

# Trade insurance agency now covers Ethiopia and Zimbabwe

NAIROBI, Kenya - At a recent press conference, the CEO of the African Trade Insurance Agency (ATI), George Otieno, along with Dina Mufti, the Ethiopian Ambassador and Gabriel Negatu, regional director, African Development Bank, announced that it is ready to begin covering transactions in Ethiopia and Zimbabwe.



Image by 123RF

After a year-long process that was supported with funds from the African Development Bank, both countries are now members. The announcement will give investors crucial comfort to start or continue doing business in these countries.

ATI was established in 2001 by African governments and a range of other shareholders to ease the concerns of investors by providing a range of investment and political risk insurance products.

In the case of Ethiopia, one of Africa's fastest growing economies, ATI will help the country maintain its status as one of Africa's biggest economic success stories.

The \$66 billion economy has been expanding as much as 10.3% annually over recent years, according to the International Monetary Fund, with a dip to 6.5% last year due to drought. Ethiopia has also been successful in attracting large manufacturers such as Unilever NV, Diageo Plc and Hennes & Mauritz (H&M) and has taken the lead in export of agricultural products.

For Zimbabwe, membership in ATI would give a boost to the country's quest to attract foreign direct investments.

"I have no doubt that our membership will contribute to Zimbabwe's current efforts to reduce the cost of doing business by making political risk and credit insurance, as well as non-payment and FDI cover readily available to exporters, importers and investors," noted Industry and Commerce Minister Mike Bimha.

He also noted that his office had been inundated with inquiries from the private sector and potential investors on how they could access ATI's insurance services.

"The African Development Bank is pleased to have financed Ethiopia and Zimbabwe's membership into ATI. The affiliation with ATI will attract prospective investors with additional guarantees to participate in the priority areas of powering and lighting, feeding, industrialising and integrating both countries. It will also help improve the livelihood of millions of Ethiopians and Zimbabweans," noted Negatu.

## **Project pipeline**

In both countries, ATI has a current project pipeline estimated at over one billion USD, which is expected to double in the short-term based on existing demand for its products. Prospective projects include a 400 MW solar energy plant in Ethiopia that would contribute to the country's carbon neutral growth plan to improve the living conditions of its citizens. And in Zimbabwe, ATI is considering a line of credit targeting commercial banks that will allow them to increase their lending volumes.

"I believe our entry into Ethiopia and Zimbabwe, particularly at this time, sends a powerful message to investors. Our presence signals that both countries are open for business because we are standing beside them as a credible and internationally-respected insurer with an 'A' rating from S&P. This should be positive news to anyone interested in doing business in the either country," noted Otieno.

ATI provides political, investment and trade credit risk insurance and surety bonds to clients doing business in its member countries. The products are created to help countries attract more investments and to promote domestic trade by providing insurance that mitigates against sovereign risks and specifically, currency inconvertibility and exchange transfer, expropriation, trade embargoes, non-honouring of contracts and payment default risks among others.

*\*Companies and investors interested in learning more about ATI's products and services can send an enquiry to .*

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