

Business and bureaucracy: Ethiopia entrepreneurs overcome hurdles

AFP, Addis Ababa
The large open plan office with staff behind sleek computers looks like any newly-started modern business.

But Ethiopia's first online restaurant delivery service, Deliver Addis, must contend with major hurdles that would stall many entrepreneurs in more developed nations. Setting up any business is a challenge, but in Ethiopia, those range from daily operating headaches such as on-off Internet -- installing the highly time-sensitive orders on which it depends -- to even more fundamental business challenges.

As the country's banking and payments systems are still in their infancy, electronic payments are impossible, thus creating a huge hurdle for growth.

"The Internet goes out a couple of times a week -- when that happens, there is not much we can do but rely on phone lines to take orders," said Feleg Tsegaye, man-

ager of Deliver Addis. But he also believes the Horn of Africa nation -- the second most populous on the continent -- offers enormous opportunities.

Tsegaye was born and brought up in the United States but moved to Ethiopia, the homeland of his parents, hoping to tap into a still largely untapped but swiftly growing market he believes is one of the most promising on the continent.

"The IT sector is still in its infancy -- typically in these markets there is a way to transfer money very quickly and very easily, but here that doesn't exist quite yet," he added.

"Once you have a way for entrepreneurs to make money through technology, I think you are going to see that change very quickly."

With a growth rate of nearly 10 percent a year over the past decade, according to the World Bank, Ethiopia has attracted entrepreneurs eager to take their cut of a market with over 94 million potential consumers.

The Ethiopian capital Addis

Ababa now has three "startup incubators", some supported by foreign investors, to help Ethiopian entrepreneurs launch their own business.

"Everybody wants to own their own business, everybody wants to create something new," said Kibrom Tadesse, manager of the XHub, which describes itself as an "open space for IT entrepreneurs, innovators, technologists, investors, tech companies and coders in Ethiopia to develop their tech idea into a product".

With a large number of youths set to enter the workforce, Ethiopia's government is keen to develop this potentially large source of new growth and jobs. Ethiopian universities say 70 percent of students are in science programmes.

"Even with the rate of unemployment and the amount of people who are coming out educated -- and the job opportunities are not matching -- there is definitely a lot of room for innovation and entrepreneurship," Tadesse added.

Yet bureaucracy remains a major hurdle in a country run by former Marxist rebel fighters. Starting a business in Ethiopia is an obstacle course of paperwork lasting weeks.

The authorities demand businesses have offices, while many entrepreneurs say they would prefer to develop their products shuttling between Internet cafes and home.

"It can take up to six weeks to register a company, and you have to run from office to office -- the process is not transparent," said Florian Manderscheid, manager of Ice Addis, a centre supporting young entrepreneurs. "Most people don't know where to start."

Like businesses worldwide, entrepreneurs in Ethiopia also face major challenges in raising cash, with domestic investors hesitant about a still largely unknown sector and tough regulations on outside investors.

"It is very hard to find investors, because there is no venture capital model or legal framework for venture capital," Manderscheid added.



Md Ridwanul Hoque, head of retail distribution of Midland Bank, and Md Nurul Afser, a director of Electro Mart, sign an agreement. The bank's visa credit cardholders will get up to 12 percent discounts and equal monthly instalment facility for up to 12 months at zero percent interest at Electro Mart outlets.

UK's skills gap clouds hopes for stronger economy - report

REUTERS, London

A worsening skills shortage could blight hopes that Britain can overcome years of dire productivity performance, potentially denting its economic expansion in future, a report suggested on Monday.

Weak productivity has been a big problem for advanced nations since the financial crisis and Britain has struggled more than most, potentially limiting how much workers can expect to earn in the future.

Skill shortages in Britain worsened for a fourth consecutive year, and now rank

among the most severe in Europe, according to the annual Global Skills Index from recruitment group Hays (HAYS.L) and consultancy Oxford Economics.

This pushed up wage pressures as employers were forced into a "war for talent" in certain industries like engineering and technology.

While the unemployment rate has fallen to levels last seen before the financial crisis and wage growth has started to recover after years of stagnation, Hays warned the skills gap will create problems unless the government takes action soon.



Ihsanul Aziz, managing director (current charge) of Social Islami Bank, and Uzma Chowdhury, a director of Pran-RFL group, exchange documents of a payroll banking agreement.

RBI expected to lower rates, while cautioning against inflation

REUTERS, Mumbai

The Reserve Bank of India (RBI) is expected to cut its key repo rate to a four-year low on Tuesday to help support the domestic economy at a time when consumer inflation is at a record low, but may express caution about easing further as price risks still loom.

A Reuters poll last week showed 45 of 51 economists expect the RBI to cut the repo rate by 25 basis points to 7.00 percent, its lowest since May 2011. The RBI has already eased the policy rate by 75 bps so far this year.

But another rate cut may depend on how food prices impact consumer inflation starting in September, given India could be facing its driest year since 2009 as monsoon rains have fallen below their long-term average. A favour-

able base effect seen in the previous two months is also expected to wane.

The RBI is also likely to err on the side of caution as U.S. interest rates are expected to rise by the end of this year for the first time since 2006, potentially putting pressure on emerging market currencies, including the rupee.

RBI Governor Raghuram Rajan is expected to express that cautiousness as he looks to manage expectations, and counterbalance the calls for aggressive easing from government officials and corporate executives.

"I expect the RBI to cut the repo rate and sound a cautionary tone on the deficient monsoon's impact on food prices and the Fed," Soumya Kanti Ghosh, chief economic adviser at State Bank of India, said.

Expectations for a rate cut surged

after the release of data showing consumer inflation at a record low of 3.66 percent in August. Inflation looks set to undershoot the government's projection of 6 percent inflation by January 2016.

The economy expanded at a slower-than-expected annualised rate of 7 percent in the April-June quarter. That is faster than China, but well below the government's target of 8 to 8.5 percent for the year ending in March.

The stuttering recovery in the growth rate lies behind the calls for the central bank to lower interest rates, but the RBI is worried about the potential for inflation to flare up again.

Rajan this month pointed out that without a favourable base effect, August inflation would have been around "mid five percent."

Apple reports record sales of iPhone 6s, 6s Plus in first weekend

REUTERS

Apple said on Monday it had sold more than 13 million iPhone 6s and 6s Pluses during their first weekend on the market, setting a record for its marquee product.

The company beat its previous record of 10 million in sales for the previous generation of iPhones in its first weekend in 2014. This year's results benefited from the inclusion of the Chinese market, where regulatory problems delayed the gadget's debut last year.

Analysts had expected the company to sell 12 million to 13 million phones this past weekend.

"Customers' feedback is incredible, and they are loving 3D Touch and Live Photos," Apple Chief Executive Officer Tim Cook said in a statement. "We can't wait to bring iPhone 6s and iPhone 6s Plus to customers in even more countries on October 9."

Analysts had said Apple was virtually assured to set a new record for iPhone sales with the inclusion of China, which many expect will soon be the company's largest market.

Lot to gain from South Asian connectivity: WB economist

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With the motor vehicle agreement among Bangladesh, Bhutan, India and Nepal, the country can increase its exports manifold, he said.

The reason is, the country has "very competitive" labour. No other country in South Asia does mass manufacturing as efficiently as Bangladesh, he said.

"You will not find factories of Bangladesh's size anywhere else in South Asia: 5,000 people under one roof? That's unique to Bangladesh."

To best leverage that, focus needs to be put to the border areas such that goods can reach rapidly from the factories to the ports.

The agreement gives the country an opportunity to improve its own internal infrastructure as well.

"You can kill two birds with one stone," Kathuria said, adding that connectivity is a big area for improvement in the region.

Generally, South Asia is very poor on logistics and lags behind its East Asian neighbours.

Kathuria said FDI and trade go together: if Bangladesh can increase its trade, the other will follow.

The country can also team up with Bhutan, Nepal and the north-east of India to solve its own energy

problems, he said.

Meanwhile, the event, which will wrap up on September 30, will see a public-private dialogue for the first time with all the key stakeholders -- policymakers from the region; multilateral organisations; diplomats and leading civil society and media leaders -- from South Asia on how integration can be enhanced.

According to CII, the conference will highlight how unshackling regional trade and investment opportunities could be one of the main sources of sustainable economic growth.

An official of the WB said the integration is a must for the development of South Asia, but which country will benefit how much would depend on the negotiation capacity of the respective country. But all countries will benefit from integration.

At present, trade amongst the Saarc countries is only 5 percent of the total trade by its member countries, according to CII.

By comparison, the EU countries do twice as much internal trade (over \$800 billion in 2013) as exports.

The right policies could unleash at least \$100 billion of trade annually in the short-term.

The CII said the desire to unite

the region through economic policies has never been stronger.

The discussions will be beyond the usual political rhetoric of India-Pakistan political relations, which has been a key reason why this region is the least integrated in the world and home to the maximum number of impoverished people.

Investment has been the major driver in a number of successful regional economic integration. The EU is by far the best example of where intra-regional investment helped facilitate the deeper integration.

Intra-regional FDI in South Asia accounts for just 4 percent of total inward FDI, according to CII.

There is significant potential for enhancing regional cooperation in the area of direct investment, both for expanding intra-regional investments, and for attracting FDI from outside the region.

Besides investment, the roundtable will discuss ways to increase cooperation in power, education and health in the region.

Tofail Ahmed, Bangladesh's commerce minister; Nirmala Sitharaman, Indian minister for commerce and industry; Piyush Goyal, Indian minister of state for power, coal and industries, will take part in the discussions.

Processed food makers investing more in cold chain networks

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Pran plans to expand its business to frozen foods and value-added products, such as ice cream and butter, for which the company has to build a strong cold chain network, said Kamal.

Managing a food supply chain has inherent challenges that require all players in the supply chain to adhere to stringent operational practices, including maintaining temperature.

Different products need different temperatures to ensure that the products are safe for consumption.

For example, frozen products should be maintained at -18°C or below (at a maximum fluctuation of 3°C) and fresh fish, shellfish and their products should

be kept at a temperature as close as possible to 0°C. Market players said there are other challenges as well.

High import duties on equipment such as vehicles, freezers, chillers and storage facilities, are a big impediment. An availability of continued electricity is another critical factor in ensuring a good cold chain network, they said.

"In neighbouring India, the government has supported the industry significantly through soft duty structures, low rates of funds and other technical support," said Hai of Golden Harvest.

"Even with a facilitating attitude from the government there, it took 20 to 30 years to build top-quality cold chains across the country."

Robi-Airtel merger another step closer to reality

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After the merger, Banglalink, the second largest operator with 3.2 crore subscribers, will come under tremendous pressure from competitors.

In fiscal 2013-14, Robi's gross revenue was Tk 4,672 crore and Airtel's Tk 1,713 crore, according to the telecom regulator's annual report.

Robi has been logging in profits for three consecutive years now.

Earlier in August, Robi and Airtel signed a non-binding agreement to merge their Bangladesh operations.

Airtel entered Bangladesh in 2010 by acquiring a 70 percent stake in Warid Telecom. Later in 2013, it picked up the remaining 30 percent. Its licence expires in 2018.

Robi started operations in 1997 under the brand name of AKTEL. The operator renewed its licence in 2011 after completing its first 15-year tenure.

2nd Managers' Conference - 2015

- Participant : Managers & Deputy Managers of All Branches Under Mymensingh Region
- Chief Guest : Mr. Safiul Alam Khan Chowdhury
Deputy Managing Director, Pubali Bank Limited
- Special Guest : Mr. M. Shah Nawaz Chowdhury
GM & Division Head, CLS and Lease Financing Division, Pubali Bank Limited
- Presides Over : Mr. Jagot Chandra Saha
DGM & Head of Region, Regional Office, Mymensingh

Venue: Un... Campus Branch, Mym... Date: 19-09-2015 Time: 3:00 PM

Safiul Alam Khan Chowdhury, deputy managing director of Pubali Bank, and Jagot Chandra Saha, deputy general manager, attend the bank's second managers' conference of Mymensingh region.