

 Early Warning System

IFC-605768

Ethiopia Upstream Leasing



Quick Facts

Countries	Ethiopia
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	U
Voting Date	2022-07-28
Borrower	Government of Ethiopia
Sectors	Finance, Law and Government
Investment Type(s)	Advisory Services
Investment Amount (USD)	\$ 0.20 million
Project Cost (USD)	\$ 0.20 million



Project Description

According to the Bank's website, based on advice from WBG FCI, the National Bank of Ethiopia (NBE) adopted a policy shift for leasing activities in early 2019, correcting some earlier restrictions with respect to a single obligor limit, a cap on interest rates, and the requirement for foreign-owned leasing companies to open regional offices. As a result, the first foreign-owned independent capital goods finance company (Ethiolease) sought and received a leasing license in June 2019.

The objective of this project is to conduct sector development work necessary to resolve leasing market constraints and create momentum for the expansion of the leasing industry in Ethiopia by enabling increased foreign investors participation generally and, in parallel, facilitating an IFC investment specifically. The leasing markets constraints are two regulatory provisions relating to leasing business that will need to be addressed and harmonized as part of this upstream project, namely:

- a) 60:40 debt to equity ratio constraints; and
- b) local borrowing restrictions for foreign-owned leasing companies.



Investment Description

- International Finance Corporation (IFC)



Contact Information

No contact information provided at the time of disclosure.

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