agricultural advice, while kebeles provide the extension agents with training in crops, livestock, and natural resource management.
- **The Agriculture Transformation Agency (ATA):** The agency was established in 2011 with support from UNDP to bring modern planning practices to Ethiopia, improve marketing techniques, and revolutionize SHF practices. Its actions include identifying systemic constraints of agricultural development via various studies, recommending solutions for sustainability and transformation, supporting and leading implementation of desired solutions, and establishing strong linkages across various institutions and projects. Various projects include soil mapping, establishing a farmer hotline, helping farmer associations act as a commercial business, and establishing Commercial Farm Ventures to streamline input procurement.
- **Farmer Associations**: Connect and train farmers, as well as help to get access to inputs such as better seed and fertilizer.
- **Ethiopian Commodity Exchange:** Works to promote the development of a modern trading system and supports farmers by updating commodity prices, offering spaces for farmers to sell their goods, and providing a help phone line for farmers.
- **Industrial Parks**: Most innovation and development programs in agriculture are state-led. The government of Ethiopia has built integrated Agro-Industrial Parks (IAIP) in four pilot areas to encourage an agriculture-led industrial transformation.

# Smallholder Farmers

Make up 95% of the agricultural sector...



... and 96% of cultivated area




Use fertilizer with low application rates of 28.5kg/ha


$1246 gross income

26% have savings

11% borrow with financial institutions

SHFs are an integral part of Ethiopia's agricultural sector, composing an overwhelming majority of the sector's labor force and land use. They can be characterized by the following features:

- Produce relatively small volumes on small plots of land (less than 1 ha)
- Have considerably limited input resources
- Work within the informal economy
- Depend on family labor
- Depend on a small annual income along with any livestock resources the family may possess
- Are oriented towards subsistence rather than commercial farming

### Farming Techniques: Methods and Gaps

The farming techniques used by SHFs are traditional and result in low yields. The seed and fertilizer corporations are mainly controlled by the government and such inputs are usually distributed via unions and cooperatives; however, the process operates inefficiently, and distribution is difficult given the dispersed farmer landscapes. Only 50% of farmers use fertilizer, and those that do result in low application rates (28.5 kg/ha). There is often a shortage of inputs such as agrochemicals since there is only one producer in the country and imports are difficult with foreign currency shortages. Few SHFs have access to agricultural machinery, and tend to utilize slower, labor intensive methods and practices.

*The average yield of maize on smallholder farms is 2.6 tons/ha, but trials with new methods showed a potential yield of 7.8 tons/ha. However, this difference showcases the potential that exists for the sector and the impact innovation can have on the ground.*

## General Challenges:

Various challenges impact SHFs worldwide, who have already been dealing with decreasing farm sizes and a growing population:

- Climate change and land degradation
- Soil infertility, decreasing yield-per-hectare ratios, pests, rain patterns, and declining price structures.
- Globalization and global economic integration, as they encounter new competitive pressures that may force SHFs to choose between shifting into purely self-subsistence producers or growing into larger units that can compete with industrial farms.
- Lack of access to financial institutions and risk management services. There is poor access to credit with low repayment rates. Few SHFs manage their finances in formal institutions, preferring to utilize informal systems of borrowing from friends, traditional rotating schemes, and keeping their savings in the form of livestock. Many farmers require training on saving, business development, and financial skills. This lack of access to financial institutions is

compounded by low levels of digital payment usage due to low internet accessibility high data costs, and low digital literacy levels.

- Government policies negatively impact the startup environment in Ethiopia, setting high minimum investment requirements and failing to protect intellectual property. Regardless, partnerships with government institutions are crucial, and there are several ministries that address Ag-tech issues from different directions.

## Gender Dynamics:

As half of the farmers are women, the patriarchal nature of Ethiopian society affects the sector's behavior. Gender dynamics can also reveal challenges that must be considered when designing interventions. Decision-making in SHF households is focused on the men, and women face discrimination despite their important role in household agriculture and subsistence. Women have traditionally served as quiet drivers of change towards sustainable production systems. They also tend to be more receptive to technology, and studies have shown that should women have the same access to productive resources as men, they could increase yields by 20-30%. Addressing the role of women will be imperative for the acceptance and implementation of innovations, but the process of including them in any interventions may be challenging and barriers should be accounted for in program design.

## SHFs and Technological Innovation:

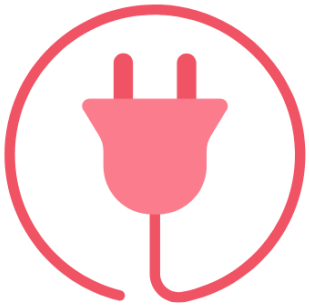
Technological innovation may provide solutions to several of the challenges mentioned; however, actively adopting such innovations in smallholder farms comes with certain barriers:

- SHFs are risk-averse with little uptake of technology and are often unwilling to dedicate their limited time, labor, and financial resources to implement innovations.
- General technological limitations prevent adoption of new technology, including little experience with technology, poor network access, and an aversion to smart technology in favor of radio and other traditional communication services.
- Digital literacy in Ethiopia is particularly low for the region, making adoption of technical innovations difficult. Around 63% of the population of Addis Ababa struggles with digital literacy, and rural rates are estimated to be much lower.
- Integration of digital finance among SHFs is very low, and only 1% of farmers used digital accounts for agricultural payments.

These are all things to consider when designing implementation programs by Israeli Ag-tech participants.

# Technology Environment

**20%**
**internet penetration**



**Electricity access to households**

**44%-96%** urban **vs** **31%** rural

**Mobile penetration**

| | |
|---|---|
| **85%** | **2G coverage** |
| **66%** | **3G access** |
| **4%** | **4G access** |

Ethiopia's Ministry of Innovation and Technology (MiNT) has been assigned the task of developing and implementing policy and interventions aimed at strengthening the telecommunications sector. Reforms and initiatives are being implemented such as FDI, private sector involvement, and digital literacy education. Ethio-Telecom serves as the major internet and telephone service provider which has a significant impact on technology adoption. The network boasts over 46 million total subscribers, covering 95% of the population and 85% of the geographical land; however, these statistics only indicate 2G coverage and only 18% of mobile users have smartphones with internet access. 40 million live in areas underserved by mobile broadband coverage and don't have access to the internet.

Though innovation and startup activity has become part of the national agenda in recent years, Ethiopia still lags behind its neighbors. It is among the 44 countries that make up just 20% of the continent's entrepreneurial activity. Even when startups are formed, there is weak collaboration between them, and innovations rarely reach grassroots levels.

Though Ethiopia isn't leading Africa's start-up revolution, there are some that attempt to accelerate its presence in the region, particularly within agriculture and the digital financial sectors. In general, innovation investment is dominated by state led solutions rather than private sector individuals. A government allocation of 20% of its budget to agriculture has led to investments in upgrading and changing the technology used by the agricultural sector (such as extension and research), rural infrastructure, and input supply.

## Ag-tech

Out of Ethiopia's 28 top performing startups, none specialized in Ag-tech. Challenges to startup innovation in the agriculture sector include:

- Sparse adoption of modern farming systems
- Limited telecommunication infrastructure and presence, despite annual increases in penetration rates
- A large digital divide with rural literacy
- Poor economics of subsistence farming
- Limited access to power and electricity
- Dominating public sector presence in investment, (although the government is seeking greater engagement with the private sector)

Additional challenges include limited availability and reliability of digital infrastructure, limited digital payment, and identification systems; a lack of digital and business skills; lack of access to finance; and cultural and behavioral taboos surrounding failures.

Nevertheless, there is immense potential in this sector. Agriculture is a major facet of the Ethiopian economy and government initiatives such as Digital Ethiopia 2025[2] are already aiming to align this

[2] Digital Ethiopia 2025 - a strategy for Ethiopia inclusive prosperity, by government of Ethiopia

sector with the growing digital environment. Another example is The Farmer Hotline 8028: a public initiative that delivers real-time agronomic information to farmers so they can make informed farming decisions by offering a toll-free hotline. In three years, the system has generated over 28 million calls. Recent initiatives to modernize the agricultural sector through the expansion of fertilizers, irrigation, commercialized cluster farming, and modern machinery provide opportunities for tailored digital solutions to align the sector with the digital ecosystem. Digital transformation in the agriculture sector will still depend on expanded telecommunication and power systems, enhancing agricultural cooperatives' performances, and supporting innovation initiatives and incubators.

## Fintech and Digital Payments

The use of digital financial services has experienced wide-ranging improvements regarding the physical proximity, speed, and convenience of the sector for a growing customer base. Innovative strides have been focused on the use of ATMs, POS (Point of Sale), and internet banking, as well as in mobile wallet P2P (Person to Person) services. However, while the banking services offered by financial institutions show significant growth, the types of services remain the same, and the customer base remains narrow. The use of digital payment is consequently very low, particularly within the agricultural sector: only 1% of farmers received payments of agricultural products through bank accounts.

Limitations to digital financial services include:

- Infrastructure: the access issues plaguing digital agriculture, underdeveloped merchant payment services, limited product use cases, and a lack of payments interoperability among the different payment instruments and service providers.
- Government policies: regulatory restrictions as consequence of strong federal oversight, limits on digital banking transfers are too low for larger actors, and restrictions on international remittance deposits prevents many from participating.
- On-the-ground: low literacy rates, lack of technological information and benefits, low trust in technology, and a preference for and reliance on traditional cash transactions.

Despite these challenges, the system is going through a change and the government is promoting policies and regulation that will open it up to digital payments. Overall opportunities and limitations for the sector include:

- Installment of Digital ID and agent networks that will enhance the use of digital wallets.
- Ability to ease current payment challenges through payment channels and earning points through these payment systems. This will be subject to interoperability across a multi-actor financial system.
- Potential to reduce transaction costs, particularly around remittances.
- Opportunity to improve credit to consumers and SMEs.

# Work Culture and Etiquette

Ethiopians are very proud of their multifaceted language, culture, and history. Here are some key points to keep in mind when meeting and working with Ethiopians.

**Social etiquette:**

- Respect of elders and persons with authority is very important, it is customary to rise out of one's seat for them.
- Pass and receive gifts or business cards with two hands, or the right hand only. It is rude to use the left hand alone. Don't give expensive gifts.
- Refer to people by their titles unless they tell you otherwise.
- Ethiopians may refuse your offer initially out of politeness. Therefore, try and offer gestures more than once to give them the opportunity to accept something on the second or third attempt.
- Ethiopians may struggle to decline requests and avoid giving a flat refusal to those that they consider friends. So, a non-committal answer usually means a no. Also, consider that Ethiopians may feel obliged to perform favors for friends due to their close relationship.
- Ethiopians often resist confrontation or openly criticizing something/someone.
- Due to the strong capacity of the government and cultural traditions, corruption is somewhat less of a problem for Ethiopia than many of its African neighboring countries.

**Business etiquette:**

- **English** is widely used in business circles. Knowledge of a few words of Amharic will be appreciated. For Example: "Selam", meaning Hello/Hi.
- **Business etiquette** is quite formal in **Ethiopia** with appointments required for **business** meetings and suits and ties being the normal attire for visits.
- **Business** meetings usually start 10 to 15 minutes later than planned, and most often start with a handshake and an exchange of phone numbers or **business cards.** There may not be a set time when the meeting is expected to end.
- Ethiopia is a forward-looking country. However, if the business associate or government official is a Muslim woman who wears a hijab, foreign male visitors should not attempt to shake hands with her unless she extends her hand first.
- Small-scale businesses often comprise several friends and family members.
- Be wary of hasty verbal contracts. Agreements should normally be carefully thought through and officiated in writing.

**Time and holidays:**

- Ethiopia uses a 12-hour clock that follows the sunrise/sunset cycle. For Example: at 07:00 EAT is when the sun rises, marking the first hour on the dawn-to-dusk cycle therefore locals call this "one-o'clock".
- Ethiopia also has its own **calendar** which is approximately seven years and three months behind the Gregorian, in which the first 12 months having 30 days each, plus a 13 month with either 5 or 6 days.

**Office Hours**:

- Government offices - Mon-Thus 08:30-12:30 and 13:30 – 17:30
- Banks - Mon – Sat 8:00 – 17:30
- Private Companies - Mon – Fri 8:30 – 12:30 and 13:30 – 17:30; Saturdays 8:30 – 12:30

| Dos | Don'ts |
|---|---|
| • Make sure you spend some time getting to know an Ethiopian before talking about a serious matter or business. | • Avoid directly asking someone what ethnicity they belong to. This can come across as an insensitive or divisive question |
| • Show interest in the well-being of an Ethiopian's family whenever you see them | • Avoid offering your opinion on local politics, ethnic tensions. It is best to simply listen. |
| • Try to refer to the Ethiopian nation, nationality or culture specifically when possible, rather than "African". | • Avoid asking questions that assume Ethiopians are uneducated, uncivilized or impoverished, such as "Do you have the internet in Ethiopia?". |
| • Show greater respect in all circumstances and situations. | • Do not criticize Ethiopia's developmental challenges. |
| • Plan to allow more time for engagements and be patient if things last longer than expected. | • Avoid complaining, raising your voice or showing public anger/frustration about petty or minor inconveniences. |
| • Avoid invoking stereotypes of Africa to form conclusions about Ethiopian culture. | • Do not assume that Ethiopians suffer from food shortages or famine. |
| • When offered something to eat or drink that you don't want, decline it very politely. Give reason. | • Do not disrespect religion, be it Orthodox Christianity, Protestantism or Islam. |