



Startup Ecosystem Report

Ethiopia – Addis Ababa

2023



AUTHORS AND ACKNOWLEDGMENT



Authors and Acknowledgment

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Authors

This report was produced by Shega Media and Technology PLC. Shega is an Addis Ababa-based firm that is in the business of making the Ethiopian and African innovative economies make sense through integrated media, high-quality content, data, and research. With a presence in both Ethiopia and the United States, Shega partners with various development organizations, private companies, and investors to drive the growth of Ethiopia's innovative economy.



Shega engages in three major lines of activity: Shega Media (shega.co), a digital media platform that produces news, analysis, reports, visuals, and a weekly newsletter about Ethiopia's innovative economy, Shega Insights is, a data, research, and advisory service business. and Shega Brand Studio, an advertising agency arm of the business that helps brands meet their marketing and communication goals.

JICA Project NINJA

With the explosive growth of mobile phones in developing countries, businesses based on and derived from mobile payments have proliferated, and innovations and Startups using technology are attracting more attention. The new businesses of the entrepreneurs involved in many of these Startups in developing countries are usually aimed at solving social problems, such as substitutes for things that are not available in local life or services that improve inconvenient situations, rather than businesses that incorporate cutting-edge technology.

JICA launched Project NINJA (Next Innovation with Japan) in January 2020, and is working on multifaceted support for entrepreneurs who take on the challenge of solving social problems in developing countries. NINJA's support includes entrepreneurship development activities, business matching, promotion of venture/impact investment, and policy recommendations to strengthen the ecosystem. The inclusion of "with Japan" in NINJA means that Japan will continue to innovate with entrepreneurs in developing countries to co-create sustainable and prosperous economies and societies. We will also promote collaboration between entrepreneurs in developing countries and Japanese companies, investors, and research institutions to make a significant contribution to achieving the Sustainable Development Goals (SDGs). Project NINJA is expanding to many countries around the world, including Africa, Asia, the Middle East, Europe, and Latin America. JICA provides Startup support by leveraging its knowledge and experience from projects in various countries. Ethiopia is one of the focus countries for the Startup support program, starting with SolveIT in 2019, which has supported more than 2000 entrepreneurs in Ethiopia and has supported numerous Startups and ecosystem players to date. Currently, JICA is implementing various Startup support projects in Ethiopia together with the Ministry of Innovation and Technology. JICA will continue to actively pursue the goal of Project NINJA, which is to support entrepreneurs for socio-economic development in the world, including Africa, by connecting our startups and ecosystem players.



1. Activities to raise awareness of entrepreneurship and foster entrepreneurs.
2. Promotion of corporate collaboration by holding events in Japan and overseas.
3. Promotion of venture investment/impact investment
4. Dissemination of information on local startups
5. Proposal of policies to strengthen the startup ecosystem
6. Understanding the impact of startups

Website: [Project NINJA](#) | [Our Work](#) | [JICA](#)

JICA's Startup Support Activities in Ethiopia

Some of the programs that JICA has been implementing in Ethiopia

NINJA Business Plan Competition in Africa

- Theme: Business Competition to promote growth of startups during COVID-19
- Target: Registered company promoting innovative or technological business
- Selection: 2,713 applied → 69 (Proof of Concept) → 10 Startups(Final pitch)
- Final pitch was held with Nikkei and 8 Japanese companies awards to startups.

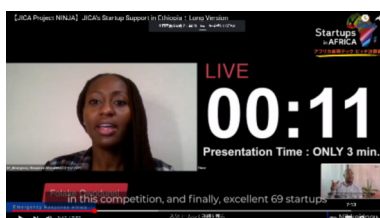
Awards in Ethiopia



Orbit Health
(Health tech)



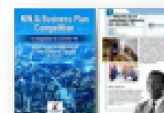
YenePay Financial
Technologies P.L.C
(Fintech)



19 Countries



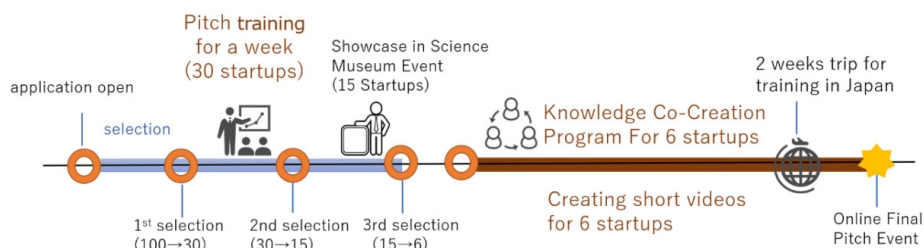
Booklet
about
overview



Website: [NINJA Business Plan competition](https://www.jica.go.jp/press/2020/07/20200720_01.html)

Acceleration Program for Middle Stage of Startups

- Theme: lead to the acquisition of funds and strategic business alliances with other companies
- Target: 30 & 6 middle-stage of startups
- Purpose: Improving the acceleration program in Ethiopia with Government (MinT) and Private sector
- Key points: ① Knowledge Co-Creation Program for 30 & 6 middle-stage of startups
② Matching opportunities with Japanese investors and companies



Business Contest in 15 cities : SolveIT 2019

- Theme: Idea contest on the theme of solving social problems as a business by using emerging technologies.
- Target: Over 2,000 Ethiopians aged 18-28
- Place: 15 cities in Ethiopia
- Contents: Incubation(6months) →Qualifying rounds in various local cities →Knowledge Co-Creation



YouTube

Overview



Top projects



Matching Opportunities(Foreign Delegation Program)

- Theme: ① Delegating top startup to GITEX (Dubai & Morocco expo)
②Knowledge Co-Creation Program
- Target: Top Ethiopia startups (have registered as business and experienced in sales)
- Issues: ①few information about Ethiopian startups ecosystem in website
②need to change image of Ethiopia to promote investment from abroad
- Purpose: ①Advertisement for Ethiopia startups
②Provide Matching opportunity between Japan and abroad investors and companies



Capacity Building for Making Strategy

- Theme: Training high official and technical staffs in a government of Ethiopia about making guideline of startups support program, operation of startups act/ startup labelling/ innovation fund, Strengthening the ecosystem centered on universities
- ① Exchange of information on policy making with other countries (Nigeria, Tunisia),
② 1 weeks training about investment, startups,
- ③ 2 weeks delegation training in Japan (visiting Startup ecosystem builders in Japan)

Survey about Startup Ecosystem

- Theme: To collect basic information on the configuration of Ethiopian startup ecosystem and what issue each stakeholder has. Analyse what program the government should implement.
- Organize the status of the startup ecosystem in Ethiopia, identify the actors that are building the startup ecosystem list what each actor is doing, and summarize the challenges facing each actor.

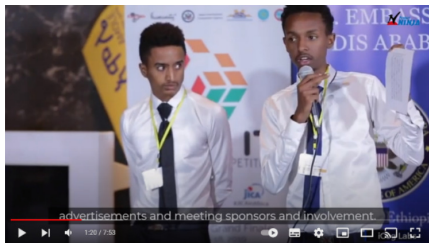
Online Pitch Event for Advertisement to Abroad

- Theme: Ethiopia Startup Innovation Pitch with Japan and abroad
- 300 people from around the world, including Japan, attended the event online and about 50 Ethiopian startups and stakeholders at the venue.
- 5 private companies (Sumitomo Corporation, Safaricom Telecommunications Ethiopia PLC, Kazana Group, DIVE INTO CODE, Inc. Amazon Web Services, Inc. presented special awards to the startups, which had pitched in the event.

Website: [Report: Ethiopia Startup Innovation Pitch | Our Work | JICA](#)



YouTube



[【JICA Project NINJA】](#)

[JICA's Startup Support in Ethiopia : Long Version](#)



[【JICA Project NINJA】](#)

[JICA's Startup Support in Ethiopia : Short Version](#)

Ministry of Innovation and Technology (MInT)

The Ministry of Innovation and Technology (MInT) is one of the major government organization in Ethiopia with the responsibility of initiating policies, strategies, laws, and programs that sustainably ensure the development and competitiveness of innovation and technologies in Ethiopia, enhance the digital and tech-based investment ecosystem, and bring about digital transformation in Ethiopia. In particular, the ministry is entrusted with the role of promoting startups as well as innovation ecosystem development and start-ups that, by their nature, blend innovation and entrepreneurship capacities.

The ecosystem will also be instrumental in the full-scale operationalization of the national goals, policies, and regulatory frameworks, such as the National Science, Technology, and Innovation Policy, the National Startup Act, and the Innovation Fund Guideline, as well as the development of new initiatives that will be instrumental in strengthening the innovation-driven entrepreneurship and innovation culture in the country. Innovation is not the result derived by just one institutional player, such as universities or industries, but rather the result of the interaction between all actors in the ecosystem. The ministry promotes the essence of an ecosystem characteristic, "connectedness," among various actors and initiatives and shapes the local ecosystem life cycle after the global startup ecosystem.

As a country, the ministry envisions Ethiopia's startup ecosystem reaching the fourth stage of its life cycle, which would enable Ethiopia's startup ecosystem to finally integrate with the global fabrics of knowledge, produce a global business model, and achieve high global market reach in the long run. However, the ministry places its priority on the first cycle, which is the activation ecosystem life cycle, which is stifled by challenges such as limited ecosystem experience, challenges of resource leakages to later-stage ecosystems that inhibit growth, and also activation cycle success indicators such as triggering the globalization ecosystem life cycle through multiple startups with 100 million+ USD exits and through national resource attraction in some of our regions, such as Kenya's and Nigeria's startup ecosystems

In the coming few years, the local ecosystem must ensure connectedness among ecosystem actors such as startup founders, startup talents having both innovation and entrepreneurial capacities, governmental and private organizations, international partners, the academies, ecosystem builders such as incubators, accelerators, VCs, and angel investors, and resources such as funds and infrastructure that result in startups with economic impact oriented to the local market as well as envision global connectedness and beyond.

Currently, among many initiatives, the ministry is working on the establishment of a national innovation fund with a primary focus on seed and grant funds for early-stage startups as well as innovation projects that require risk funds to achieve a minimum viable product. Furthermore, it is also undertaking some activities to standardize and capacitate ecosystem builders like incubators, accelerators, innovation hubs, etc.

The government of Ethiopia is committed to the development of a sustainable, robust, and welcoming startup environment that will ensure a strong economy, which will also enable us to attract foreign and local investors, provide more job opportunities for local talent, and generate greater knowledge sharing.

The report provides a detailed overview of the Addis Ababa startup ecosystem and its status, including an analysis of the startup's ecosystem actors' details and the range of startup support services available to the Addis Ababa entrepreneurs, including hubs, incubators, accelerators, and initiatives from government, corporate, international partners, and the Academia.

The Addis Ababa Startup Ecosystem Report 2023 contains data and insights that we hope you will find valuable when it comes to launching, supporting, or investing in a tech business in Ethiopia. This report also gives interested parties a close look at the current state of the startup ecosystem in Ethiopia. It may facilitate the further development of a startup policy framework geared towards building a robust innovative ecosystem by the government of Ethiopia.



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GLOBAL AND AFRICAN STARTUP ECOSYSTEM TRENDS



1. Global and African startup ecosystem trends

The global startup ecosystem has undergone a significant transformation over the last few years, with advancements in technology, increased access to capital, and a growing culture of entrepreneurship. As a result, there has been a proliferation of startups across various industries and sectors worldwide. Various organizations, including the Startup Genome, have developed frameworks to better understand this trend and provide an approach for analysing startups and the ecosystem in which they exist.¹

The Genome Framework is a widely recognised tool for categorising a startup ecosystem based on its characteristics and maturity level. It consists of four stages: Activation, Globalization, Expansion, and Integration.² Frameworks that categorise startups have emerged, such as the Nesta framework, which categorises startups based on their business model and technology type. These frameworks have helped in providing a common language for the startup ecosystem and have enabled stakeholders to better understand the startup landscape.³

Over the last few decades, the startup ecosystem has undergone significant changes, including increased access to capital, the emergence of new technologies, and a shift towards a more globalised economy. The growth of startups is not limited to developed economies alone.⁴ One major trend in the global startup ecosystem is the rise of emerging markets, such as Kenya and Nigeria, as significant players in the ecosystem.

These countries have seen significant growth in the number of startups, with a growing number of venture capital funds and accelerators. The startups in these countries are leveraging technology to solve pressing social and economic problems, such as access to healthcare and financial services. In South Africa, for instance, the startup ecosystem has shown tremendous growth, with a 5.5% increase in the number of startups from 2019 to 2020 and a 12% increase in the total funding amount in the same period.⁵ Fintech and health tech startups have shown significant growth in the country, with the former accounting for 33% of all startup deals in 2020.⁶

1. Startup Genome. (2020). The global startup ecosystem report 2020. Retrieved from <https://startupgenome.com/report/gser2020>.

2. <https://www.startupgenome.com/framework>

3. Singh, R. (2019). Understanding and classifying startups: A review of the literature. *Journal of Innovation and Entrepreneurship*, 8(1), 1-19. doi:10.1186/s13731-019-0111-1

4. Bahta, Y. T., & Mukhtar, A. M. (2019). The rise of emerging markets in the global startup ecosystem: A systematic review. *Journal of Innovation and Entrepreneurship*, 8(1), 1-26. doi:10.1186/s13731-019-0106-y

5. Rosenberg, S. (2021). A look at the growth of South Africa's startup ecosystem. *The African Exponent*. Retrieved from <https://www.africanexponent.com/post/8744-a-look-at-the-growth-of-south-africas-startup-ecosystem>

6. Disrupt Africa. (2021, April 8). South African startup ecosystem shows remarkable growth in 2020. Retrieved from <https://www.disrupt-africa.com/2021/04/south-african-startup-ecosystem-shows-remarkable-growth-in-2020/>

In Kenya, the startup ecosystem is also rapidly expanding, with the country being home to several notable startups, such as M-PESA, which is the world's most successful mobile money platform. Other successful startups in the country include Twiga Foods, which is a mobile-based food distribution platform, and Sendy, which is a logistics and last-mile delivery platform.⁷

The startup ecosystem is rapidly evolving around the world, and different countries are experiencing different trends. In Kenya, the startup ecosystem is flourishing, with Nairobi often referred to as the Silicon Savannah. Nairobi is the only sub-Saharan African city in the top 100 global startup ecosystems.⁸ The country has seen significant growth in fintech, with companies like M-Pesa leading the way in mobile payments. Additionally, health tech, agri-tech, and e-commerce are also gaining traction. The government has been supportive of startups, with initiatives like the Youth Enterprise Development Fund providing funding and mentorship to young entrepreneurs.

Nigeria has also emerged as a key player in the African startup ecosystem, with the country's tech startups attracting over 500 million USD in funding in 2019 alone. Fintech, e-commerce, and logistics are some of the sectors that have shown remarkable growth in the country, with notable startups such as Flutterwave, Paystack, Jumia, and Kobo360.

So, what can we learn from these examples about Ethiopia's potential in the startup and innovation ecosystem? Ethiopia has a large and growing population, with a median age of just 19.7 years.⁹ The country has also made significant progress in expanding its infrastructure, particularly around telecommunications. The government has launched initiatives like the Ethiopian Investment Commission to attract foreign investment and improve the ease of doing business in the country.

However, there are also challenges to overcome, such as a lack of access to finance and limited internet connectivity. Another trend in the global startup ecosystem is the growing importance of outlier countries such as Israel. Israel has a highly developed startup ecosystem, with a large number of successful startups, a supportive government, and a strong culture of innovation. Israeli startups have made significant contributions in areas such as cybersecurity, artificial intelligence, and medical technology.¹⁰

From all this, Ethiopia can learn several things about the startup ecosystem, including from the successes of other countries in the region, such as Kenya and Nigeria. These countries have seen significant growth in the number of startups, with a growing number of venture capital funds and accelerators.

7. Startup Genome. (2020, September 15). The 2020 Global Startup Ecosystem Report is Live. Startup Genome. <https://www.startupgenome.com/blog/the-2020-global-startup-ecosystem-ranking-is-live>

8. Ola, Q. (2019, November 6). A look at Nigeria's burgeoning tech ecosystem. Quartz Africa. <https://qz.com/africa/1762762/a-look-at-nigerias-burgeoning-tech-ecosystem/>

9. UNICEF. (2022). Ethiopia statistics. Retrieved March 23, 2023, from <https://data.unicef.org/country/eth/>

10. N. Popper, "Why Israel Dominates in Cybersecurity," The New York Times, 17 Apr. 2018. [Online]. Available: <https://www.nytimes.com/2018/04/17/technology/why-israeli-tech-start-ups-work-so-well.html>

The startups in these countries are leveraging technology to solve pressing social and economic problems, such as access to healthcare and financial services. Also, the government could provide more support for startups, such as funding and mentorship programs, to help them grow and succeed. Initiatives like the Youth Enterprise Development Fund in Kenya can be replicated in Ethiopia to support young entrepreneurs. Thus, Ethiopia can learn from other countries' successes in the startup ecosystem, focus on developing key sectors, and provide more support for startups to succeed.

BACKGROUND



2. Background

As the African continent aims to accelerate its economic development, innovation and technology play a crucial role. Startups are viewed as a potential means for Africa to bypass the traditional development path and reduce the time needed to catch up economically.¹¹ The African startup ecosystem has experienced significant growth in recent years, with an increase in funding, the number of startups, and the number of investors involved in the ecosystem.¹² However, despite this expansion, the African startup ecosystem still represents only 0.2% of the global startup value. Much more work is needed to enable the continent to catch up with the global startup scene.

The Ethiopian startup ecosystem is a part of the wider African startup ecosystem, but it falls behind in terms of funding, number of startups, and involvement of both local and international investors compared to the regional leaders (Kenya, South Africa, Egypt, and Nigeria).¹³ The Ministry of Innovation and Technology (MInT) was founded to ensure the development and competitiveness of technologies and innovations in Ethiopia. Also aiming to improve the startup environment and entrepreneurship. They are also facilitating the establishment of startup funds to support these initiatives.

Addis Ababa, the capital of Ethiopia, has emerged as a significant hub for the country's startup scene and ecosystem players. Analysing the startup ecosystem in Addis Ababa can provide valuable insights into the national level of startups and ecosystem players. However, despite its potential, the Ethiopian startup ecosystem lags behind other players in the region, according to surveys conducted by JICA and UNDP. This can be attributed to a range of factors, including limited access to funding, regulatory challenges, and other barriers.

The Ministry of Innovation and Technology (MInT) and the Japan International Cooperation Agency (JICA) have joined forces to conduct a mapping exercise and survey of the startup ecosystem in Addis Ababa. Developed a comprehensive report using primary and secondary sources that provides a thorough assessment of the ecosystem in Addis Ababa, covering various industries and stakeholders. This report marks the first time that a study has been conducted solely on the startup ecosystem in Addis Ababa. The main goal of the research was to evaluate the state of the startup ecosystem in Addis Ababa.

11. McKinsey & Company. (2020). Unlocking Africa's Digital Potential.

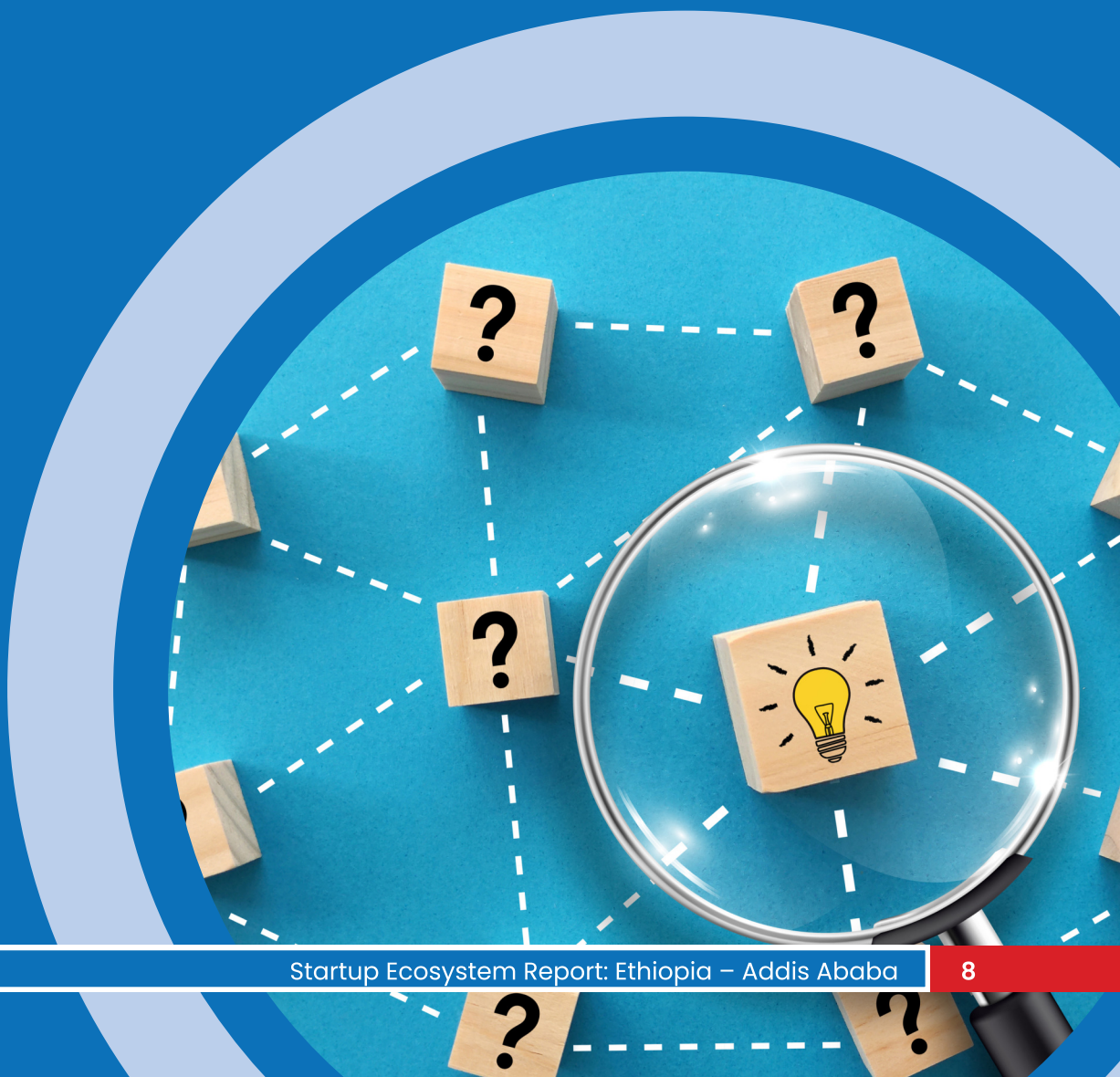
12. Tony Blair Institute for Global Change. (2021). Supercharging Africa's Startups: The Continent's Path to Tech Excellence

13. Disrupt Africa, (2021). The African-Tech Startup Report.

The specific research objectives were:

- To analyse the activities of different players in the startup ecosystem in Addis Ababa, including startups, government offices, business support organizations, investors, and financial ecosystem players.
- To evaluate the investment potential of the Ethiopian startup ecosystem.
- To assess the current and future job creation potential of startups operating in Addis Ababa.
- To assess the financing and investment requirements of startups in Addis Ababa.
- To identify the challenges facing the startup ecosystem players in the Addis Ababa ecosystem.
- To indicate the Addis Ababa startup ecosystem's life cycle phase and label the startups.

KEY FINDINGS



3. Key Findings

The study on startups in Addis Ababa sheds light on several important aspects of the city's startup ecosystem. The first key takeaway is that most startups in Addis Ababa are in their early stages of business, with only 23% being post-early stage, suggesting that the startup ecosystem in Addis Ababa is still developing. Transportation and logistics sectors have the highest number of post-early-stage startups, with the highest employment levels, annual revenues, and investment rounds compared to other sectors. However, most startups have fewer than ten employees, with early-stage startups typically having fewer than five employees.

The second key takeaway from this research is the willingness of most early-stage startups to receive investment from foreign investors. Early-stage startups are looking for investment either for working capital or expansion purposes, suggesting that foreign investors can invest in different Ethiopian startups to enable them to grow and help investors get profit and growth from their investment. In addition to foreign investors, Ethiopian startups are also considering different merger and acquisition opportunities with both foreign and local firms. Of course, this means firms can acquire more market expertise and resources through mergers and acquisitions.

The third key takeaway is that accessing capital is extremely difficult for startups in Addis Ababa, with an average rating of 1.3. Almost half of the startups (48%) found it very difficult to obtain capital, and only 16% rated it as average, indicating that most startups in Addis Ababa struggle to secure funding. Ethiopian startups typically obtain capital through informal channels such as bootstrapping, family, and grants. However, most startups are willing to raise capital from abroad or consider merger and acquisition opportunities. Startups planning to raise capital from abroad prefer to raise funds in USD due to the currency's stability in the face of the continuous devaluation of the ETB. This is mainly due obstacles like high collateral requirements and a lack of access to financing options.

The fourth key takeaway is that startups in Addis Ababa consider the business environment to be average, with an overall rating of 3.1. However, agri-tech and health-tech startups rated the environment more favourably, with 25% rating it as very good. There is still room for improvement in the business environment as nearly 30% of startups rated it as average and 20% rated it as bad. Most startups have not undergone any valuation process, indicating a lack of understanding of their potential value and growth.

However, 20% of startups have reported a valuation of over 250,000 USD. Startups in Addis Ababa are interested in equity funding from investors, with some preferring a combination of equity and debt funding.

The Addis Ababa and Ethiopian startup ecosystems are in the activation stage, which is characterized by a lack of experience and resources and requires the establishment of a supportive infrastructure and early-stage funding. However, the ecosystem currently lacks key indicators of potential for global recognition, such as multiple 100 million+ USD exits.

Investors in Addis Ababa-based startups tend to focus on seed-level companies, with some variation depending on the investment company. As startups progress, investment size increases, but Addis Ababa-based startups receive lower investment compared to their regional peers. To attract more investment, local investors need to perceive the startup economy as less risky and more attractive, while foreign investors require a reduction in regulations and better-quality local startups. And, educational institutions are making efforts to support the startup ecosystem by providing a conducive environment for entrepreneurs to grow their businesses, but they are facing challenges such as limited funds. However, the efforts made by these institutions are significant strides towards creating a more supportive environment for startups.

Ethiopian government has recognized the importance of startups in driving economic growth and job creation in the country and has established several bureaus and initiatives aimed at providing resources and support to young entrepreneurs. The Ministry of Innovation and Technology, the Ministry of Water and Energy, the Ethiopian Innovation Center, and the Ministry of Labour and Skills are some of the government institutions that are supporting the development of startups in Addis Ababa and Ethiopia. These institutions provide training, mentoring, networking opportunities, access to finance, and other resources to startups and Small and medium-sized enterprises (SMEs) to promote innovation and entrepreneurial activity in the country.

The startup ecosystem in Addis Ababa is receiving support from local private sector companies, such as Ethio Telecom and Safaricom. These companies are providing financial aid, training, mentoring, and networking opportunities to technology-based startups. The entry of Safaricom into the Ethiopian market is also expected to create more competition in the telecommunications sector, which can create an environment that enables the emergence of more online businesses and the digital transformation of various services. Furthermore, advertising and marketing firms, legal firms, and advisory firms are all actively developing their capabilities to better support the digital and technology industries and cater to the unique needs of startups.

The regulatory and governance environment towards the startup ecosystem in Ethiopia is undergoing significant reforms, which have the potential to enable significant growth and reach for startups in the country. The passage discusses the various reforms, including the Startup Act, digital strategy, and the new Science, Technology and Innovation (STI) policy, which aim to eliminate some of the hurdles that startups encounter and foster innovation in the country. These actions have the potential to make it easier for startups to launch and grow in Ethiopia, attract more investment to the country's startup ecosystem, and upscale talent and skills in Ethiopia if fully implemented with the right support system and ecosystem synergy.

Thus, the startup ecosystem in Addis Ababa is still in the early stages of development, with most startups having limited annual revenues and employees. Despite this, there is significant involvement from ecosystem builders such as hubs, accelerators, and incubators, which is steadily growing. Access to capital is a challenge for startups in Addis Ababa, with most relying on informal channels such as bootstrapping, family, and grants. The business environment is considered average, and there is room for improvement. The government's efforts to promote innovation and entrepreneurship in the country are supported by MinT, which provides resources and support to young entrepreneurs. However, there is a shortage of local venture capitalists in the ecosystem due to regulatory hurdles, forex crunch, and business environment challenges. Educational institutions are also playing a role in supporting the ecosystem, but they require more funds and support. Finally, the job-tech, transportation, and logistics & last mile delivery sectors created the most job opportunities in Ethiopia.

Several key recommendations have been made to improve the startup ecosystem in Addis Ababa. First, it is important to work with global startup frameworks such as Startup Genome to benchmark the ecosystem and identify areas for improvement more effectively. Also, a public grant funding allocation framework and blended financing mechanisms should be developed to support startups. Establishing a robust labelling system for startups will also have to be considered to enable targeted policies and support. Fourthly, financial institutions should be encouraged to offer alternative forms of collateral that are more inclusive and accessible to startups. Fifth, a set of success indicators should be developed to track progress and make data-driven decisions. Sixth, connectedness and collaboration among ecosystem actors should be fostered through events, workshops, and networking opportunities. Finally, further research should be conducted to contextualise international startup frameworks for Ethiopia's unique challenges.



METHODOLOGY

4. Methodology

4.1 Our approach

The Global Startup Ecosystem Index by StartupBlink ranks Ethiopia in the top 100. The vibrant seed ecosystem of Ethiopia has jumped 5 spots to secure its position in the global top 100 for the first time in the ranking and, after completing in the top 100, is ranked 100th globally.¹⁴ To understand the underlying reasons for this, JICA and MInT collaborated to begin the research process to examine the startup ecosystem in Addis Ababa. Thus, to analyse the Addis Ababa startup ecosystem, the report conducted a thorough review of various literature regarding the process. To that end, we combined four different conceptual frameworks to help us define, comprehend, and synthesise Addis Ababa's startup ecosystem.

Using the databases of JICA, MInT, and Shega, we identified startups and other players in the Addis Ababa ecosystem. We defined startups using the definition provided in the draft Startup act, which defines them as innovative products with high growth potential and a scalable business model.¹⁵ We defined ecosystem players using Ziakis et al.'s (2022) framework, which defines it as a convergence of factors influencing the overall environment for startups.¹⁶

To gain a deeper understanding of Addis Ababa's startup ecosystem and identify areas requiring primary research, the study used a mixed-methods approach that included a comprehensive review of existing literature, policy papers, and statistics. The research objectives were then used to create a questionnaire for startups and other ecosystem players, which was collected via an online platform and in-person surveys.

In addition to the questionnaire, we conducted key informant interviews with a select group of startup ecosystem stakeholders to gather valuable information for the report. Purposive sampling was used to determine the sample size for the survey, while key informant interviews were conducted using the information power approach, in which the sample size was determined based on the information required and the interviews were structured accordingly.

14. Capital Ethiopia. (2021, June 28). Ethiopia's startup ecosystem ranks top 100. Retrieved from <https://www.capitalethiopia.com/2021/06/28/ethiopias-startup-ecosystem-ranks-top-100/>.

15. Start-Up Proclamation (Draft), No __/2020,

16. Ziakis et, al. (2022), Start-Up Ecosystem (StUpEco): A Conceptual Framework and Empirical Research

4.2 Conceptual Framework: Startup Ecosystem

We combined four different frameworks to understand and label startups, analyse the startups based on their success factors, identify the players in the startup ecosystem, and determine the stage of the Addis-Ababa startup ecosystem to analyse startups and the overall ecosystem of startups in that city. The MIT Sandbox Innovation Fund defines a startup as "an innovative venture with a product or service that has the potential for rapid growth and/or has a significant impact on the world."¹⁷ And various other organisations define it in a multitude of ways. However, the upcoming startups proclamation defines it as "a company whose product, process, or service is innovative or disrupts existing production, service, or market structure; has growth potential; is scalable as a business; has more than three-fourths (3/4) of its capital held by natural persons, venture capital investment companies, collective investment funds, seed money, or any other investment body according to the legislation in force; and has staff in its management and administration."¹⁸

Startup Labelling Framework

Following the definition of startups based on the Ethiopian Government's draft startup act, we proceeded to analyse and label startups based on their business stages. Finally, we identified three stages in the business cycle for startups: early, post-early, and late stages. Startups in the early stages are defined as startups that are very delicate, have limited resources, and are looking to establish channels to sell their products to the market. In terms of funding stages, they are usually found at the inception, pre-seed, and seed levels.

Post-early-stage Startups are found in either the expansion, growth, or scale-up of their products. The products in the post-early stage have started getting strong market demand to sustain and scale up their business operations. They are also found in Series A, the first stage of venture capital funding, or at a higher level of funding by investors for their operations.

A late-stage startup is a startup that has moved past the post-early stage. At this stage, startups are typically looking for Merger and Acquisition opportunities or an Initial Public Offering (IPO) in the capital markets for the startup owners to exit their startups.

17. MIT Sandbox Innovation Fund. "What is a startup?". Retrieved from <https://sandbox.mit.edu/what-is-a-startup/>

18. FDRE, (2020). Draft proclamation to provide for Startup Businesses,

Startup Ecosystem Framework

As previously stated, ecosystem players have an impact on the success and longevity of startups in any economy. The five ecosystem players that are important to Startups are education and research, finance and funding, business support, government, and human capital. With this framework in mind, we defined who constitutes ecosystem players, as can be seen in Figure 1.

Figure 1 Startup Ecosystem Framework (Ziakis et, al 2022)



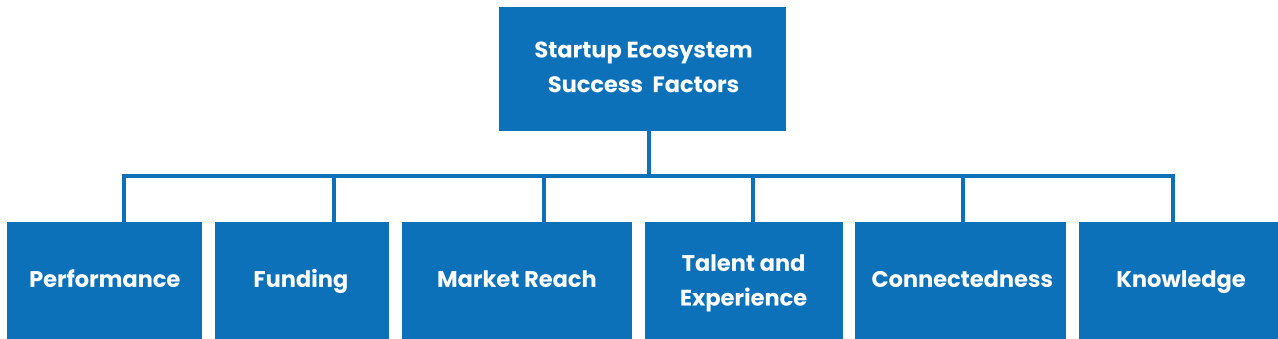
Source: Ziakis et, al 2022

Startup Ecosystem Success Factor Model

Startup Genome introduces us to six different factors that help us label what makes a startup ecosystem successful or not in the market. The success factors include performance, Funding, Market Reach, Talent and Experience, Connectedness, and Knowledge.¹⁹ Of course, these factors exclude connectedness and knowledge when applied to emerging markets.

19. Startup Genome. (2022) Global Startup Ecosystem Report (2022)

Figure 2 Startup Ecosystem Success Factors (Startup Genome)



Source: Startup Genome, Global Startup Ecosystem Report (2022)

Startup Ecosystem Lifecycle

Startup Genome developed an ecosystem lifecycle model to explain where the startup ecosystem is currently at, prioritise the gaps, and define focused action plans that maximise impact rather than disperse their limited resources. The lifecycle develops through four phases, with different stages of characteristics, challenges, and objectives. The stages are activation, globalisation, attraction, and integration, as can be seen in table 1 and figure 3.²⁰

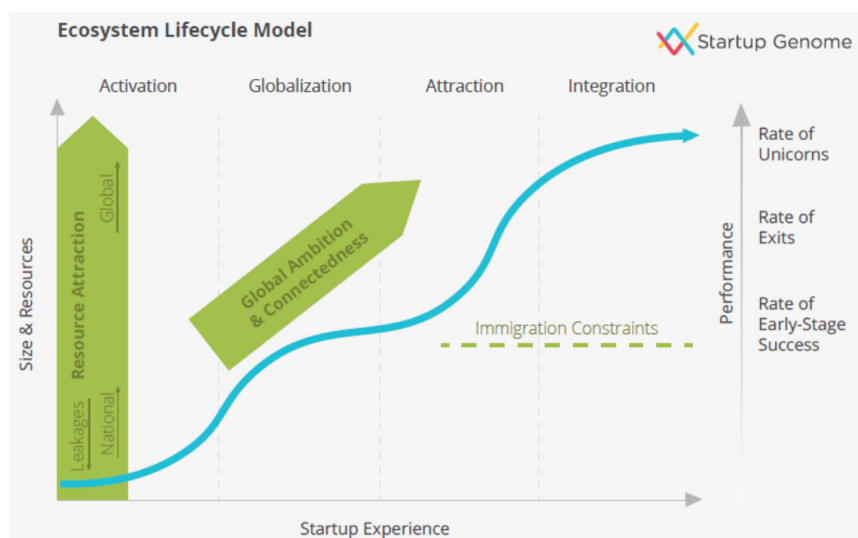
Table 1 Startup Ecosystem Lifecycle Model

Ecosystem Lifecycles Model				
	Activation	Globalization	Attraction	Integration
Number of Startups	Around 1000 or fewer	800-1200 startups	More than 2,000 startups	More than 3,000 startups
Characteristics	Limited Startup experience and low Startup output	Production of regionally impressive 'Triggers', which means Startups that are valued at above 100 million USD.	This phase is usually characterized by globally impressive "Triggers", meaning unicorns and exits above 1 billion USD.	Global Resource Attraction produces high and self-sustainable degree of global connectedness.

Source: Startup Genome, Global Startup Ecosystem Report (2022)

20. Startup Genome, (2017). Global Startup Ecosystem Report

Figure 3 The Ecosystem Lifecycle Model



Source: <https://startupgenome.com/article/ecosystem-lifecycle-analysis>

4.3 Sampling Strategy

The report aimed to conduct a comprehensive survey of the startup ecosystem in Addis Ababa by gathering information from various stakeholders and innovative startups. The goal of the survey was to gain an understanding of the main market constraints, drivers, potential trends, and key stakeholders in the ecosystem. To achieve this goal, the report used a variety of methods, including online forms, face-to-face interviews, and desk research. The survey was distributed to almost 800 institutions and firms in the Addis Ababa startup ecosystem. From those, survey data was collected from 300 startups and 80 stakeholders. Furthermore, the report included 15 face-to-face interviews with stakeholders to gain more in-depth insights.

The survey data was cleaned and analysed to extract insights and map the Addis Ababa startup ecosystem. The report used multiple channels to distribute the survey, including online forms, social media, email, and phone calls, to increase the response rate. The report employed stratified sampling to ensure that specific segments of startups and stakeholder groups were represented in the sample. Subgroups were chosen from the sample to ensure that all relevant sectors and stakeholder groups were included, making the sample representative of the population and providing a more accurate picture of the Addis Ababa startup ecosystem.

4.4 Scope and Limitations

The report conducted a comprehensive mapping exercise of Addis Ababa's startup ecosystem and identified the ecosystem's key players. The report includes a map of almost 300 different startups operating in various sectors, including technology, health, agriculture, and education. In addition, the report identified 80 different business support ecosystem players, including incubators, accelerators, and co-working spaces. The report also identified 10 development partners who are actively supporting startups in the city. Additionally, the report discovered around 15 local and international investors who are investing in the startup ecosystem in Addis Ababa. The mapping exercise also revealed that six different education players in the ecosystem are offering various programmes to support the growth of startups, as well as identifying around 5+ different financial service providers who are engaged in the ecosystem and provide financial support to startups. The list of stakeholders and startups can be found in chapters 7 and 14, respectively.

The lack of information and data sources on the Addis Ababa and Ethiopian startup ecosystems is a significant limitation and challenge to the report. Ethiopia is still a developing country, and the startup ecosystem there is relatively young and evolving, with limited documentation and data available. Additionally, there is no prior standard definition or labelling for startups in Ethiopia. Startups in Ethiopia may be classified based on different criteria, such as revenue, employment, and age, making it challenging to compare startups across different sectors and regions. The fact that most of the data we got from startups and other sources couldn't be corroborated with other sources and that the report had to rely on the self-reporting of startups and other stakeholders was another limitation.

The implications of the findings are significant for policymakers, entrepreneurs, investors, and other ecosystem players. The report provides a comprehensive understanding of the various actors in the ecosystem and can help policymakers identify gaps and opportunities for further development. Entrepreneurs can use the findings to identify potential partners and investors who can help them grow their businesses. Investors can use the findings to identify promising startups and develop investment strategies.

ATTRACTION OF THE ETHIOPIAN STARTUP ECOSYSTEM

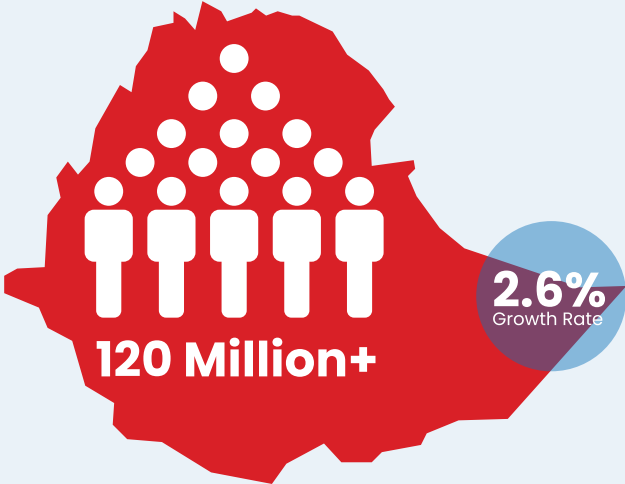


5.1 Why Ethiopia?

There are various reasons why Investors should choose the Ethiopian and Addis Ababa startup ecosystem as their investment destination. The reasons to choose Ethiopia and Addis Ababa include the following.

1 Huge Population and Market Size

Ethiopia currently has the second largest population in Africa after Nigeria, with a population of 120 million expected by 2021.²¹ While the global average population growth rate is 0.9%, Ethiopia's average population growth rate is expected to be around 2.6% in 2021, implying an increase in market size for commercial products. The Ethiopian population's median age is 18 years old, indicating that young people constitute the majority of the population. Ethiopia also had a higher urbanization rate (4.4%) than Sub-Saharan Africa (3.6%) and world (1.1%),²² increasing the market size for startup products. All these statistics indicate that Ethiopia has the potential to be one of the most important markets for startup products in Sub-Saharan Africa.



2 Government Focus

The Ethiopian government has prioritized the startup ecosystem to promote high economic growth, leapfrog development pathways, and reduce unemployment in Urban areas and Youth Age Segment of Ethiopia, which was predicted to be around 23.2% in 2021.²³ The Ethiopian government has drafted the startup act to aid in the development of the startup ecosystem, which discusses the establishment of a national startup council and an innovation fund, the latter of which aims to finance startups, thereby reducing the startup financing gap.

<p>Startup act and innovation fund proclamation</p>	<p>Promoting Innovation driven jobs and wealth creation</p>
<p>National Innovation/Startup/ Fund</p>	<p>STI policy and National STI Council (NSTIC)</p>

In addition to the Startup Act, the Ethiopian government has increased its focus on the Ethiopian economy's digital transformation through the Digital Ethiopia 2025 strategy. Because most startup products use digital tools as a delivery channel for their services to customers, increased Ethiopian economic transformation would enable many things.²⁴ The Ethiopian government has also passed a Science, Technology and Innovation (STI) policy, which aims at accelerating the Ethiopian economy growth through science and innovation. The policy aims at developing Innovation and enterprises competitiveness, increased access to finance, investment and incentives for startups, knowledge management, and incubating research and development in the Ethiopian Economy. The policy aims at making Ethiopia a leader in STI in fifteen years.

21. World Bank (2021)
 22. World Population Meter (2021)
 23. Digital Ethiopia 2025: A Digital Strategy for Inclusive Ethiopia
 24. STI Policy

3 Improving Business Environment

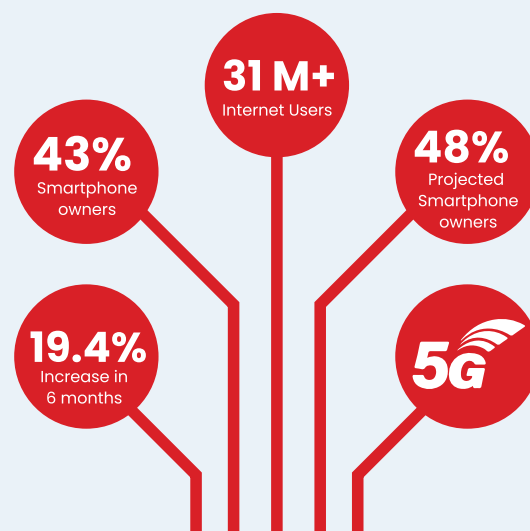
In addition, the Ethiopian government has taken several steps to improve the business environment. The key steps taken include digitizing government services (e-government) by establishing a web portal, opening the telecommunications sector to the private sector with Safaricom Ethiopia becoming the first private sector player to obtain a telecommunications license, and taking the necessary steps to liberalize the financial sector for foreign banks. In addition, the Ethiopian government has ratified a law that liberalizes the Ethiopian Payment System for Foreign Investors.



Proclamation No. 1282/2022, the new law, allows foreign technology and fin-tech companies to invest and participate in DFS after obtaining a license from the National Bank of Ethiopia. M-Pesa, a Kenyan mobile-money platform, is eyeing entry into the Ethiopian market and hoping to obtain licence for the entry of mobile money platform.²⁵ This will make the Ethiopian mobile money landscape more competitive.

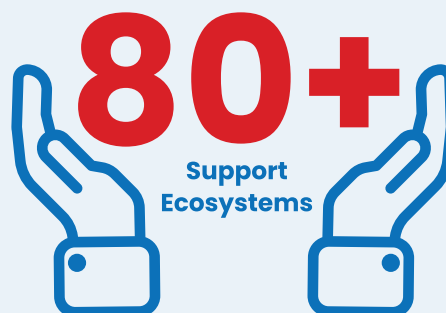
4 Increased Internet Users

The number of data and internet subscribers has increased and surged, with the total number of data and internet users reaching 31.3 million by December 2022.²⁶ This accounted for a 5.2 million or 19.4% increase in internet users over a six-month period. In 2021, 43% of Ethiopians owned a smartphone, a figure that is expected to rise to 48% by 2025.²⁷ Ethiopia's leading Telecom provider Ethio Telecom is also bringing 5G to Ethiopia, with pre-commercial scale trials taking place in Addis Ababa and Adama. Ethio Telecom developed LEAD, a three-year growth strategy that aims to use the internet to enable inclusive economic growth.²⁸



5 Growing Support Ecosystem

According to our research, Addis Abeba and the surrounding area are home to about 80 distinct participants in the support ecosystem. Several types of players (hubs, accelerators, incubators) involved in developing and growing Ethiopian start-ups make up the support ecosystem. Several co-working spaces for employees, different business development coaching programs, and prospective business connections and investment opportunities are just a few of the services offered by various actors in the support ecosystem.



25. National Bank of Ethiopia, Proclamation No 1282/2022

26. <https://shega.co/post/ethio-telecom-reports-exceptional-surge-in-internet-users/>

27. GSMA (2022), The Mobile Economy of Sub-Saharan Africa

28. <https://www.ethiotelecom.et/2015-efy-2022-23-first-half-year-business-performance-summary-report/>

6 Changing Customer Perceptions

Ethiopian consumer perceptions of the use of digital products are changing, with increased use of digital products observed in day-to-day activities. Several case studies have been published to demonstrate this consumer shift. Hulugram, an Ethiopian Super-App based on Telegram, reached 800,000 subscribers two years after its launch in October 2022.²⁹ Tele-Birr, an Ethio Telecom mobile wallet service, had 27.2 million subscribers in December 2022, with a total transaction amount of 166.1 billion ETB (3.9 Billion USD).



7 Hard Infrastructure

There has been a massive investment in hard infrastructure over the past decade in the Ethiopian Economy. This has resulted in an increased coverage in roads, electricity, and telecommunication infrastructure for Ethiopians. This makes and creates previously inaccessible markets as viable ones.



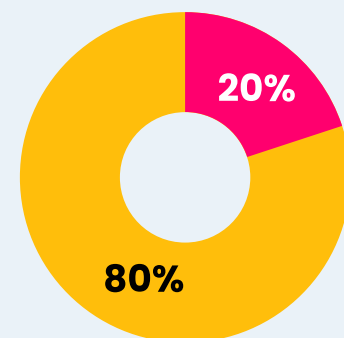
8 Increasing Access to Capital

One of the primary factors driving the growth of startups in Addis Ababa is the increasing availability of capital. In recent years, there has been a surge in investment in the city's startup ecosystem, with venture capitalists and angel investors pouring in funds to support the growth of new businesses. This has enabled entrepreneurs to secure the necessary funding to develop their ideas and turn them into viable businesses. Additionally, the government has also introduced several initiatives to promote entrepreneurship, including tax breaks, subsidies, and loan guarantees, further boosting the availability of capital for startups. This is seen with the plan to establish a national startup fund that will enable the government to increase the access to finance for different startups operating in Ethiopia.



9 Talent

One of the important factors contributing to the growth of startups in Addis Ababa is the increasing availability of talent. The city is home to several prestigious universities and research institutions, which are producing a skilled and talented workforce. From 75-80% of the graduates over the past few years have been STEM graduates learning in Science, Technology and Engineering sector.



■ STEM Graduates ■ Others

29. Interview Reports

5.2 Why Addis Ababa?

Addis Ababa, the capital city of Ethiopia, has been increasingly gaining recognition as a thriving startup ecosystem. There are several reasons why Addis Ababa is suitable for startups, ranging from its large and growing market to the availability of funding and a strong talent pool. In this essay, we will explore these features in more detail and highlight why Addis Ababa is an ideal location for startups.

Firstly, Addis Ababa's large and growing market makes it a prime location for startups. Addis Ababa is an ideal place to locate transportation, foodtech, and energy and environment startups.³⁰ The city is home to over 5 million people, and this number is projected to grow to over 8 million by 2040.³¹ This presents an immense opportunity for startups to tap into a sizeable and rapidly growing market. The population growth is accompanied by an increase in the middle class, which means there is a growing demand for innovative products and services. Startups can leverage this opportunity by developing innovative solutions that meet the needs of the local market.

The Ethiopian Government unveiled the ICT Park in 2015. The ICT Park was built to provide impetus for the development of the country's ICT sector by providing a world-class business environment for technology-related companies and is situated on 200 hectares. The ICT Park currently hosts around 20 different IT companies, including Safaricom, Wingu, Techno Mobile, and Red Fox.³²

Figure 4 The ICT Park



30. StartupBlink, "Addis Ababa Startup Ecosystem" (2022), <https://www.startupblink.com/startup-ecosystem/addis-ababa-et>.

31. Central Statistical Agency, (2013), Population Projections for Ethiopia 2007-2037. <http://www.statsethiopia.gov.et/wp-content/uploads/2019/05/ICPS-Population-Projection-2007-2037-produced-in-2012.pdf>

32. The Reporter Ethiopia. (2021, August 8). Ethiopia's economy grows by 8.5 percent in 2020/21. Retrieved from <https://www.thereporterethiopia.com/27834/>.

Access to funding is a critical aspect for startups to succeed, and Addis Ababa has a relatively developed financial sector compared to other parts of the country. The city is home to several banks, venture capital firms, and angel investors, providing startups with opportunities to secure funding. The Ethiopian government has also launched initiatives to attract foreign investment, such as the Ethiopian Investment Commission. Additionally, organizations like the Technology and Innovation Institute offer support to entrepreneurs, enabling them to access funding opportunities and mentoring. Addis Ababa is known for its relatively strong talent pool. The city is home to several universities and technical colleges, producing a skilled workforce in fields like engineering, computer science, and business. This talent pool provides a resource for startups seeking to hire skilled workers. Additionally, universities like Addis Ababa University are collaborating with startups to provide research and development services. This collaboration enables startups to access advanced technology, expertise, and facilities to support their operations.

The Ethiopian government has shown support for the startup ecosystem, making it a conducive environment for entrepreneurs. The government's initiatives have helped to facilitate the establishment and growth of startups in the country. The Innovation and Technology Institute is one of the initiatives launched by the government to promote entrepreneurship, innovation, and technology transfer.³³ The institute provides training, mentoring, and funding to startups, enabling them to access resources and support to grow their businesses. Also, Addis Ababa has made significant progress in expanding its infrastructure, particularly around telecommunications. This has led to a growth in internet penetration rates and mobile phone usage, creating opportunities for startups in sectors like fintech and e-commerce. The city has also implemented several programs to support the development of technology hubs and co-working spaces, providing startups with access to essential infrastructure and resources.

Thus, Addis Ababa's suitability as a startup ecosystem is due to a combination of factors, including a large and growing market, access to funding, a strong talent pool, government support, and infrastructure development. Startups can leverage these opportunities to develop innovative solutions that meet the needs of the local market and drive economic growth. With the government's continued support and the city's growing startup ecosystem, Addis Ababa is set to become a significant player in the African startup scene.

33. The Reporter Ethiopia. (2019, September 22). Ethiopia to Launch Innovation and Technology Institute. Retrieved from <https://www.thereporterethiopia.com/article/ethiopia-launch-innovation-and-technology-institute>

STARTUPS IN ADDIS ABABA



6. Startups in Addis Ababa

6.1. Overview of Startups in Ethiopia

The startup scene in Ethiopia has the potential for rapid expansion, which can be driven by several factors, such as a young and tech-savvy population, a growing middle class, and the government's efforts to promote entrepreneurship and innovation. The ecosystem reached the global top 100 for the first time in the ranking recently,³⁴ and owing to its young population, with approximately 70% of the population under the age of 30,³⁵ which is increasingly tech-savvy and entrepreneurial, success could be around the corner.

Additionally, Ethiopia's middle class is growing, presenting a growing market for startups that can cater to their needs. This growing market also provides opportunities for startups to scale their businesses and attract investment. The Ethiopian government has been actively promoting entrepreneurship and innovation, launching initiatives like the Ethiopian Investment Commission and the Ministry of Innovation and Technology to support startups. The government has also established various tax incentives and business-friendly policies to encourage entrepreneurship and attract foreign investment.

Despite these positive developments, Ethiopian startups still face some challenges, such as limited access to funding and resources. However, startups in Ethiopia are finding creative ways to overcome these obstacles and grow their businesses. For example, many startups are leveraging alternative financing models like crowdfunding and bootstrapping to fund their operations. The startup ecosystem in Ethiopia is largely focused on technology and innovation, with a particular emphasis on using technology to solve local challenges and improve people's lives. For example, there is a growing number of startups in sectors like fintech, e-commerce, and health tech that are using technology to address local challenges and provide solutions that can improve the lives of Ethiopians.

However, while the startup ecosystem in Ethiopia is growing, it still lags behind other countries in the region, such as Egypt and Nigeria, which have produced unicorn startups. This suggests that there is still work to be done to strengthen the startup ecosystem in Ethiopia, such as improving access to funding, creating a more supportive regulatory environment, and fostering greater collaboration between startups, investors, and other stakeholders.

34. Startup Blink. (2021). Ethiopia startup ecosystem ranking 2021. Retrieved from <https://www.startupblink.com/startup-ecosystem/ethiopia>

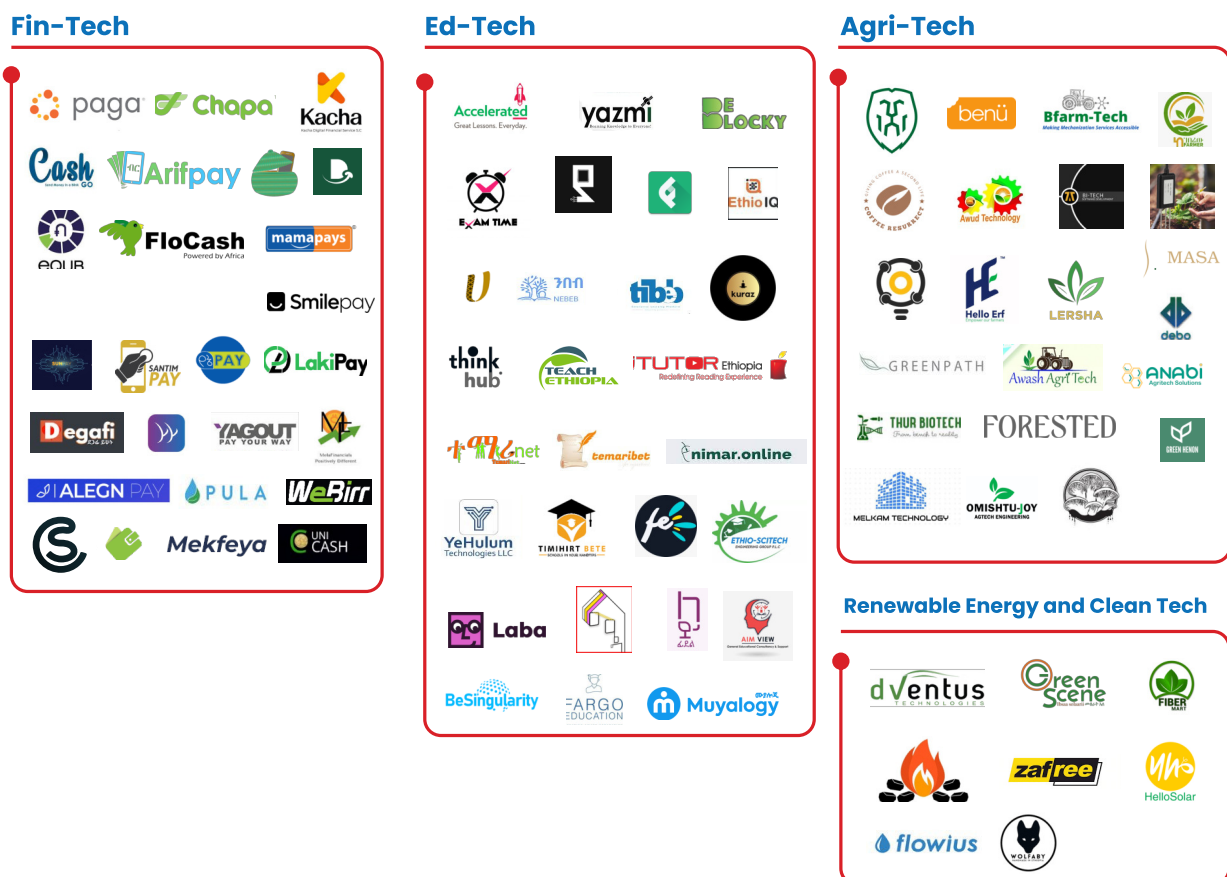
35. United Nations Department of Economic and Social Affairs, Population Division (2021), "World Population Prospects 2019: Highlights," p.13, ST/ESA/SER.A/423.

6.2. Overview of Startups in Addis Ababa

Most startups and their business activities are centred in Addis Ababa. To that end, we have mapped various startups headquartered in Addis Ababa and operating in the Addis Ababa and Ethiopian economies. By identifying these startups and their activities, stakeholders and investors can better understand the potential for innovation and disruption in the Addis Ababa economy and work towards supporting and growing the startup ecosystem in the city. To review the list of the 300 startups that participated in this study, and the startups in the table below, please see "**Chapter 14, List of Startups in Addis Ababa.**"

If you want to see agri-tech, see page 50; if you want to see fin-tech, see page 54; if you want to see Ed-tech, see page 60; if you want to see e-commerce, see page 63; if you want to see delivery, see page 66; if you want to see transportation, see page 70; if you want to see job-tech, see page 72.

Figure 5 A Map of Startups in Addis Ababa



Health-Tech

Delivery and Logistics

Super App

E-Commerce and Market Place

Job-Tech

Transportation Services

Media and Entertainment

Others

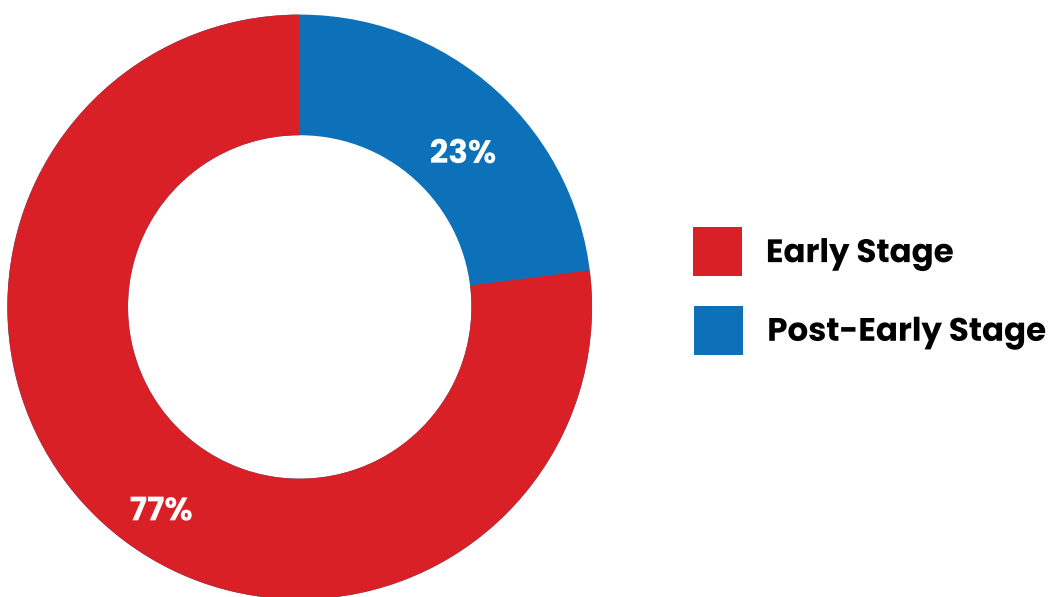
Source: Shega Research

We have analysed the inputs from the survey and developed metrics based on our research objectives to showcase the characteristics of startups in Addis Ababa. The survey results provide valuable insights into various aspects of these startups.

6.2.1 Business stages

To analyse the business stages of startups in Addis Ababa, we utilised a startup labelling framework to classify these businesses as either early or post-early stage. Our metrics for classification were based on factors such as the year of establishment, funding stages, number of employees, and state of business operations. Our analysis revealed that 77% of the surveyed startups were in the early stages of their business, while the remaining 23% were classified as post-early stage, as can be seen in Figure 6.

Figure 6 Business Stages of Addis Ababa Startups



Source: Shega Research



Analysis by Gender

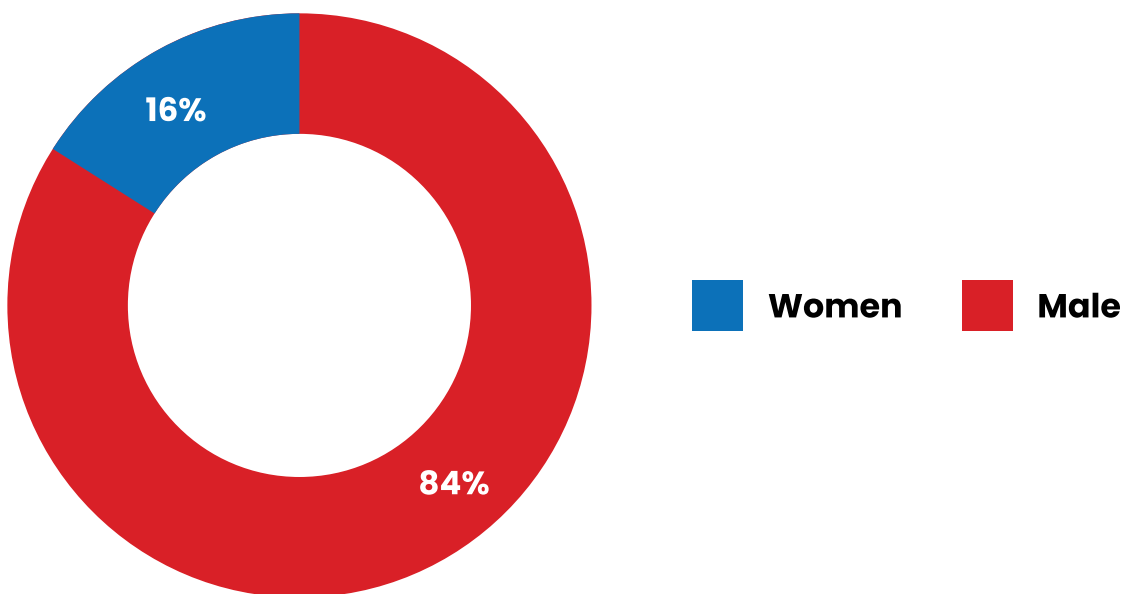
Early-Stage Startups

Most of the startups classified as "early-stage startups" on our criteria are those with funding levels ranging from inception to pre-seed to seed. As stated in the methodology section, early-stage businesses are those that are currently focusing on product development, client acquisition, and developing a sustainable revenue generation plan. In terms of gender, of the overall male-led startups surveyed for this research, around 75% were in their early stages. In terms of female-led startups, 83% of those polled were in their early stages.

Post Early-Stage Startups

Most firms that meet the criteria and are classified as post-early-stage have funding levels in the Series A or B stage. Startups at this stage are companies that have begun to gain strong market demand, are growing their capital, and are leveraging the sector's potential. The startup could be in the process of growing, expanding, scaling up, or maturing. As illustrated in Figure 7, males owned approximately 84% of the startups surveyed that were in their post-early stage of business growth.

Figure 7 Post-Early-Stage Startups Ownership Gender Ratio

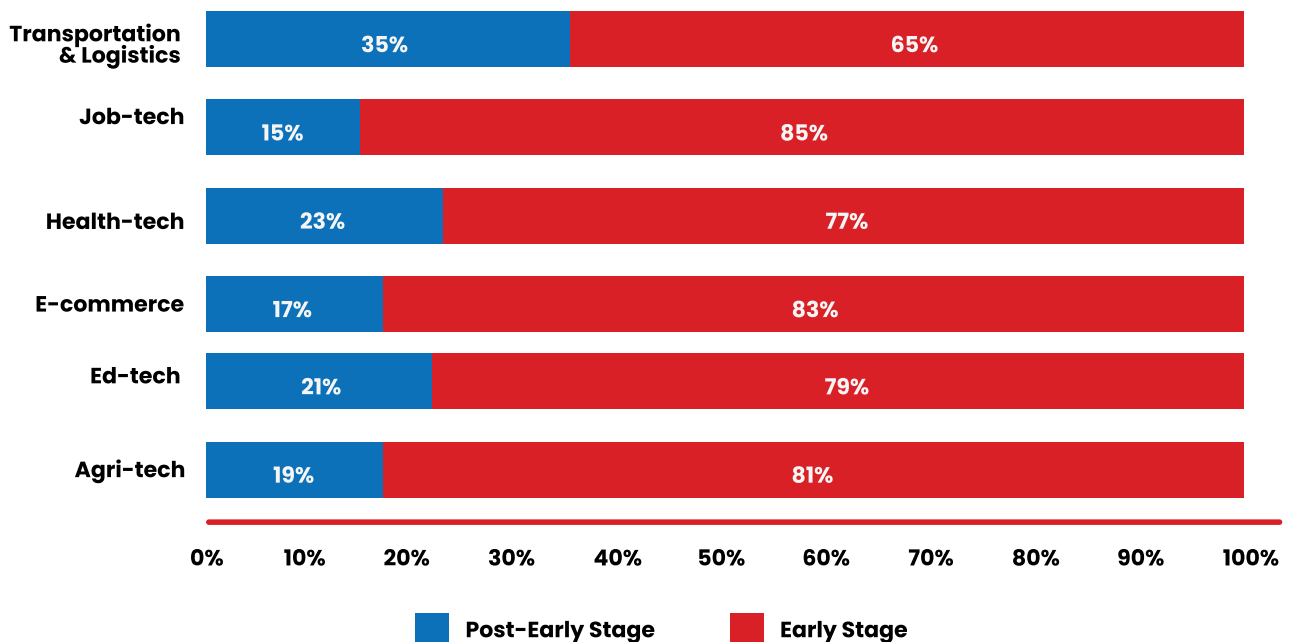


Source: Shega Research

Analysis by Sector

From the surveyed startups, 35% of the ones in transportation and logistics were in the post-early growth stage, the highest of all the sectors surveyed. Ed-tech was the second-largest proportion (21%), while Health-tech (23%) was the third sector. Agri-tech has the lowest startup share, as roughly 19% of the startups surveyed working in the agri-tech sector achieved post-growth stage, as can be seen in Figure 8. The transportation and logistics firms had higher employment levels, annual revenues, and investment rounds than other sectors, meaning they had the largest transaction sizes compared to other sectors.

Figure 8 Startup Stages by Sectors



Source: Shega Research

6.2.2 Job Creation Potential

The startups found in Addis Ababa were then asked how many people they employed in their business. 47% of startups said they employed 1–4 people, while 25% said they employed 5–9 people. This question mainly related to the direct employment opportunities they created for people, which refers to people on their payroll. Only 15% of them reported having more than 15 employees.

Direct employment opportunities refer to jobs that are created by a specific organisation or company and are filled by individuals who are directly employed by that organization. For example, if a company hires someone to work in their accounting department, that would be considered a direct employment opportunity. On the other hand, indirect employment opportunities are jobs that are created because of the activities of an organisation but are not directly filled by individuals who are employed by that organization. For example, if a company builds a new factory in a particular area, it may create indirect employment opportunities for suppliers, vendors, and other businesses that provide goods and services to the factory.

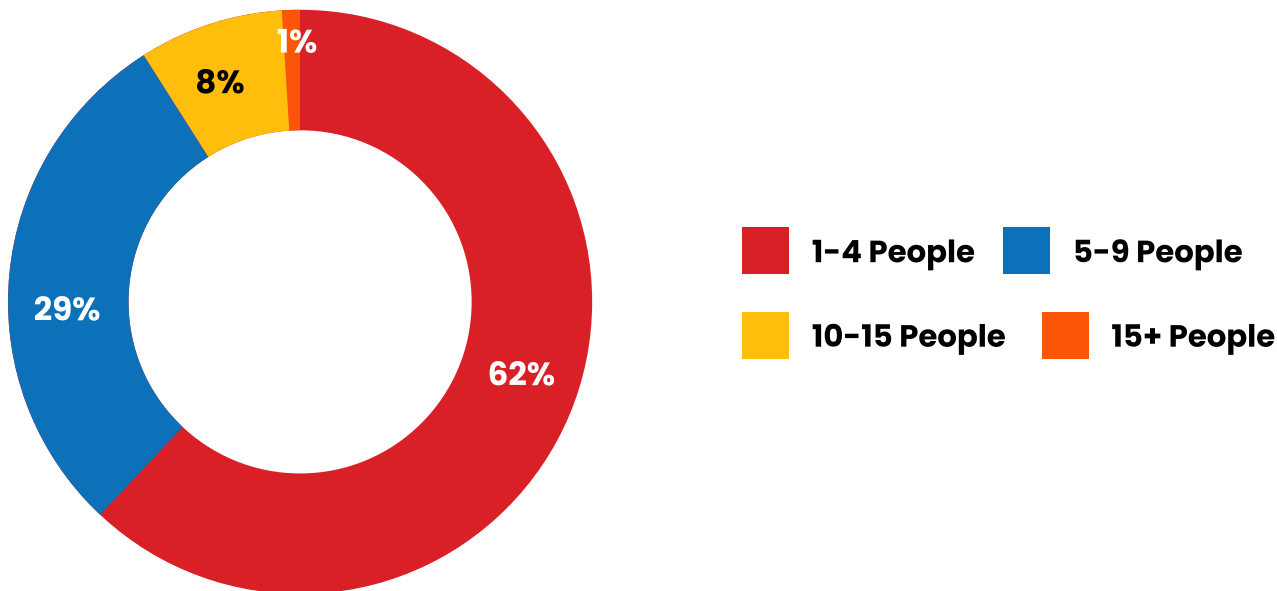
Thus, while direct employment opportunities refer to jobs created by an organisation for its own workforce, indirect employment opportunities refer to jobs created by the economic activities of an organisation that are not filled directly by the organisation itself.

Analysis by Business Stages

Early Stage Startups

Most surveyed startups in their early stages (62%) employed fewer than five people, with 29% having hired more than 5–9 people, 8% hiring 10–15 people, and only 1% hiring more than 15 people, as can be seen in Figure 9. However, these startups are still in their early stages or lack a business plan that can generate enough income to expand across multiple market sectors and boost market size. Despite this, most of the polled firms (73%) were optimistic about their future and anticipated creating more than 25 jobs in the next three years. This indicates that startups in Addis Ababa are confident in their ability to grow and expand, which bodes well for the employment market in the city.

Figure 9 Employee Size of Early-Stage Startups

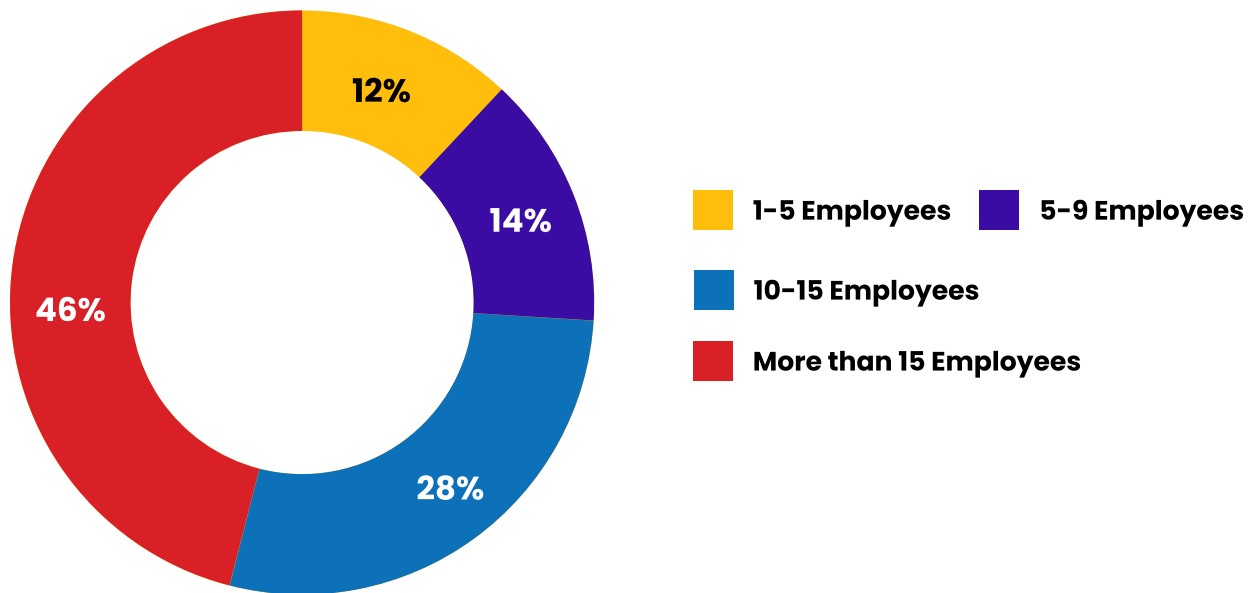


Source: Shega Research

Post-Early Stage Startups

Most surveyed startups in their post early stages (over 54%) employed fewer than ten people, with 46% having already hired more than 15 people. This suggests that startups have the potential to create a significant number of jobs in the city. Only a small percentage of startups (12%) had 1-5 employees, and 14% had 5-9 employees, indicating that most startups require a workforce of more than ten people. The startups were surveyed to determine the number of jobs they had created through their platforms. According to the survey results, 79% of the startups reported that their platforms had generated over ten job opportunities. Furthermore, 72% of the post-early-stage firms surveyed aimed to create more than 50 job opportunities in the next three years.

Figure 10 Employee Size of Post-Early-Stage Startups

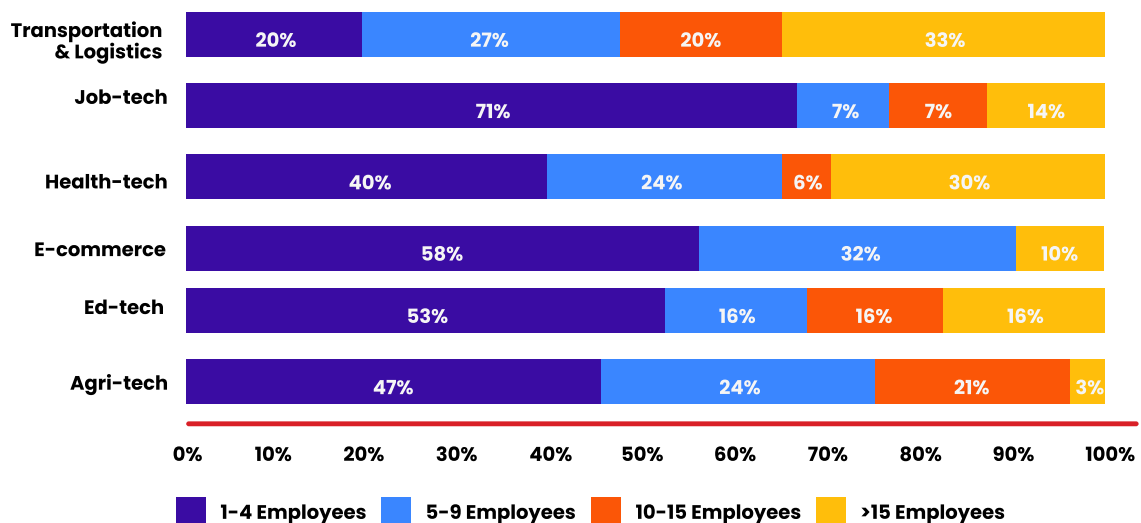


Source: Shega Research

Analysis by Sector

In terms of employee count, 30% of health-tech, transportation, and logistics startups had more than 15 employees. Because of the need for call centres and the labour-intensive nature of the industry, the startups in both sectors employed many people. From the surveyed startup sectors, job-tech services and transportation and logistics created the most job opportunities in Ethiopia, with 35% of startups in these sectors creating more than 50 direct jobs, as can be seen in Figure 11.

Figure 11 Startup sectors by employee size

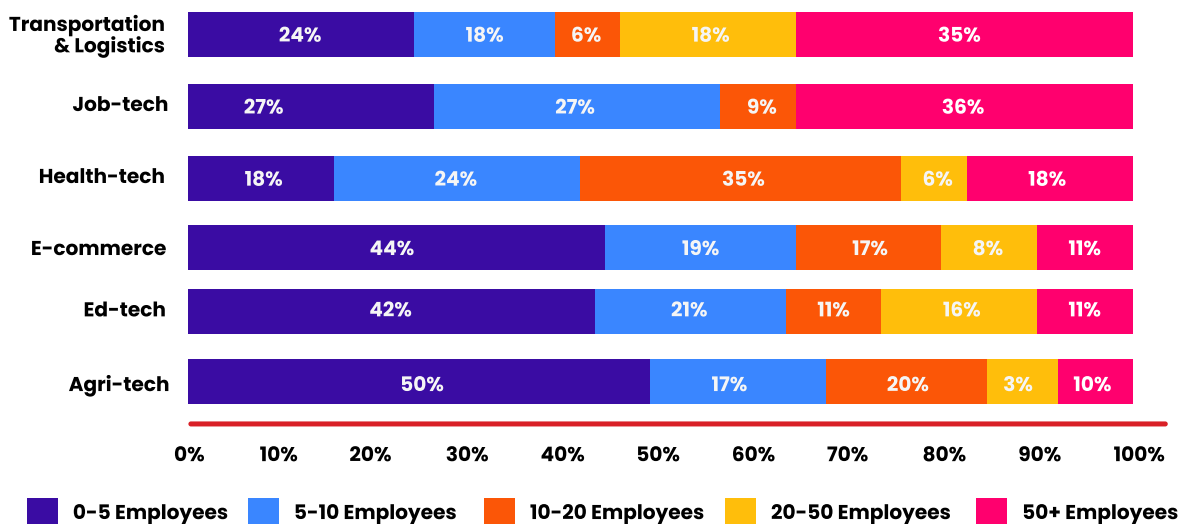


Source: Shega Research

Job-tech services include job matching platforms, which connect job seekers and employers. Since its inception in 2018, Freelance Ethiopia Afriwork has connected approximately 50,000 jobs, while GoodayOn, a gig platform connecting employers and gig workers, currently has approximately 25,000 professionals. There are also a lot of drivers (in the case of taxi-hailing platforms) and delivery workers in the Transportation and Logistics sector (in the case of food and last-mile product delivery platforms), which makes them stand out in terms of job creation for a wide range of people.

The survey respondents were also asked about how many jobs they expected their startup platforms to create after three years. 62% of the startups replied that they expect their businesses to create more than 50 jobs. In terms of sectors, the most optimistic sector in terms of job creation was the fintech sector, with 53%, followed by transportation and logistics and the e-commerce sectors.

Figure 12 Startup Job Creation by Sectors



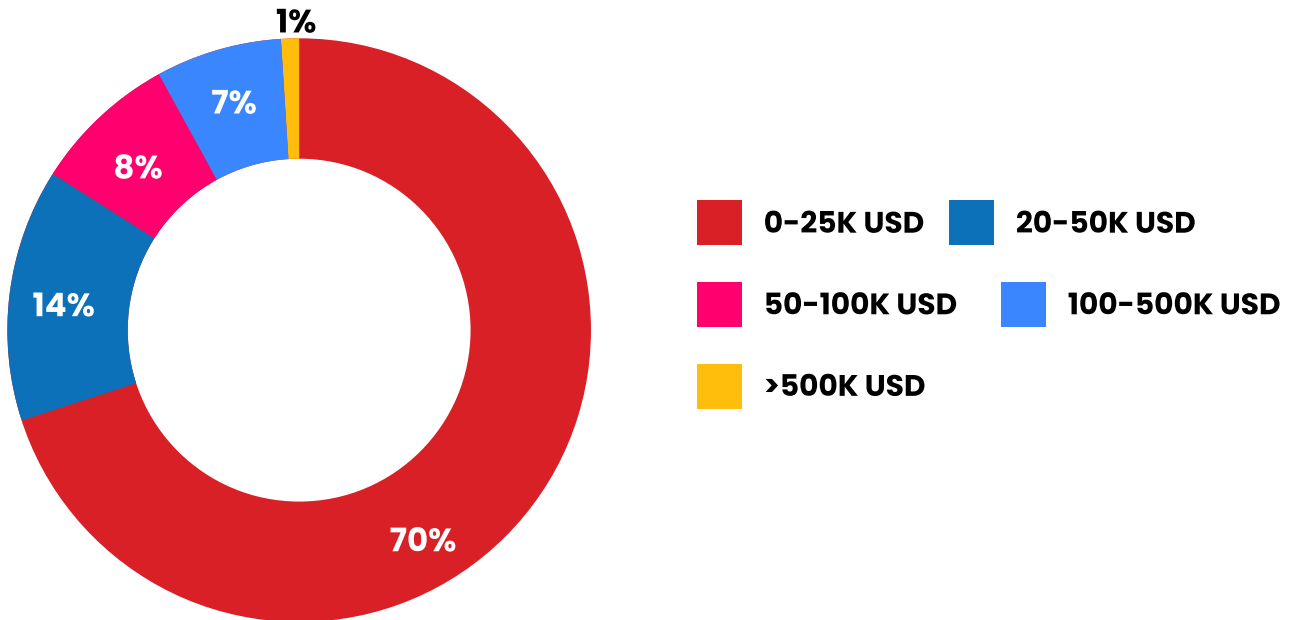
Source: Shega Research

6.2.3 Business Revenue

Startups based in Addis Ababa were asked about their revenue size as a business. From the overall startups that responded about their yearly revenue, 70% of them answered that they had a business revenue of up to 20,000 USD, as can be seen in figure 13. This was followed by 14% of the startups replying that their business revenue was between 20,000 USD and 50,000 USD. From the overall startups, only 16% of them earned more than 50,000 USD (2.75 million ETB).³⁶

36. At the prevailing exchange rate in February 2023

Figure 13 Startups by Business Revenue

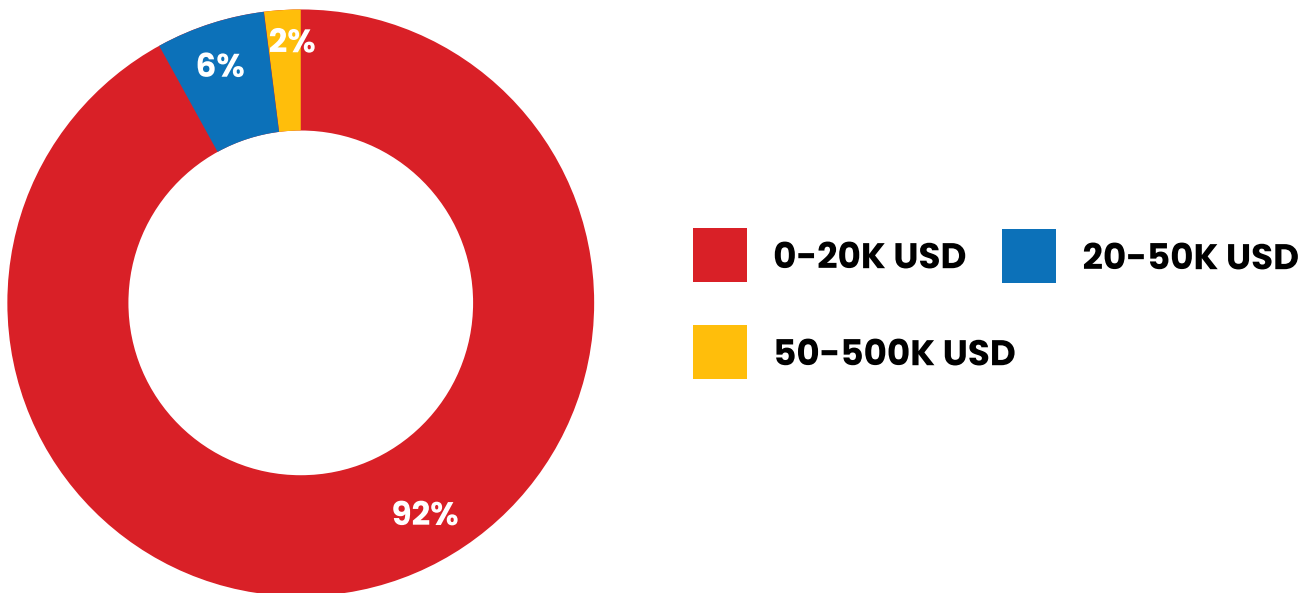


Source: Shega Research

Analysis by Business Stages

We analysed the startup revenue based on the stage of the business. We found that most of the early-stage startups have revenues of up to 20,000 USD, while the post-early-stage businesses have revenues that differ based on growth and sector. In terms of revenue, 92% of the early-stage startups had revenues of up to 20,000 USD, as can be seen in figure 14. The reason for this is that startups that are in the early stages are either in inception or are looking for monetization avenues to kickstart their operations.

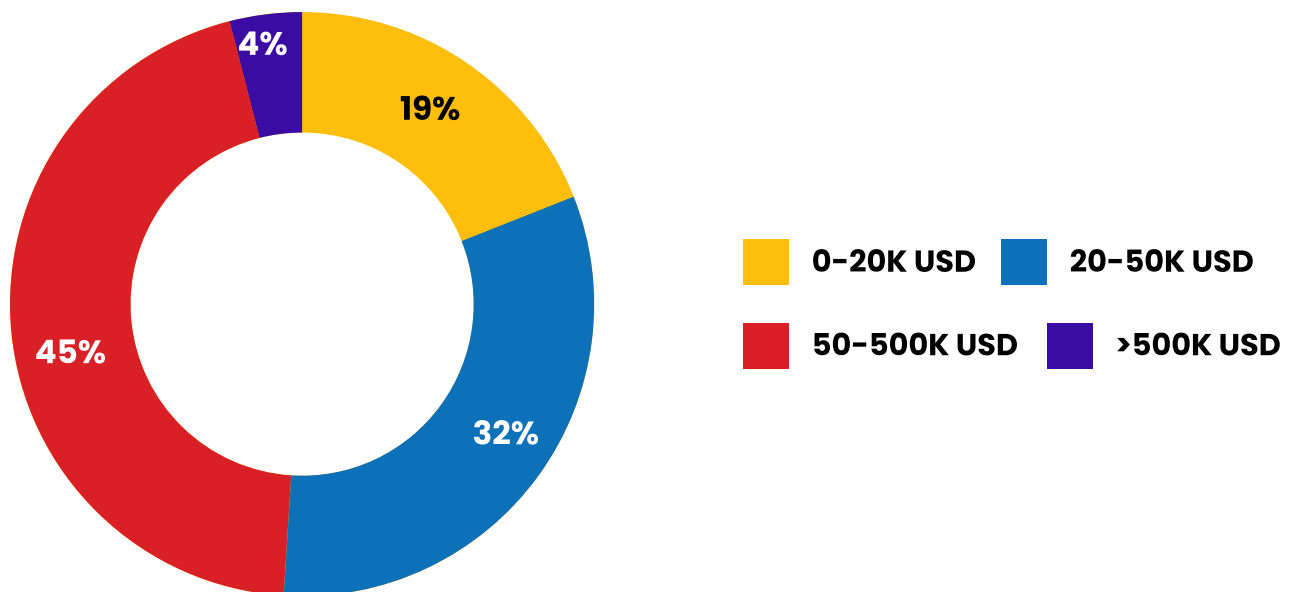
Figure 14 Business Revenue of Early-Stage Startups



Source: Shega Research

Approximately half of the startups surveyed in the post-early stage had revenue more than 50,000 USD. This shows that startups that are past the early-stage have figured out a sustainable business model and are looking to expand their operations.

Figure 15 Business Revenue of Post-Early-Stage Startups

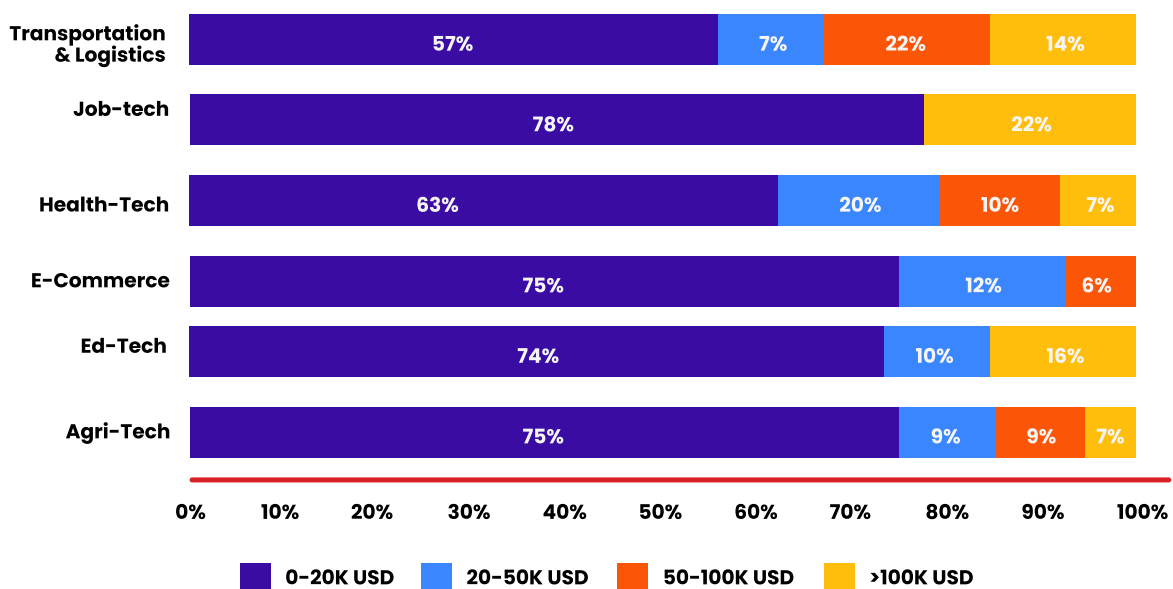


Source: Shega Research

Analysis by Sectors

We examined the revenue of startups based on their business sectors. We discovered that most industries had a similar revenue distribution, with 75–80% of startups earning less than 20,000 USD. However, in Transportation and Logistics and E-Commerce, the proportion of firms earning less than 20,000 USD was lower. Job-tech ranked first in terms of revenues greater than 100,000 USD. This data revealed that a few startups in Addis Ababa dominate the job-tech market.

Figure 16 Business Revenue in terms of Sector



Source: Shega Research

6.2.4 Startup Valuation Process

Valuation is a process that is used to determine the value of a startup company. It is an important process for startup founders, investors, and other stakeholders to understand the potential value and growth of a company. The process of valuation is typically conducted before a startup raises funding, during the fundraising process, or when the startup is acquired.

The survey found that 59% of the startups surveyed had not undergone any valuation process. This means that these startups do not have a clear understanding of their potential value and growth, which can be a disadvantage when it comes to fundraising or being acquired by another company. It can also make it more difficult for these startups to attract investors or negotiate favourable terms for funding.

On the other hand, 20% of the startups surveyed reported a valuation of over 250,000 USD. This means that these startups have gone through a valuation process and have a better understanding of their potential value and growth. This can help them attract investors and negotiate favourable funding or acquisition terms.

The valuation process for Ethiopian startups is similar to that of startups in other countries. Startup valuation is the process of estimating the value of a startup company based on various factors such as market opportunity, growth potential, revenue, assets, liabilities, and risks. In Ethiopia, startup valuation is typically carried out by investors, such as venture capitalists or angel investors, who are interested in investing in the startup. They may use various methods to evaluate the startup, including the discounted cash flow method, the market approach, or the cost approach.

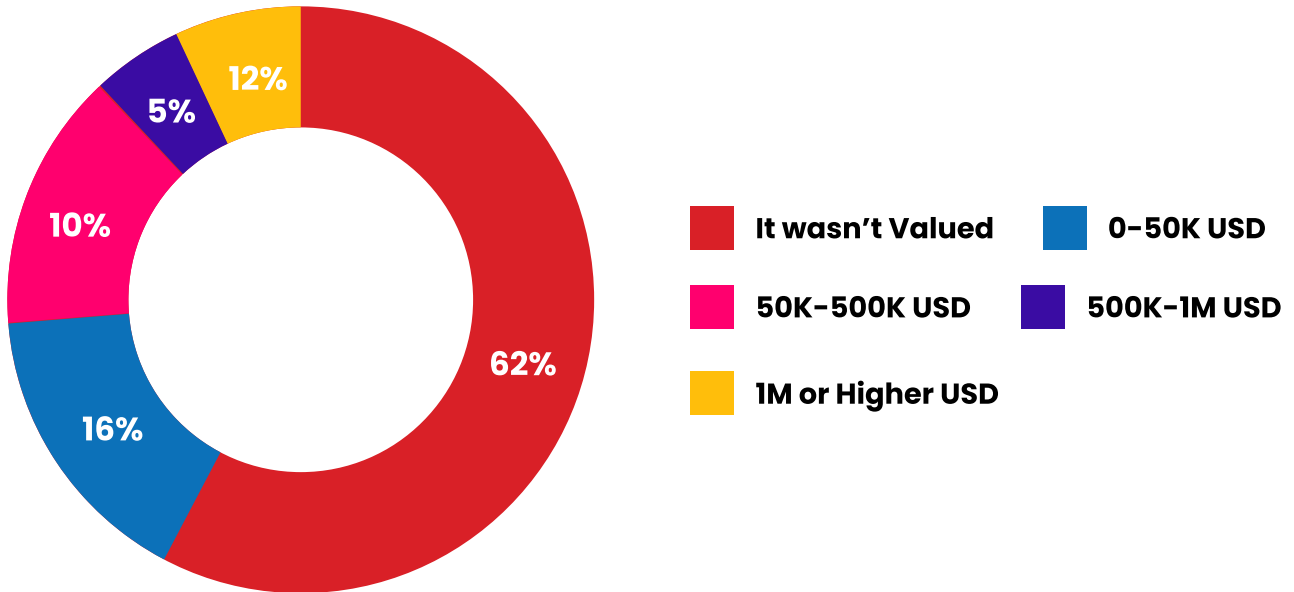
In addition to investors, startups can also seek the services of professional business valuation firms to evaluate their worth. It's worth noting that startups in Ethiopia may face unique challenges compared to those in other countries, such as limited access to funding, infrastructure, and skilled labour. As such, the valuation process may consider these factors when determining the value of the startup.

Analysis by Business Stages

Early-Stage Startups

Most of the surveyed early-stage startups didn't have any formal valuation process for their business. However, around 40% of the startups were valued based on their product, business model, and growth potential, to which 7% of the startups replied that they had a valuation of more than one million USD. Some of the platforms that have achieved a startup valuation of more than 1 million USD and are in their early stages include YeneHealth (which is an early-stage fem-tech startup that is focused on adolescent girls and women's sexual and reproductive health).

Figure 17 Company Valuation of Early-Stage Startups

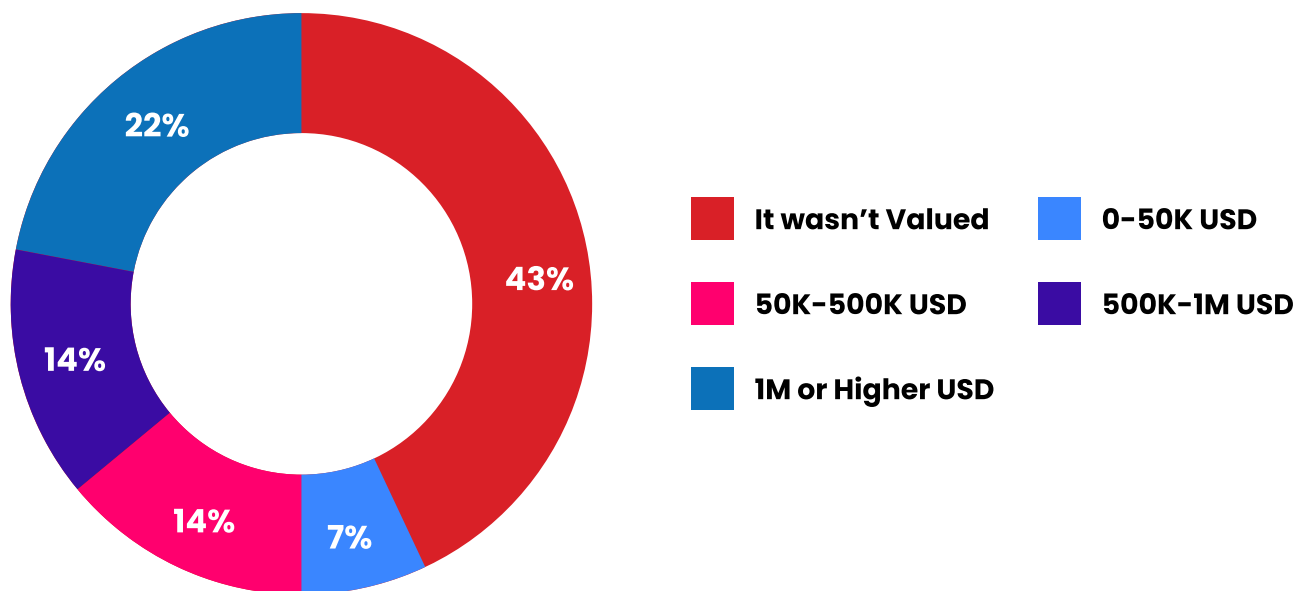


Source: Shega Research

Post Early-Stage Startups

As can be seen in Figure 18, the startups in the post-early stage were asked if they had a valuation. Around 60% of startups at the post-early stage replied that they had gone through a formal valuation process, with 22% of the overall startups being valued at 1 million USD or more. Some of the startups that were valued at more than 1 million USD include Gebeyu (an Ethiopian Ed-Tech and outsourcing company that secured a 2 million USD investment from Partech and Orange Digital Ventures in 2020) and Meda (an Ethiopian super-app that enables social messaging, social media, and payment and has been downloaded more than 100,000 times from the Google Play Store).

Figure 18 Company Valuation of Post-Early-Stage Startups



Source: Shega Research

The survey found that 59% of the startups surveyed had not undergone any valuation process. This means that these startups do not have a clear understanding of their potential value and growth, which can be a disadvantage when it comes to fundraising or being acquired by another company. It can also make it more difficult for these startups to attract investors or negotiate favourable terms for funding. On the other hand, 20% of the startups surveyed reported a valuation of over 250,000 USD. This means that these startups have gone through a valuation process and have a better understanding of their potential value and growth. This can help them attract investors and negotiate favourable funding or acquisition terms.

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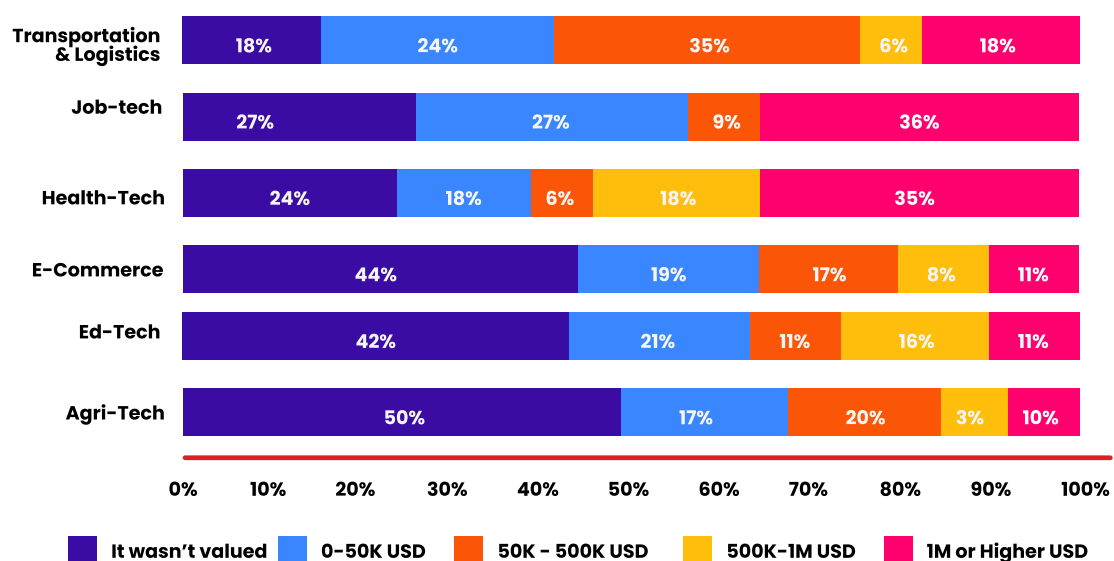
In addition to investors, startups can also seek the services of professional business valuation firms to evaluate their worth.

It's worth noting that startups in Ethiopia may face unique challenges compared to those in other countries, such as limited access to funding, infrastructure, and skilled labour. As such, the valuation process may consider these factors when determining the value of the startup.

Analysis by sectors

We compared the valuations based on sectors to find out which sectors had the highest valuation as a product. Our survey findings indicated that 23% of the startups in the transportation and logistics sector and 15% of the startups in e-commerce had a total product valuation of 1 million USD or more. This is consistent with other findings, as the transaction amount in both sectors is the highest in the digital economy of Ethiopia.³⁷ Examples of companies that had a valuation of more than one million USD in Addis Ababa and worked in the aforementioned sectors include Eshi Express (which operates in the last-mile delivery of products in the Ethiopian economy) and Ashewa (which is an online shopping platform operating from Addis Ababa).

Figure 19 Company Valuations by Sector

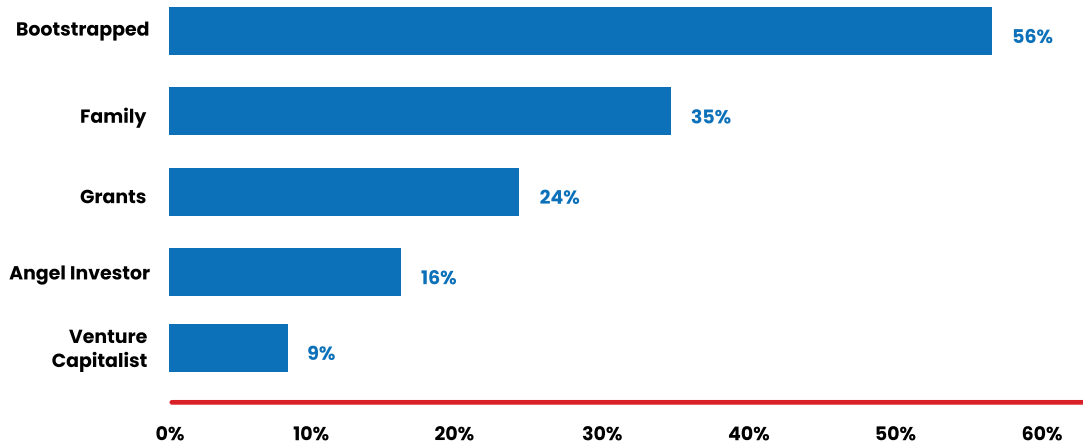


Source: Shega Research

6.2.5 Fund Raising

The Startups were questioned about how they obtained their initial business funding. Because startups can seek both formal and informal methods to raise capital for their investment, the question allowed for multiple answers. 56% of the startups polled said they were bootstrapped, with 35% relying on family and 24% relying on grants. This demonstrates that Ethiopian startups typically obtain capital through informal channels to begin operations.

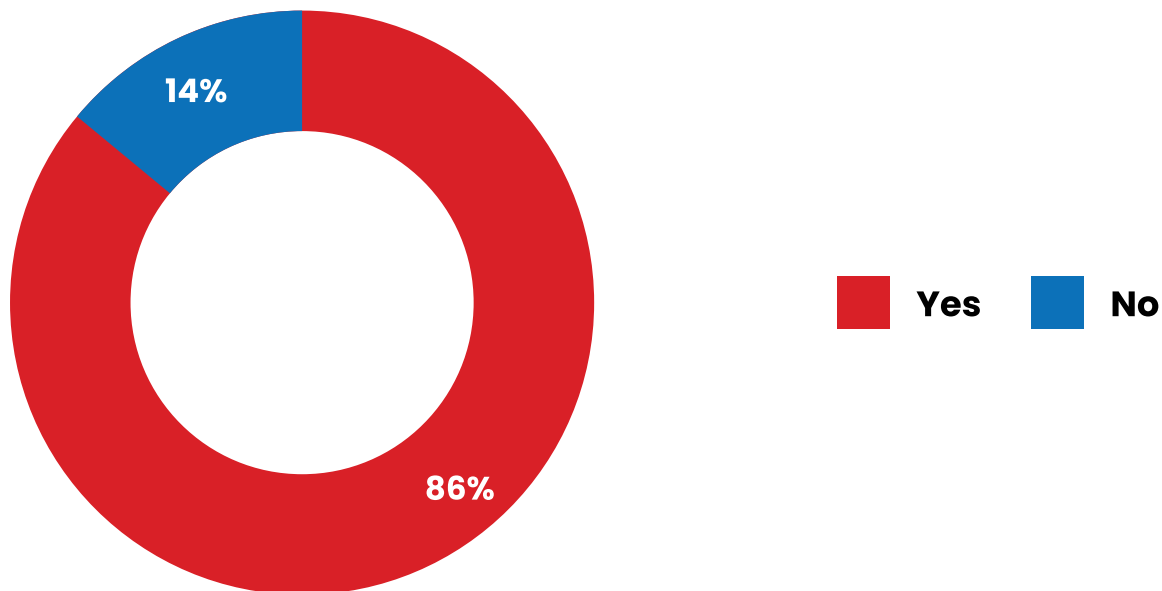
Figure 20 Source of Initial Capital for Startups



Source: Shega Research

86% of the startups surveyed said that they were willing to raise capital from abroad or consider merger and acquisition (M&A) opportunities. Only 19% of startups that refused to raise capital from abroad or consider M&A opportunities had revenues greater than 50,000 USD. Most of the startups that didn't want to raise capital from abroad also had an employee size of 1-4 people in their companies.

Figure 21 Plan to raise capital from foreign investors or M&A



Source: Shega Research

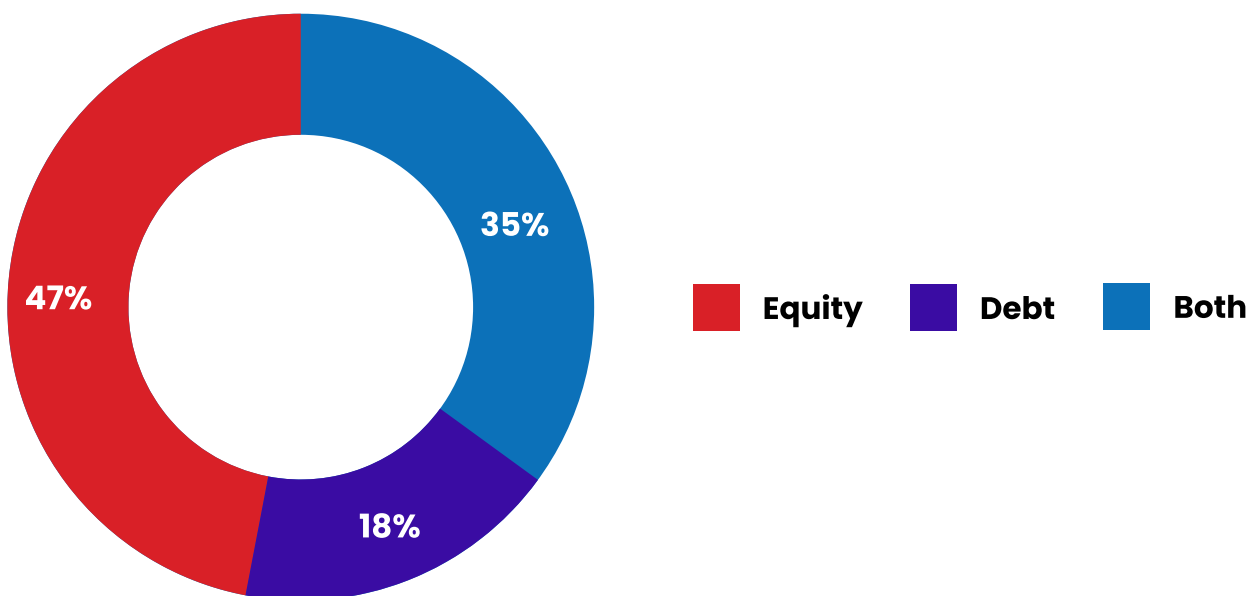


The survey found that a significant portion of Addis Ababa startups (45%) planned to raise capital from abroad. This could be because they may have exhausted the available domestic funding options or because they believe that foreign investors could bring in more significant capital and business opportunities. Of those startups planning to raise capital from abroad, approximately 45% preferred to raise funds in USD. This preference is due to the currency's stability in the face of the continuous devaluation of the ETB.

When asked about their preferred financial instrument, almost half of the startups (47%) indicated a preference for equity funding from investors. This means that they are willing to sell shares of their company to investors in exchange for investment capital. Equity funding is a popular option for startups because it allows them to raise funds without incurring debt, and investors share in the risks and rewards of the business.

35% of startups preferred a combination of equity and debt options, which means they are willing to consider both equity and debt financing. Debt financing involves borrowing money from investors or financial institutions with the promise of paying it back over a specific period with interest. This option can be useful for startups that need to raise a substantial amount of capital but do not want to dilute their ownership in the company. Also, 18% of startups preferred to receive funding through a debt option. This means they are willing to borrow funds from investors or financial institutions and pay it back with interest over a specific period. This option is popular among startups that do not want to give up equity in their company but still need to raise capital to fund their operations or expansion.

Figure 22 Startup preferences for Funding



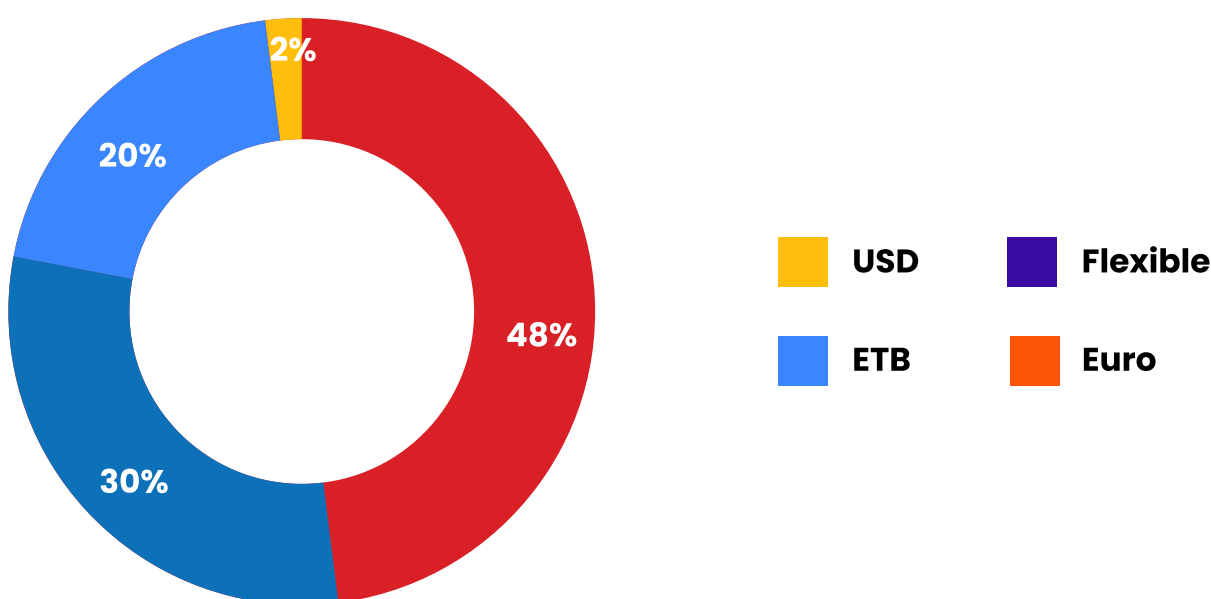
Source: Shega Research

Analysis by Business Stages

Early-Stage Startups

Around 86% of the early-stage startups surveyed said they were open to foreign investment and were considering merger and acquisition opportunities. In terms of the currency, they preferred it for capital raising; around 48% of them chose the USD, followed by the flexible option at 30%. The ETB came in third at 20%. The ETB came in third at 20%.

Figure 23 Currency Preference for Capital Raising by Early-Stage Startups



Source: Shega Research

Post-Early-Stage Startups

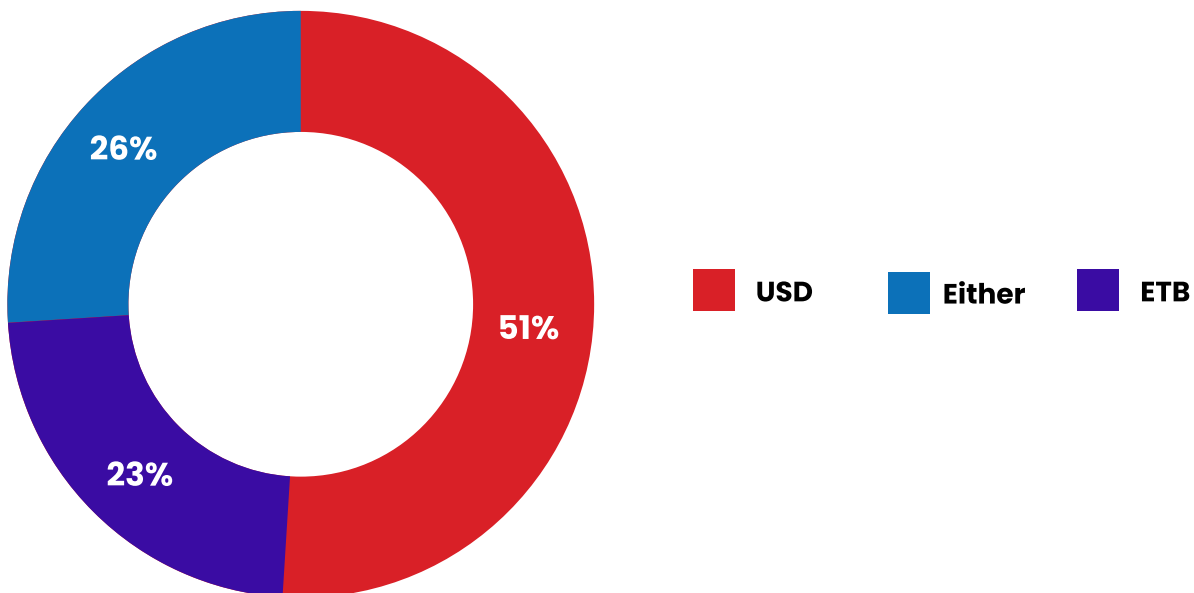
The survey of early-stage startups (Figure 21) found that a large majority of them, about 86%, are open to receiving investment from foreign investors. This indicates that startups in Ethiopia are looking for opportunities to grow and expand their businesses beyond the domestic market. This openness to foreign investment also suggests that there is potential for international investors to invest in the Addis Ababa startup ecosystem and contribute to its growth.

In addition to being open to investment from foreign investors, the survey found that many startups in Ethiopia are also considering merger and acquisition opportunities. This could indicate a willingness to partner with other companies or be acquired by larger entities to access more resources, expand their market reach, or gain expertise in specific areas.



Regarding currency preference for capital raising, the survey found that around 48% of the startups preferred the USD. This is likely because the USD is a widely accepted currency for international transactions and investment that will also allow them access to foreign markets. This preference for the USD could also indicate that startups in Ethiopia are looking to attract foreign investment and participate in the global economy. Around 30% of the startups surveyed were flexible with either currency, which suggests that they are open to receiving investment in a variety of forms. This could include investments in local currency or other currencies that are commonly used for international transactions. The ETB ranked third in currency preference for capital raising, with about 20% of startups expressing a preference for it. This could be because many of these startups have working capital requirements in ETB, meaning that they need to raise funds in the local currency in order to meet their operational needs.

Figure 24 Currency Preference for Post-Early-Stage Startups

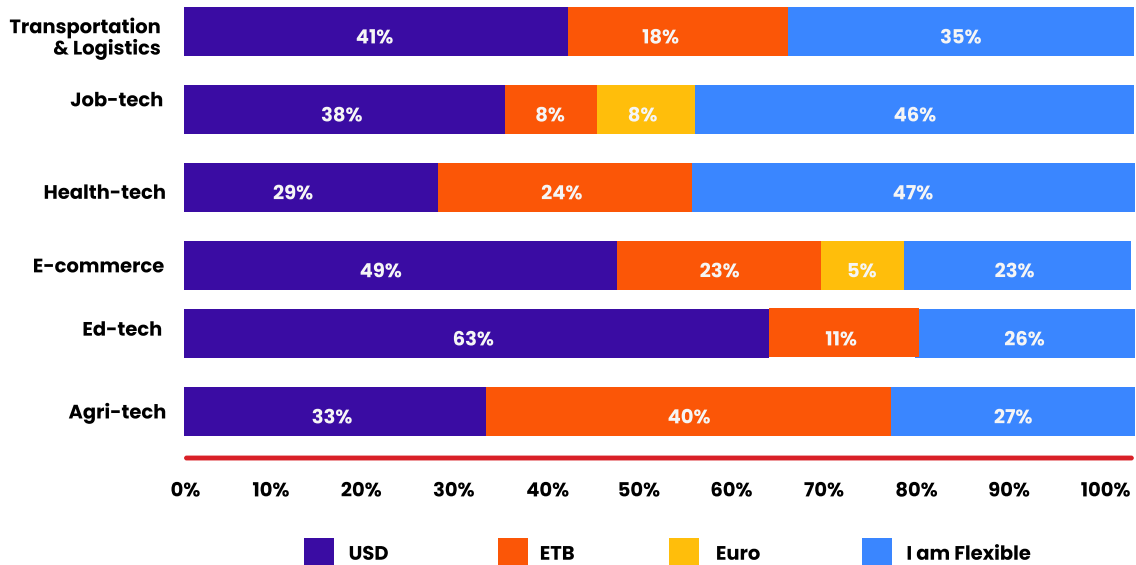


Source: Shega Research

Analysis by Sectors

We compared the openness for foreign investment and currency preference for raising capital based on the different sectors included in the report (Figure 25). In terms of openness to foreign investment, 100% of the surveyed ed-tech startups were open to foreign investments and M&A, followed by health care startups. Apart from Agri-Tech startups, the rest preferred to raise capital in USD. However, most of the agri-tech startups wanted to raise capital in ETB. This was because of the high demand for working capital in the agriculture sector.

Figure 25 Currency Preference by Sector for Capital Raising



Source: Shega Research

6.2.6 Business Environment

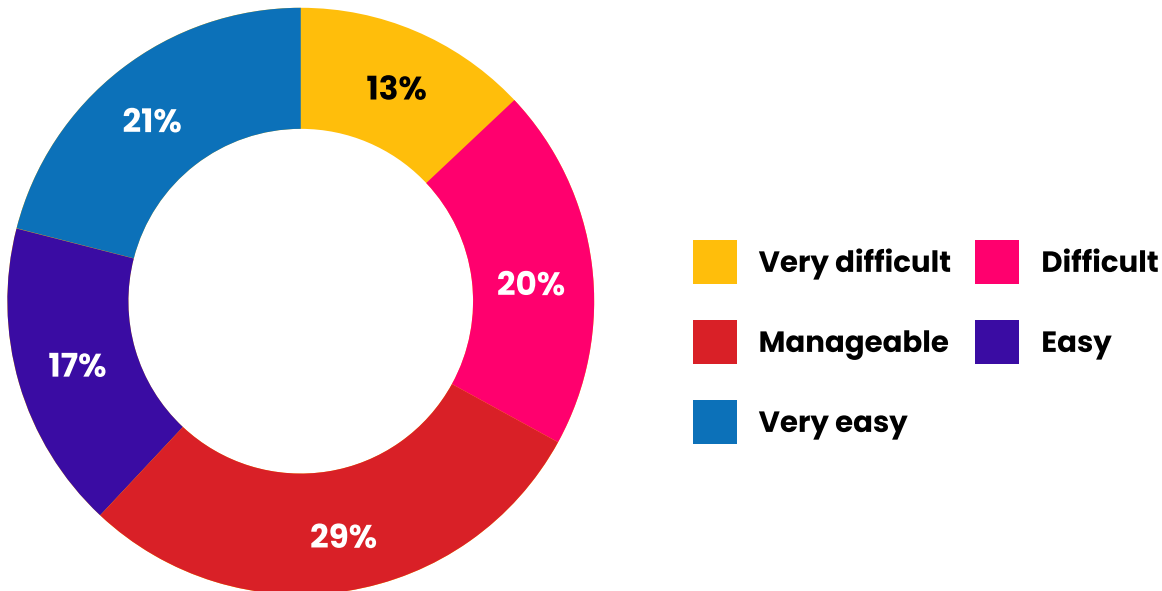
The survey asked startups to assess the current business environment and rank it accordingly, with 5 being the best and 1 being the worst (Figure 26). Approximately 29% of startups rated the environment as average (3), followed by 21% who rated it as very good (4), and 20% who rated it as bad (2). On average, the sector received a rating of 3.1, indicating that startups based in Addis Ababa consider the business environment to be average. However, agri-tech and health-tech startups rated the environment more favourably, with 25% rating it as very good. The Ethiopian government has been implementing changes to the startup ecosystem to improve the business environment, and startups have acknowledged and appreciated these efforts.

It is good to hear that the Ethiopian government has been making efforts to improve the startup ecosystem, and that these efforts have been acknowledged and appreciated by startups in Addis Ababa. The fact that agri-tech and health-tech startups have rated the environment more favourably is also encouraging, as it suggests that these sectors may be seeing some positive changes that are not yet being felt by startups in other areas.

Overall, the fact that nearly 30% of startups rated the environment as average, with 20% rating it as bad, suggests that there is still room for improvement. It may be helpful for the government to continue engaging with startups and other stakeholders in the ecosystem to identify areas where further changes could be made to support the growth and success of startups in Ethiopia.



Figure 26 The Business Environment is Conducive for my Startup (1-Very difficult and 5-Very Conducive)

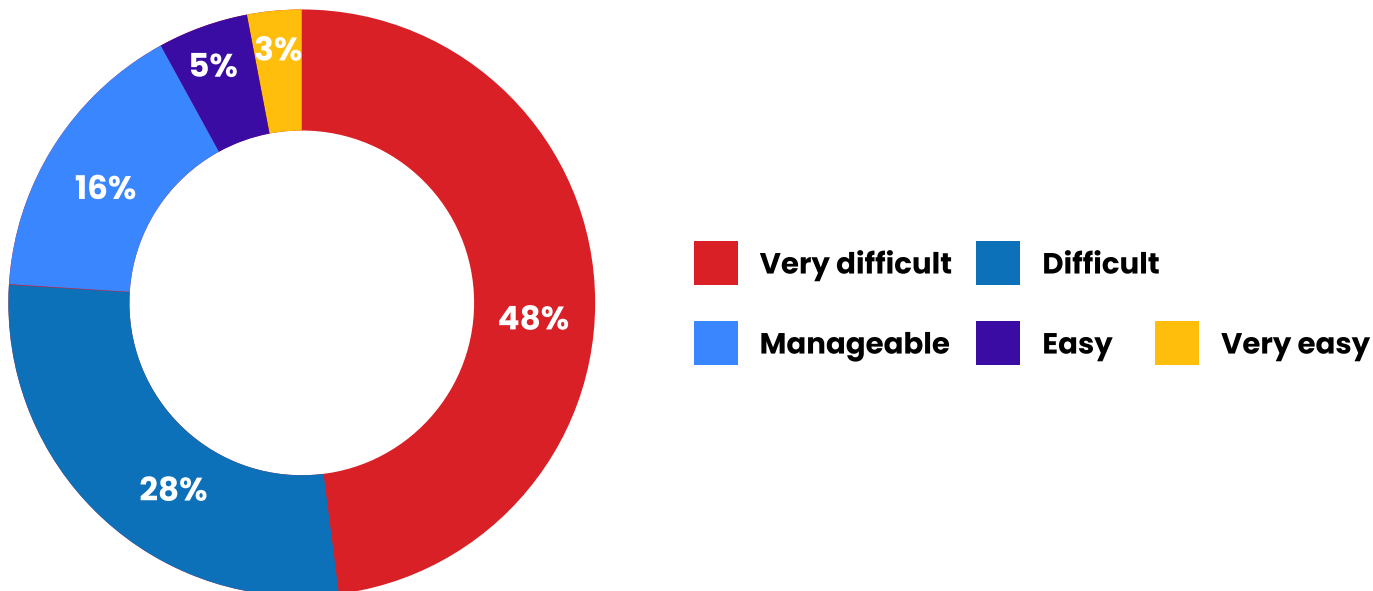


Source: Shega Research

The survey also asked startups to rate the ease of obtaining capital from various stakeholders, including angel investors, venture capitalists, commercial banks, and government programs (Figure 27). The results showed that nearly half of the startups (48%) found it very difficult to obtain capital, with an additional 28% rating it as difficult. Only 16% of startups rated it average, indicating that most startups in Addis Ababa struggle to secure funding.

The average rating given by startups in Addis Ababa was 1.3, which indicates that accessing capital is extremely difficult in the city. This rating suggests that startups face significant barriers to raising the necessary capital to grow their businesses and achieve success. The main challenges cited by startups in Addis Ababa include a lack of connections to investors for equity funding and insufficient collateral for debt financing from commercial lending institutions. These challenges greatly impact the ability of startups to raise funds and limit their ability to grow and innovate. The results of this survey highlight the need for increased support and investment in the startup ecosystem in Addis Ababa and throughout Ethiopia. Improving access to capital and addressing the challenges faced by startups could help drive economic growth and create new opportunities for entrepreneurs in the region.

Figure 27 Ease of access to Capital for Addis Ababa Startups (1-very difficult and 5-Very easy)



Source: Shega Research

6.3 Startup Sectors

The report analysed several key industries focusing on the most significant players and trends driving growth and innovation within each sector. Despite the study's broad scope, the survey's findings were most conclusive in certain areas, such as agri-tech, fintech, ed-tech, e-commerce, and logistics and last-mile delivery. These industries have undergone significant transformations in recent years due to technological advancements, changing consumer preferences, and new business models. As a result, they have become critical drivers of economic growth and innovation in Addis Ababa, attracting substantial investments and generating new opportunities for entrepreneurs, investors, and consumers alike. This report's findings provide valuable insights into the current state of these sectors, their prospects for future growth, and the challenges that companies will need to overcome to succeed in these dynamic and competitive industries.

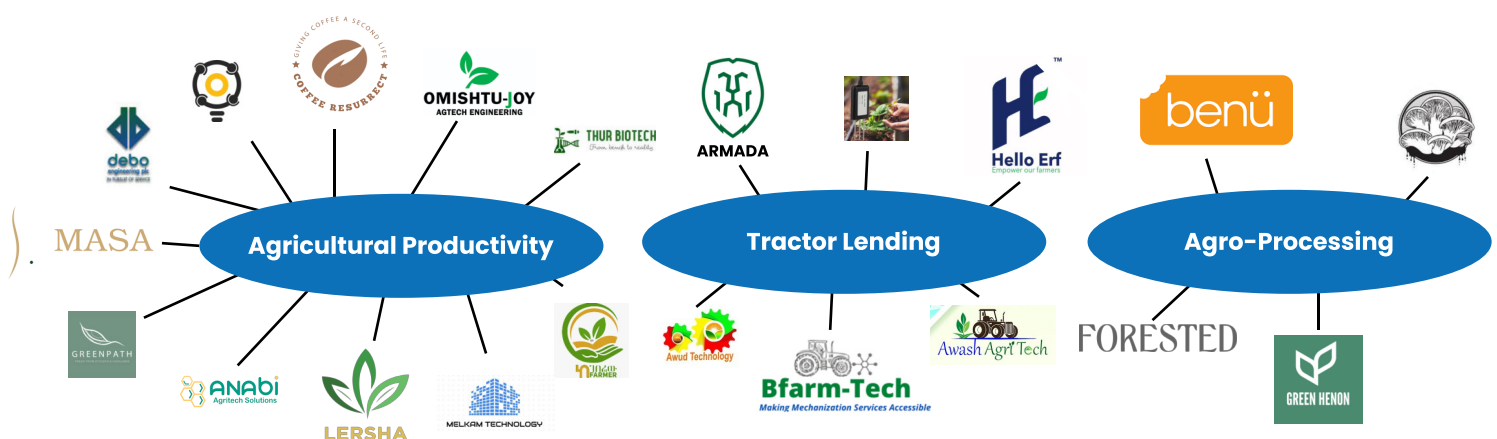
6.3.1 Agri-tech

With a vast number of smallholder farmers and limited access to modern technology and finance, there is a significant need for innovative solutions that can help farmers increase their productivity and income. Various agri-tech startups are emerging in Ethiopia by leveraging technology to connect farmers with markets, financing, and other critical services across the agricultural value chain. Farm monitoring, agricultural inputs, tractor and machinery access, productivity, and agro productivity are some of the product types.

One of the most significant challenges facing Ethiopian farmers is access to markets. Many smallholder farmers struggle to find buyers for their products, which often leads to low prices and financial insecurity. Another critical issue for Ethiopian farmers is access to finance. Most smallholder farmers have limited access to credit, which makes it difficult for them to invest in their farms and increase their productivity. In addition to addressing these challenges, agritech startups in Ethiopia are also helping farmers increase their productivity using technology. For example, Hello Erf provides farmers with access to affordable, on-demand tractor services, which can significantly increase their productivity. By using these services, farmers can prepare their fields more quickly and efficiently, which can lead to higher yields and increased income.

Thus, agri-tech startups in Ethiopia are playing a critical role in transforming the country's agricultural sector. By leveraging technology to connect farmers with markets, financing, and other critical services, these startups are helping to improve the lives of smallholder farmers and drive economic growth in rural communities. As the sector continues to grow and evolve, we will likely see even more innovative solutions emerge that can help Ethiopian farmers overcome the challenges they face and thrive in the years ahead. If you want to know the name or URL of startups in agri-tech, please refer to page 159.

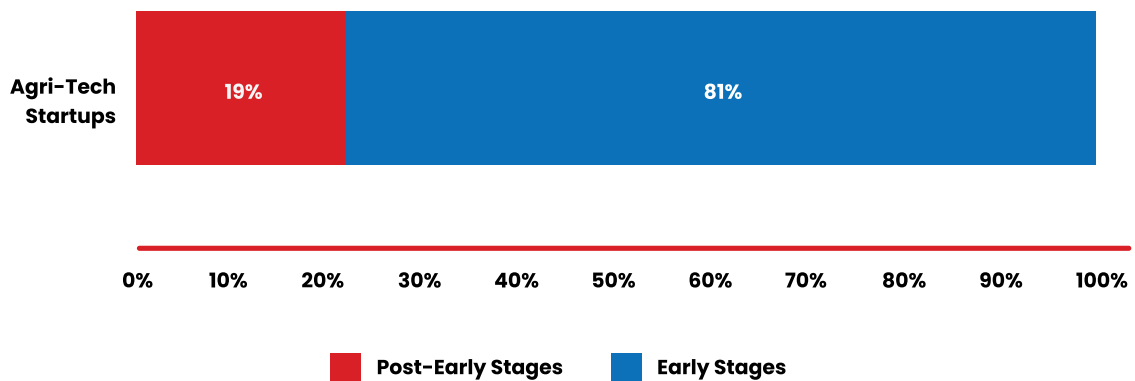
Figure 28 Agri-tech Startups in Addis Ababa



Source: Shega Research

Based on the survey data collected, we identified that around 19% of the startups were in the post-early stages. The agri-tech startups on this stage, had created direct employment opportunities for more than five people, indirect job opportunities for more than 10 people, and had a revenue exceeding 20,000 USD. Agro-processing, rental equipment applications, and agricultural productivity boosting technologies were among the Agri-tech startups.

Figure 29 Business Stages of Surveyed Agri-Tech Startups



Source: Shega Research

Sample Agri-tech startups


Tractor and Machinery Lending Companies


Ethiopia is one of the countries with the lowest use of agricultural mechanisation tools. Increased urbanisation and higher food demand have resulted in increased demand for mechanisation products as the food supply must keep up with these trends. However, most Ethiopian farmers are small farmers who do not have enough access to mechanisation products. Various startups are emerging to this end, with the goal of leasing and providing farmers with mechanisation tools. The startups are engaged in the provision of tractors and machinery for farmers through digital platforms.

HelloErf Product name HelloErf		
Founded in 2021 Website helloerf.com	Employees 5-9 People Sub-Industry Mechanization Lending	
<p>Hello Erf, is a product that aims to connect small-holder farmers with mechanization service providers. It is a mechanization hiring tool that aims to use call-center and Internet of Things powered mobile apps used to track and monitor tractors and combine harvesters along booking management features.</p>		Founder Alazar Michael and Gizachew Mesfin
Armada Product name Armada		
Founded in 2022 Website armadaeth.com	Employees 15+ Employees Sub-Industry Mechanization Lending	
<p>Armada Agriculture is a modern mechanization service provider offering comprehensive services ranging from renting tractors with complementary implements, spare parts, and maintenance facilities to training operators and maintenance technicians.</p>		Founder Semegn Tadesse


Agro-Processing

Agro processing refers to the process of converting agricultural raw materials into output. We have seen several Agri-tech companies that are engaged in Agro-Processing, to convert the raw inputs into outputs.

Benu Product name Benu		
Founded in 2018 Website benufoodsethiopia.com	Employees 1-4 People Sub-Industry Biscuit Company	
<p>BeNu Foods is a startup biscuit company in Ethiopia. They aim to produce a healthy, nutritional, affordable local based products for the community.</p>		<p>Founder Betelhem Lakew and Amen Temesgen</p>

GreenPath Foods Product name GreenPath Foods		
Founded in 2016 Website greenpathfood.com	Employees 10-15 People Sub-Industry Agriculture Production	
<p>GreenPath Food produces and sources premium, organic food in the Southern Highlands of Ethiopia. Everything grown by Green Path Foods is hand sown, organically grown, and harvested without machinery.</p>		<p>Founder Eric Couper, Jacie Jones, and Sidhant Kamath</p> <p>Investment Size 3.1 million USD</p>

Agricultural Productivity and Market Access

Omishtu-Joy Product name Omishtu-Joy		
Founded in 2021 Website omishtu-joy.com	Employees 10-15 People Sub-Industry Agricultural Productivity	
<p>Omishtu-Joy is an agri-tech startup that develops tools and resources to optimise crop productivity. The company's products are designed to provide enhanced PH, fertiliser, moisture, humidity, and temperature testing capabilities.</p>		<p>Founder Tigabu Abraham, Henok Ambaye, and Abdiwak Bekele</p>

Green Agro solution Product name Lersha		
Founded in 2020 Website lersha.com	Employees 15+ Employees Sub-Industry Agricultural Application	
Lersha is a one-stop digital service to small holder famrers that enables them access farm inputs, hire mechanization services and request dynamic agro-climate advisory using technology. The application also promotes agricultural finance and insurance involving direct linkage of farmers.		Founder Abraham Endrias

6.3.2 Fin-tech

Financial technology (Fin-tech) is a burgeoning field that has been transforming the landscape of financial services across the globe. In Ethiopia, fintech products have emerged as a key pathway to achieving financial inclusion for various segments of the population, particularly the unbanked and underbanked.³⁸ Fintech products offer a wide range of financial services, including savings, credit, payment, and remittance, which can be accessed through technology-enabled platforms.

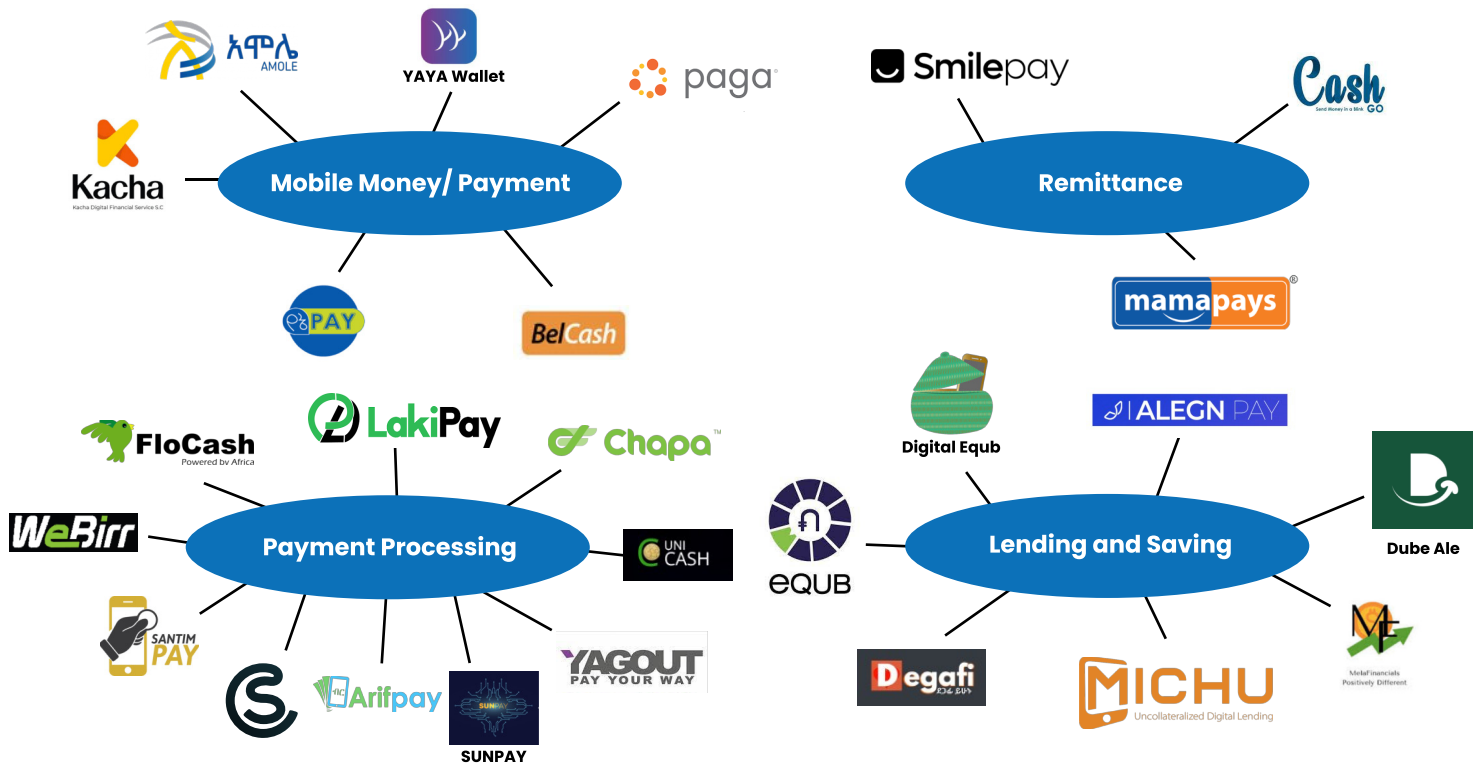
The potential use of Fintech products in Ethiopia can significantly increase efficiency and productivity in financial activities by providing faster and more efficient payment options, shorter durations for credit approval, and relative ease of access for customers. The implementation of these products can also lead to disruption in legacy banking in Ethiopia, which has been one of the pain points of increased innovation in the banking sector.

The benefits of Fintech products in Ethiopia extend beyond the financial sector. To this end, the Ethiopian government is trying to increase the adaptability and usage of fintech products.

If you want to know the name or URL of startups in fin-tech, please refer to page 159.

38. Beyene, S., & Geda, A. (2021). Financial Inclusion and Fintech Adoption in Ethiopia: Evidence from Addis Ababa. *Journal of African Business*, 1-17. <https://doi.org/10.1080/15228916.2021.1912884>

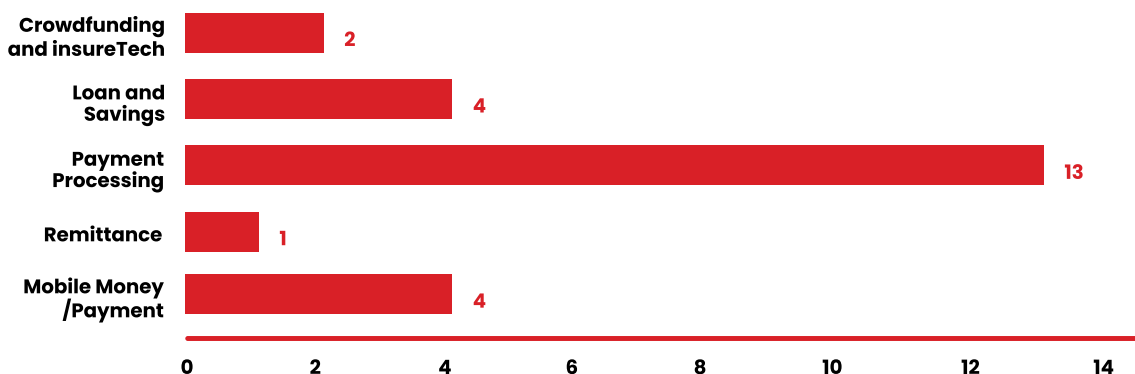
Figure 30 Fintech Startups in Addis Ababa



Source: Shega Research

The report identified around 30 different fintech startup products in Addis Ababa that are attempting to offer innovative financial products and usurp existing business models. Fintech products include payment gateways, mobile money products, mobile point-of-sale systems (mPOS systems), remittance services, digital loans and savings, and insurance.

Figure 31 A Breakdown of fintech firms mapped.





Source: Shega Research

Sample fintech startups

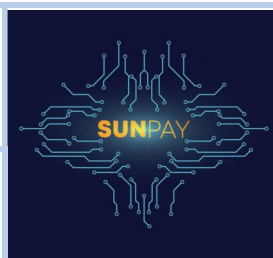
Payment Processors (Gateways)

Payment gateways enable online merchants and service providers to accept and receive digital payments. Payment gateway providers in Ethiopia enable local merchants using e-commerce or market-place platforms to receive speedy pay-outs, financial settlement and reporting, and acceptance of both international and domestic payments. Almost 40% of the fintech startups identified are payment processors, with the majority also offering mPOS systems. A smartphone, tablet, or dedicated wireless device that wirelessly performs the tasks of a cash register or electronic point-of-sale terminal (POS terminal) is known as a mPOS (mobile point-of-sale).

Chapa Product name Chapa		
Founded in 2021 Website chapa.co	Employees 15+ People Sub-Industry Payment Gateway	
<p>Chapa is a financial service and software as a service (SaaS) company that supports Ethiopian businesses in receiving online payments from international and domestic customers in foreign currency and ETB through its payment processing software and application programming interfaces (APIs).</p>		Founder Nael Hailemariam and Israel Goytom
ArifPay Product name ArifPay		
Founded in 2021 Website arifpay.net	Employees 15+ People Sub-Industry Payment Gateway	
<p>Arifpay is Ethiopia's first Point of Sale (POS) Payment System Operator (PSO) with payment solutions for smartphones, POS and QR payment terminals.</p>		Founder Habtamu Tadesse Investment Size 3.5 million USD

SunPay

Product name SunPay



Founded in 2019

Employees -

Website sunpay.com

Sub-Industry Payment Gateway

SunPay is a Financial Technology company specializing in the development and provision of modern payments solutions and services.

Founder

Yonas Samuel

Investment Size

2 million USD (100 million ETB)

SantimPay

Product name SantimPay



Founded in 2019

Employees -

Website santimpay.net

Sub-Industry Payment Gateway

SantimPay is an Ethiopian fintech company focused on a modern payment solution that enable merchants to accept payments.

Founder

Abenezer Bekele and
Tinsae Desalegn

Investment Size

3 million USD (160 Million ETB)

Mobile Money

Mobile money refers to a service in which the mobile phone is used to access different financial services in Ethiopia. A licenced mobile money provider is permitted to provide micro saving, microcredit, microinsurance, pension products, and international remittances in collaboration with reputable financial institutions under the regulation, ONPS/01/2020. The regulation has allowed private startups that engage in mobile money activities to kickstart their activities in Addis Ababa.

Kacha		Product name -	
Founded in 2021	Employees 15+ People	Website kacha.et	
<p>Kacha mobile money platform provides access to affordable, convenient, and secure digital financial services that drive sustainable growth, enhance access to finance, and improve citizens' livelihoods. Kacha plans to provide cashless transactions through more than 30,000 agent networks in the country.</p>		Founder Angesom Teklay	Investment Size 200 million ETB (3.6 Million USD)

Remittance Platforms

Platforms that facilitate remittances from residents overseas to the Ethiopian economy are referred to as remittance platforms. There are several products available that provide remittance services to the Ethiopian economy. The startups are back in business after the National Bank of Ethiopia (NBE) overturned a prohibition on the items in July 2022.

CashGo		Product name CashGo	
Founded in 2021	Employees -	Website cashgopay.com	
<p>CashGo is a money transfer App, which allows anyone to transfer and donate money from anywhere to Ethiopia with low transaction fee.</p>		Founder Tewodros shiferaw	

		Product name Mamapays	
Founded in 2021	Employees -	Website mamapays.com	
MamaPays allows relatives abroad to pay your bills.		Founder Vince Mountaga Diop	

Specialized Lending and Saving Companies

Digital savings platforms allow users to save their money on their digital accounts. Digital Lending refers to loans provided to individuals and clients through digital channels that use innovative credit scoring models to process and provide loans. Even though this product is provided under Mobile Money, there have been several startups that provide specialised lending or saving products for their clients.

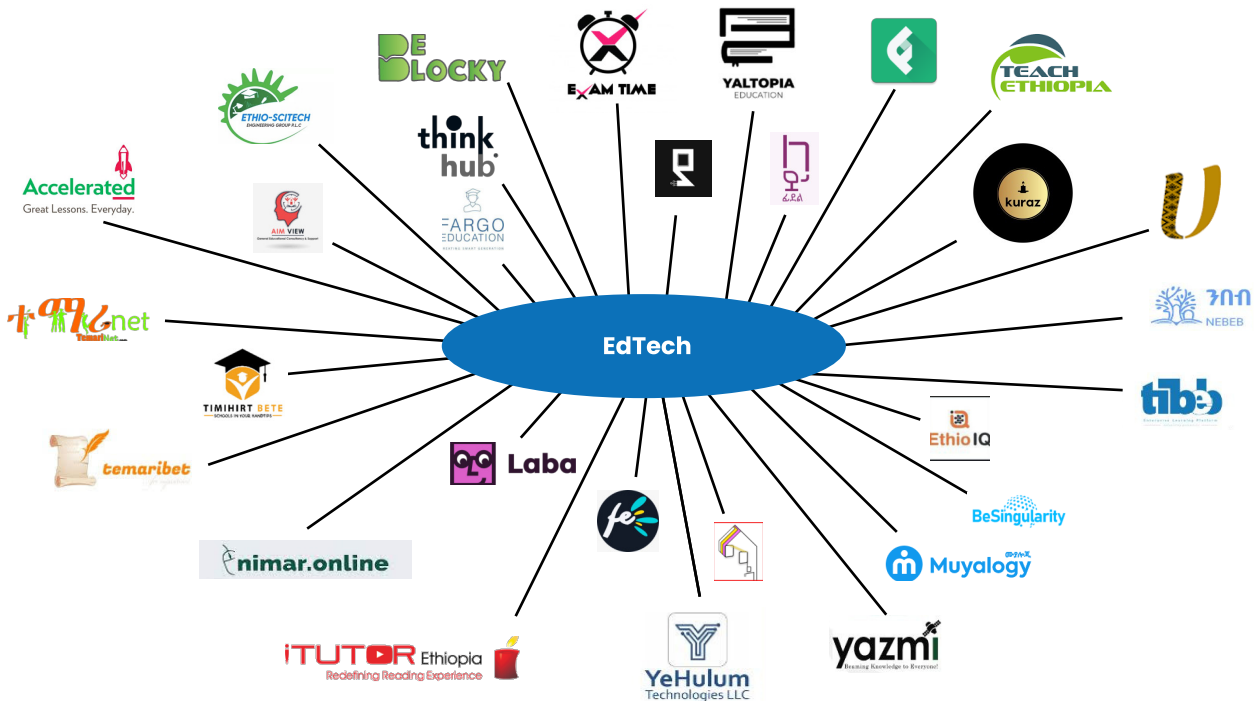
		Product name eQub	
Founded in 2021	Employees 5-9 People	Website equb.app	
Equb is an alternative means to achieve saving and improve access to credit by rotation of savings. Individuals agree to pool their savings for a defined period to jointly save by creating an eQub.		Founder Yohana Ermias and Alexander Hizikias	

<h1>Dube Ale</h1>		Product name Dube Ale	
Founded in 2023	Employees 5-9 People	Website dubeale.com	
Dube Ale is a Buy-Now Pay Later scheme that allows users to purchase goods and services on credit.		Founder Bersufekad Getachew	

6.3.3 Ed-tech

Education is critical to transforming a country's economy. Through significant investments in classrooms and learning materials, the Ethiopian government has also made significant progress towards universal primary education and high-quality secondary and tertiary education.³⁹ However, this model did not produce the high-quality standards required for students to develop them. To that end, technology is increasingly being viewed as a means for students to obtain a high-quality education at all levels of education, as seen in its national strategy for Digital Technology for Education Sector Transformation (D-TEST).⁴⁰ If you want to know the name or URL of startups in Ed-tech, please refer to page 164.

Figure 32 Ed-tech Startups in Addis Ababa



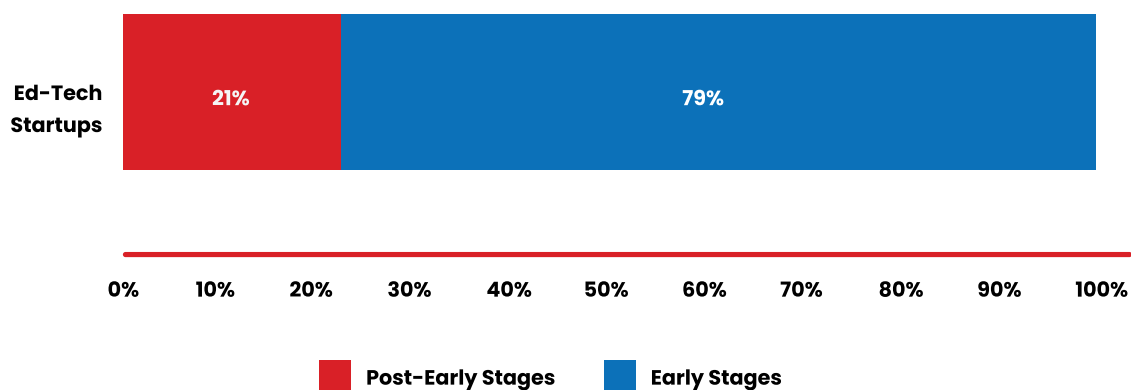
Source: Shega Research

39. National Bank of Ethiopia. (2021/22). Annual report.

40. Ministry of Education of Ethiopia. (n.d.). Education Management Information System [Data portal]. Retrieved from <https://moe.gov.et/Dtest>

The survey data indicates that roughly 21% have progressed beyond the early stages of their business and are now considered to be in their post-early stages. On the other hand, the survey data reveals that the vast majority of EdTech startups in Addis Ababa—around 79%—are still in the early stages of their businesses. This means that they are in the process of developing and testing their business models, acquiring customers, and building brand recognition in the market. Overall, the survey data highlights the rapid growth of the EdTech sector in Addis Ababa, with a significant number of startups emerging in recent years. However, it also shows that most of these startups are still in the early stages of their businesses and therefore face significant challenges as they strive to establish themselves in an evolving market.

Figure 33 Business Stages for Addis Ababa Ed-Tech Platforms



Source: Shega Research

Sample ed-tech startups

There are various startups that offer education services to their bases through technology. The report has mapped around 30 different ed-tech startups in Addis Ababa that offer services in the areas of skills training, tutoring, and exam preparation.

<h2>Fidel Tutorial</h2> <p>Product name Fidel Tutorial</p>		
<p>Founded in 2020</p> <p>Website fideltutorial.com</p>	<p>Employees 5-9 People</p> <p>Sub-Industry Tutor Services</p>	
<p>Fidel Tutorial is an Ed-Tech application that provides a new way to hiring tutoring services for different education levels. They also provide tutoring services online for their students.</p>		<p>Founder Selam Alemu</p>
<h2>Haleta Tutors</h2> <p>Product name Haleta Tutors</p>		
<p>Founded in 2019</p> <p>Website haletatutors.com</p>	<p>Employees 5-9 People</p> <p>Sub-Industry Tutor Services</p>	
<p>Haleta Tutors is an Ed-Tech application that provides a modernized system to hire tutors for education. In addition to tutoring services, they have also developed an online learning platform for their students.</p>		<p>Founder Natnael Zewdu, Natnael Yewondwosen, and Kidus Yohannes</p>
<h2>BeBlocky</h2> <p>Product name BeBlocky</p>		
<p>Founded in 2018</p> <p>Website beblocky.com</p>	<p>Employees -</p> <p>Sub-Industry Skills</p>	
<p>BeBlocky is a gamified learning mobile app that uses animated programming lessons and augmented reality to tutor children aged 7 to 14 about the fundamentals of computer programming.</p>		<p>Founder Nathan Damtew</p> <p>Investment Size 50,000+ USD</p>

6.3.4 E-commerce

E-commerce refers to the buying and selling of goods and services over an electronic network, typically the internet. E-commerce has become a major player in the global economy, with the rise of online marketplaces such as Amazon and Alibaba revolutionising the way people shop elsewhere.⁴¹ In Ethiopia, the e-commerce industry remains underdeveloped compared to other countries in the region, such as Kenya and Nigeria.⁴²

However, in recent years, there has been a noticeable increase in momentum in the sector, which can be attributed to several factors. One of the main factors is the increased digitization practices that came about because of the COVID-19 pandemic.⁴³ The pandemic forced many businesses to rethink their operations and adopt digital practices in order to continue operating amidst lockdowns and social distancing measures. As a result, many consumers also began to rely more heavily on digital products and services for their day-to-day usage, which led to increased demand for e-commerce platforms.

Another factor contributing to the growth of the e-commerce industry in Ethiopia is the increasing availability of digital infrastructure, such as high-speed internet and mobile networks. This has made it easier for businesses to set up online storefronts and for consumers to access these platforms from their smartphones or computers.

Despite these positive developments, there are still challenges that need to be addressed in order for the e-commerce industry in Ethiopia to reach its full potential. One major challenge is the lack of a robust and reliable payment system. This makes it difficult for businesses to process transactions and for consumers to trust online payment methods. There is also a lack of regulatory frameworks to govern the sector, which has led to issues such as fraudulent activities and consumer protection concerns.

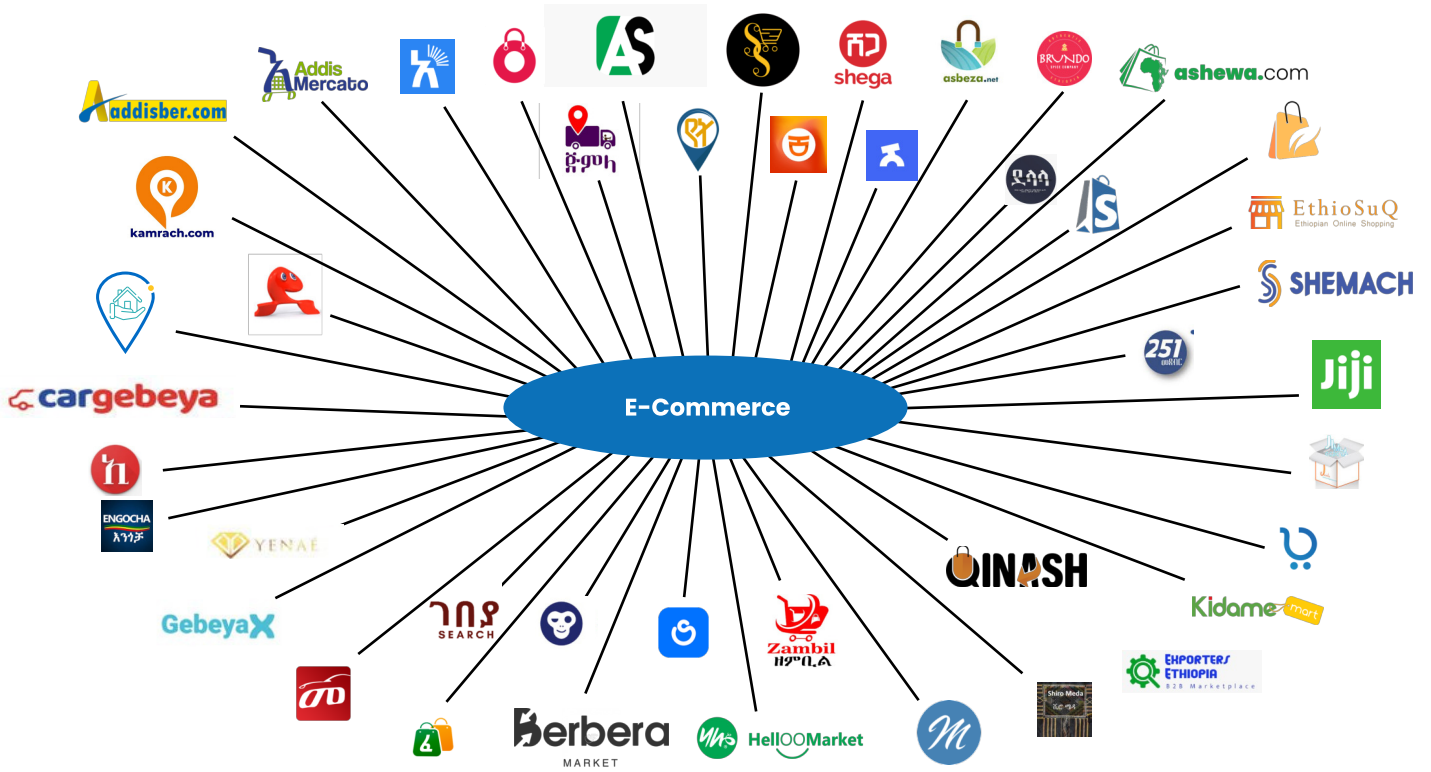
Overall, while the e-commerce industry in Ethiopia is still in its early stages of development, momentum is building and the potential for growth is significant. With continued investment in digital infrastructure and the implementation of supportive policies and regulatory frameworks, the sector could become a major driver of economic growth and innovation in the country. If you want to know the name or URL of startups in e-commerce, please refer to page 160.

41. Electronic Commerce (e-commerce) Definition." Investopedia, 15 March 2022, <https://www.investopedia.com/terms/e/ecommerce.asp>.

42. ITC. (2021). eTrade for all - Ethiopia. Retrieved from <https://etradeforall.org/countries-territories/ethiopia/>

43. Abebech Tamene. (2021, May 6). Ethiopia: Eca Appreciates Digital Business Amid Covid-19. AllAfrica. <https://allafrica.com/stories/202105060709.html>

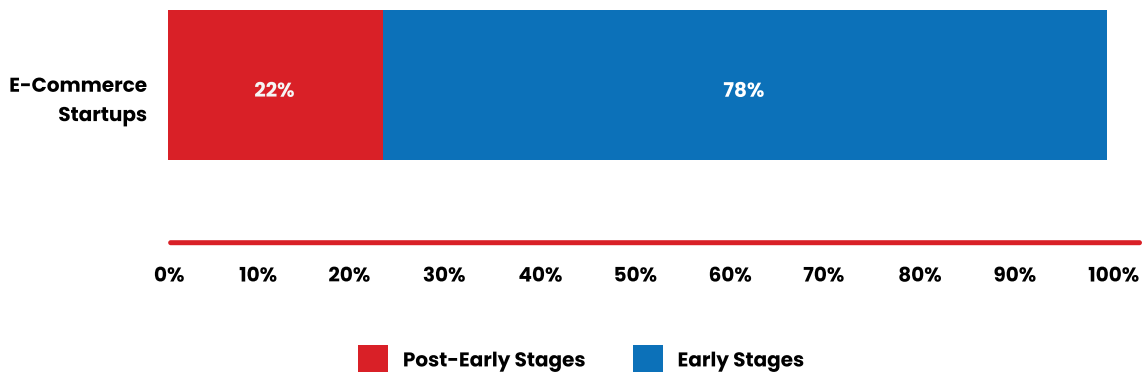
Figure 34 E-Commerce Startups in Addis Ababa



Source: Shega Research

Around 50 different e-commerce startups in Addis Ababa were mapped for this report. E-Commerce startups either sold their own products, served as a marketplace for buyers and sellers, or served both functions. 22% of the surveyed E-Commerce startups are in post-early stages, which means they have passed their early stage of business and are operating in a sustainable manner.

Figure 35 Business Stages of Surveyed E-Commerce Startups



Source: Shega Research

Sample e-commerce startups

There are various startups that offer education services to their bases through technology. The report has mapped around 30 different e-commerce startups in Addis Ababa that offer services in the areas of skills training, tutoring, and exam preparation.

Qinash	Product name Qinash	
Founded in 2020	Employees 5-9 People	
Website qinash.com	Sub-Industry E-Commerce	
<p>QINASH is an online marketplace that focuses on bringing together customers and neighbourhood businesses by providing percentage-based and package discounts.</p>		Founder Biniam Alemayehu

Berbera Market	Product name Berbera Market	
Founded in 2019	Employees 5-9 People	
Website berbera.com	Sub-Industry E-Commerce	
<p>Berbera Market is an E-Commerce Platform designed to provide a great shopping experience for Ethiopians.</p>		Founder Bereket Getnet

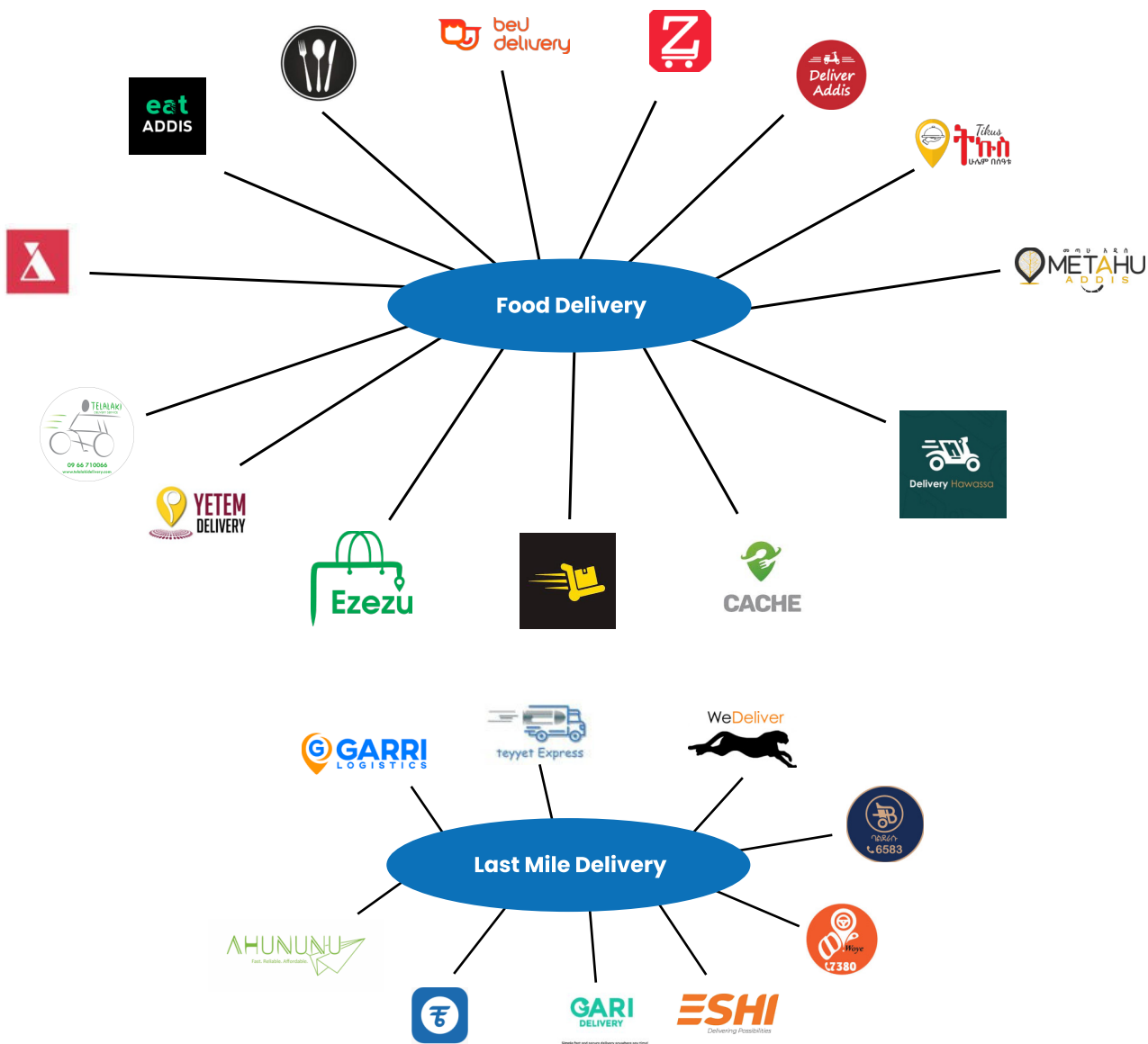
Ashewa Product name Ashewa		
Founded in 2020 Website ashewa.com	Employees 15+ Employees Sub-Industry E-Commerce	
Ashewa.com connects farmers, farmer unions, FMCG manufacturers, and suppliers with customers by a B2B/D2C innovative, easy and reliable ecommerce platform.		Founder Daniel Bekele
GebeyaX Product name GebeyaX		
Founded in 2021 Website gebeyax.com	Employees 5-9 People Sub-Industry E-Commerce	
GebeyaX is an online portal that is accessible to internet users 24 hours a day, seven days a week. It is a virtual online marketplace that allows for the simple purchase and sale of construction supplies and spare parts.		Founder Ephrem Degaga, Biruk Lakew, and Henok Solomon

6.3.5 Delivery

The delivery market in Ethiopia is growing rapidly, driven by the rise in popularity of product delivery and restaurant takeaways.⁴⁴ While the delivery market is still relatively new in Addis Ababa, several companies have emerged in recent years to meet the growing demand for efficient and reliable delivery services. These companies offer a range of services, from food delivery to product delivery that includes a rapid same day and next day delivery. If you want to know the name or URL of startups in delivery, please refer to page 162.

44. Ethiopian Business Review. (2018). Growing Gift Delivery Business. Retrieved from <https://ethiopianbusinessreview.net/growing-gift-delivery-business/>

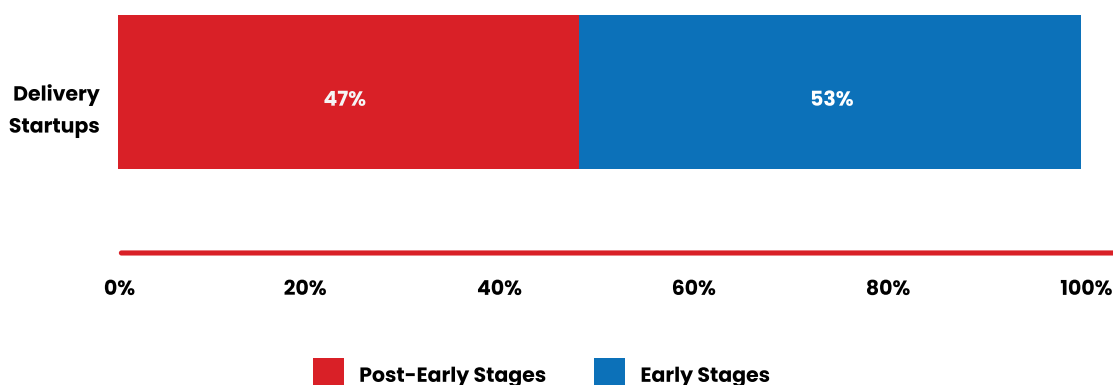
Figure 36 Delivery Startups in Addis Ababa



Source: Shega Research

Based on the survey data collected, it was found that 47% of the delivery startups have progressed beyond their early stages of business. This indicates that the delivery sector in Addis Ababa is maturing, and these startups are successfully establishing their presence in the market. It is also a positive sign for the overall startup ecosystem, as it shows that startups can sustain themselves and grow beyond their initial stages. This could potentially attract more investors and provide further opportunities for growth and development in the future.

Figure 37 Business Stages of Surveyed Delivery Startups



Source: Shega Research

Sample delivery Startups

There are various startups that offer food and last mile delivery services, including grocery, product, and parcels to their clients through technology.

Eshi Express		Product name Eshi Express	
Founded in 2017	Employees 15+ People	Website eshiexpress.com	
Eshi Express is a courier company providing wide range of logistics solutions for companies to focus on their core business. Eshi aims to solve the last mile delivery challenge with optimized processes and innovative technology that will provide convenience, lower prices of goods and help companies grow without any additional cost to them.		Founder Tigabu Haile	

BeU Delivery

Product name BeU Delivery



Founded in 2021

Employees 15+ People

Website beudelivery.com

Sub-Industry Food Delivery

beU Delivery is a food delivery product that aims to deliver food products for its clients. As of January 2022, beU delivery had 150,000 monthly orders and had around 750 companies with them.

Founder

Hao Zheng

Tikus Delivery

Product name Tikus Delivery



Founded in 2019

Employees 15+ People

Website tikusdelivery.com

Sub-Industry Food Delivery

Tikus is an Ethiopian on-demand mobile food ordering and delivery service dedicated to connecting customers with local restaurants.

Founder

Amir Redwan, Bereket Solomon, Biruk Getahun, Tesfa Melese, and Yasin Aman

Garri Logistics

Product name Garri Logistics



Founded in 2021

Employees 15+ People

Website garrilogistics.com

Sub-Industry Last mile Delivery

Garri Logistics is a tech startup that is modernizing and digitizing a highly inefficient freight logistics industry in Ethiopia.

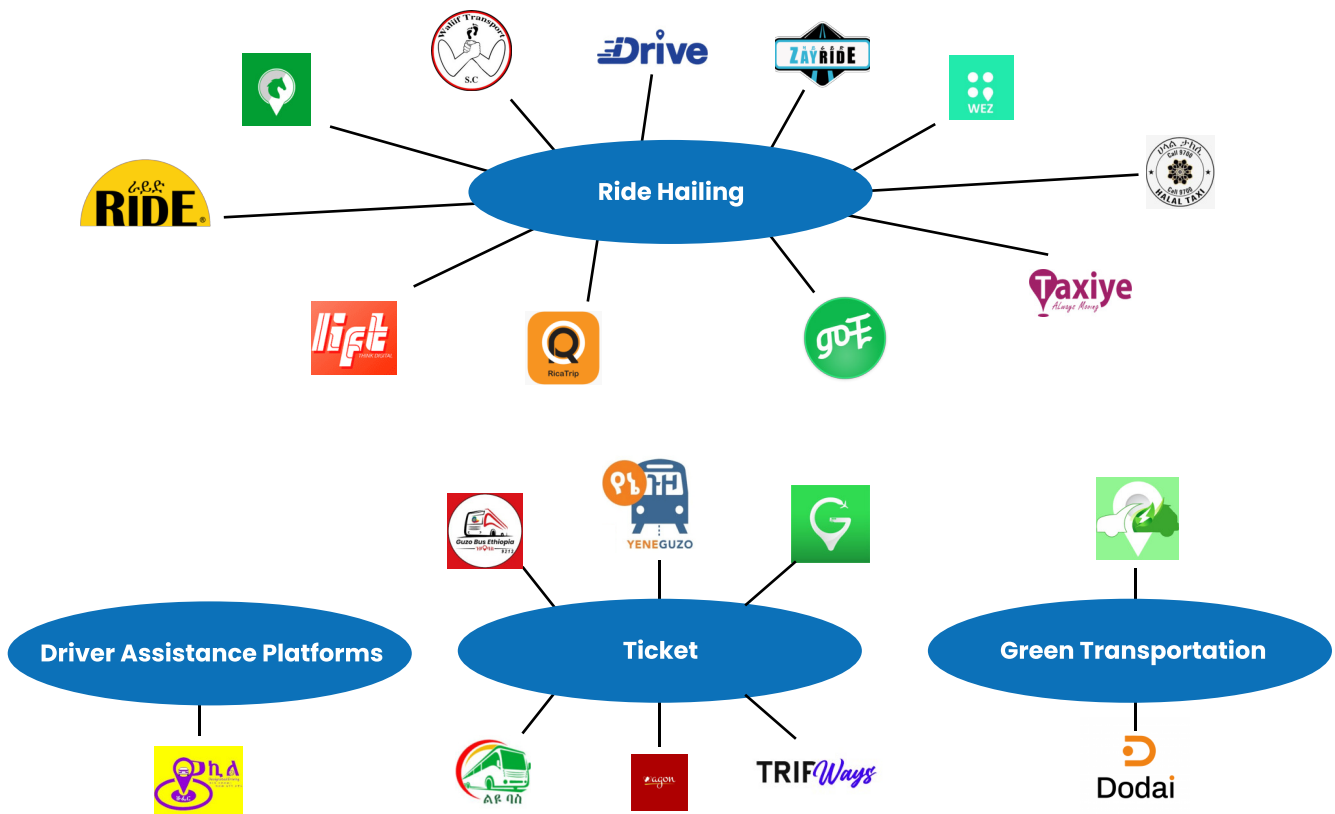
Founder

Akliliu Tadesse and Daniel Temesgen

6.3.6 Transportation

Our analysis of transportation startups in Addis Ababa has revealed that the sector is primarily composed of ride-hailing and ticketing startups. Ride-hailing startup services have made their way to Ethiopia, offering passengers convenient and accessible transportation options influenced by factors such as the rapid expansion of mobile technology, increasing urbanization, and a growing demand for convenient and accessible transportation options. Also, ticketing platforms mostly facilitate cross-country transportation by enabling users to get bus tickets digitally. There are also an assortment of other startups in the sector. If you want to know the name or URL of startups in transportation, please refer to page 162.

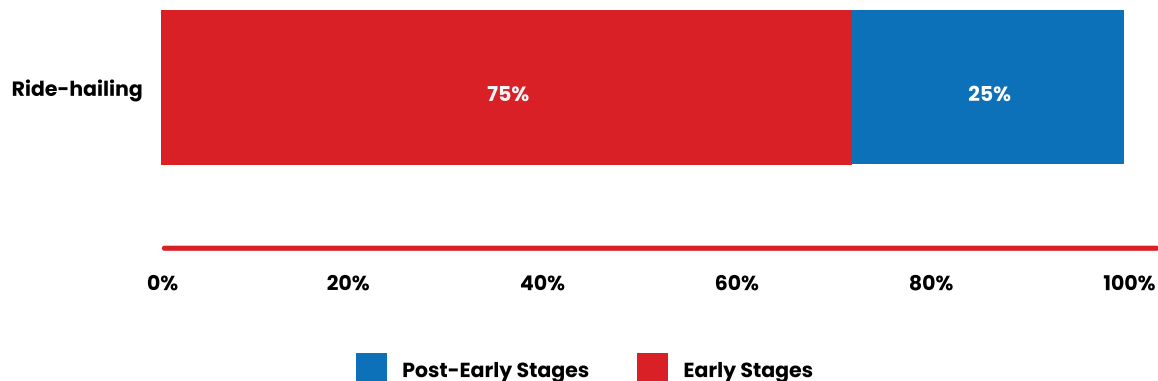
Figure 38 Transportation startups in Addis Ababa



Source: Shega Research

Ride-hailing startups are companies that use technology platforms, usually mobile apps and call centers, to connect passengers with drivers for transportation services. These startups have revolutionised the way people commute and disrupted traditional taxi and transportation services. Among the surveyed ride-hailing startups, approximately 25% are in their post-early development stages, with a significant portion concentrating on ride-hailing ventures. The leading ride-hailing platforms in Ethiopia include Ride, launched by Hybrid Designs in 2017, and Feres, developed by Feres Technologies in 2019.

Figure 39 Business Stage of Surveyed ride-hailing Companies



Source: Shega Research

Sample Ride hailing startups.

RIDE		
Product name RIDE	Employees 15+ People	
Founded in 2017 Website ride.et	Sub-Industry Ride hailing	
Ride, founded in 2017, is an Ethiopian ride-hailing platform offering services to customers. Ride currently has over 60,000 cars under its platform and has currently over one million downloads on Google Play store. It has expanded to Djibouti.		Founder Samrawit Fikru

Feres

Product name Feres

Founded in 2019

Employees 15+ People

Website feres.et

Sub-Industry Ride hailing



Feres, founded in 2019, is an Ethiopian ride-hailing platform offering services to customers. As the first company to introduce a loyalty program called Feres Miles, it allows users to earn cashback or discounts on every trip, accumulating Feres Miles for each ETB spent. Feres has currently over one million downloads on Google Playstore. Feres has expanded to different East African Countries.

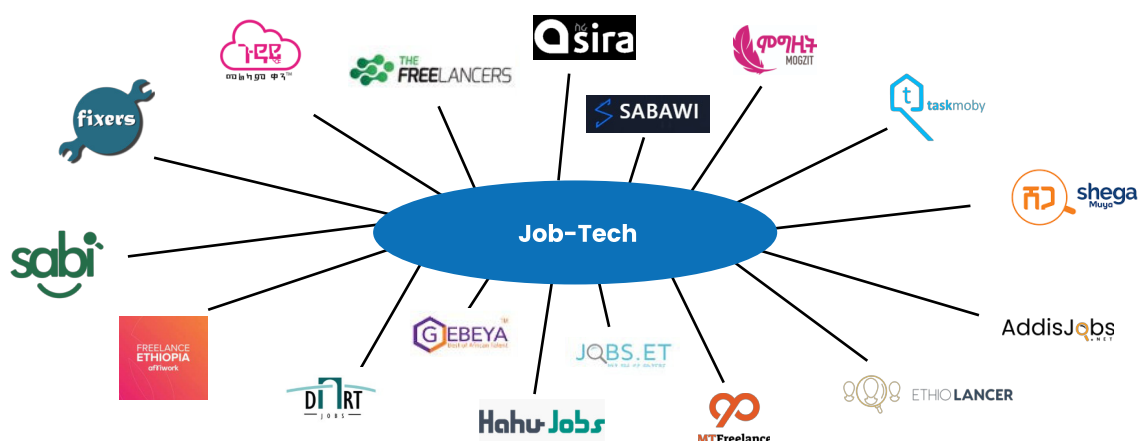
Founder

Mohammed Aden

6.3.7 Job-tech

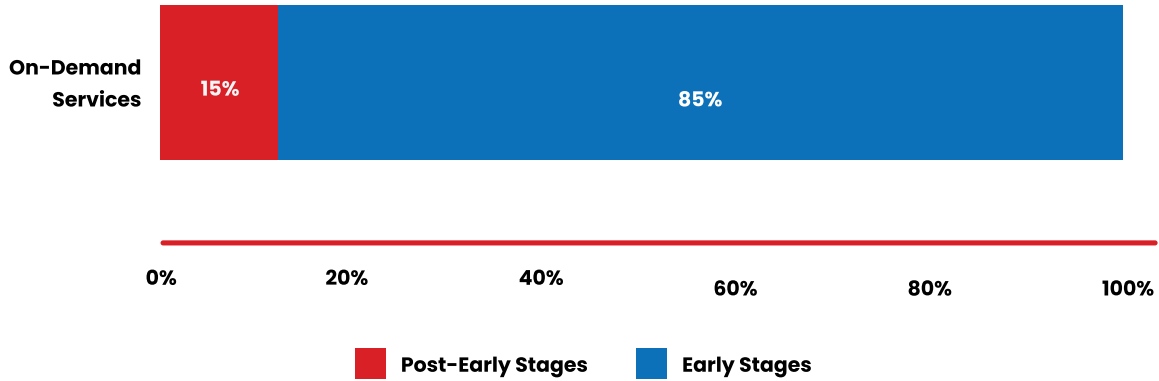
Many of them are working on the job market and have been providing job-matching services across Addis Ababa and Ethiopia. From the overall surveyed start-ups, around 15% of them were in their post-early stages, while the rest were in their early stages. If you want to know the name or URL of startups in job-tech, please refer to page 163.

Figure 40 Job-Tech startups in Addis Ababa



Source: Shega Research

Figure 41 Business Stage of Surveyed Transportation Companies



Source: Shega Research

Sample job-tech startups.

<h2>Freelance Ethiopia Afriwork</h2>		<p>Product name Freelance Ethiopia Afriwork</p>	
<p>Founded in 2018</p>	<p>Employees 15+ People</p>	<p>Website freelanceethiopia.com/</p>	
<p>Freelance Ethiopia, is a platform that was established in 2018, which seeks to connect between job seekers and job providers. Since, it's establishment Freelance Ethiopia has provided job linkage for more than 50,000 workers. Afriwork uses telegram as its main platform with over 187K subscribers, by utilizing a telegram channel and a telegram bot. They have also developing a mobile application and website which serves as a gig platform.</p>		<p>Founder Simegn Tadesse</p>	



<h2>GoodayOn</h2> <p>Product name GoodayOn</p>		
<p>Founded in 2020</p> <p>Website gooday.io</p>	<p>Employees 15+ People</p> <p>Sub-Industry Job-tech</p>	
<p>GoodayOn helps people to access local, on-demand professionals in simple, fast and reliable way, anytime and anywhere. GoodayOn has currently around 25,000 Plus job workers that are providing work for different clients on-demand basis. GoodayOn currently has over 50,000 downloads over Google PlayStore.</p>		<p>Founder Alem Abraha and Tigist Afework Adera</p>

<h2>Taskmoby</h2> <p>Product name Taskmoby</p>		
<p>Founded in 2019</p> <p>Website taskmoby.com</p>	<p>Employees 10+</p> <p>Sub-Industry Job-tech</p>	
<p>Taskmoby is a digital marketplace that connects customers with home service providers, such as plumbers, cleaners, electricians, disinfection, painters, etc.</p>		<p>Founder Ezana Raswork</p>

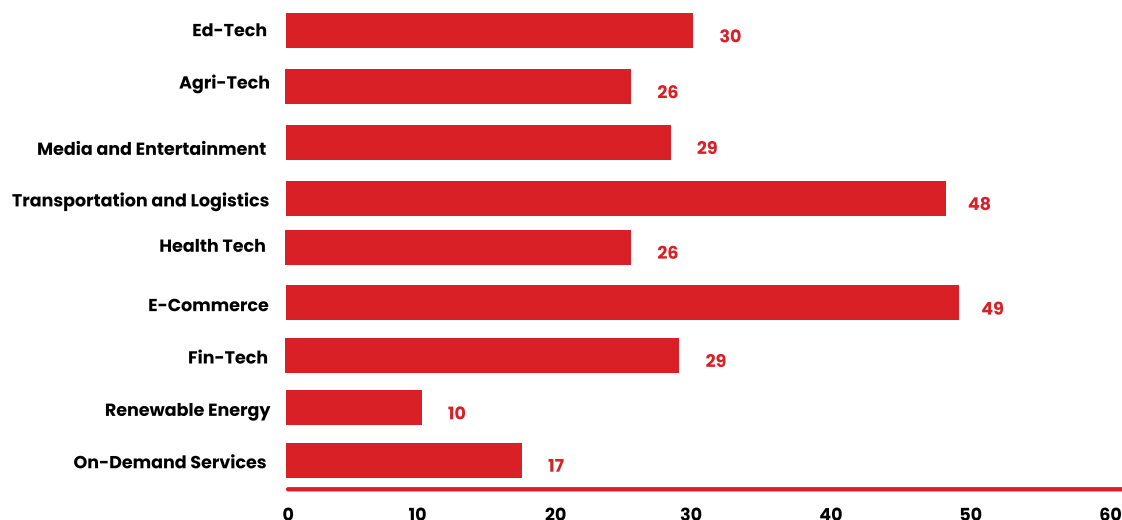
6.4 Sectors with the most and least startups

The survey data reveals that delivery and logistics as well as e-commerce have become popular industries with many startups. This trend can be attributed to the increasing digitization practises that have been adopted in Ethiopia, especially since the outbreak of the COVID-19 pandemic. With more people preferring to purchase goods and services online, the demand for delivery and logistics services has increased, leading to the emergence of several startups in this sector. On the other hand, sectors such as renewable energy have a relatively small number of startups in Ethiopia. This can be attributed to a lack of supportive policies and regulations that encourage the growth of such businesses. While renewable energy has great potential in Ethiopia, the sector requires significant investment, and many entrepreneurs may be hesitant to invest in a relatively new industry with high capital requirements and uncertain returns.

However, sectors such as health-tech, ed-tech, agri-tech, and fintech have a comparable number of startups. These sectors have seen significant growth in recent years, and this trend is expected to continue. Health-tech, for instance, has become more important as people become more conscious of their health, and there is an increasing demand for technology-enabled healthcare services.

Similarly, the agricultural sector in Ethiopia has great potential for innovation, with many startups exploring ways to improve productivity and reduce post-harvest losses. The fintech sector is also expected to continue to grow, as more people embrace digital financial services and mobile banking.

Figure 42 Number of Mapped Startups per sector



Source: Shega Research



THE STARTUP ECOSYSTEM IN ADDIS ABABA

7. The Startup Ecosystem in Addis Ababa

7.1 Overview of the startup ecosystem in Addis Ababa

Before 2011, the startup ecosystem in Addis Ababa was in its nascent stages, but there was a concerted effort to build up entrepreneurs and support the liberalisation of business practises by universities in collaboration with the government. Recognizing the importance of entrepreneurship and innovation in driving economic growth, the government began to take steps to create a favourable environment for startups.⁴⁵

In the years between 2011 and 2018, critical components of the startup ecosystem began to emerge. The first incubator in the country, Iceaddis, was established, providing resources and support to early-stage startups. Additionally, the government released an SME strategy document, which set out a plan for developing and supporting small and medium-sized enterprises, including startups. As a result, more incubators and accelerators were established to provide additional support and resources to startups.

In 2018–2020, the Ethiopian government shifted its policies, allowing financial service providers to accept e-payments, which opened new opportunities for investment in the sector. Several new investments were made, leading to the emergence of new startups and the growth of existing ones.

In 2020, the Ethiopian Startup Act was drafted, providing a legal framework for startups to operate and grow, with a view to establishing an innovation fund to support startups and other digital initiatives. There has also been a noticeable increase in the number of angel investor groups, enabler support, and growing interest from local investors, which has provided further support and resources for startups in the country. Additionally, the government released a digital strategy for the country, which looks favourably on digital progress and innovation.

So, over the past five years, compared to a decade ago, when the structural foundations pertaining to the ecosystem were being laid, this report mapped out the various startup ecosystem players in Addis Ababa.

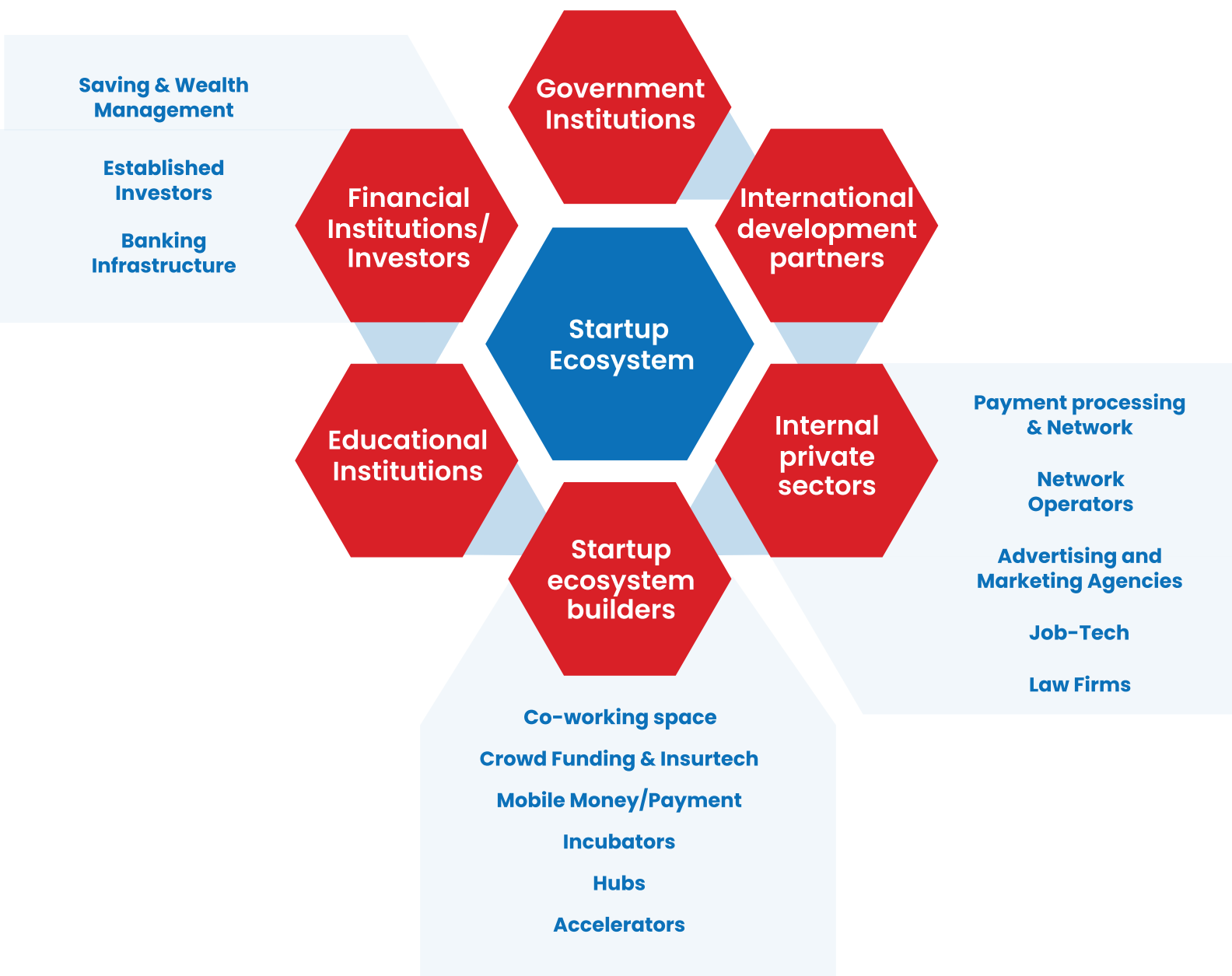
45. GIZ & Briter Bridges. (2022). Founder's Guide to Fundraising in Ethiopia.



It has mapped more than 300 different startups, 85 different support ecosystem players, 10 development partners, around 15 local and international investors, 6 different educational stakeholders, and around 10–20 different financial service providers engaged in the Addis Ababa startup ecosystem.

As indicated in the Startup Ecosystem Framework diagram on page 15, Addis Ababa's ecosystem consists of the following.

Figure 43 Key stakeholders in the Addis Ababa startup ecosystem



Source: Shega Research

Figure 44 The Startup ecosystem in Addis Ababa

Established Investors

Educational Institutions

Mobile Money/Payment

Payment processing & Network

Saving & Wealth Management

Financial institutions

Network Operators

International Development Partners

Law Firms

Government Institutions

Advertising and Marketing Agencies

Banking Infrastructure

Startup Ecosystem Builders



Source: Shega Research

For more information on the activities and URLs of government institutions, please refer to page 81; for more information on the activities and URLs of financial institutions, please refer to page 85; and for more information on the activities and URLs of investors, please refer to page 88. If you want to know more about the activities and URLs of educational institutions, please go to page 90. For startup ecosystem builders, please go to page 92. For co-working spaces in Addis Ababa, please go to page 96. For more information on the activities and URLs of the internal private sector, see page 106. For more information on the activities and URLs of International Development Partners, go to page 110.

The Addis Ababa, and by extension the Ethiopian, startup ecosystem, according to the Genome framework, is firmly in the activation stage, which is typically characterised by a lack of experience and resources, as may be the case for many emerging startup ecosystems. At this stage, the focus is often on building a supportive infrastructure for startups and attracting early-stage funding.

However, it's also worth noting that the ecosystem lacks any key indicators that it has achieved, or will soon achieve, a trigger to global attraction, such as reaching multiple 100 million USD+ exits.

7.2 Stakeholder actors

7.2.1 Government institutions

The Ethiopian government has taken steps to support the development of startups in the country. In this essay, we will explore the various government bureaus and their initiatives to support startups in Addis Ababa, Ethiopia.

The Ministry of Innovation and Technology (MInT)

The Ethiopian government has acknowledged the importance of startups and entrepreneurship in creating job opportunities and driving economic growth. As a result, it has established several bureaus and initiatives aimed at providing resources and support to young entrepreneurs. One such bureau is the Ministry of Innovation and Technology (MInT), which is responsible for developing policies and programs to support innovation and technology in Ethiopia. MInT has launched several initiatives to support startups in Addis Ababa, and it is the primary governmental support arm for startups in the country.

The Ministry of Innovation and Technology holds the responsibility of initiating policies, strategies, laws, and programmes that enable the sustainable development and competitiveness of technologies and innovations in Ethiopia. Its objective is to create a digital and tech-based investment ecosystem and drive digital transformation in the country. The ministry also focuses on promoting startups and fostering the development of an innovation ecosystem. MInT recognizes that startups require a blend of innovation and entrepreneurial capacities, and it is committed to providing support for the promotion of domestic innovation skills.

To accomplish this goal, MInT is establishing internationally standardised laboratories, workshops, and information and communication technology parks for selected innovation and technology research projects. The ministry is also facilitating the establishment of startup funds to promote innovation and entrepreneurship in the country. In short, the Ministry of Innovation and Technology is working towards creating an environment that fosters innovation and entrepreneurship and supports the growth of startups in Ethiopia.

The Ministry of Water and Energy (MoWIE)

The Ministry of Water and Energy (MoWIE) is another organisation that is working to support startups in the city, particularly in the energy sector. It provides a range of support to entrepreneurs, including priority foreign currency access and business networking events. Thus, the Ethiopian government has recognized the importance of startups in driving economic growth and job creation in the country. To support the development of startups in Addis Ababa, the government has established several bureaus and initiatives aimed at providing resources and support to young entrepreneurs.

Entrepreneurship Development Institute (EDI)

The Entrepreneurial Development Institute, an autonomous quasi-governmental institution reporting to the newly established Ministry of Labour and Skills, supports the growth of entrepreneurship and innovation in Ethiopia. Its flagship program, WEDP, aids women entrepreneurs across 18 cities and over 150 satellite towns. This World Bank-funded, award-winning initiative, replicated in countries like Indonesia, facilitates finance via the Development Bank of Ethiopia and participating microfinance institutions and banks. It supports MSMEs, predominantly women and youth-owned, in diverse sectors. Key services include providing access to innovative financial products, skill development, business development services, project management, advocacy, communication, monitoring, evaluation, and impact assessment.

One of the key ways that the EDI supports this growth innovation is by providing financial access assistance to small businesses. EDI collaborates with organizations like Enat Bank to assist small businesses with financial access. Since July 2017, Enat Bank has disbursed 34 million ETB to businesses, while EDI's flagship program, WEDP, has facilitated a 155.6 million USD loan from the World Bank and other donors. In 2022–2024, an additional 100 million USD were provided, with 95% as loan finance. EDI has also enabled 112+ youth startups to obtain ETB 28 million in grant seed capital through various innovation development programs.

EDI is collaborating with MOLS and MiNT on a national initiative to cultivate an entrepreneurial and innovative ecosystem across diverse sectors, aiming to spur economic growth and embolden innovators by fostering creativity and risk-taking, thereby leading to significant economic growth. In conjunction with MOLS and UNDP, EDI has also initiated the Public Sector Innovation Lab (PSI Lab) to instill innovative problem-solving in the public sector, converting complex public challenges into opportunities with a human-centric approach.

EDI runs several other projects, including Global Entrepreneurship Week (GEW), policy development on entrepreneurship, and EthioSpur, a business plan competition launched in 2019 in partnership with the University of California, Merced, and Washington State University.

Ministry of Labour and Skills (MoLS)

The "Empower, Digitize, and Globalize Entrepreneurs for Ethiopia's Transformation" (EDGET) program launched by the Ministry of Labor and Skills (MoLS) in September 2020 is a significant initiative to support startups and SMEs in Ethiopia. The program, which is funded by the UNDP, is aimed at achieving the Digital Entrepreneurship Vision 2025.

The EDGET program has been designed with five main pillars to support startups and SMEs in Ethiopia. The first pillar is strategic communication, which focuses on creating awareness about the program and its benefits to the startup and SME ecosystem in Ethiopia. The second pillar is direct DE Ecosystem intervention, which aims to provide support and interventions to strengthen the startup ecosystem in Ethiopia. This includes providing training, mentoring, and networking opportunities to startups and SMEs.

The third pillar of the EDGET program is the entrepreneurship fund, which provides funding support to startups and SMEs in Ethiopia. This fund is aimed at promoting innovation and entrepreneurial activity in the country. The fourth pillar of the program is access to finance, which is designed to help startups and SMEs in Ethiopia gain access to finance and funding opportunities.

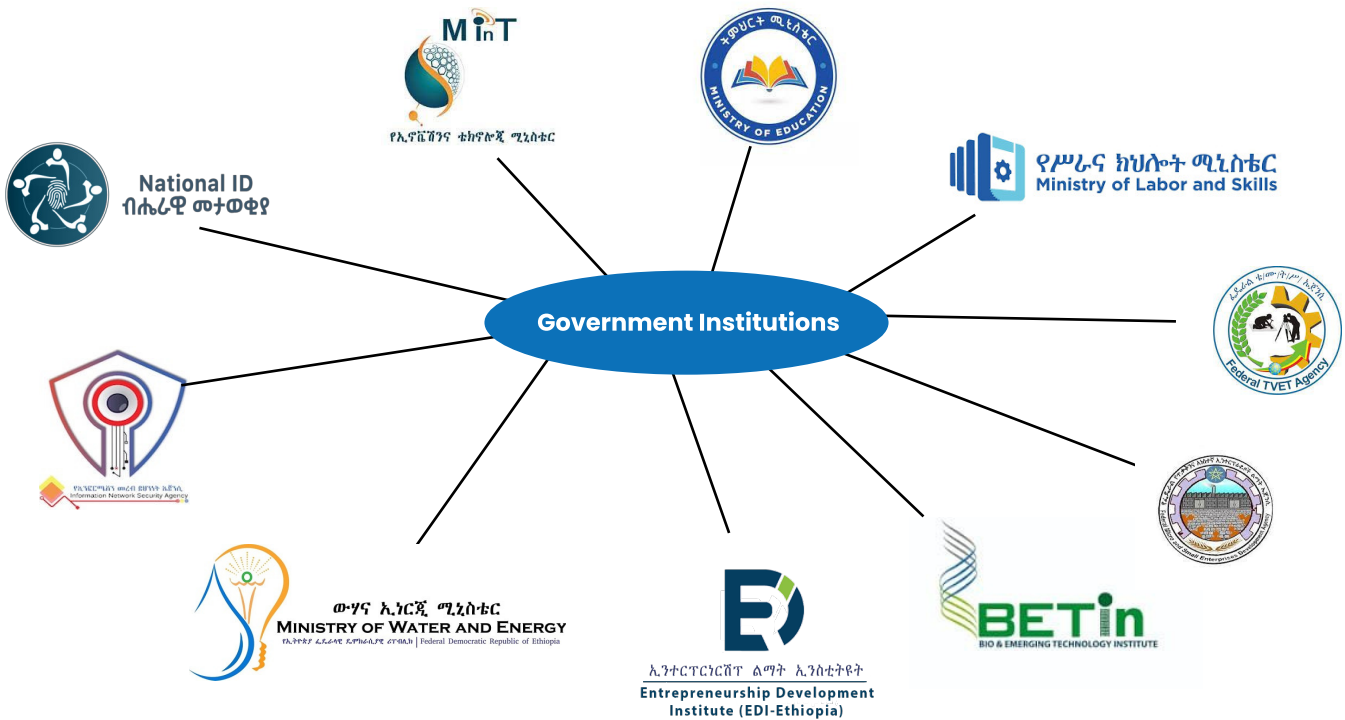
Finally, the fifth pillar of the EDGET program is DE through FROG, which stands for Digitizing Entrepreneurship through Financial Reporting, Online Registration, and Governance. This pillar aims to support the digital transformation of startups and SMEs in Ethiopia through the implementation of digital financial reporting, online registration, and improved governance practices.

They currently run the Enkopa Campaign website ([Enkopa - Ethiopian Entrepreneurship At Work](#)), which features virtual panel sessions, articles, interviews, and more. They also runs [YEGARA](#), a website that matches investors with startups. As a part of the Yegara project, which aims to solve the problems of access to finance for youth and women entrepreneurs through a technology-first approach. With the implementation of this project, entrepreneurs will increase the capacity of their entrepreneurial know-how for running their businesses, realise the need for sufficient finance to produce, and iteratively modernise their processes.

Bio and Emerging Technology Institute (BETin)

This organisation used to be MinT's biotechnology and new technology research institute. It promotes research on new technologies and conducts business using them, commercialising them, and promoting their widespread use. It was the same organisation as MinT before the merger, but it was split into digital technology and biotechnology and became BETin five years ago. It also provides funds to universities to promote research in new technologies to promote innovation in business.

Figure 45 Government institutions in the Ecosystem



Source: Shega Research

Table 2 List of Key Government Stakeholders

No.	Name	Website
1	Entrepreneurship Development Institute	https://edi-ethiopia.org/
2	Bio and Emerging Technology Institute	https://www.betin.gov.et/
3	Federal TVET Agency	http://0.62.93.55/
4	Information Network Security Agency	https://www.insa.gov.et/web/en
5	Ministry of Education	https://moe.gov.et/
6	Ministry of Innovation and Technology	https://mint.gov.et/?lang=en
7	Ministry of Labour and Skills	https://mols.gov.et/
8	Ministry of Water and Energy	https://www.mowe.gov.et/
9	The national digital ID program	https://id.gov.et/en/
10	Federal Small and Medium Manufacturing Industries Development Agency	http://sme.gov.et/overview-of-the-ministry

Source: Shega Research

7.2.2 Financial institutions

In Ethiopia, startups face significant challenges in accessing finance, much like households and individuals. Banks in Ethiopia have high collateral requirements, which can be as much as 1.5 times the original loan amount. Financial institutions (FIs) believe that there is significant untapped potential in the startup market, but most startups still struggle to access capital from banks and other FIs. This is due to the "missing middle" financing problem. Female founders are especially disadvantaged in accessing finance for their startup businesses, primarily due to their limited access to collateral. According to the World Bank's 2015 Enterprise Survey for Ethiopia, the percentage of female startup owners who use bank financing for investment purposes (3.1%) is smaller than the corresponding figure for male startup owners in Ethiopia (8.1%) and female startup owners in other African countries (9.6%).⁴⁶

To address this issue, financial institutions should work towards offering alternative forms of collateral that are more inclusive and accessible to women-led startups, such as intellectual property or personal guarantees. Additionally, mentorship programs and networking opportunities that provide guidance on financing options and strategies for women entrepreneurs could help them overcome barriers to startup funding. These steps can support the growth and success of women-led startups, contributing to a more diverse and inclusive startup ecosystem.

46. World Bank. (2015). Enterprise survey: World Bank. [Data set]. Retrieved from <https://www.enterprisesurveys.org/>

Also, another main issue is the relatively small loan amounts involved. Since startups are typically smaller and less established than established businesses, their loan requests are likely to be for smaller amounts than those of larger, more established companies. This can be problematic for banks because the transaction costs involved in processing a loan are relatively fixed, regardless of the size of the loan.

In other words, if a bank were to lend a small amount of money to a startup, the transaction costs involved in underwriting and administering the loan would likely be proportionally larger than if the bank were to lend a larger sum of money to a more established business. This can make it less economically viable for banks to lend to startups, as the profit margins on such loans may be smaller and the risks involved may be perceived as greater.

As a result, many banks may be more inclined to lend to larger, more established businesses with more predictable revenues and cash flows, as these loans are typically larger in size and may be perceived as less risky. This can make it difficult for startups to secure the funding they need to get off the ground and can limit their ability to grow and expand in the early stages of their development.

The lending distribution by sector in the past few years has been led by the industrial/manufacturing sector, with 36.4% of bank loans, followed by domestic trade, housing and construction, international export trade, and international import trade. So, in general, the sector is not a critical variable for customer segmentation and targeting by banks. Banks are more interested in ensuring compliance with regulatory directives and guidelines, such as credit risk management and diversification, and limits on exposure to a single borrower or related parties. However, it is worth noting that some sectors, such as manufacturing, may be more favourable to banks than others. This could be due to the sector's potential for profitability or the availability of collateral that can be used to secure loans.

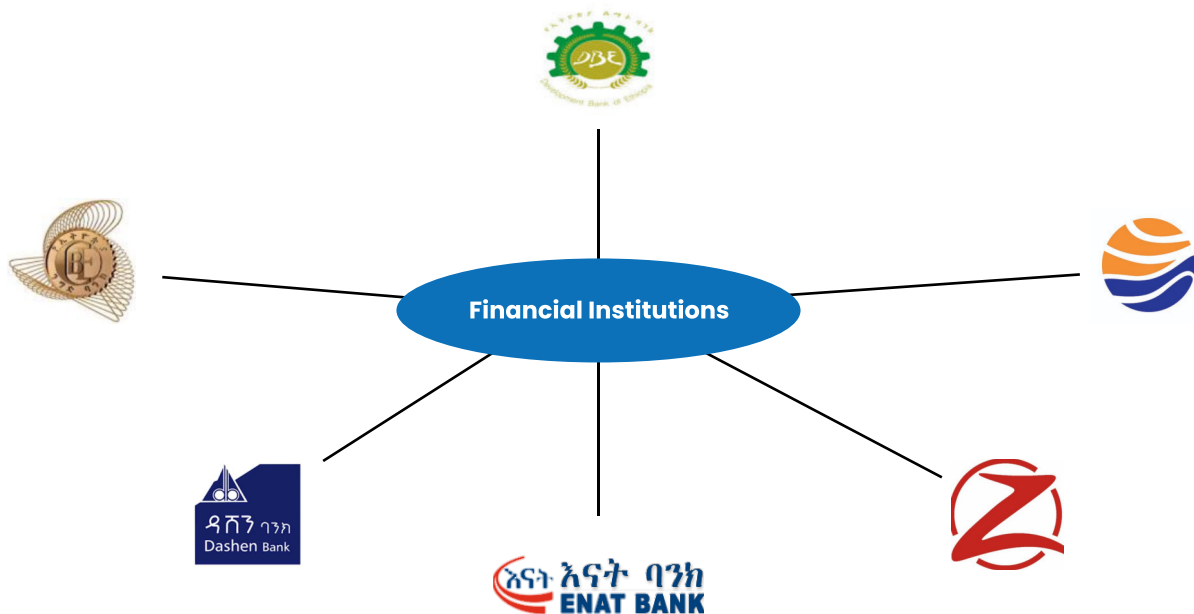
The distribution of bank loans is heavily skewed towards a small number of large customers, which is problematic for startups in need of funding. 94% of borrowers have loan sizes of 5 million ETB or less, but they only account for 32% of loans outstanding. Conversely, the remaining 6% of borrowers with loan sizes of 5 million ETB (93,000 USD as of January 2023) or more have borrowed 68% of the outstanding loans. The top 1% of borrowers, who have each borrowed more than 50 million ETB, hold 38% of the entire loan balance. This means that a few large corporate clients have a significant proportion of the outstanding loans, making it difficult for startups to access the funding they need.

For startups seeking to secure bank loans, understanding the prevailing sectoral trends in lending can be useful. However, it is critical to ensure compliance with regulatory guidelines, manage credit risk and diversification, and have a clear understanding of the specific requirements and lending criteria of the bank you are approaching.

In Ethiopia, securing funding for startups can be an uphill battle. Most of the financing provided by banks is dependent on both movable and immovable assets, making it difficult for startups to access the funding they need. Unsecured credit is only granted to long-term clients who have a proven track record of earning 100% of the loan for the previous two years and a high credibility ranking based on the bank's indicators. This makes it extremely difficult for startups to qualify for unsecured credit. Additionally, collateral requirements are one of the major obstacles that startups face when trying to secure bank loans in Ethiopia. According to data from selected banks, on average, the value of collateral tied up to secure bank loans is twice the original value of the loans. While this practise supports bank profitability, asset quality, and sector financial strength and resiliency, it severely limits credit availability, economic growth, and the inclusiveness of growth. It is important to note that there is no legal or regulatory requirement for collateral among startups in Ethiopia, making it even more challenging for them to access the funding they need. Addressing this barrier would be one of the highest impact steps available to support the growth and development of startups in Ethiopia.

Some banks have started SME segments that could marginally serve SMEs as well. Awash, Dashen, and Zemen banks have already started this division. Dashen Bank's initiative, called 'Ethiopian Talent Power Series," launched back in December, is now touring the country and providing training for youths who want to start their own business. This 100 million ETB (186,000 USD as of January 2023) initiative is aimed at encouraging job creation, providing financial support to talented individuals, and reducing unemployment.

Figure 46 Financial institutions in the Ecosystem



Source: Shega Research

Table 3 List of Financial institutions in the Ecosystem

No.	Name	Website
1	Development Bank of Ethiopia	https://www.dbe.com.et/
2	Commercial Bank of Ethiopia	https://combanketh.et/
3	Dashen Bank	https://dashenbanksc.com/
4	Awash Bank	https://awashbank.com/
5	Zemen bank	https://www.zemenbank.com/
6	Enat Bank	https://www.enatbanksc.com/

Source: Shega Research

7.2.3 Investors

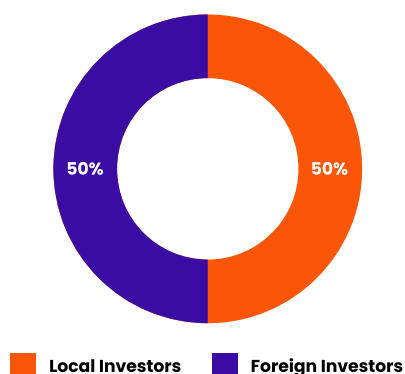
Some of the accelerators, business incubators, and development partners mentioned in the support organisation are also interested in investing in startups with debt and equity. The goal of this section, however, was to see incorporated venture capitals and angel investors investing in startups in the Addis Ababa Startup Ecosystem. To that end, we identified 11 different investment firms, both domestic and international, that are actively investing in Addis Ababa-based startups. Half of all investment firms are incorporated in another country.

Figure 47 Investors' Incorporation and Origin

50%

This survey mapped 14 different investment companies that have invested in the Ethiopian startup ecosystem. From the 14 companies, half of them are incorporated abroad.

Ratio of Mapped Local vs Foreign Investment Companies Engaged in the Ethiopian Startup Ecosystem



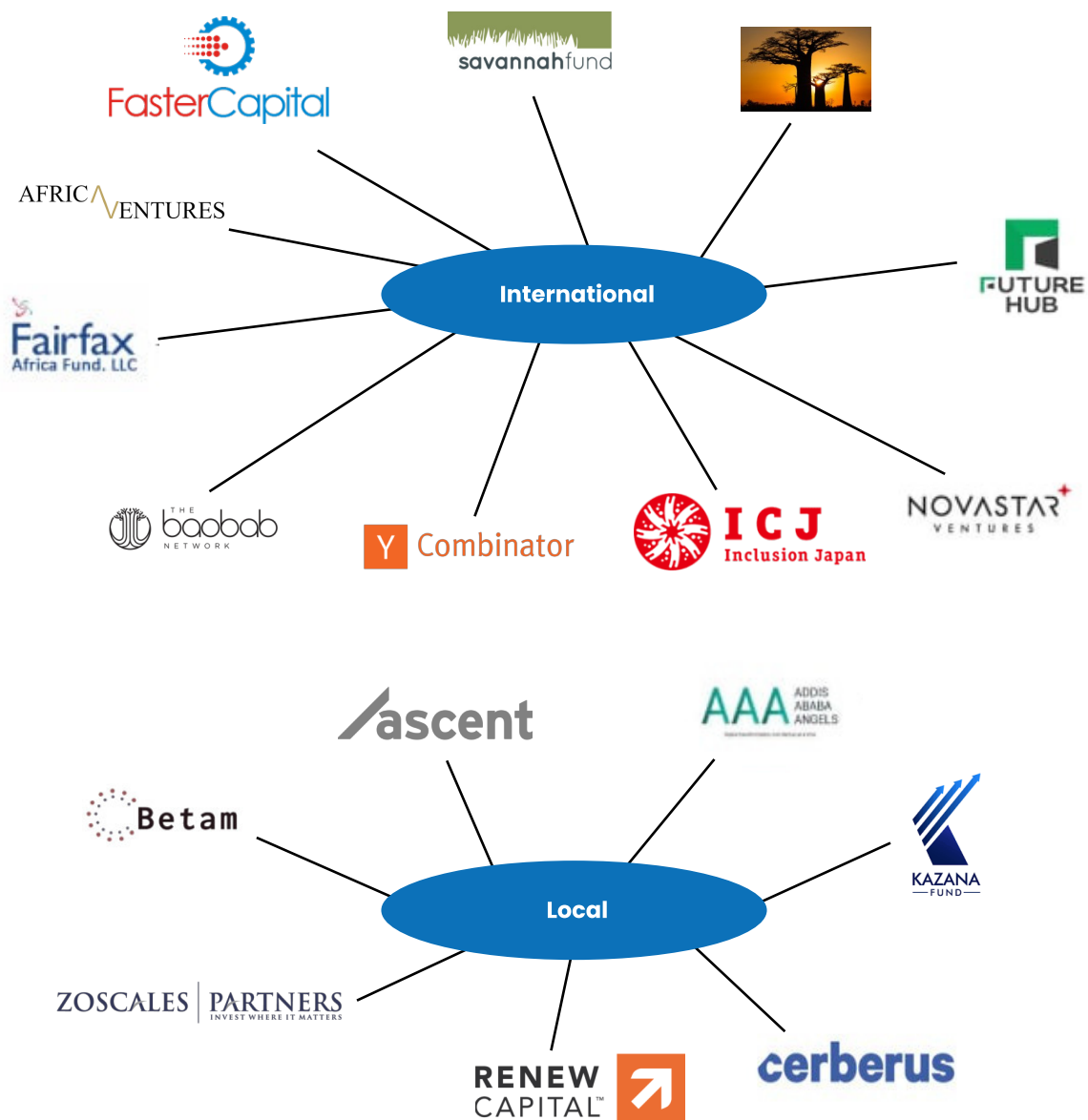
Source: Shega Research

The survey examined various investors who invest in Addis Ababa-based startups in Ethiopia. From the survey on investment companies, we found that the startup investment companies are looking at seed-level companies for investing in startups, although as in the case of Kazana Group (whose primary focus is on pre-seed companies) and Renew Capital (which looks at both pre-seed and seed companies). The investment companies we surveyed mentioned that although Ethiopia is their major target for investment, they have also invested in or are looking to invest in the East Africa Region.

In terms of investment size, from the surveyed companies, we see that as the company moves into the latter stages of business operation, the ticket size of investments increases. However, we compared the investment size of Addis Ababa startups to that of other regional peers, which we found to be lower.

The investors were asked how we can also attract different investments into the startup sector. The surveyed investors replied that for local investors to invest in the startup sector, we need to increase the attractiveness of the startup economy through de-risking the sector and increasing its attractiveness. For increased foreign investments, the investors mentioned a reduction of regulation, especially with the investment law, and a focus on increasing the quality of local startups.

Figure 48 Investors in the Ecosystem.



Source: Shega Research

Table 4 List of Investors

No.	Name	Website
1	Kazana Fund	https://kazanafund.com/
2	Africa Renaissance Partners	https://www.african-renaissance.com/
3	Savannah Fund	https://savannah.vc/
4	The Betam Group	https://www.betamgrup.com/
5	The Baobab Network	https://thebaobabnetwork.com/
6	Y-Combinator	https://www.ycombinator.com/
7	Ascent Capital	https://www.ascent-cap.com/
8	FairFax Africa Fund	https://www.fairfaxafrica.com/
9	Zoscales Partners	https://www.zoscales.com/
10	Renew Capital	https://www.renewcapital.com/
11	Africa Venture Partners	http://www.africaventurepartners.com/
12	Faster Capital	https://fastercapital.com/
13	Cerberus Frontier	https://www.cerberus.com/map-location/sgi-frontier-ethiopia/
14	Novastar	https://www.novastarventures.com/
15	Addis Ababa Angels	https://addisababaangels.com/
16	Inclusion Japan	https://inclusionjapan.com/
17	Future Hub	https://www.fhub.io/

Source: Shega Research

7.2.4 Educational institutions

Universities' innovation and business incubation centres have become critical stepping stones in the development of a cohesive startup ecosystem. These centers are designed to provide a conducive environment for entrepreneurs to grow their businesses. The centres offer physical space, technical assistance, mentorship, funding, and networking opportunities. Because the survey covered Addis Ababa, only a few universities operating in the capital are included. But, across Ethiopia, there are a growing number of universities and educational institutions that focus on startup incubation education, including Jimma University, Bahirdar University, Mekelle university and others.

Addis Ababa University (AAU) has an internal organisation called the Innovation Centre, which provides support for entrepreneurs as a university. As a university, it holds business contests and has created a system to support businesses derived from on-campus training. Not only students but also professors and others can participate in the contests, and they are encouraged to do so. Furthermore, entrepreneurs chosen by the university can obtain funds and conduct Proof of Concept tests. On the other hand, the funds are limited, and the company is still looking for funding sources to continue the program.

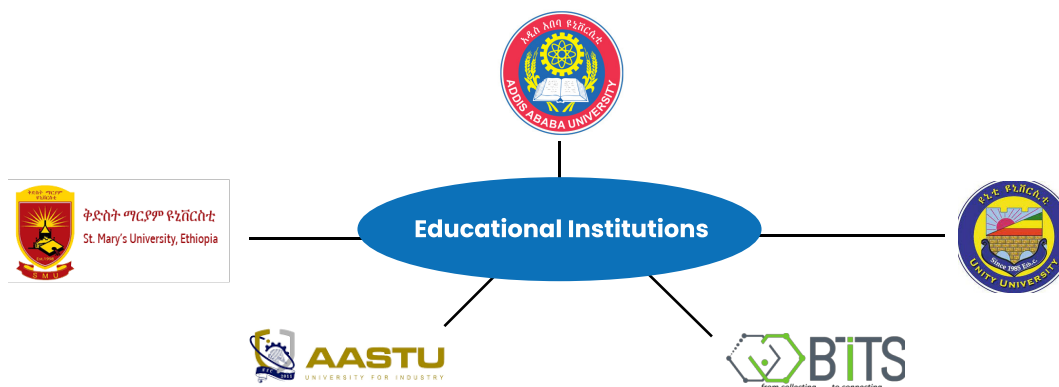
Notably, Addis Ababa University has a business incubation and techno-entrepreneurship center. The centre offers a platform for startups to receive technical support, mentorship, and working space. The technical support offered includes product development, design, and research. The centre also provides access to funding, enabling startups to access capital, which is essential for their growth. Additionally, the centre has an active mentorship programme that connects startups with experienced business professionals who can guide them on their entrepreneurial journey.

Similarly, Addis Ababa Science and Technology University (ASTU) hosts the Entrepreneurship Development Center. The center provides a wide range of services to support startups, including training, mentorship, funding, and networking opportunities. The training provided by the Centre focuses on developing an entrepreneurial mindset and equipping startups with the necessary skills to start and grow their businesses. The mentorship programme connects startups with experienced business professionals who provide guidance and support. Additionally, the center provides access to funding opportunities and assists startups in preparing their business plans and proposals.

Although these centers are not currently providing full support to entrepreneurs, they are making significant strides in creating an environment that is conducive to startups. The centers provide a platform for startups to interact and learn from each other, creating a community that shares ideas and supports one another. This community is vital for startups, as it provides a support system that enables them to navigate the challenges that come with starting and growing a business.

Other private colleges, such as BITS College, Saint Mary College, and Unity University, have an accommodating space that provides support to entrepreneurs who would like to start companies as well.

Figure 49 Educational Institutions in the Ecosystem.



Source: Shega Research

Table 5 List of Educational institutions in the Ecosystem

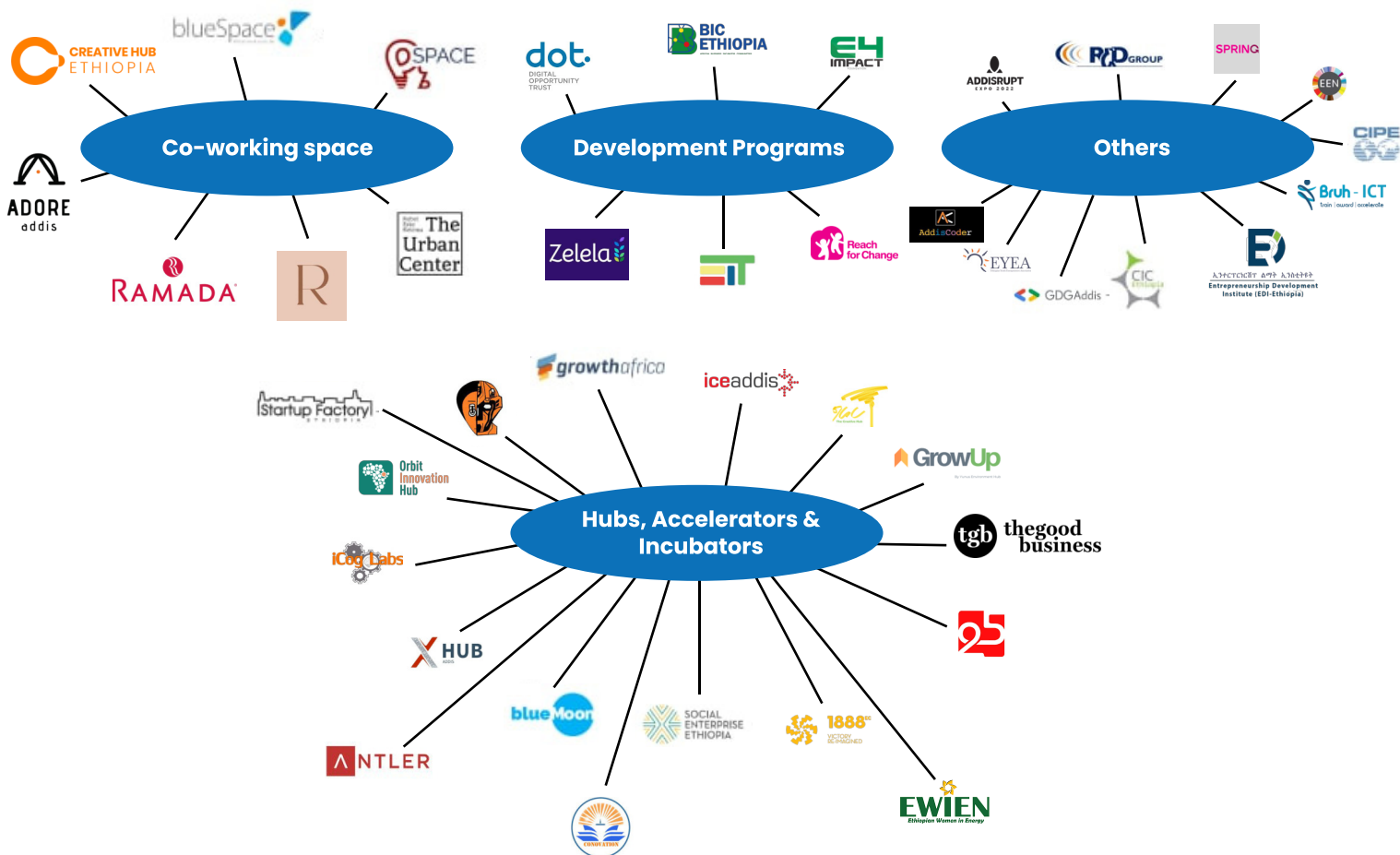
No.	Name	Website
1	Addis Ababa university	http://www.aau.edu.et/
2	Addis Ababa Science and Technology University	http://www.aastu.edu.et/
3	BITS College	https://www.bitscollege.edu.et/
4	St. Mary's University	https://www.smuc.edu.et/
5	Unity University	-

Source: Shega Research

7.2.5 Startup ecosystem builders

Addis Ababa is becoming an increasingly popular destination for startups, in part due to the support ecosystem offered by various entities, such as hubs, accelerators, and incubators. These organisations provide an array of services that can help startups in their early stages grow and succeed. We have identified more than 45 startup ecosystem builders.

Figure 50 Startup ecosystem builders

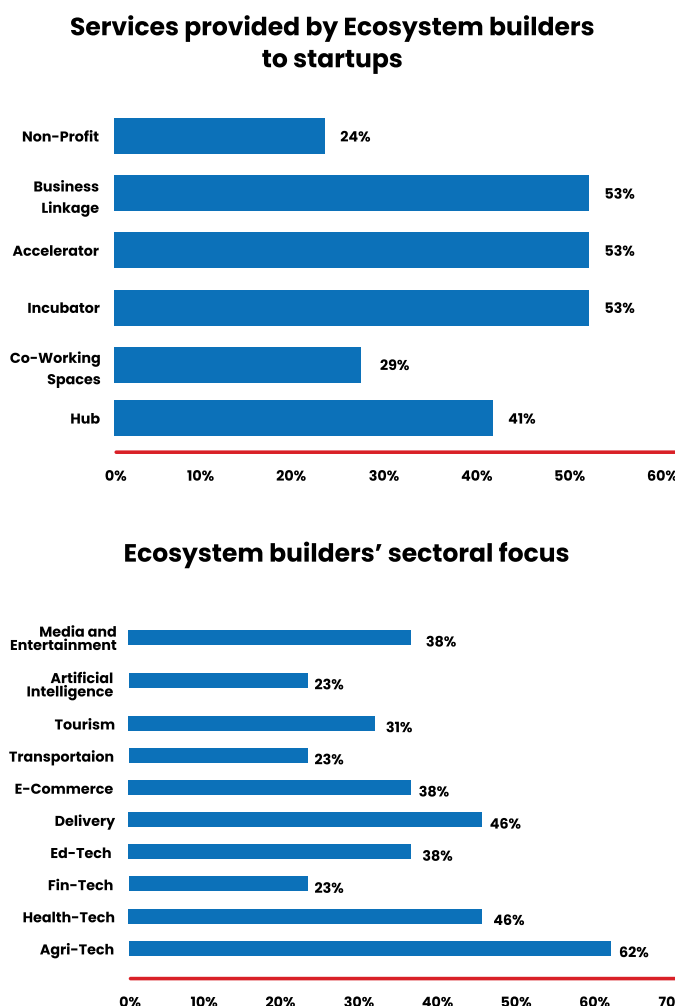


Source: Shega Research

Types of Startup Ecosystem Builders

The surveyed support organisations were asked what types of services they offer to startups (Figure 50). 53% of the surveyed support organisations stated that the services they provided included business linkage, incubation (turning ideas into viable business models), and acceleration services (supporting early-stage startups through education, mentorship, and financing). The sectors in which the surveyed support organisations focused while providing startup assistance were asked. Agri-Tech was cited as the primary target startup support organisation provider by 62% of respondents, followed by delivery and health-tech at 46% each.

Figure 51 Startup ecosystem builders as rated by Startups.



Source: Shega Research

Ecosystem builders have noted that they provide business linkage, accelerations, and incubation services for the most part, focusing on Agri-tech, Health-tech, delivery, and media and entertainment startups alongside others.

Hubs are one of the most prominent forms of support for startups in Addis Ababa. They offer a range of services, including networking opportunities, working spaces, and events aimed at building relationships and giving startups publicity. The first hub in Ethiopia, iceaddis, was launched in 2011 in Addis Ababa, and since then, at least 19 hubs have been established in the city. These hubs are mainly concentrated in the capital, and some of the most recent ones include Creative Hub, CIPE, and iCog Labs.

The benefits of working with hubs are many. Startups can benefit from the various networking opportunities offered, which can lead to collaboration and potential partnerships. The shared workspaces are also an attractive option for startups that may not have the financial resources to secure their own space. Additionally, events hosted by hubs can be a great way to gain publicity and exposure for the startup, which can be particularly helpful for early-stage startups looking to establish themselves.

Accelerators and incubators are other forms of support offered to startups in Addis Ababa. Accelerators are organisations that support startups by providing them with the resources they need to grow their business. This can include funding, mentorship, and access to a network of investors. On the other hand, incubators are more focused on providing physical coworking spaces and access to their networks for very early-stage startups. Some incubators also provide funding for startups in the incubation program. Accelerators and incubators typically have a selective application process, and startups need to prove themselves before being granted access. Only after reviewing the startup's concept, projections, and the quality of the team do they grant admission.

So, the support ecosystem in Addis Ababa is growing and becoming more supportive of startups. Hubs, accelerators, and incubators all offer a range of services that can be very beneficial to startups in their early stages. These services can include access to working spaces, networking opportunities, mentorship, funding, and exposure to potential investors. Startups looking to establish themselves in Addis Ababa should consider working with these organizations to take advantage of the support they offer.

Additionally, the Ethiopian Youth Entrepreneurs Association is actively contributing to the startup ecosystem in Ethiopia by creating a functional and collaborative network for Ethiopian startups. The association, which consists of investors and entrepreneurs, has established a network of national and international investors interested in expanding their investment opportunities in different cities across Ethiopia. Their goal is to build a strong and independent youth entrepreneur association with a clear platform that represents Ethiopian startups and supports them to scale up and become successful enterprises. The association is constantly expanding its partnership network and seeking feedback from its members to identify areas for improvement in the startup ecosystem. They also provide trusted advice to their investors and startup network to build a collaborative Ethiopian startup ecosystem for all stakeholders involved. Through their open-minded and supportive actions, the association is making a positive impact on the startup ecosystem in Ethiopia.

Table 6 List of Startup Ecosystem Builders

No.	Name	Website
1	iCogLabs	https://icog-labs.com/
2	1888 EC	https://www.1888.studio/home-3/
3	Araya Venture lab	https://arayaventurelab.com/
4	Bruh Accelrator (JCC)	http://bruh-et.com/about/
5	xHub	https://xhubaddis.com/
6	Iceaddis	https://www.iceaddis.com/
7	Creative Hub Ethiopia	https://creativehub.et/
8	Nice Innovation Incubation Center	https://www.niceinnovationet.com/
9	Orbit Innovation Hub	https://orbitinnovationhub.com/
10	AddisCoder	https://www.addiscoder.com/
11	Startup Factory	http://startupfactoryethiopia.com/
12	Blue Space	https://bluespace.work/
13	Reach4Change	https://reachforchange.org/
14	Growth Africa	https://growthafrica.com/
15	Ethiopians In Tech (EiT)	https://www.jumpstart.et/
16	E4Impact	https://www.thegoodbusiness.com/
17	The Good Business	https://www.springaccelerator.org/
18	Spring Accelerator	https://www.addisrupt.biz/
19	Addisrupt	https://www.conovationet.com/
20	Conovation	https://bic-ethiopia.eu/
21	BIC Ethiopia	https://ourgerar.com/
22	Gerar - The Creative Hub	https://www.roha-africa.com/
23	Roha group	https://yunusenvironmenthub.com/
24	Growup Incubator	growup-incubator/
25	Simuny Creative Solutions	https://sumuni.net/
26	Ethiopian Youth Entrepreneurs Association	http://etyea.com/about.php

Source: Shega Research

7.2.6 Co-working Spaces in Addis Ababa

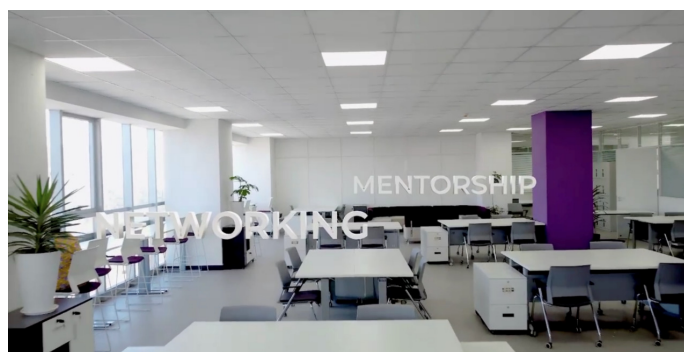
The number of co-working spaces in Addis Ababa is increasing every year. As of 2023, there are 16 in Addis Ababa. Here are some of them.

NUNA Ethiopia

Nuna Ethiopia is a leading startup incubator and co-working space provider in Ethiopia, offering an extensive selection of packages customized to suit the unique demands of businesses. One of their popular packages is the incubation program, which provides startups with access to an array of resources, including mentorship, training, funding, and networking opportunities, to help them grow and scale their businesses. The incubation program is designed to help startups overcome the challenges of starting a new business, including access to capital, talent, and market opportunities.

In addition to the incubation program, Nuna Ethiopia also offers working space packages, which provide businesses with access to fully equipped and furnished offices, meeting rooms, high-speed internet, and other amenities. Their coworking space is particularly popular, with their basic package costs 120 USD per person per month, which includes a furnished desk and drawers, fast Wi-Fi, limited printing and scanning, coffee and tea, secured locker, shared kitchen. Their basic plus plan costs 200 USD per person per month.

Figure 52 NUNA Ethiopia



This package, in addition to everything in the basic plan. Also has legal and accounting help and license management. They also have a virtual office offer those costs 60 USD per person per month that includes, furnished desk and drawers, fast Wi-Fi, and a mailing address.

Location

Iceaddis

Iceaddis is a pioneer in innovation hubs and co-working spaces in Ethiopia. It provides a conducive environment for techies, entrepreneurs, investors, and creatives to work and share ideas. One of the key features of Iceaddis is its flexible pricing packages that cater to the diverse needs of its clients. It offers a 'Hot Desk / Open Plan Seating' at a rate of 5.3 USD (280 ETB) for a day pass, 22.65 USD (1,200 ETB) for a 5-day pass, and 71.7 USD (3,800 ETB) for a 20-day pass.

Figure 53 Iceaddis

Moreover, the Iceaddis co-working space operates 24/7, providing an around-the-clock facility for its members. The space offers a range of amenities, such as a kitchen, personal lockers, and free refreshments, to keep its members energised and productive throughout the day. Additionally, it offers different types of seating arrangements, including standing desks and beanbags, to cater to different working preferences. Iceaddis also provides its members with access to various office equipment, such as printers, scanners, and photocopiers.



This feature eliminates the need for members to invest in expensive office equipment and provides them with the necessary tools to carry out their work efficiently.

Location

BlueSpace

BlueSpace offers a comprehensive range of services to its members, including a fully furnished facility, high-speed WiFi, and complimentary tea, coffee, and fruit-infused water. The workspace is designed to meet the needs of modern businesses and entrepreneurs, with various types of seating arrangements available, including hot desks and dedicated desks. In addition to its office and workspace offerings, BlueSpace also provides meeting and event facilities that are ideal for hosting events, conferences, and business meetings. These facilities cater to the growing business community and provide a professional and collaborative environment for members.

For individuals looking for a flexible workspace solution, BlueSpace offers a day pass for a hot desk or open plan for one person at 10 USD. Alternatively, for those who require a more dedicated workspace, a dedicated desk for a month is available for 115 USD. For businesses looking for more privacy, BlueSpace offers private office options with a monthly fee per desk ranging from 195 USD to 240 USD, depending on the size of the office.

Figure 54 BlueSpace



Location

Instworkspace

Inst workspace offers affordable and furnished workspace options with flexible plans. The co-working space provides a professional and productive environment for its members and has amenities such as meeting rooms and event spaces. It offers basic office equipment like printers, scanners, copiers, desk space, and power outlets, with 24/7 access. Inst workspace also provides free water, coffee, and tea for its members.

The co-working space has a variety of pricing options to cater to different needs. The space has a monthly rate, a weekly pass rate, and a day pass rate, and the pricing is 60 USD per month, 2.5 USD per weekly pass, and 6 USD per day pass consecutively.

Location

Figure 55 Instworkspace



Pro Office

Pro Office is a versatile co-working space that offers flexible solutions to accommodate different types of businesses. The fully equipped office space has high-speed Wi-Fi and printer services, ensuring that all your business needs are met. Pro Office offers a range of packages to suit your specific requirements. For those looking for a private room, the daily rate is 400 ETB (10 USD). For a more economical option, cubicles are available for 255 ETB (6.74 USD) per day. The conference and training rooms are also available for rent at an hourly rate of 255 ETB.

In addition to its co-working space, Pro Office offers a package where startups can obtain licences using Pro Office's address. This is particularly beneficial for startups that need a physical address to register their business. The monthly rate for this package is 3,000 ETB (75 USD). Pro Office also provides an ideal environment for startups and entrepreneurs to network and collaborate with other like-minded individuals. With its modern facilities and convenient location, Pro Office is the perfect place to grow your business and take it to the next level.

Location

Figure 56 Pro Office



The Urban Center

The Urban Center offers a space with access to unlimited internet and basic office equipment such as a photocopier, scanner, and printer. The facility includes meeting rooms and a library. The daily pass at the urban center for a flexible space in the main hall is 150 ETB (3.75 USD). For those who prefer a more private space, a dedicated chair is 250 ETB (6.25 USD), while the monthly fee is 3,000 ETB (75 USD).⁴⁷ The space is currently open from Monday to Saturday from 9 a.m. to 9 p.m. The Urban Center isn't currently open for external users.

Location

Figure 57 The Urban Center

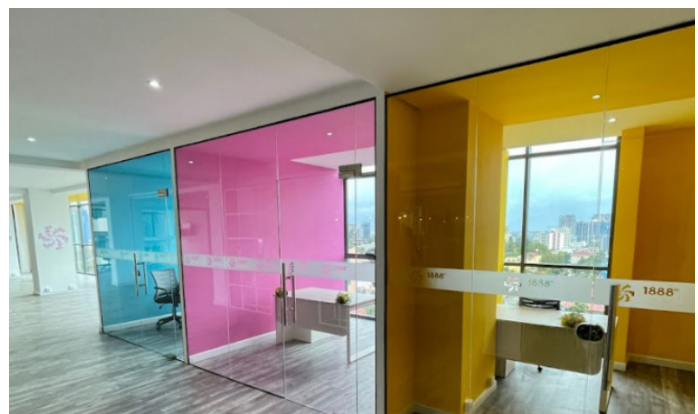


1888 EC

Solomon Kassa, a well-known TV personality, tech consultant, strategist, author, and public speaker, founded 1888EC in 2020 as a unique and innovative startup studio. It is an exciting addition to the Ethiopian startup ecosystem, providing entrepreneurs with the necessary resources to develop and scale their businesses. In addition to its startup studio, 1888EC offers co-working desks and offices for daily, bi-weekly, monthly, and quarterly usage. The space is well-equipped with high-speed Wi-Fi, printers, scanners, and other basic office equipment. For those looking for a flexible workspace, a day pass for a desk at 1888EC costs 5 USD, while a dedicated office can be rented for 10.73 USD.

1888EC also provides startups with access to an experienced and diverse mentor network, enabling entrepreneurs to receive valuable advice and guidance. The startup studio offers a range of services to its portfolio companies, including legal support, accounting services, and business development, among others. Furthermore, 1888EC hosts events and workshops to help entrepreneurs connect, collaborate, and learn from one another.

Figure 58 1888 EC



These events range from pitching sessions to panel discussions and networking events.

Location

47. At the prevailing exchange rate in February 2023

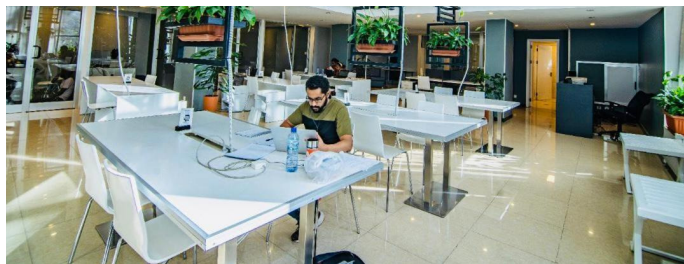
Adore Addis

Adore Addis is a modern co-working space in the bustling Bole Atlas neighbourhood. The space is designed to cater to the needs of entrepreneurs, freelancers, and professionals looking for a flexible workspace. Adore offers a variety of office spaces that can be leased hourly, daily, weekly, or monthly, depending on the user's preference. The workspace is equipped with high-speed internet, modern furniture, and necessary office equipment like printers, scanners, and copiers.

In addition to its flexible workspace offerings, Adore provides its users with access to freshly made meal items that they can enjoy. This convenience factor sets Adore apart from other co-working spaces in the area. The space at Adore is designed to foster productivity and collaboration with other professionals. It offers a vibrant community of like-minded individuals who are always looking to network and learn from one another.

Users can choose from a variety of extended-stay options that are tailored to their specific needs. The shared space costs 66 USD (3,500 ETB) per month, exclusive of VAT and service charge, and includes traditional coffee every afternoon and access to the members-only terrace coffee bar.

Figure 59 Adore Addis



A dedicated desk and drawer cost 85 USD per month (4,500 ETB) plus VAT and service charge. A private office costs 227 USD (12,000 ETB) per month, not including VAT and service charges. They also have a meeting room that can accommodate six people for 9.06 USD (480 ETB) per hour, exclusive of VAT and service charges. Another meeting room with a capacity of twelve people costs 14.8 USD (780 ETB) plus VAT and service charge. They also have a multipurpose event room that can accommodate anywhere between 20 - 40 people and that costs 24.5 USD (1,300 ETB) an hour, exclusive of VAT and service charge. The meeting and event rooms can't be booked for less than two hours.

Location

Refenti World

Refenti World is a new luxury mall located in Bole Bulbula, offering a range of facilities and modern event spaces. One of the services it offers is co-working space for individuals and businesses. The co-working area at Refenti World is designed with state-of-the-art facilities and modern amenities, making it an ideal workspace for entrepreneurs, freelancers, and startups.

The co-working area is available to users at a daily rate of 4.7 USD (250 ETB). It includes access to high-speed internet and basic office equipment such as printers, scanners, and copiers, as well as complimentary coffee and tea. Users can also purchase a five-day pass for 18.9 USD (1000 ETB) or a 20-day pass for 28.4 USD (1500 ETB).⁴⁸ A dedicated desk costs 28.4 USD (1,500 ETB) per month, 66 USD (3,500 ETB) per quarter, and 113.2 USD (6,000 ETB) per six months. Monthly rent for a private office with four desks, four chairs, and one cabinet ranges from 415 USD to 1.132 USD (22,000 ETB to 60,000 ETB).

Figure 60 Refenti World



In addition to the co-working area, Refenti World also provides private meeting rooms and event spaces for businesses and organizations. The meeting rooms are equipped with projectors, whiteboards, and other necessary amenities to make business meetings and presentations more effective. The event spaces can accommodate various types of events, from corporate events to social gatherings.

Location

CoSpace

CoSpace is a coworking space situated on Bole Road, in the bustling center of Addis Ababa. The workspace is designed to enhance the productivity and well-being of professionals, providing a modern and comfortable environment with a range of amenities. At CoSpace, users can choose from flexible pricing options, with a daily rate of 4.4 USD (230 ETB),⁴⁹ a weekly rate of 17.4 USD (920 ETB), and a monthly rate of 54.3 USD (2,875 ETB). Each option includes a shared workspace with access to coffee or tea twice a day. They also offer private offices.

Weekly customers can also enjoy a meeting room and up to five pages of printing services. Meanwhile, monthly users have access to a meeting room, up to 20 pages of printing, a locker, and one free four-hour event on the balcony. The space is open from Monday to Friday from 8 a.m. to 7 p.m. and on Saturdays from 9 a.m. to 5 p.m.

Figure 61 CoSpace



48. At the prevailing exchange rate in February 2023

49. At the prevailing exchange rate in February 2023

The modern and stylish interior is designed to inspire creativity and focus, with comfortable chairs and ample desk space to boost productivity.

CoSpace also provides a professional meeting room, which can be booked by members or external users. The meeting room includes high-speed WiFi, a large TV screen for presentations, and other essential amenities to make meetings more productive. Overall, CoSpace is an excellent option for professionals seeking a modern and comfortable workspace with a range of amenities to help them stay productive and focused.

Location

Kebena House

Kebena House is a serene co-working space located in the lush woods of the Yeka Mountains, offering a stunning view of Addis Ababa. This workspace provides a conducive environment for individuals to be productive and creative. At Kebena House, members can enjoy the peace and quiet of nature, while still having access to all the necessary amenities for a productive workday. The co-working space offers a dedicated desk for 6 USD (300 ETB)⁵⁰ per day with working hours of 8 a.m. to 8 p.m. Additionally, the workspace provides free WiFi, printing, copying, and scanning services to help members stay connected and productive.

Kebena House also has private meeting rooms available for reservation, making it an ideal place for entrepreneurs, freelancers, and startups to hold meetings, brainstorm ideas and collaborate with their teams. The space also includes an on-site café that offers a variety of refreshments and snacks for when members need a break from work. For those looking for a bit of peace and quiet, Kebena House provides a tranquil outdoor area where members can take in the breathtaking views of Addis Ababa and enjoy a moment of peace and relaxation. Thus, Kebena House is an ideal workspace for those seeking a quiet, peaceful environment amid nature to work and collaborate.

Location

Figure 62 Kebena House



50. At the prevailing exchange rate in February 2023

ShegeHive

ShegeHive is a modern and comfortable co-working space located in the Yobek Commercial Center building at the Mexico roundabout. The workspace offers a peaceful setting for professionals and freelancers to work in a productive environment. ShegeHive provides a range of amenities to its clients, such as printers, high-speed Wi-Fi, parking, outdoor areas, fast-food cafes, receptionists, meeting rooms, and networking events.

The ShegeHive workspace is designed to meet the needs of different professionals and businesses. With affordable pricing, ShegeHive provides a flexible workspace that can be leased by the day, week, or month. Their daily pass costs 2.83 USD (150 ETB),⁵¹ while their weekly pass is 11.3 USD (600 ETB), and their monthly rent is 45 USD (2,400 ETB) for their bronze plan, which includes open coworking space sitting, high-speed WiFi, printers, cafe

Figure 63 ShegeHive



and fast food access, and parking space access. A daily pass costs 6.6 USD (350 ETB), a weekly pass costs 18.8 USD (1,000 ETB), and monthly rent is 67.9 USD (3,600 ETB) for their gold plan, which includes free access to the lounge, parking space access, and reservation, training/meeting room reservation and discount (10%), and a co-living space reservation and discount (10%) on top of everything in the bronze plan. There is also a silver plan that's between these two options. The space is open from Monday to Saturday from 9 a.m. to 9 p.m.

At ShegeHive, clients can work in a comfortable and modern environment with access to all the necessary equipment and facilities to enhance their productivity. The workspace has a range of private and shared office spaces, meeting rooms, and event spaces that can be reserved on-demand. The coworking space is also home to a vibrant community of professionals and entrepreneurs, providing ample networking opportunities. In addition to the workspace, ShegeHive also offers access to outdoor areas and fast-food cafes that provide clients with a space to relax and take a break from work. With its central location and modern amenities, ShegeHive is an ideal coworking space for professionals and businesses looking for a peaceful and productive workspace.

Location

51. At the prevailing exchange rate in February 2023

Ramada Addis

Located in the bustling Bole district, the Ramada Addis Hotel offers a unique co-working space that caters to the needs of various professionals. Whether you are a freelancer, entrepreneur, or business owner, Ramada Addis provides a conducive environment to work and network with like-minded individuals. The co-working space has different package options to cater to the diverse needs of its customers. The daily rate starts at 3.8 USD (200 ETB)⁵² and includes access to the co-working area, free Wi-Fi, and refreshments. Weekly and monthly packages are also available, offering more flexibility and affordability for those who require longer-term use of the space.

In addition to the basic amenities, Ramada Addis co-working space also offers modern meeting rooms that are equipped with state-of-the-art technology, making it ideal for hosting presentations and meetings. The space also has printing, scanning, and copying facilities, ensuring that all your office needs are met without having to leave the premises. Moreover, the co-working space is part of the larger Ramada Addis Hotel, which offers additional amenities such as a fitness centre, spa, and pool, providing the perfect balance of work and play. The hotel is conveniently located, with easy access to the airport, business district, and major shopping centres.

Location

Creative Hub Ethiopia

Creative Hub Ethiopia is a co-working space located in Addis Ababa that provides a collaborative and supportive environment for creative entrepreneurs and professionals. This space aims to foster innovation and creativity by offering a variety of workspaces that cater to the needs of different businesses.

One of the unique features of Creative Hub Ethiopia is its focus on providing support and resources to creative professionals. The space offers mentorship programs, workshops, and events that are designed to help entrepreneurs develop their skills, network with other professionals, and grow their businesses. Creative Hub Ethiopia also has a makerspace that is

equipped with tools and equipment (including 3D printers and laser cutters) for prototyping and product development. This makerspace is available for rent and is designed to support product design and development for creative professionals.

Figure 64 Creative Hub Ethiopia



52. At the prevailing exchange rate in February 2023

In addition to the physical workspace, Creative Hub Ethiopia also hosts various events, workshops, and networking sessions that bring together like-minded individuals and foster collaboration and growth. The space is perfect for individuals and teams looking to work in a creative and dynamic environment that supports their professional and personal growth.

Location

iCog Labs

iCog Labs is an Ethiopian-based software professionals, dedicated to advancing the frontier of artificial intelligence research and applications and delivering quality products to customers. The company was founded in 2013 by a group of Ethiopian AI researchers and entrepreneurs with the goal of advancing Ethiopia's technology sector.

In addition to their research work, they also offer a coworking space for individuals and small businesses. The iCog Labs coworking space is located in the Bole area and offers a modern and spacious work environment. Amenities include high-speed internet, printing services, meeting rooms, a kitchen area, and access to iCog Labs' research facilities.

Figure 65 Icog labs



Additionally, iCog Labs offers training programs and workshops on topics such as AI, robotics, and programming, which can be beneficial to individuals and businesses in the tech industry. As of May 2022, a new shared office is under construction.

Location

Addis Ababa Chamber

After 75 years since its establishment in 1947, the Addis Ababa Chamber of Commerce and Sectoral Associations (AACCSA) opened its first business incubation and acceleration center (dubbed the BIC) in 2022. BIC sets out to contribute to the national endeavor of bringing about positive and lasting changes to the Ethiopian startup ecosystem and assist in the drive to create jobs, raise income, and sustain the country's growth trajectory. BIC commenced its operation by accepting the first batch of 10 business founders under its incubation program in February 2023.

Being uniquely positioned to support the private sector development in Ethiopia, AACCSA has more than 15,000 member companies, which jointly translates to a good community of entrepreneurs and network space and a strong ecosystem for startups to learn from, partner with, cross-fertilize innovative ideas with, and many more. Currently, the business incubation center provides ideal co-working offices for those who are

Figure 66 Addis Chamber



supported by its incubation and acceleration programs. Startups under BIC's program can also access other membership packages. The programs under the Business Incubation and Acceleration Center are usually announced online. BIC gives priority to technology-enabled businesses across an array of sectors. Startups participating in the business incubator programs can use the coworking space free of charge.

Location

7.2.7 Internal Private Sectors

Figure 67 Internal Private Sector Stakeholders



Source: Shega Research

Network Operators (Ethio Telecom, Safaricom)

Ethio Telecom, a state-owned telecommunications company in Ethiopia, has launched the Ethiotel Innovation Program, aimed at supporting and empowering technology-based startups and innovators in the country. The program includes various forms of support, including financial aid, training, mentoring, and networking opportunities.

It is divided into three phases, with each phase focusing on specific areas of innovation, and the top 100 successful startups in each phase will receive professional, financial, and material support and will also be sponsored to travel to China for international exposure. The second phase of the program, running from March 20 to July 30, 2023, will focus on digital content, solutions, services, analytics, and consumer and business applications. Beginning in August 2023, the program's final phase will focus on institutionalising the businesses and innovations, with Ethio Telecom establishing a TechHub centre and a research and development center. The program's goal is to positively impact the development of the digital ecosystem in Ethiopia and support the nation's ambition to become a startup hub.

Also, Safaricom's recent entry into the Ethiopian market is expected to address the long-standing issues of poor connectivity and high internet costs that have been a major hindrance to the growth of startups in the country. With a population size as large as Ethiopia's, competition in the sector is crucial for its development, and Safaricom's presence is poised to provide just that. In addition, Safaricom has already launched a modern network in Ethiopia, with plans to extend high-speed 4G coverage to even small towns, which will create an enabling environment for the emergence of more online businesses and the digital transformation of various services.⁵³

Advertising and Marketing Agencies

Advertising and marketing firms play a critical role in the success of startups, especially as they scale their product or service in Ethiopia. Startups need to create awareness about their product or service and generate interest among potential customers, and advertising and marketing firms can help them achieve this goal. One of the key benefits of working with an advertising and marketing firm is that they have the expertise and experience to create and execute effective marketing campaigns. This includes developing a brand identity, designing and creating marketing materials, and developing and executing advertising campaigns across various channels such as social media, television, radio, and print media.

53. Rest of World. (2023, March 17). Safaricom creates competition for Ethio Telecom. <https://restofworld.org/2023/safaricom-creates-competition-ethio-telecom/>

In Ethiopia, where the startup ecosystem is still emerging, advertising and marketing firms can play an even more important role in helping startups establish themselves in the market. By leveraging their knowledge of the local market and consumer behavior, advertising and marketing firms can help startups create marketing campaigns that resonate with Ethiopian consumers. Moreover, as startups scale their product or service, they need to adapt their marketing strategies to new audiences, channels, and market dynamics. Advertising and marketing firms can provide the necessary support and guidance to help startups navigate these challenges and continue to grow their customer base.

Another important aspect of working with advertising and marketing firms is that they can help startups measure the success of their marketing campaigns. By tracking key performance indicators (KPIs) such as website traffic, leads generated, and conversions, startups can optimize their marketing strategies and maximize their return on investment. Some of the key advertising and marketing agencies include Zeleman communications, advertising, and production, Berry Advertising, Spotlight Ethiopia, Krinfud digital marketing, and Cactus Advertising & Marketing.

Law Firms

Legal firms are recognizing the growing importance of the digital and technology industries and are increasingly tailoring their services to cater to the unique needs of startups operating within this ecosystem. For example, Aman & Partners Legal Service LLP is proactively developing its capabilities to better support this sector and is shifting its primary focus towards serving institutions that operate within it. This firm, like others, provides comprehensive assistance to startups as they establish and grow their businesses, with a particular emphasis on guiding them through the complex process of market entry.

Advisors and consulting firms

Startups are the lifeblood of the modern economy, driving innovation, creating new products and services, and ultimately contributing to economic growth. However, starting a new business is a risky and challenging endeavor, requiring significant amounts of capital, market knowledge, and expertise in various business areas. As a result, many startups turn to advisory firms for support.

While advisory firms can provide valuable services to startups, they are not always the best option. In fact, in many cases, startups would be better served by pursuing other avenues for support. One reason why advisory firms may not be the best fit for startups is that many of these firms focus primarily on fundraising. While raising capital is a critical aspect of any startup's success, it is only one piece of the puzzle. Startups also need help with product development, marketing, sales, and other areas of their business. Moreover, many startups are looking for more than just funding.

They may also be seeking guidance and mentorship from experienced entrepreneurs, access to networks of industry contacts, and assistance with strategic planning. While advisory firms may be able to provide some of these services, they may not be the best option for all startups.

Another reason why advisory firms may not be the best fit for startups is that they can be expensive. These firms typically charge a percentage of the funds they raise, plus service fees. For startups that are already struggling to make ends meet, these costs can be prohibitive. In addition to the financial costs, startups may also need to give up equity in their company to secure funding from an advisory firm. While this may be a necessary tradeoff, it can also mean that the startup is giving up a portion of their ownership and control, which may not be ideal. Another challenge with advisory firms is that they may not fully understand the unique needs and challenges of startups. Advisory firms often work with more established companies and may not have the experience or expertise to provide tailored advice and support to startups. Finally, startups may be better served by pursuing other sources of funding and support. For example, they may consider working with accelerators and incubators that provide a range of services, including mentorship, access to networks, and funding.

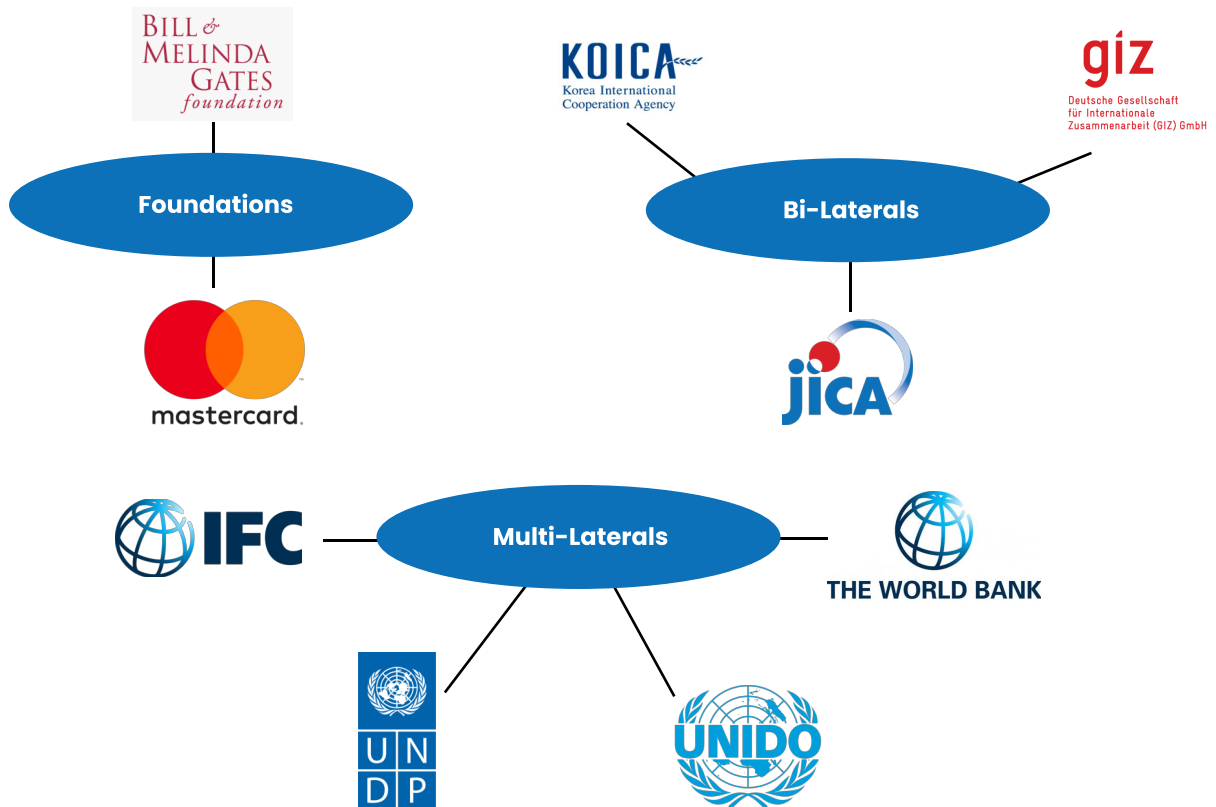
Table 7 List of Internal private sector stakeholders

No.	Name	Website
1	Ethio telecom	https://www.ethiotelecom.et/
2	Safaricom	https://safaricom.et/
3	Zeleman communications, advertising, and production	https://zeleman.com/
4	Berry Advertising	https://www.berryethiopia.com/
5	Spotlight Ethiopia	https://www.spotlightplc.com/
6	Krinfud digital marketing	https://krinfud.com/
7	Cactus Advertising & Marketing	https://www.cactusinc.com/
8	INAD Promotions	https://inadpromotions.com/
9	AADVENTURE STUDIO	https://adventurestudio.com/
10	Hype Ethiopia	https://hypeethiopia.com/
11	Eternal Media & Communication	https://eternal-media.com/
12	Elama Branding	https://www.elamabranding.com/
13	251 Communications and Marketing	https://www.251communications.com/
14	Aman & Partners Legal Service LLP	https://www.aaclo.com/
15	Mehrteab Leul & Associates Law office	https://mehrteableul.com/
16	Mesfin Tafesse and Associates Law Office	https://www.mtalawoffice.com/
17	Tadesse Kiros Law Office	http://www.tadessekiros.com/
18	Alebel Ashagrie & Associates Law Office	http://www.alebelandassociates.com/
19	Fikadu Asfaw and Associates Law Office	https://ethiopianlaw.com/
20	Online Communications	http://www.onlineeth.com

Source: Shega Research

7.2.8 International Development Partners

Figure 68 International Development Partners



Source: Shega Research

7.2.8.1 Multilaterals

The International Finance Corporation (IFC)

The International Finance Corporation (IFC) is dedicated to promoting private sector development in developing countries. It has been collaborating with African countries to connect entrepreneurs with critical financing to support economic growth and job opportunities in the region. The African continent has been experiencing a wave of creative technological advancements that have the potential to revolutionize people's lives for the better, from fintech to health tech. However, according to recent reports, more than 80% of African startups face significant challenges accessing funding.⁵⁴ The aim of the collaboration is to foster the development of unique, homegrown technological solutions that could also be exported to other parts of the world, creating a ripple effect of innovation and progress.

54. Reuters. (2022, December 16). World Bank's IFC sees huge potential to boost investment in Africa. <https://www.reuters.com/world/africa/world-banks-ifc-sees-huge-potential-boost-investment-africa-2022-12-16/>

IFC has recently announced the launch of a new platform with a total investment of 225 million USD to strengthen venture capital ecosystems and provide support to early-stage companies in addressing development challenges in various sectors including climate, health care, education, agriculture, and e-commerce. The primary focus of this platform is to promote technological innovations and build the digital economy in regions such as Africa, the Middle East, Central Asia, and Pakistan.⁵⁵

Also, one of IFC's initiatives was to connect early-stage health tech innovators with healthcare providers in East Africa, an area with high needs. Through TechEmerge Health-East Africa, more than 50 entrepreneurs were identified with the potential to address pressing needs in Ethiopia, Kenya, and Uganda. The selected innovators received funding and guidance from IFC's TechEmerge team to pilot their products in the East African market, with the aim of eventually deploying them on a larger scale.⁵⁶

In Ethiopia, the IFC has a range of programs and initiatives to support startups and SMEs, and some startups by extension, in various sectors. One of the IFC's primary initiatives in Ethiopia is the Ethiopia Jobs Compact, which aims to create jobs and promote economic growth in the country. As part of this program, the IFC is working with the government and private sector to identify and support high-potential startups and SMEs in key sectors such as agribusiness, manufacturing, and services.

The IFC's support for entrepreneurs in Ethiopia includes providing access to financing, business development services, and mentorship. For example, the IFC has provided financing to several startups in Ethiopia through its SME Ventures program, which provides equity investments and business advisory services to high-potential startups and SMEs in emerging markets. In addition to its direct support for startups and SMEs, the IFC also works to create an enabling environment for entrepreneurship in Ethiopia by advocating for policy and regulatory reforms that promote business growth and investment and gets involved in providing technical training and support to entrepreneurs.⁵⁷

Overall, the IFC's support for startups in Ethiopia is an important part of its broader efforts to promote private sector development and job creation in the country. Through its various programs and initiatives, the IFC is helping to unlock the potential of Ethiopia's entrepreneurial ecosystem and support the growth of innovative, high-impact startups.

55. Wamda. (2022, November 29). IFC launches \$225 million platform to strengthen VC ecosystems in Africa, Middle East. Retrieved from <https://www.wamda.com/2022/11/ifc-launches-225-million-platform-strengthen-vc-ecosystems-africa-middle-east/>

56. IFC. (2020). Focus on Africa. International Finance Corporation. Retrieved from https://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/annual+report-2020/strategy/focus-on-africa.

57. IFC. (2022, March 7). Gebeya to Provide Scholarships to Women Software Developers in Ethiopia with IFC Support Retrieved from <https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=24797>

United Nations Industrial Development Organization (UNIDO)

The United Nations Industrial Development Organization (UNIDO) Regional Office Hub and the Ethiopian Ministry of Trade and Industry, along with the Italian Agency for Development Cooperation and the Ethiopia Enterprise Development (EED), have inaugurated the "Creative Hub—Ethiopia."⁵⁵ The hub is a facility that aims to support creative innovators, designers, and SMEs in various fields by deepening their understanding of global design and industrial concepts, providing state-of-the-art working tools and resources, and enhancing the link between young innovators and industrial and governmental entities.

The creative hub supports entrepreneurs, particularly those engaged in manufacturing and fashion, such as leather goods, textiles, ICT, and product development. The selected entrepreneurs will undergo a selection process and be able to use the facility and receive a comprehensive training package. The Creative Hub is located within the EED premises in the heart of Addis Ababa and is equipped with state-of-the-art machinery, co-working areas, laboratories, and a "C-office" or coffee space. In addition to providing access to advanced equipment and infrastructure, the hub will offer a broad range of services to designers and innovative entrepreneurs, such as seminars, coaching, BDS, workshops, training programs, social events, and networking sessions. The hub will also provide access to digital tools such as 3D printers for rapid prototyping, laser cutters, a digital library, and over 17 different workshops.

The creative hub Ethiopia was established by UNIDO through its project "Phase 2 of the Technical Assistance Project for the Up-Grading of the Ethiopian Leather and Leather Products Industry", funded by the Italian Agency for Development Cooperation (AICS), and has been implemented by UNIDO in partnership with the Leather Industry Development Institute (LIDI) and the Ethiopian Enterprise Development With the strong ownership of the Ministry of Industry (Moi).

United Nations Development Programme (UNDP)

Recognizing the strategic importance of innovation and entrepreneurial capacities in addressing complex development challenges and achieving the SDGs, UNDP has been supporting the government of Ethiopia to improve the overall ecosystem and create an enabling environment for innovation and entrepreneurship development. UNDP's support in the startup ecosystem started in 2013 with the establishment of the Entrepreneurship Development Center, the first of its kind in providing capacity building, business development services (BDS), facilitating access to finance, and promoting market linkages, as well as improving the policy environment.

Over the years, UNDP's support for entrepreneurship development has led hundreds of thousands of entrepreneurs to start new and grow existing businesses, some of which have become large-scale employers and major players in the economy.

Over the last three years, UNDP has supported more than 125 growth-oriented digital entrepreneurs and solutions via its different initiatives, including Accelerator Lab, EDGET, and the Innovation for Development Project. The support includes small grants (seed funding), innovation challenge funds, and incubation programmes to cultivate an entrepreneurial mindset and thrive in an ever-changing local and global business environment.

UNDP's strategic commitment to transforming the innovation sector, especially in creating access to finance for SMEs and startups, was kickstarted by the establishment of the Credit Risk Guarantee Fund under the Innovation for Development project. However, recognizing the need for a sustainable and nationwide approach to creating access to finance, UNDP has recently launched the Innovative Finance Lab in partnership with the National Bank of Ethiopia (NBE) to bridge the financing gap through the development of innovative and inclusive financial instruments. The lab has set up a Technical Assistance Facility (TAF) to provide pre- and post-investment support to growth-oriented startups that will then be eligible for the Enterprise Financial Facility (EFF), which will be set up soon.

In terms of supporting enterprises impacted by multiple crises such as COVID-19, climate change, and conflict in the North, UNDP has been able to support more than 21,000 businesses of different sizes (micro, small, and medium) by providing a package of support including wage subsidies, small grants, and arranging a soft loan in collaboration with the Commercial Bank of Ethiopia and the Development Bank of Ethiopia.

UNDP has played an integrator and coordination role in building the ecosystem in Ethiopia along with key national partners through the creation of national platforms like Enkopa, which provides structured information and a networking platform for digital entrepreneurship. In the policy environment, UNDP has been supporting sector ministries to develop and rectify various strategies (such as the entrepreneurship development strategy) and issue proclamations, such as the start-up proclamation.

It has also facilitated the issuance of a directive on technology transfer between higher education, research, and industry. UNDP is also working on establishing a regulatory sandbox with the National Bank of Ethiopia where innovative financial tools and products for startups will be tested in a controlled policy framework.

In addition, UNDP introduced the Accelerator Lab to address complex development challenges by unleashing the power of local innovations, collective intelligence, and experimentation through an empowering open innovation ecosystem. Overall, UNDP has been supporting the transformation of the "doing business" environment for startups through interventions on how key public ecosystem actors understand and support SMEs and startups, with policy being a crucial piece for creating a sustainable and enabling ecosystem in Ethiopia.

7.2.8.2 Bi-laterals

Japan International Cooperation Agency (JICA)

JICA launched Project NINJA (Next Innovation with Japan) in January 2020 and is working on multifaceted support for entrepreneurs who take on the challenge of solving social problems in developing countries. Ethiopia is one of the focus countries for the start-up support program, starting with Solve IT in 2019, which has supported more than 2000 entrepreneurs in Ethiopia and has supported numerous start-ups and ecosystem players to date. Currently, JICA is implementing various start-up support projects in Ethiopia together with the Ministry of Innovation and Technology. The inclusion of "with Japan" in NINJA means that Japan will continue to innovate with entrepreneurs in developing countries to co-create sustainable and prosperous economies and societies.

Six components through which JICA supports startups in Ethiopia include:

1. Entrepreneurship enlightenment and entrepreneur development activities.
2. Promotion of corporate collaboration by holding events in Japan and overseas.
3. Venture investment and impact investment promotion.
4. Information dissemination related to startups in Africa and Asia.
5. Policy recommendations for strengthening the ecosystem; and
6. A survey about the impact of startups.

For example, JICA provides technical assistance to startups in Ethiopia by providing advice and guidance on various aspects of business operations, such as marketing, product development, and supply chain management. Additionally, JICA supports startups in Ethiopia by providing access to local and international markets. This support includes facilitating business networking, providing market intelligence, and promoting trade and investment between Ethiopia and other countries.

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

GIZ, the German international development agency, provides support to startups in Ethiopia through various programs and initiatives aimed at promoting entrepreneurship, innovation, and economic growth in the country.

GIZ, has implemented a project called "Digital Innovation Made in Africa" in Ethiopia that aims to support startups and entrepreneurs in the country. The project provides training and mentorship to startups and entrepreneurs, with a focus on digital innovation and the development of digital products and services. The project also aims to improve access to finance and markets for startups by creating linkages with investors, customers, and other stakeholders.

Additionally, the project supports the establishment and growth of innovation hubs and co-working spaces to provide entrepreneurs with a supportive environment and access to resources. The project focuses on sectors such as agriculture, health, and education, and aims to contribute to job creation and economic growth in Ethiopia.⁵⁸

Also, it runs a technical and vocational education and training (TVET) program, which aims to improve the quality of technical and vocational education in Ethiopia. The program provides training and support to entrepreneurs and startups in various sectors, including agriculture, manufacturing, and construction.⁵⁹

Korea International Cooperation Agency (KOICA)

The Korea International Cooperation Agency (KOICA) holds a steadfast mission to bolster economic development worldwide, and in pursuit of this aim, it has launched numerous programs specifically designed to uplift startups in Ethiopia. These initiatives are part of KOICA's broader commitment to facilitating sustainable economic growth, fostering entrepreneurship, and advancing technology adoption in developing countries. One of the key programs that KOICA has been implementing in Ethiopia is in collaboration with the Ministry of Innovation and Technology (MinT). This joint venture, named the 'ICT-based business creation and SME support', is aimed at creating quality jobs within Ethiopia while also laying the foundation for a robust digital economy. The program underscores the importance of innovation infrastructure development, providing both financial and technical support to burgeoning startups, thereby encouraging the growth of small and medium enterprises (SMEs) in the country.

The initiative recognizes that innovation and entrepreneurship are key drivers of economic growth and are crucial to the sustainable development of the country. Under this program, KOICA has provided substantial support to a range of startup companies, helping them to evolve from the ideation stage to the seed stage. This support includes not only financial backing but also access to mentorship, capacity-building workshops, and networking opportunities.

One of the programs implemented by KOICA is the establishment of a center called "Innobiz-K Ethiopia" (INK), which aims to promote entrepreneurship and support the growth of startups in Ethiopia. The INK provides various services to startups, including incubation and acceleration support programs, mentorship, access to funding, and networking opportunities. The center also provides training and capacity-building programs to enhance the skills and knowledge of startup founders. "Innobiz-K Ethiopia" is currently situated at the Tracon building, but after remodeling work and equipment setup are completed, it will move permanently to the IT Park.

7.2.8.3 Foundations

The Bill and Melinda Gates Foundation

The Gates Foundation is a philanthropic organization that has supported various initiatives and projects aimed at improving global health, reducing poverty, and enhancing educational opportunities. While the foundation has not directly invested in startups in Ethiopia, it has supported initiatives that promote entrepreneurship and innovation in the country.

In 2012, the foundation partnered with the United States Agency for International Development (USAID) to launch the Development Innovation Ventures (DIV) program, which provides funding and support to innovative projects that address development challenges in Ethiopia and other countries.⁶⁰ DIV has supported several innovative startups in Ethiopia, including Sanivation, which uses human waste to create fuel and fertilizer, and Ripasso Energy, which provides renewable energy solutions for rural communities.

Additionally, the foundation has partnered with other organizations to support entrepreneurship and innovation in Ethiopia. For example, it has worked with the International Labour Organization (ILO) to provide training and support to entrepreneurs, and with the Ethiopian Agricultural Transformation Agency (ATA) to promote agricultural innovation and entrepreneurship.

Mastercard Foundations

The Mastercard Foundation is an international non-governmental organization based in Toronto, established by Mastercard in 2006. The Mastercard Foundation is supporting the development of startups in Ethiopia through its Young Africa Works in Ethiopia initiative, through which the foundation aims to support 10 million young people in Africa to access dignified and fulfilling work by 2030. This initiative aims to create five million new jobs in Ethiopia by 2025, with a focus on opportunities for young people and women.

The Mastercard Foundation, in its quest to fuel economic growth and social development, is building strategic partnerships with diverse organizations, particularly those in Ethiopia. In a recent initiative, it has forged collaborations with esteemed bodies like the Ethiopian Ministry of Trade and Industry and the African Entrepreneur Collective. These partnerships are designed to provide entrepreneurs with the tools, resources, and mentorship needed to thrive in today's competitive business environment

60. ReliefWeb. (2018, September 26). USAID and Bill & Melinda Gates Foundation Announce Seven New Development Innovation Ventures. <https://reliefweb.int/report/world/usaaid-and-bill-melinda-gates-foundation-announce-seven-new-development-innovations>

These alliances aim to harness the unique strengths of each partner to provide comprehensive support for entrepreneurs in Ethiopia. The Ethiopian Ministry of Trade and Industry, with its close ties to the government and deep understanding of the country's economic landscape, plays a crucial role in creating policies that bolster entrepreneurial activities. On the other hand, the African Entrepreneur Collective, with its rich history of nurturing successful enterprises across the continent, offers invaluable mentorship programs tailored to the specific challenges faced by African entrepreneurs. Together, these collaborations offer a holistic suite of services to entrepreneurs, including business development training, mentorship, and facilitating access to finance. Business development services equip entrepreneurs with the requisite skills in areas like financial management, marketing, and strategic planning. Mentorship provides guidance and support from experienced business leaders, while the initiative to ease access to finance addresses one of the most significant hurdles faced by startups and small businesses.

The foundation is also supporting the establishment and growth of business incubators and accelerators in Ethiopia to provide entrepreneurs with the resources and support they need to succeed. Last year, in collaboration with Ethiopia's Ministry of Innovation and Technology (MinT) and Iceaddis, the foundation launched a five-year program called Venture Meda to boost job creation in Ethiopia by providing funding and acceleration support to startups.

The program aims to create 100 e-commerce startups and 3,240 small businesses, which will create direct jobs for 56,160 young women and men experiencing poverty. Furthermore, the programme will provide seed funding to at least 100 early and growth-stage startups through incubation and acceleration programs, indirectly creating 77,000 new job opportunities. Startups with innovative ideas, products, or ventures that solve real-life problems are eligible to apply for the program.

Seed funding will be provided to all selected startups, with ten companies receiving up to 50,000 USD. Also, the Mastercard Foundation and Orbit Health have signed a contract to establish and fund the Orbit Innovation Hub, a startup incubator and accelerator space aimed at creating digital solutions and job opportunities.

The Mastercard Foundation funded the establishment and piloting of the Orbit Innovation Hub. The hub accepts and develops 15 startups with great ideas, provides critical support, and fosters a nurturing ecosystem to develop and eventually create jobs for 200 people. This effort will help reduce the digital divide, create a conducive environment for innovative solutions, and empower women and young people to build their technology startup ideas. This year, the foundation has partnered with Gebeya and the consortium it has built to launch a 48 million USD initiative called Mesirat, which aims to replicate Gebeya's successful model in various sectors, including agriculture, healthcare, education, and IT, among others. The initiative will create 100 digital marketplaces, empower entrepreneurs, and equip two million young people with market-facing skills to find work, especially young men and women, to enable one million of them to find work.

Table 8 List of International Development partners

No.	Name	Website
1	The Bill and Melinda Gates Foundation	https://www.gatesfoundation.org/
2	Mastercard Foundation	https://mastercardfdn.org/
3	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)	https://www.giz.de/en/worldwide/336.html
4	Korea International Cooperation Agency	http://www.koica.go.kr/
5	Japan International Cooperation Agency	https://www.jica.go.jp/english/?
6	United Nations Development Programme	https://www.undp.org/
7	United Nations Industrial Development Organization	https://www.unido.org/
8	The International Finance Corporation (IFC)	https://www.ifc.org/
9	The World Bank	https://www.worldbank.org/

Source: Shega Research



POLICY, REGULATORY, AND GOVERNANCE ENVIRONMENT

8. Policy, Regulatory, and Governance Environment

While numerous barriers remain in the startup ecosystem, several recent and upcoming reforms—if fully taken advantage of and implemented, supported by the right programs—have the potential to enable significant growth and reach for startups in Ethiopia. This section provides a comprehensive overview of the areas we find most important and the potential impact on startups they may have.

1. The Science, Technology, and Innovation (STI) Policy

The previous (2012) Science, Technology, and Innovation (STI) policy of Ethiopia emphasized the adoption of technology from other countries and technology transfer with less integration of innovation to the required extent. As a result, the Ministry of Innovation and Technology (MinT) revised the policy to bring it up-to-date and emphasize digital economic transformation, startups, innovation, enterprise competitiveness, and the private sector's role in technology and innovation development.

The new policy has identified talent and capacity building as key pillars, with a concerted effort to upscale talent and skills in Ethiopia through educational institutions and other stakeholders. The policy has also identified technology development and knowledge management as critical pillars. To this end, the government plans to create clusters for pre-identified tech sectors with high job creation potential, lay down a system to manage technology adoption and development, and identify and develop strategic technologies. Additionally, a national data and information policy for technology will be developed, including strengthening the national technology data center, developing a knowledge management system, and creating a data collection and use policy. Research and development are another pillar of the policy. The government plans to create an institution to support research at the national level by providing the necessary infrastructure and funding for research and encouraging private sector research and development.

The policy's fourth pillar is innovation and enterprise competitiveness, with plans to build the innovation ecosystem by supporting upcoming ecosystem builders, supporting tech startups, and building digital infrastructure and enablers. The government aims to create internationally competitive enterprises by supporting companies that export their products and creating institutions to render said support.

The fifth pillar is financing and support, aiming to expand financing options for the science, tech, and innovation ecosystem. The government plans to set up funds and foundations to do this and bring forth tax and investment incentives for the sector.

Quality control and patent rights are additional pillars that aim to support the ecosystem by creating institutions to raise product standards, supporting the private sector to meet international quality standards, and developing homegrown skills and patents. Lastly, collaboration and connectedness are pillars that aim to create international and local ties to facilitate technology transfer and open science. This comprehensive digital strategy is expected to have a positive impact on startups and the startup ecosystem in Ethiopia by providing a supportive environment and infrastructure for innovation and entrepreneurship.

Possible impact on Startups – The new focus areas outlined in Ethiopia's STI policy are critical pillars that can create a favourable environment for startups and entrepreneurs to thrive. The policy's emphasis on talent and capacity building can assist startups in obtaining a skilled workforce and enhance their competitiveness. Additionally, the creation of clusters for pre-identified tech sectors with high job creation potential can help startups gain economies of scale, obtain the necessary resources, and access the required infrastructure to succeed. The policy's focus on research and development and innovation can aid startups in acquiring the necessary funding and support to develop and commercialize innovative technologies and products. The establishment of an institution to support research at the national level can also help startups access essential infrastructure and funding for research and development. The remaining pillars of the policy can provide startups with the necessary funding and support to expand and scale their businesses, tax and investment incentives to encourage investors, and assistance to gain access to international markets and compete with established players.

Figure 69 Ethiopia's Science, Technology and Innovation Policy



2. The digital strategy

The new digital strategy brought forth in 2020 highlighted challenges such as regulations restricting sectors and limiting foreign ownership and participation, high collateral requirements and high interest rates by banks, and foreign investors being asked to make commercially unviable minimum upfront investments as the key barriers causing the hurdles in financing. Furthermore, lack of access to foreign exchange continues to be a critical challenge for players. Thus, to address critical gaps in finance, the strategy aims at encouraging local investors to invest in the ICT sector, considering policy changes to facilitate more international investment, public-private engagement to mitigate the lack of direct access to finance, and circumventing the lack of direct access to finance through the incubation of projects that would support startups.

Figure 70 Ethiopia's digital strategy



Possible impact on Startups – One of the key elements of the digital strategy is the development of digital infrastructure, such as expanding broadband internet access and increasing the number of mobile phone users. This can create new opportunities for startups to develop and offer digital products and services, including those related to e-commerce, mobile payments, and digital content. The strategy also emphasizes the importance of promoting digital entrepreneurship and innovation, which can help foster a more vibrant startup ecosystem in the country. This includes creating incubators and accelerators, providing training and mentoring for entrepreneurs, and establishing partnerships between the government, private sector, and academia to support innovation.

In addition, the digital strategy aims to enhance the regulatory environment for startups by improving policies and regulations related to intellectual property, data protection, and e-commerce. This can create a more stable and predictable environment for startups, which can help attract more investment and foster growth. Thus, this strategy can lay the digital foundation for innovation and startups which can be fully taken advantage of with other complimentary policy and stakeholder actions.

3. The upcoming startup act

The proposed Startup Act, introduced in 2020 and expected to be approved soon, demonstrates the government's strong commitment to assisting startups and eliminating some of the hurdles they encounter. One of the measures outlined in the act includes the establishment of an innovation fund to bolster the startup ecosystem. The Act includes significant changes aimed at supporting startups and fostering the innovation ecosystem in the country. One of the key changes is the creation of institutional mechanisms to support startups, such as the National Startup Council, a policy body that mobilizes resources and creates an enabling environment for startups. The council will have access to a fund to support startups, and a technical advisory board made up of private and public sector experts will advise on the fund's use.

Other changes include new eligibility requirements for the startup and innovative business label, which provides registration and associated benefits outlined in the act. Regulatory changes include the introduction of a two-year pre-registration certificate, allowing foreign investors to invest in areas that were previously restricted, and lifting the obligation to obtain a business license before commencing operations. The act also includes measures to support the ecosystem, such as tax breaks for ecosystem supporters, funding for startup incubators, covering infrastructure fees for startups, and strengthening incubators' capacity to provide accounting and administrative services to labelled startups. Additionally, investors will benefit from capital gains tax breaks, the ability to carry forward losses, the ability to repatriate profits for foreign investors, debt investment opportunities, and other incentives.

Possible impact on Startups – The Startup Act is expected to have a significant impact on startups and the startup ecosystem in Ethiopia. The availability of an innovation fund and the removal of some of the barriers faced by startups, such as the pre-registration certificate and the lifting of the obligation to be issued a business licence to commence operation, are expected to make it easier for startups to launch and grow in Ethiopia. The tax breaks, capital gains tax breaks, and other incentives provided for investors are also expected to attract more investment to the country's startup ecosystem. Also, the institutional mechanisms to support startups and the government's commitment to creating an enabling environment for startups and innovation are ways to catalyse connectedness in the ecosystem and create synergy.

OPPORTUNITIES IN THE ADDIS ABABA STARTUP ECOSYSTEM



9. Opportunities in the Addis Ababa startup ecosystem

According to the survey, startups have expressed their belief that the Addis Ababa ecosystem provides a significant market opportunity. The market is seen as being untapped, which means that it has not been fully explored or developed yet. This presents a unique opportunity for startups to enter the market and potentially carve out a niche for themselves. Furthermore, the survey suggests that there are few competitors in this market, which further increases the attractiveness of the opportunity. Startups that are able to establish themselves early on in this ecosystem could potentially enjoy a first-mover advantage, which can be critical to long-term success.

Also, one of the primary factors driving the growth of startups in Addis Ababa is the increasing availability of capital. In recent years, there has been a surge in investment in the city's startup ecosystem, with venture capitalists and angel investors pouring in funds to support the growth of new businesses. This has enabled entrepreneurs to secure the necessary funding to develop their ideas and turn them into viable businesses.

Additionally, the government has also introduced several initiatives to promote entrepreneurship, including tax breaks, subsidies, and loan guarantees, further boosting the availability of capital for startups. Despite significant and consistent growth over the past decade, the Ethiopian economy is facing a chronic shortage of capital, which presents a unique opportunity for startups. While a substantial portion of the available capital is currently directed towards the public sector, which has somewhat limited the growth of the private sector, recent developments indicate a potential shift towards a more balanced distribution of capital.

In 2021, only 40% of loans were directed towards the private sector, but only 10–13 % went towards small business highlighting a need for increased investment in this area. In addition, the country has experienced foreign currency shortages, creating further challenges for capital supply. However, there are initiatives underway to address these issues, including the establishment of a well-functioning capital market. Startups have historically faced challenges when it comes to securing financing, with many having to rely on informal sources of funding or personal savings to get their businesses off the ground.

The introduction of the Ethiopian Capital Market provides a formalized platform for startups to raise capital, attract investors, and grow their businesses. This will, in turn, contribute to the overall growth of the Ethiopian economy, creating job opportunities and stimulating innovation.

Banks are also exploring digital and alternative lending options, which provide greater access to financing for startups in Addis Ababa. As a result, the current landscape presents a significant opportunity for startups to grow and succeed in the Ethiopian market.

The supportive regulatory environment is another key factor behind the growth of startups in Addis Ababa. The Ethiopian government has introduced several measures to create a conducive environment for businesses, such as streamlining the process of registering and incorporating a company, simplifying tax laws, and reducing bureaucratic red tape.

These measures have made it easier for entrepreneurs to start and run their businesses, contributing to the overall growth of the startup ecosystem. Despite being ranked among the world's lowest in terms of ease of doing business by the World Bank, Ethiopia presents an opportunity for startup growth. The government has demonstrated a commitment to improving the situation, as evidenced by ongoing efforts to establish institutional mechanisms to support startups and nurture the innovation ecosystem through a startup proclamation. Although the proclamation is yet to be ratified, the government has set a goal of enhancing the business environment by amending the Investment and Commercial Law, establishing one-stop e-government platforms for services, and enabling movable collateral, which has expanded the lending base in the country. All of these initiatives offer an ideal environment for startups to thrive and grow in Ethiopia, providing them with the support and infrastructure necessary to succeed.

Another important factor contributing to the growth of startups in Addis Ababa is the availability of talent. The city is home to several prestigious universities and research institutions, which are producing a skilled and talented workforce. Additionally, the growing number of tech incubators, accelerators, and co-working spaces in the city is providing a platform for entrepreneurs to network, collaborate, and share ideas, further enhancing the availability of talent in the ecosystem. This, in turn, has led to the development of innovative products and services, attracting more investors to the city.

Furthermore, the increasing adoption of technology is driving the growth of startups in Addis Ababa. With the rapid expansion of the internet and the proliferation of smartphones, the city is witnessing a surge in demand for digital products and services. This has created new opportunities for startups to develop innovative digital solutions, such as e-commerce platforms, mobile payment systems, and digital marketing tools, catering to the needs of a rapidly growing tech-savvy population.



CHALLENGES IN THE ADDIS ABABA STARTUP ECOSYSTEM

10. Challenges in the Addis Ababa startup ecosystem

10.1. Startups

Access to finance remains a significant challenge for startups in Ethiopia, hindering their ability to scale and grow their businesses. A vast majority of the startups sampled in our study identified lack of access to finance as their main challenge. Early-stage startups often struggle to secure funding because they do not have a market-tested and fit product, and thus are not typically in the radar of most equity investors who prefer to invest in startups at minimum viable product (MVP) level. Furthermore, commercial banks and financial institutions in Ethiopia are often hesitant to provide loans to startups as they are considered high-risk investments and do not have adequate collateral to secure the loans. Startups also face challenges in accessing other types of financing such as venture capital, angel investment, and crowdfunding, which are not yet fully developed in Ethiopia.

The lack of access to finance has serious implications for startups as it limits their ability to invest in research and development, marketing, and other critical aspects of their businesses. Without access to adequate funding, startups struggle to attract and retain top talent, develop new products, and expand into new markets. This ultimately hampers their ability to create jobs and contribute to economic growth.

But, while the business environment for startups is improving, there are still obstacles related to the legal and regulatory framework that they need to overcome. According to the survey, startups have mentioned that the lack of progress in the startup act has made it challenging for them to operate as startups. Additionally, they face various hurdles in terms of business operations, such as lengthy and costly bureaucratic processes to register a business. Furthermore, the legal system is not always dependable, making it arduous for startups to enforce contracts or safeguard their intellectual property.

Although the business environment for startups has improved, there are still challenges related to the legal and regulatory environment. Some startups have mentioned that the lack of progress in the startup act has made it difficult for them to operate as a startup. The lack of a clear way to distinguish between different stages of business development for startups and label startups in the ecosystem is something that needs to be looked at.

Additionally, there are challenges related to business operations, including the lengthy and costly bureaucratic process for registering a business, and an unreliable legal system that makes it difficult to enforce contracts and protect intellectual property.

Despite the growth in support ecosystem players for startups, there is still much to be done for the startup ecosystem to move away from the activation phase. For instance, there are no co-working spaces, incubators, or accelerators to provide startups with resources like mentoring and networking. Furthermore, the government does not provide sufficient support for startups, such as tax incentives or grants.

Startups in Addis Ababa often struggle to find affordable office space and other infrastructure, such as reliable internet access and transportation. Also, several industrial startups in Ethiopia have expressed their concerns regarding the lack of foreign exchange. This scarcity has made it difficult for startups to source inputs from abroad for their production, as well as pay for various services that are typically paid in USD, such as cloud and AWS.

In addition, the shortage of skilled labour has been a major challenge for startups in Ethiopia. Many startups require skilled workers such as software engineers, designers, and marketers, but the education system has not adequately prepared students with the skills required by startups. This lack of skilled labour is exacerbated by the brain drain problem, as many talented individuals leave the country to seek better opportunities abroad.

Furthermore, the lack of skilled labour is not limited to the startup industry but is a broader issue affecting the country's economy. The government has recognized this challenge and has taken steps to address it, such as investing in vocational and technical training programs. Overall, while Ethiopia's startup ecosystem has made progress in recent years, challenges related to foreign exchange and skilled labour continue to hinder the growth and success of startups in the country. Addressing these challenges will require a concerted effort from various stakeholders, including the government, private sector, and educational institutions.

Startups in Addis Ababa face significant challenges in terms of performance. The lack of access to finance and investment, as well as limited technical skills and experience, has made it difficult for startups to develop and scale their businesses. Additionally, the limited availability of resources such as co-working spaces and accelerators also limits their performance potential. They are also having a hard time reaching their target markets. Since they have limited access to data, which can make it difficult to identify and analyse market trends, and nationwide poor infrastructure and logistics, which hamper the distribution of products and services. Furthermore, the lack of an established startup ecosystem to an adequate degree in the city limits the opportunities for startups to network and collaborate with other businesses.

The connectedness of startups in Addis Ababa is limited by a range of factors, including the lack of a strong startup ecosystem, limited access to funding, and low levels of digital connectivity. There is a lack of coordination between development partners, business support organizations (BSOs), which has led to duplication of effort in some instances and ineffective support for startups. Additionally, startups in Addis Ababa also face challenges in developing partnerships with established businesses, which can limit their access to resources and expertise. There is also a shortage of technical and entrepreneurial skills in the city, which can make it difficult for startups to develop and scale their businesses. Additionally, limited access to education and training further exacerbates this issue.

10.2 The Startup ecosystem

The startup ecosystem is a dynamic and constantly evolving environment that requires specialized knowledge and expertise to navigate successfully. Unfortunately, many stakeholders in the ecosystem face several challenges that stop them from fully engaging in supporting the ecosystem and building it up.

Government institutions in Addis Ababa, for example, face several challenges when trying to work with startups. The support for "entrepreneurs" from various government agencies is not coordinated horizontally, which poses significant challenges. The definitions of key terms such as "innovation" and "startup" are not standardized, leading to confusion about the support available to SMEs and startups. Some programs claiming to support startups are actually designed for SMEs or small farmers. The technical and financial assistance required by SMEs and startups differ significantly, making it crucial to clarify the definitions and understand the type of support available to each. MinT has recognized this confusion and is making efforts to address it. However, there is a lack of information, and few staff members investigate the issue. A comprehensive analysis of the programs implemented by each government organization, the target audience, and the projects' substance is necessary to gain a horizontal understanding of the available support and to inform policymaking. Also, currently there is no framework to provide grants to startups from the government, which makes it challenging to provide the financial assistance and resources that startups need to thrive.

On the other hand, Addis Ababa's startup ecosystem suffers from a shortage of ecosystem builders, such as incubators, accelerators, and mentorship programs. These entities play a crucial role in supporting startups with access to funding, business development, and networking opportunities, among others. However, even the existing incubators and accelerators face challenges due to limited funding and resources to support their operations, including the necessary infrastructure and mentorship for startups.

Another issue is the lack of tailored support for startups, such as sector-specific programs and mentorship opportunities with successful entrepreneurs. Addressing these challenges could help enhance the ecosystem's support for startups, making it more conducive to their growth and success.

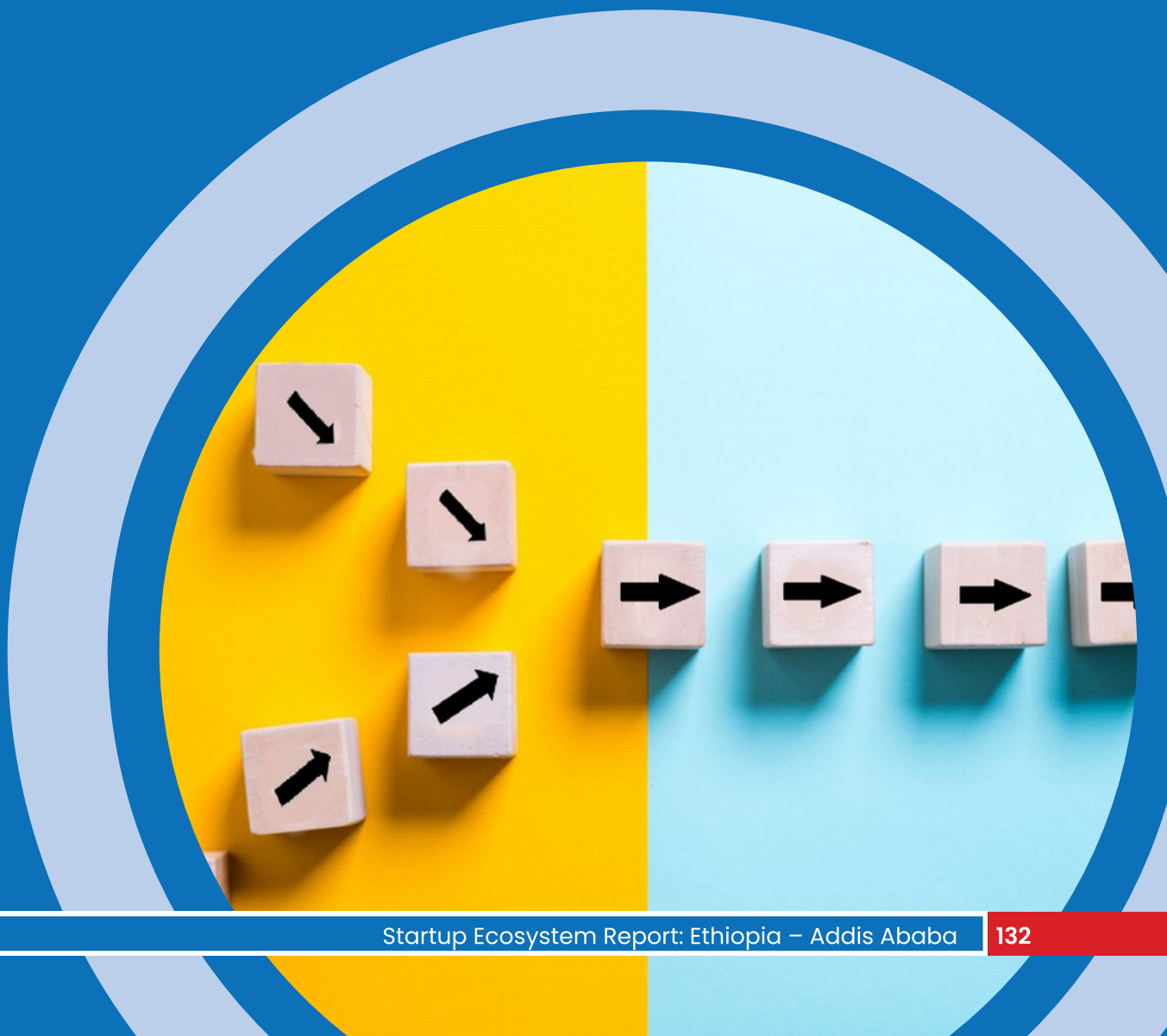
Educational institutions in the city also face several challenges in trying to work towards a better startup ecosystem. One of the main challenges they face is a lack of awareness about the startup ecosystem. Many educational institutions are not fully aware of the potential benefits of working with startups, or they do not have the resources or expertise to do so effectively. This can result in missed opportunities for collaboration and innovation. To overcome this challenge, educational institutions need to invest in building awareness and knowledge about the startup ecosystem, both within their own organizations and in the wider community. Also, the education system needs to be adapted to provide students with the skills and knowledge necessary to thrive in the startup ecosystem. There is a need for more practical, skills-based training programs that focus on entrepreneurship and innovation.

Another challenge facing educational institutions is a lack of resources. Many startups operate on tight budgets and may not be able to provide the necessary funding or support for educational institutions to collaborate effectively. Additionally, educational institutions may not have the necessary resources, such as staff or facilities, to support startup collaboration. To address this challenge, educational institutions could seek funding from external sources, such as grants or partnerships with private sector organizations, to support their collaboration efforts.

Although development partners can play a crucial role in supporting the startup ecosystem by providing funding, technical assistance, and expertise, there is limited engagement from these entities in the startup ecosystem, which limits the resources available to support startups. Although there are various aid programs available for startups, they tend to skew towards incubation programs. There is also a lack of acceleration programs or funds for pre-seed or higher-level startups, which currently require support and investment. Additionally, there is minimal information sharing among aid agencies, making it challenging to obtain information on selected startups for each program or identify the best startups.

The private sector is still in its infancy, with limited capacity and resources to support the startup ecosystem. There is a need for more local companies to engage with startups by providing funding, mentorship, and market access. And, service providers, such as legal and accounting firms, also face challenges in the ecosystem. One major challenge is the lack of awareness among startups about the importance of legal and financial compliance. This results in a lack of demand for these services, making it difficult for service providers to sustain their businesses. Additionally, there is a need for more affordable and accessible services to support startups at various stages of their development.

CONCLUSIONS



11. Conclusions

The startup ecosystem in Addis Ababa is still developing, with only 23% of startups being post-early stage. Most startups in the city have fewer than ten employees, and their annual revenues are generally up to 20,000 USD, indicating that they are still in the early stages of business. The transportation, logistics & last mile delivery sectors have the highest number of post-early-stage startups, with the highest employment levels, annual revenues, and investment rounds compared to other sectors. Job-Tech, transportation, and logistics & last mile delivery sectors created the most job opportunities in Ethiopia, highlighting their importance for economic growth.

Accessing capital is extremely difficult for startups in Addis Ababa, with almost half of the startups (48%) finding it very difficult to obtain funding. Ethiopian startups typically obtain capital through informal channels such as bootstrapping, family, and grants. However, most startups are willing to raise capital from abroad or consider merger and acquisition opportunities. Startups planning to raise capital from abroad prefer to raise funds in USD due to the currency's stability in the face of the continuous devaluation of the ETB. Almost half of the startups prefer equity funding from investors, and some prefer a combination of equity and debt funding.

One of the main reasons for this is that fact that banks have high collateral requirements, which makes it difficult for startups, especially those led by women, to secure funding and the loan amounts requested by startups being relatively small, which makes it less economically viable for banks to lend to startups. Banks are more inclined to lend to larger, more established businesses with more predictable revenues and cash flows. The lending distribution by sector in the past few years has been led by the industrial/manufacturing sector, with 36.4% of bank loans. The distribution of bank loans is heavily skewed towards a small number of large customers, making it difficult for startups to access the funding they need.

Also, investment companies are primarily looking at seed-level companies, with some companies focusing on pre-seed companies as well. While Ethiopia is the major target for investment, investment companies are also investing in or looking to invest in the East Africa region. However, compared to other regional peers, investment size in Addis Ababa startups was found to be lower. To attract local investors, the startup sector needs to be de-risked and made more attractive.

To attract foreign investments, the government needs to reduce regulation, especially with the investment law, and focus on increasing the quality of local startups. These findings imply that Addis Ababa-based startups need to work on improving their attractiveness to investors, both locally and internationally, by focusing on de-risking and improving the quality of their businesses.

There is also a shortage of local venture capitalists in the ecosystem due to regulatory hurdles, a forex crunch, and business environment challenges, and as a result, investments tend to focus on more stable projects such as construction. This presents a challenge for startups with high-risk profiles, as there is a lack of interest and understanding among Ethiopian domestic investors. This issue is not unique to Ethiopia, as many other African countries also struggle with a shortage of domestic investors. However, Ethiopia faces an additional hurdle as it is harder to attract crucial foreign investors compared to other African countries that have opened their markets. The cultivation of domestic investors is therefore critical in Ethiopia, as changes to investment policies alone are unlikely to address this issue.

While most startups in Addis Ababa consider the business environment to be average, with an overall rating of 3.1, agri-tech and health-tech startups rated the environment more favourably, with 25% rating it as very good. However, nearly 30% of startups rated the environment as average, and 20% rated it as bad, indicating that there is still room for improvement in the business environment. Furthermore, the fact that the majority of startups have not undergone any valuation process suggests a lack of understanding of their potential value and growth. Addressing these issues could help create a more supportive environment for startups and encourage more investment in the city's growing entrepreneurial ecosystem.

As a key player in the Ethiopian government's efforts to promote innovation and entrepreneurship in the country, MInT's commitment to creating a digital and tech-based investment ecosystem and driving digital transformation in Ethiopia has led to the establishment of internationally standardized laboratories, workshops, and information and communication technology parks. Through its initiatives, MInT is providing young entrepreneurs with the necessary resources and support to develop their ideas and businesses. Its partnership with the EDI and Enat Bank has also helped startups gain access to financial assistance, which has enabled them to grow and expand their operations.

Although educational institutions are trying to play a critical role in the startup ecosystem and universities and other educational institutions are providing a conducive environment for entrepreneurs to grow their businesses, due to limited funds and other challenges they are not playing as big a role as they should. Nonetheless, the efforts made by educational institutions in supporting the startup ecosystem are significant strides towards creating a more conducive environment for startups.

The involvement of ecosystem builders in the startup ecosystem in Addis Ababa is significant and growing. Hubs, accelerators, and incubators are the most prominent forms of support for startups in the city, offering a range of services such as networking opportunities, working spaces, mentorship, funding, and exposure to potential investors. The services provided by these organizations are mainly focused on Agri-Tech, Healthtech, delivery, media, and entertainment startups, among others. 19 of them have been established in the city since the first hub, Iceaddis, was launched in 2011.

While the local private sector in Ethiopia is showing involvement in the startup ecosystem, with companies like Ethio Telecom and Safaricom launching programs to support startups. Ethio Telecom's Innovation Program provides financial aid, training, mentoring, and networking opportunities to technology-based startups in Ethiopia. Safaricom's entry into the Ethiopian market is expected to create competition in the telecommunications sector, which will create an enabling environment for the emergence of more online businesses and the digital transformation of various services.

Advertising and marketing firms also play a critical role in the success of startups in Ethiopia, especially as they scale their product or service. These firms have the expertise and experience to create and execute effective marketing campaigns that resonate with Ethiopian consumers. Legal firms are also proactively developing their capabilities to better support the digital and technology industries and are tailoring their services to cater to the unique needs of startups. Startups can turn to advisory firms for support, but they may not be the best option for all startups as they focus primarily on fundraising and can be expensive.

The Ethiopian government has taken several initiatives to support the growth and development of startups in the country. The government has established various bureaus and initiatives, such as the Ministry of Innovation and Technology, the Ministry of Water and Energy, the Ethiopian Innovation Center, and the Ministry of Labour and Skills, that provide resources and support to young entrepreneurs.

The government is focused on creating an environment that fosters innovation and entrepreneurship and supports the growth of startups in Ethiopia. The government has established programs such as the EDGET program, which provides funding support and access to finance to startups and SMEs, and also facilitates the establishment of startup funds to promote innovation and entrepreneurship in the country. Overall, the involvement of government institutions in the startup ecosystem in Ethiopia is significant and focused on supporting the growth and development of startups in the country.

The regulatory and governance environment towards the startup ecosystem in Ethiopia is undergoing significant reforms, which have the potential to enable significant growth and reach for startups in the country. The Startup Act, expected to be approved soon, is a strong commitment by the government to assisting startups and eliminating some of the hurdles they encounter.

The Ethiopian digital strategy document aims to address critical gaps in finance, promote digital entrepreneurship and innovation, and enhance the regulatory environment for startups. Finally, the new STI policy aims to upscale talent and skills in Ethiopia, create clusters for pre-identified tech sectors, support upcoming ecosystem builders, build digital infrastructure and enablers, and expand financing options for startups.

These actions, if fully taken advantage of and implemented, supported by the right programs, have the potential to make it easier for startups to launch and grow in Ethiopia, attract more investment to the country's startup ecosystem, and foster innovation in the country.

While the Addis Ababa startup ecosystem in Ethiopia has enormous potential, it faces a range of challenges that require targeted support to overcome. To address these issues, stakeholders need to provide targeted support to startups. And to provide adequate support, it is necessary to understand the ecosystem's pillars of support, including access to finance, talent, networks, and infrastructure. Furthermore, ecosystem builders, financiers, and investors need support to create a supportive environment for startups to thrive. Finally, policymakers and investors can gain a more nuanced understanding of the challenges and opportunities facing startups by identifying criteria such as direct and indirect job creation, business revenue, and stage of business, and developing more targeted policies and support programmes to help these businesses reach their full potential.



RECOMMENDATIONS

12. Recommendations

Based on the challenges faced by startups in Addis Ababa, the following recommendation can help the government and relevant stakeholders can unlock supportive environment for startups in Ethiopia and help to unlock the full potential of the country's startup ecosystem.

- Reach out to and work with global startup frameworks: Connect with organisations such as Startup Genome that have a global framework for analysing and comparing startups worldwide, collect data and facts that can be used to provide input for the global frameworks, and work with them. This will enable MInT to benchmark its startup ecosystem against other cities and countries and identify areas where it needs to improve much more effectively.
- Create a public grant funding allocation framework for startups: Develop a specific framework for how a government institution, especially MInT, can give grant money to startups. including mechanisms and vehicles that can be used to do it and blended financing that would allow the government to invest jointly with the private sector.
- Have a set definition and develop standards for labelling startups: It is important to have a clear definition of what constitutes a startup in Ethiopia. This will enable the government to design targeted policies and programmes that cater to the specific needs of startups. Having a clear labelling system for startups will also make it easier for investors and other stakeholders to identify and support them.
- Financial institutions should work towards offering alternative forms of collateral that are more inclusive and accessible to startups, such as intellectual property or personal guarantees. In this effort, development organisations and the government help de-risk startups with schemes like guarantees.
- To track progress towards the goal of reaching the fourth stage of the startup ecosystem life cycle, MInT should develop a set of success indicators that measure the impact of its initiatives. These could include metrics such as the number of startups with 100 million USD+ exits, the amount of national resource attraction, and the level of international collaboration and partnerships. By monitoring these indicators, the ministry can make data-driven decisions and adjust its initiatives accordingly.
- Foster connectedness among ecosystem actors: This could be achieved through events, workshops, and networking opportunities that facilitate knowledge sharing, collaboration, and partnerships. The ministry could also encourage the formation of communities and forums that enable ongoing communication and support.

- Conduct further studies to explore how international startup frameworks can be contextualized to Ethiopia's reality: Given the unique challenges faced by startups in Ethiopia, it is important to adapt international startup frameworks to the country's specific context. This could involve conducting further research and analysis to identify best practices from other countries that could be applied to the Ethiopian context.

REMARKS FROM MINT AND JICA



FDRE Ministry of Innovation and Technology

The Ministry of Innovation and Technology of Ethiopia (MinT) is the responsible government organization for creating a conducive startup ecosystem. Innovation is not the result derived by just one institutional player, such as universities or industries, but rather the result of the interaction between all actors in the ecosystem. Startup ecosystems play a key role in empowering startups to develop new ideas and bring innovation to the market.

The startup ecosystem in Ethiopia is in its early stages but has great potential. Hence, being in its early stage, the ecosystem has various challenges. One of the challenges is the lack of conducive policies, regulatory frameworks, funding, and adequate ecosystem builders like incubators and accelerators. The Ethiopian government is quickly formulating and implementing policies to help innovative entrepreneurs by easing regulations and tax laws for startups. The other challenge startups face is the inadequate education and useful skills needed to build a startup company. It is necessary to incorporate entrepreneurship education and versatile skills into the education strategy of higher education to improve this. Over the past three years, several policy and regulatory reforms and awareness initiatives have been undertaken to scale up the startup ecosystem. The efforts have resulted in promising positive changes and the creation of successful startups.

This startup ecosystem report gives a close look at the current state of the startup ecosystem of Addis Ababa city of Ethiopia. It may facilitate further development of a startup policy framework geared towards building a robust, innovative, and strong startup ecosystem led by the ministry and with the leading role of the private sector and investors. MinT would like to thank all those who supported and contributed to this valuable Addis Ababa city's startup ecosystem report.



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FDRE Ministry of Innovation
and Technology (MinT)



Message from JICA

Thank you for taking the time to read this brochure. JICA's Next Innovation with Japan (NINJA) project supports Startups in many regions, including Africa, Asia, Europe, and Latin America. Ethiopia is one of the focus countries where we are working intensively, and since supporting youth entrepreneurs with Solve IT in 2019, we have been working with Ministry of Innovation and Technology(MInT) to provide policy support, capacity building, acceleration programs, delegations to overseas exhibitions (such as GITEX GLOBAL, GITEX Africa, AfricArina), online pitch events to connect with overseas investors and companies, dissemination of information about startups in Ethiopia, and startup ecosystem research.

Africa faces various social challenges and lacks a variety of services. Against this backdrop, entrepreneurs are promoting solutions to these issues by launching innovative businesses based on a thorough understanding of local needs, recombining existing technologies, and creating new services using mobile phones. Through various forms of support, we hope to help the entrepreneurs grow and provide an opportunity for Japanese companies to expand in Africa. JICA, the central agency for Japan's Official Development Assistance (ODA), we view entrepreneurs as important partners in development, and under the NINJA (Next Innovation with Japan) project, we will support their growth and promote cooperation with Japanese companies. Let's take a new step forward together.



HARA Sachiko

Startup Ecosystem Advisor
(JICA)

Corporate sales for major ICT company in Japan, Tanzanian venture company, VC for African market, and impact investment related organization. Worked on projects to support startups and SMEs in the African region in the Economic Development Department at JICA Headquarters. Currently involving in supporting the establishment of a startup ecosystem in JICA with the Ministry of Innovation and Technology (MInT) in Ethiopia from 2021.



LIST OF STARTUPS IN ADDIS ABABA

14. Startups in Addis Ababa

14.1 Startups selected by MINT and JICA

<h3>AFRA IMPORT & EXPORT PLC</h3>	Product name Khaled Saleh Hussein		
Founded in 2021 Website buy2goapp.com	Employees 132+ Sub-Industry B2B E-Commerce		
<p>BUY2GO is B2B e-commerce platform connects the mom-and-pop shops directly to manufactures and suppliers, We exist in the market to serve traditional merchant and modern trading market to get Best price, Product variety and Delivery on time, by automating a complete logistics model start with supply, procure, transport, store, and deliver FMCG products.</p>		Founder Khaled Saleh Hussein	
<h3>Anabi Agritech Solutions PLC</h3>	Product name Anabi		
Founded in - Website anabi.co	Employees - Sub-Industry Agri-tech		
<p>Produces and markets AI-based smart apiary management bee products that contribute to honey productivity. Aiming to promote solutions to the lack of pollination and forage, which is a challenge for honey production worldwide.</p>		Founder Mr Abiye Tadeos	

Askema Engineering

Product name Friction - Lining Materials



Founded in 2021

Employees 6+

Website askemaengineering.com

Sub-Industry Manufacturing /Automotive

Askema Engineering is a manufacturing business produces high – quality friction lining material for all types all vehicles made from Slough try. Our brake pads, Brake shoes & Clutches are applicable for Fuel & Electric Cars, Trucks, Machineries and Wind Turbine.

Founder

Behailu Seboka Kebede



Blue Health Ethiopia

Product name Derash



Blue Health Ethiopia
The future of healthcare

Founded in 2021

Employees 10+

Website bluehealthethiopia.com

Sub-Industry Digitization in ICT

Medical emergencies are unpredictable, so Blue Health Ethiopia has created a new, innovative emergency service that can be dispatched to any location in Ethiopia to deliver emergency care at a moment's notice.

Founder

Elias Tadesse (MD)



Bitech Software Development

Product name Legeberew



Founded in 2019

Employees <5

Website -

Sub-Industry Agri-Tech

Legeberew is an Ai based Precision agriculture platform that uses cutting-edge technology to provide farmers with updates on the health of their crops and give advice on where, when, and what crops to plant.

Founder

Henok Kiflom Teklu



<h2>Commerce 360</h2> <p>Product name Taywan</p>	
<p>Founded in 2020 Employees 20+</p> <p>Website taywan.store Sub-Industry Retail Tech</p>	
<p>Taywan is a B2B E-commerce and financing embedded platform that empowers informal trade and restocking for merchants, retailers, and kiosk across Ethiopia.</p>	<p>Founder Amein Eskinder</p>
<h2>Dimir Technologies</h2> <p>Product name Desktop Manufacturing Services</p>	
<p>Founded in 2020 Employees 6-10</p> <p>Website Dimirtechnologies.com Sub-Industry Manufacturing (Productivity by using robotics, textiles technology, processing)</p>	
<p>Dimir Technologies is working to bring the 3D printing and rapid prototyping industry to Ethiopia. Dimir offers a wide array of services including consultations, training, product design and development.</p>	<p>Founder Yafet Girum Tesfaye</p>
<h2>Eshi Express</h2> <p>Product name Eshi Express</p>	
<p>Founded in 2017 Employees 10+</p> <p>Website eshiexpress.com Sub-Industry Mobility</p>	
<p>Eshi Express is a flexible logistics business that utilizes jobless youth human resources and public transportation. The company has realized flexible delivery times (same-day and next-day delivery) and hassle-free logistics services (consolidation and optimization), which were previously unavailable in Ethiopia, and has encouraged the growth of small and medium-sized enterprises. They have already employed about 200 young people as carriers in Ethiopia, where unemployment is high, and has created many employment opportunities.</p>	<p>Founder Mr. Tigabu Haile</p>

eTechsc Technology Company

Product name ITO service



Founded in 2020

Employees 60+, 65% Engineers

Website etechsc.com

Sub-Industry End to End Technology Service

Being An End-To-End IT Company, ETech S.C Has Started Engaging In The Global IT Market Through Its Information Technology Outsourcing/Business Process Outsourcing (ITO/BPO) Service. To Contribute Towards Making Ethiopia a Competitive and Attractive Destination Of Global ITO Market, ETech Established An End-To-End Ecosystem Of National And International IT Experts And Business Professionals With A Flexible And Entertaining Talent Acquisition And Engagement Strategy.

Founder

Shimelis Gebremedhn Kassa



Ethio-SciTech Engineering Group PLC

Product name Education Tech apparatus



Founded in 2019

Employees <5

Website ethioscitecheng.com

Sub-Industry Ed-Tech

Ethio-SciTech Engineering Group is a private limited company producing teaching aid equipment to help address problems with the nation's current educational system.

Founder

Geremachew Wagaye Yirgete



Fibermart Trading Company

Product name Fibermart



Founded in 2018

Employees 10+

Website Fiberkiosk.com

Sub-Industry Manufacture (Energy)

Fibermart Trading designs and deploy energy kiosks that are powered by solar. They can be used to provide financial access and connectivity for frontier markets. The kiosks have a refrigerator, charging hub and WiFi.

Founder

Dek Ali Tunyar



Fidel Educational Consult

Product name Fidel Tutorial

Founded in 2021

Employees 10+

Website fideltutorial.com

Sub-Industry Educational Technology



Fidel Educational Consult is an innovative and affordable educational platform that provides online courses built for everyone.

Founder

Selamawit Alemu



Gari Technologies

Product name Gari Delivery

Founded in 2021

Employees 6-10

Website -

Sub-Industry Digitization in ICT

GARI
DELIVERY

Simple fast and secure delivery anywhere any time!

Gari is a digital system that links customers and drivers on cargo transportation services. Gari aims to systemize the country's logistics demand by providing a convenient, fast and secure means of moving goods.

Founder

Sisay Mandefro



Gooday-Online

Product name GoodayOn

Founded in 2020

Employees 21

Website gooday.io

Sub-Industry Gig Economy/Jobtech



GoodayOn is a leading digital gig marketplace that provides high-precision gig matching for domestic help and home repair services in Ethiopia through a mobile app and a call center.

Founder

Alem Abraha and Tigist Afework Adera



Great Kavod Trading Pvt.Ltd.Co.

Product name Medhanite



Founded in 2020

Employees 6-10

Website medhanite.com

Sub-Industry Digitization in ICT

Medhanite is a digital healthcare service that includes a call center, website and mobile app. Medhanite's main focus is to provide their users quick access to nearby pharmacies, as well as specialized healthcare facilities like hospitals and clinics.

Founder

Samuel Mekonnen



Gebeta Software PLC

Product name Gebeta Maps/
Gebeta Kitchens



Founded in 2019

Employees <5

Website gebeta.app

Sub-Industry Digitization in ICT/
logistics-tech

Gebeta Software is a software company working on providing solutions and platforms to facilitate logistics, routing and similar services at an affordable rate.

Founder

Bemhreth Gezahegn



Green Agro Solution PLC

Product name Lersha



Founded in 2013

Employees 25+ Employees

Website lersha.com

Sub-Industry Agri-tech

Lersha is a one-stop digital service to small holder famrers that enables them access farm inputs, hire mechanization services and request dynamic agro-climate advisory using technology. The application also promotes agricultural finance and insurance involving direct linkage of farmers.

Founder

Mr Abrhame Endrias



Guzo Technologies PLC

Product name

Guzomap XR Studio

Founded in 2019

Employees 6-10

Website guzo.tech

Sub-Industry E-Tourism/VR-Tourism



Guzo Technologies Plc (Guzotech) is an Internet of Things and XR (Extended Reality) products prototyping startup headquartered in Addis Ababa. Guzotech builds interactive and immersive experiences for enterprises and government institutions.

Founder

Daniel Getachew



Infinity Technology PLC

Product name

Hulugram

Founded in 2020

Employees -

Website Hulugram

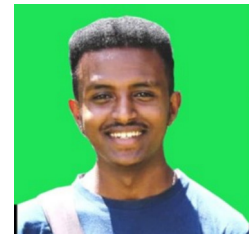
Sub-Industry ICT



Hulugram is a chat-based social engagement platform similar to LINE that connects 30 million Internet users in Ethiopia. A single app for communication, ride calling, shopping, bill payment, digital wallet, and third-party mini-application platform usage.

Founder

Mr Leoul Mekonnen Tsehay



Hearty Engineering PLC

Product name

Yarsuma

Founded in 2022

Employees <5

Website heartyengineering.com

Sub-Industry Agri-Tech



YARSUMA is a technology device designed for health monitoring and early disease detection in livestock using IoT and intelligent systems. The device measures necessary health parameters like temperature or heartbeat, and analyzes these parameters using artificial intelligence technology that is deployed on mobile applications.

Founder

Hunduma Atomsa



JEMLA, Inc.

Product name JEMLA



Founded in 2020

Employees 10+

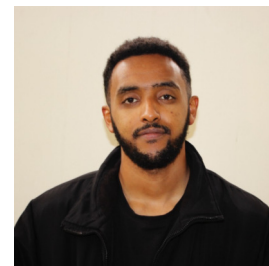
Website jemlaonline.com

Sub-Industry E-Commerce

JEMLA is an B2B e-commerce platform that connects informal retailers with access to a wide range of consumer goods at competitive prices. for thier shops

Founder

Estephanos Zewdie



Kehonna Technologies

Product name GebeyaX



Founded in 2021

Employees 10+

Website gebeyax.com

Sub-Industry Digitization in ICT

GebeyaX enables you to buy, sell, and rent all construction supplies and spare parts on a state of the art e-commerce platform. GebeyaX provides a secure, convenient and fluid e-commerce platform that exhibits construction materials, spare parts and machineries directly to customers.

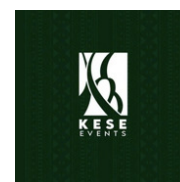
Founder

Ephrem Degaga



Kese Event Management

Product name Kese Events



Founded in 2019

Employees 6-10

Website keseevents.com







Sub-Industry Digitization in ICT

Kese Events is an event management, live streaming and ticketing company. Through their app and web-based services, the company is on a mission to monetize digital africa.

Founder

Kahsu Abera



<h2>KMS ETH Health (TENAWO)</h2> <p>Product name TENAWO</p>		
<p>Founded in 2022 Employees 10+</p> <p>Website tenawo.com Sub-Industry Digitization in ICT</p>		
<p>TENAWO is a multi-user and comprehensive digital health e-commerce and health consultancy which is has working features of a web application, mobile application, SMS and emailing, call center and Telegram bot to close the communication gap between healthcare providers, healthcare facilities, vendors and clients.</p>	<p>Founder Dr. Sisay Abebe</p>	
<h2>Keteme Information Technology PLC</h2> <p>Product name PickDelivery</p>		
<p>Founded in 2021 Employees <5</p> <p>Website keteme.com Sub-Industry Digitization in ICT</p>		
<p>PickDelivery is the first online food delivery service in Adama, Oromia, They provide on-demand food delivery service using bikes.</p>	<p>Founder Eyob Abebe</p>	
<h2>Leading Edge Trading PLC</h2> <p>Product name Zafree Papers</p>		
<p>Founded in 2017 Employees 8</p> <p>Website zafreepaper.com Sub-Industry Ecological product</p>		
<p>Zafree Papers develops clean-tech paper solutions by using agricultural waste to produce 100% wood-free pulp, paper, and paper products (100% tree-free, unbleached paper pulp). The goal of the project is to provide a solution to deforestation and to change the domestic paper industry in Ethiopia, which is low quality and high price due to lack of foreign currency, funds, and raw materials.</p>	<p>Founder Bethelhem Dejene</p>	

LSSYA

Product name LSSYA



Founded in 2019

Employees 10+

Website lssya.app

Sub-Industry Digitization in ICT

LSSYA is a company that provides online counselling in Ethiopia. Our company looks to decrease the stigma around mental health by increasing the accessibility of online therapy to the community.

Founder

Lidia Solomon



MoveEt Delivery and Logistics

Product name MoveEt Delivery and Logistics



Founded in 2020

Employees 6-10

Website move.et

Sub-Industry Digitization in ICT

MoveEt is a tech-based delivery and logistics company with the aim of revolutionizing the delivery business in Africa to the next level by digitizing the sector and making it more secure and transparent billing for the users.

Founder

Kaleb Girma



Mogzit In-home Care

Product name Mogzit In-home Care



Founded in 2021

Employees <5

Website mogzit.com

Sub-Industry Digitization in ICT

Mogzit In-home Care aims to be a link between professional caregivers and care seekers through an "on-demand" platform. The platform has a clear and rigorous vetting process, live tracking, live chatting and review and recommendation features which makes the booking process easy.

Founder

Samrawit Tarekegn





<h2>Omishtu-Joy Agtech Engineering</h2>		Product name Omishtu-Joy	
Founded in 2021 Website omishtu-joy.com	Employees 15 Sub-Industry Agri-tech		
<p>Omishtu-Joy Agtech Engineering was established by engineering and agricultural professionals to provide digital services to Ethiopian farmers. They provide consulting services to farmers on soil and crop matching, leveraging the soil testing equipment that can find the right crop and fertilizer by testing the soil.</p>		Founder Tigabu Abriham Sumamo	
<h2>Precision Agriculture</h2>		Product name Smart soil fertility measuring device	
Founded in 2021 Website -	Employees - Sub-Industry Agri-Tech		
<p>Precision Agriculture is developing a smart and sitespecific agricultural device that can be handled by individual farmers and used to measure the fertility of farm soil for the optimization of fertilizer use and crop production.</p>		Founder Abreham Asegid Dife	
<h2>Sabawi Technology</h2>		Product name Dart jobs	
Founded in 2015 Website Sabawi.tech	Employees <5 Sub-Industry Digitization in ICT		
<p>Sabawi Technology is trying to fix the skills gap between what the marketplace demands and what job seekers can offer. The company offers interns a remote internship program, as well as a networking atmosphere for anyone interested in the world of freelancing.</p>		Founder Betelhem mesfin	

Rahove Trading Plc.

Product name Alegn Pay



Founded in 2022

Employees 6-10

Website -

Sub-Industry Fintech

AlegnPay is an innovative loan business that empowers customers to buy the items they need now with the convenience of spreading out their payments over time, making budgeting much simpler. The company's "Buy Now, Pay Later" (BNPL) options provide short-term credit, giving customers full control of when and how they make their payments.

Founder

Dawit Getachew



Sabi LLC

Product name Sabi



Founded in 2022

Employees <5

Website sabi.works

Sub-Industry Digitization in ICT

Sabi provides affordable and vetted technology talent sourced from Africa to startups all around the world.

Founder

Beka Belachew



Storm Online Technologies/Shemach

Product name Shemach



Founded in 2022

Employees 10+

Website shemach.co

Sub-Industry Digitization in ICT

Shemach is a one-stop digital marketplace that connects retailers and FMCG manufacturers. Retailers order products via their platform from the comfort of their shop and receive same-day free delivery. FMCG manufacturers are then able to obtain real-time market insight and processed data on their retail customers

Founder

Dawit Nigusu



Tenkara Technologies PLC

Product name Lenat



Founded in 2022

Employees 6-10

Website -

Sub-Industry Digitization in ICT

Lenat is an app that provides information on pregnancy, birth, and early childhood development for parents and expecting parents. It gives professional advice to those who have questions and want to get consulting.

Founder

Amanuel Alemeshet



Taskmoby

Product name Taskmoby



Founded in 2019

Employees 10+

Website taskmoby.com

Sub-Industry Digitization in ICT

Taskmoby is a digital marketplace that connects customers with home service providers, such as plumbers, cleaners, electricians, disinfection, painters, etc.

Founder

Ezana Raswork



Think Hub ET Software Development PLC

Product name EXAM TIME



Founded in 2022

Employees 10+

Website think-hubet.com

Sub-Industry Digitization in ICT

Think Hub is creating an e-learning education center, a mobile application with study materials, study video content, and an exam bank service for Ethiopian students. This platform allows students to study, watch educational videos and practice exam questions.

Founder

Abel Ababu



WeCare Digital Health

Product name WeCare Digital Health



Founded in 2021

Employees 6-10

Website wecare.et

Sub-Industry Digitization in ICT

WeCare Digital Health is a SaaS company with an innovative virtual health consultation service. Their mobile applications, along with their call center, aims to help clients book and consult a healthcare professional of their choice from the comfort of their homes.

Founder

Dr Michael Endale



Umoja Technologies

Product name Mnaleaddis



Founded in 2021

Employees < 5

Website mnaleaddis.com

Sub-Industry Digitization in ICT

MnAle Addis is a digital event booking, social media and customer data analytics platform created by Umoja Technologies to help create a memorable experience for event attendees.

Founder

Sifan Tilahun



Dunyatech Technology PLC

Product name Yenestock



Founded in 2020

Employees 6-10

Website dunyatech.com

Sub-Industry Digitization in ICT

Yenestock is a simplistic smartphone application by Dunyatech made for store owners to manage and control inventory and sales transactions. Their major customers are MSMEs

Founder

Salim Mohammed Bidari

Yaltopia Software Technology

Product name Yaltopia Education



Founded in 2022

Employees <5

Website tech.yaltopia.com

Sub-Industry Ed-Tech

Yaltopia Education is a digital platform where people can access educational content or obtain training on any subject matter from anywhere. Their platform allows teachers and institutions to create content that can either be monetized or provided for free.

Founder

Mikias Tenalem Ayenew



ZayTech IT Solutions Share company

Product name ZayRide



Founded in 2016

Employees 42

Website zayride.com

Sub-Industry Transportation

ZayRide is the first taxi hailing company, with a quick and convenient mobile app and a 24/7 call center. ZayRide is currently serving 4 cities in Ethiopia and it will soon launch its service in two more cities. With ZayRide, technology meets with transportation

Founder

Habtamu Tadesse



Zmall Delivery

Product name Zmall



Founded in 2021

Employees 110

Website zmalldelivery.com

Sub-Industry E-Commerce, Automation & Logistics

Zmall is a leading delivery service provider in Addis Ababa, specializing in swift and reliable delivery of food, groceries, beverages, flowers, and medicine. With a dedicated fleet of 50 owned bikes, our professional delivery team ensures a seamless and convenient experience for customers, enhancing their satisfaction and streamlining logistics. Committed to quality and efficiency, Zmall is poised to become the go-to choice for delivery solutions in the region.

Founder

Dr Temesgen Gebrehiwot



14.2 A List of 300 Startups in Addis Ababa

Table 9 List of Startups Mapped

No.	Startup	Industry
1	<u>Apposit/Paga Ethiopia</u>	Fin-Tech
2	<u>Smile Pay</u>	Fin-Tech
3	<u>Kacha Digital Financial Service</u>	Fin-Tech
4	<u>Chapa Financial Technologies</u>	Fin-Tech
5	<u>Zari Pay</u>	Fin-Tech
6	<u>Mekfeya Financial Technology</u>	Fin-Tech
7	<u>YaYa Wallet</u>	Fin-Tech
8	<u>Arifpay</u>	Fin-Tech
9	Dube Ale	Fin-Tech
10	<u>SantimPay</u>	Fin-Tech
11	<u>CashGo</u>	Fin-Tech
12	<u>MamaPays</u>	Fin-Tech
13	<u>Flocash</u>	Fin-Tech
14	<u>YenePay</u>	Fin-Tech
15	<u>Jami</u>	Fin-Tech
16	<u>SunPay Solutions</u>	Fin-Tech
17	YagOut	Fin-Tech
18	Moneta Technologies	Fin-Tech
19	<u>BT Net Technology (Degafi)</u>	Fin-Tech
20	<u>Equb Financial Technologies (Equb)</u>	Fin-Tech
21	<u>Digital Equb</u>	Fin-Tech
22	Zoma	Fin-Tech
23	<u>Digital Equb Financial Technologies (Digital Equb)</u>	Fin-Tech
24	<u>Belcash Techology Solutions (Hello cash and others)</u>	Fin-Tech
25	<u>Ebirr</u>	Fin-Tech
26	<u>Kelal Tech PLC. (Semuny)</u>	Fin-Tech
27	<u>Atlas Computer Technology (UniCash)</u>	Fin-Tech
28	<u>WeBirr</u>	Fin-Tech
29	<u>Kifiya Financial Technologies</u>	Fin-Tech
30	<u>Anabi Agri-Tech Solutions (Anabi)</u>	Agri-Tech
31	<u>Filenber Technology (HelloErf)</u>	Agri-Tech
32	<u>Hearty Enginnering (Yarsuma)</u>	Agri-Tech
33	<u>Omishtu-Joy AgTech Engineering (Omishtu-Joy)</u>	Agri-Tech
34	Mogle Golden Mushroom	Agri-Tech
35	Thur Biotech	Agri-Tech
36	Fruityes	Agri-Tech
37	<u>BFarmTech</u>	Agri-Tech
38	iGebrea AgriTech	Agri-Tech
39	<u>Debo Enginnering</u>	Agri-Tech
40	<u>Green Agro Solution (Le-ersha)</u>	Agri-Tech
41	Le-Geberew	Agri-Tech
42	<u>Armada</u>	Agri-Tech

No.	Startup	Industry
43	<u>Coffee Reserruct</u>	Agri-Tech
44	<u>BeNU Foods Ethiopia</u>	Agri-Tech
45	<u>GroHydro Ethiopia</u>	Agri-Tech
46	Awud Technology	Agri-Tech
47	Benamim Foods	Agri-Tech
48	<u>Forested Foods</u>	Agri-Tech
49	<u>Green Henon Agricultural Technology Services</u>	Agri-Tech
50	<u>Melkam Technology</u>	Agri-Tech
51	<u>The Day Agro Industry (TheDay Jam)</u>	Agri-Tech
52	<u>Bright Starch Manufacturing</u>	Agri-Tech
53	AfroFarm Fund	Agri-Tech
54	Falcon ET	Agri-Tech
55	Inside Business Ethiopia	E-Commerce
56	Fetan	E-Commerce
57	Exporters Ethiopia	E-Commerce
58	<u>Khonna Technologies (GebeyaX)</u>	E-Commerce
59	<u>Melegna</u>	E-Commerce
60	Habesha Handicrafts	E-Commerce
61	Falcon	E-Commerce
62	<u>Ashewa Technologies</u>	E-Commerce
63	<u>Addis Ber</u>	E-Commerce
64	<u>Asbeza</u>	E-Commerce
65	Megebya	E-Commerce
66	<u>Peeps Technologies (Korojo)</u>	E-Commerce
67	Wanza	E-Commerce
68	Yeras Gebeya	E-Commerce
69	<u>Amrach</u>	E-Commerce
70	<u>Qinash</u>	E-Commerce
71	<u>Shemach Online Shopping</u>	E-Commerce
72	<u>EthioSuq</u>	E-Commerce
73	Adret	E-Commerce
74	Birrama	E-Commerce
75	Shiro Meda	E-Commerce
76	<u>Kamrach.com</u>	E-Commerce
77	<u>Addis Mercato</u>	E-Commerce
78	<u>HelloMarket Ethiopia</u>	E-Commerce
79	<u>Techtown ET</u>	E-Commerce
80	<u>Sheger Market</u>	E-Commerce
81	<u>Sheba Shopping</u>	E-Commerce
82	<u>Delala</u>	E-Commerce
83	<u>Addis Souq</u>	E-Commerce
84	<u>ACE Computer Technologies (Store 251)</u>	E-Commerce

No.	Startup	Industry
85	<u>Shega</u>	E-Commerce
86	<u>Verenda</u>	E-Commerce
87	<u>Jimla Gebeya</u>	E-Commerce
88	<u>Suk Market</u>	E-Commerce
89	<u>Berbera Market</u>	E-Commerce
90	<u>Tie Technologies (AfroTie)</u>	E-Commerce
91	<u>Jiji</u>	E-Commerce
92	<u>Ahadu Solutions (Shiqela)</u>	E-Commerce
93	<u>Mekina</u>	E-Commerce
94	<u>Liyu Gebeya</u>	E-Commerce
95	<u>Kidame Mart</u>	E-Commerce
96	<u>Gebeya Dash</u>	E-Commerce
97	<u>Yetale</u>	E-Commerce
98	<u>i-DIGITAL MEDICINE</u>	Health-Tech
99	<u>Lalibela Global Networks (Abay-CHR)</u>	Health-Tech
100	<u>Etege</u>	Health-Tech
101	<u>Saba Health</u>	Health-Tech
102	<u>Medhanite Ethiopia</u>	Health-Tech
103	<u>Debol Enginnering (Medstore.et)</u>	Health-Tech
104	<u>Mella Medical Consultancy (Mella)</u>	Health-Tech
105	<u>m-Pharma</u>	Health-Tech
106	<u>m-Tena</u>	Health-Tech
107	<u>Telemed Medical Services (Hello Doctor)</u>	Health-Tech
108	<u>eHealth IT Services (Orbit Health Solutions)</u>	Health-Tech
109	<u>WeCare Ethiopia (WeCare)</u>	Health-Tech
110	<u>Hepius Medical Innovation (Hepius)</u>	Health-Tech
111	<u>VirtuDoc</u>	Health-Tech
112	<u>Yene Health</u>	Health-Tech
113	<u>LSSYA</u>	Health-Tech
114	<u>Tenkara Technologies (Lenat)</u>	Health-Tech
115	<u>Anna Digital Health Solutions</u>	Health-Tech
116	<u>Bluehealth Ethiopia</u>	Health-Tech
117	<u>Tesy Digital Health care</u>	Health-Tech
118	<u>Tenawo Digital Health</u>	Health-Tech
119	<u>Rohobot Home Based Health Care Service</u>	Health-Tech
120	<u>Simbona Africa HealthCare</u>	Health-Tech
121	<u>Opiant</u>	Health-Tech
122	<u>BlueMed Consultancy Services (Pharmanet Ethiopia)</u>	Health-Tech
123	<u>ADT Ethiopia</u>	Health-Tech
124	<u>EthioPharma Link B2B2C</u>	Health-Tech
125	<u>ClinicFlo</u>	Health-Tech
126	<u>Lifeline</u>	Health-Tech

No.	Startup	Industry
127	SemiLink	Health-Tech
128	<u>Z-Mall Delivery</u>	Delivery
129	<u>Deliver Addis</u>	Delivery
130	<u>BeU Delivery</u>	Delivery
131	<u>Tikus Delivery</u>	Delivery
132	<u>Horizon Express Services (Balderasu)</u>	Delivery
133	<u>Dasher Delivery Services (Ahadu Express)</u>	Delivery
134	<u>Eat ICT Solutions (Eat Addis)</u>	Delivery
135	<u>Buy2Go</u>	Delivery
136	<u>MoveEt Delivery and Logistics</u>	Delivery
137	<u>Eshi Express</u>	Delivery
138	<u>Adeready (Ezezu Commerce)</u>	Delivery
139	<u>Yetem Delivery</u>	Delivery
140	<u>Green Addis PLC (Metahu Addis)</u>	Delivery
141	<u>Platform Technologies (Cache)</u>	Delivery
142	<u>WeDeliver</u>	Delivery
143	<u>Delivery Hawassa</u>	Delivery
144	<u>Che Freight</u>	Delivery
145	<u>DEJ Delivery</u>	Delivery
146	<u>Agelgil</u>	Delivery
147	<u>Ahununu Express</u>	Delivery
148	<u>Dejen Technologies (Zelela)</u>	Delivery
149	<u>Across Express</u>	Delivery
150	<u>Woye Transport</u>	Delivery
151	<u>SpareX Ethiopia</u>	Delivery
152	<u>Hybrid Designs (Ride)</u>	Transportation
153	<u>Feres Technologies (Feres)</u>	Transportation
154	<u>ZayTech IT Solutions (ZayRide)</u>	Transportation
155	<u>Wez</u>	Transportation
156	<u>iDriveEthiopia</u>	Transportation
157	<u>Lift Ethiopia</u>	Transportation
158	<u>RICA Technologies (RICA Trip)</u>	Transportation
159	<u>Michu Ride</u>	Transportation
160	<u>ChinetAle Technology Solutions</u>	Transportation
161	<u>Taxiye</u>	Transportation
162	<u>Wagon Trans Technology Solutions</u>	Transportation
163	<u>Hanguggwa Trading (Wekil)</u>	Transportation
164	<u>GET ICT Solutions (Woye)</u>	Transportation
165	<u>Waliif Transport Share Company (Waliif Taxi)</u>	Transportation
166	<u>Addis Motor Taxi</u>	Transportation
167	<u>AfroTicket</u>	Transportation
168	<u>Serdo Travel (Guzo)</u>	Transportation

No.	Startup	Industry
169	<u>Halal Meter Taxi</u>	Transportation
170	<u>EthioOne LLC (GuzoBus)</u>	Transportation
171	<u>LiyuBus</u>	Transportation
172	<u>Garri Logistics</u>	Transportation
173	<u>YeneGuzo</u>	Transportation
174	<u>Gooday Online LLC (Gooday-On)</u>	Job-tech
175	<u>Sira</u>	Job-tech
176	<u>Mogzit In-Home Care</u>	Job-tech
177	<u>Africa 118 Inc. (Task Moby)</u>	Job-tech
178	<u>Shega Muya</u>	Job-tech
179	<u>Addis Solutions (Addis Jobs)</u>	Job-tech
180	<u>EthioLancer</u>	Job-tech
181	<u>Molto Terfo (MT Freelancer)</u>	Job-tech
182	<u>Hahu Jobs</u>	Job-tech
183	<u>Freelance Ethiopia (Afriwork)</u>	Job-tech
184	<u>Gigs Ethiopia</u>	Job-tech
185	<u>Sabawi Technologies (Sabawi)</u>	Job-tech
186	<u>MoyAts</u>	Job-tech
187	<u>Shashe</u>	Job-tech
188	<u>Fixer</u>	Job-tech
189	<u>GizeHub</u>	Job-tech
190	<u>Elebat Management and Technology Solution</u>	Job-tech
191	<u>Kech Road Side Emergency Services</u>	Job-tech
192	<u>Sabi Jobs</u>	Job-tech
193	<u>Fibermart Trading Company</u>	Renewable Energy
194	<u>Alif Energy</u>	Renewable Energy
195	<u>Zafree Papers</u>	Renewable Energy
196	<u>Abramba Technologies</u>	Renewable Energy
197	<u>Green Scene Energy</u>	Renewable Energy
198	<u>Green Sun</u>	Renewable Energy
199	<u>Deventus</u>	Renewable Energy
200	<u>All Rights Technologies (Teraki)</u>	Media and Entertainment
201	<u>Semu Audiobooks</u>	Media and Entertainment
202	<u>Zembil Tech (eTok)</u>	Media and Entertainment
203	<u>Radar Idol</u>	Media and Entertainment
204	<u>Awtar Technologies</u>	Media and Entertainment
205	<u>Sewasew Multimedia</u>	Media and Entertainment
206	<u>MayaFlicks</u>	Media and Entertainment
207	<u>Jotika LLC (Kesto)</u>	Media and Entertainment
208	<u>eStota</u>	Media and Entertainment
209	<u>Avetol</u>	Media and Entertainment
210	<u>Etemete</u>	Media and Entertainmen

No.	Startup	Industry
211	Shibet Technologies (Tuba)	Media and Entertainment
212	<u>Mereb Sport</u>	Media and Entertainment
213	<u>Guzo Technologies PLC</u>	Media and Entertainment
214	<u>LinkUp Technology and Digital Media (AfroMile)</u>	Media and Entertainment
215	<u>Gebeya Media</u>	Media and Entertainment
216	<u>Marathon System (Mehalaye)</u>	Media and Entertainment
217	<u>Lomii Dating</u>	Media and Entertainment
218	<u>Jebena</u>	Media and Entertainment
219	<u>Kulu Network (Elff Music)</u>	Media and Entertainment
220	<u>Ken-Techno (Feshta)</u>	Media and Entertainment
221	<u>Shega Media and Technology</u>	Media and Entertainment
222	<u>Qene Games</u>	Media and Entertainment
223	Bana Music	Media and Entertainment
224	<u>Addis Insight</u>	Media and Entertainment
225	<u>ThinkHub ET (Exam Time)</u>	Ed-Tech
226	<u>Accelerated</u>	Ed-Tech
227	<u>Fidel Tutorial</u>	Ed-Tech
228	Abol EdTech	Ed-Tech
229	TELSEM Robotics & AI	Ed-Tech
230	<u>Gebeya Solutions</u>	Ed-Tech
231	<u>FarGo Education</u>	Ed-Tech
232	<u>Ethio-SciTech Engineering group</u>	Ed-Tech
233	<u>Muyalogy Digital Services</u>	Ed-Tech
234	<u>Underdog Software (Coffee Lessonz)</u>	Ed-Tech
235	<u>Kuraz Technologies (Kuraz Tech)</u>	Ed-Tech
236	<u>Fetena (fetena.net)</u>	Ed-Tech
237	<u>Haleta Tutors</u>	Ed-Tech
238	nimar.online	Ed-Tech
239	<u>Education Hub PLC (Temari Bet)</u>	Ed-Tech
240	Timihirt Bete	Ed-Tech
241	<u>Nebeb</u>	Ed-Tech
242	<u>TemariNet</u>	Ed-Tech
243	<u>BeBlocky</u>	Ed-Tech
244	Hiinnovate	Ed-Tech
245	<u>MYD IT Solutions (iTutor Ethiopia)</u>	Ed-Tech
246	<u>Teach Ethiopia</u>	Ed-Tech
247	<u>ThinkHub ET Innovations</u>	Ed-Tech
248	<u>Prime Maven Enginerring (Ahun)</u>	Super App
249	<u>360 Ground (Meda Chat)</u>	Super App
250	<u>Infinity Technologies (Hulugram)</u>	Super App
251	AlemPay	Super App
252	<u>Menab Design</u>	Art

No.	Startup	Industry
253	Limon Data and Analytics	Art
254	JOROPOD	Data and analytics
255	Tour App	Podcast and audiobook platform
256	<u>TripWay Technologies</u>	Travel
257	<u>Triopia</u>	Travel
258	<u>Yefeker sheta</u>	Tourism
259	<u>Umoja Technologies (Mn Ale Addis)</u>	Events
260	<u>Weleta</u>	Digital signature
261	<u>Gennbi</u>	Construction-Tech
262	<u>Onrica Technologies</u>	Telecom and Connectivity
263	<u>Addisway Technology Solution</u>	ICT
264	<u>Viable Solutions (E-phone)</u>	ICT
265	<u>Dunya-Tech (Yene Stock)</u>	ICT
266	<u>Addis Software (Yegna Home)</u>	ICT
267	<u>50Lomi</u>	ICT
268	<u>Abay QR</u>	ICT
269	<u>Atlantic IT Solutions (Adrasha)</u>	ICT
270	<u>Raxio Group</u>	ICT
271	<u>RedFox Solutions Group (RedFox)</u>	ICT
272	<u>SileBet Marketing</u>	ICT
273	<u>Yene Property</u>	ICT
274	<u>Y Technology (Ethio Locate)</u>	ICT
275	<u>Hahu Cloud</u>	ICT
276	<u>Room.et Hotel Booking & Vacation Rental</u>	ICT
277	<u>Viditure</u>	ICT
278	<u>Dodai Group</u>	Other
279	Addis Geospatial	Other
280	<u>3BL Technology (Flowius)</u>	Other
281	<u>Wolfaby</u>	Other
282	<u>AfroReach Technology</u>	Other
283	<u>Gebeta Software (Gebeta maps)</u>	Other
284	<u>eTech share company</u>	Other

Source: Shega Research

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ANNEX





16. Annex

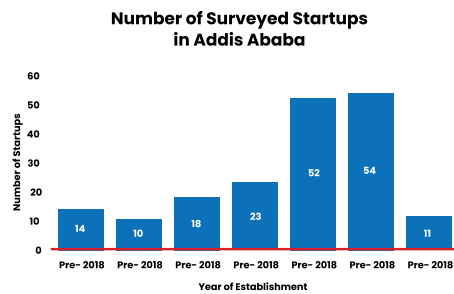
Annex I – Further Analysis

Figure 71 Noteworthy facets of Surveyed Startups

52%

The annual growth rate in the number of startups from 2018 to 2022.

Source: Shega Research



Gender Composition of Surveyed Startups

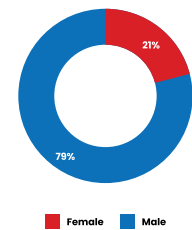
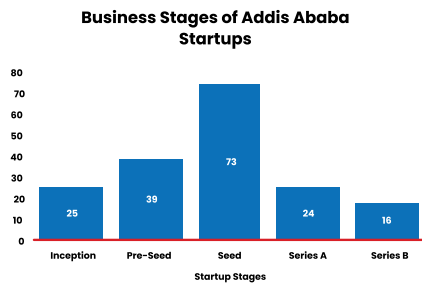


Figure 72 More on business stages

22%

From the survey data collected, around 22% of the startups have received funding from different bodies.

Source: Shega Research



Business Stages of Addis Ababa Startups

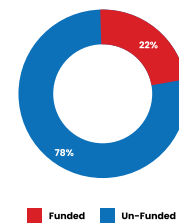


Figure 73 More on job creation

47%

From the survey data collected, around 47% of the startups employ only 1-4 people in their startups.

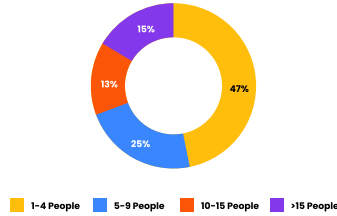
57%

From the survey data collected, around 57% of the startups that have more than 15 employees have had funding.

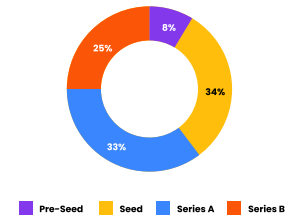
42%

From the survey data collected, around 42% of the startups believe that they can create more than 100 jobs through their startups in the next three years.

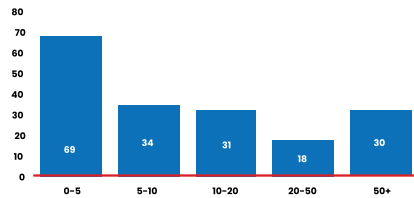
Number of Employees in Addis Ababa Startups



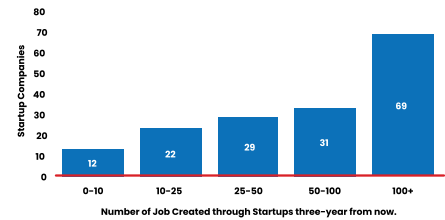
'Business Stages of Surveyed Addis Ababa Startups that have created more than 15 employees in Addis Ababa'



Jobs Created through the Startups



Addis Ababa Startup Companies Job Creation Potential in Three Years



Source: Shega Research

Figure 74 More on business valuation

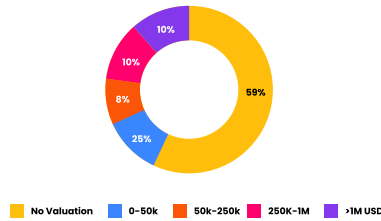
59%

From the survey data collected, around 59% of the startups weren't valued at all. 10% of the startups had a valuation of more than 1 Million USD.

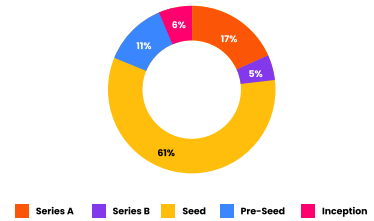
47%

From the survey data collected, around 47% of the startups that were valued more than 1 Million USD have employees of 15 people or more.

Business Valuation for Addis Ababa Startups



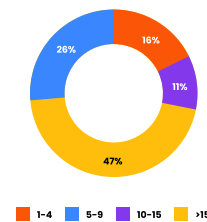
Business Stages of >1M Valued Addis Ababa Startups



Startups that weren't valued by Number of Employees



Number of Employees on Startups that are valued more than 1 Million USD

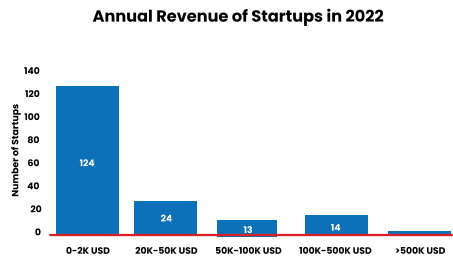


Source: Shega Research

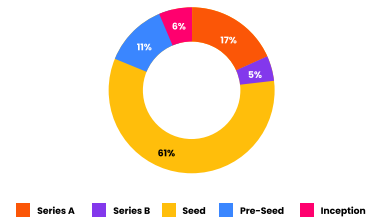
Figure 75 More on startups' revenue

71%

From the survey data collected, around 71% of the startups have a revenue between 0-20K USD. Only one startup had a revenue of more than 500K USD in 2022.

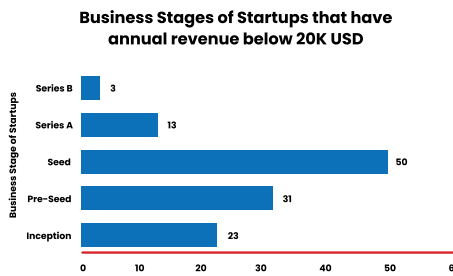


Business Stages of >1M Valued Addis Ababa Startups

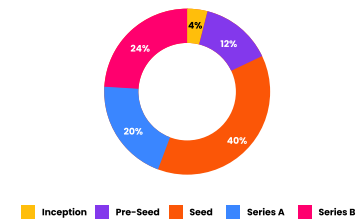


48%

From the startups that have annual revenue below 20K USD, 48% of them were in their seed stages of the business.



Business Stages of Startups that have raised above 20K USD

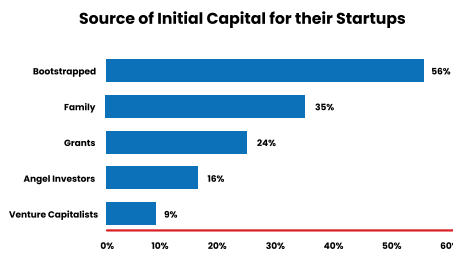


Source: Shega Research

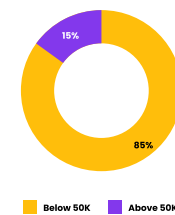
Figure 76 More on fundraising

56%

From the survey data collected, around 56% of the startups stated that they bootstrapped in order to fund their initial business of startups.

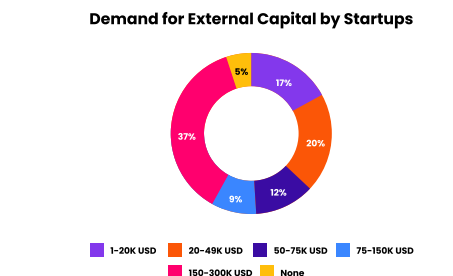


Startups that Bootstrapped their Business Operations

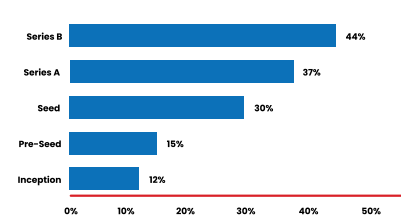


37%

From the survey data collected, around 37% of the startups stated their demand for external capital in their current business operation stage is from 150K-300K USD.



Percentage of Startups demanding from 150K-300K USD based on Business Stage



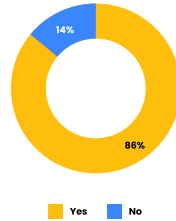
Source: Shega Research

Figure 77 More on fundraising 2

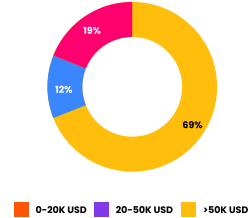
86%

86% of the startups stated that they would consider raising capital from foreign investors and consider merger and acquisition opportunities.

Do you plan on raising capital from Foreign Investors or consider Merger and Acquisition Opportunities?



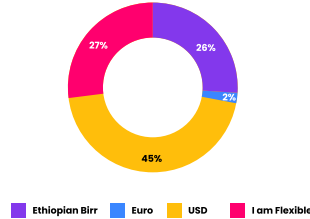
Revenue Size of Startups that aren't open for Foreign Capital or M&A



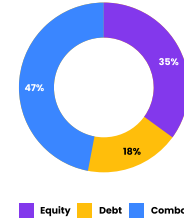
45%

45% of the startups stated that they would prefer raising capital through the USD for different reasons.

Currency Preferred for Raising Capital



How would Startups Prefer to receive Funding?



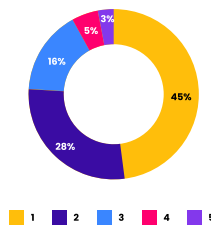
Source: Shega Research

Figure 78 More on the business Environment

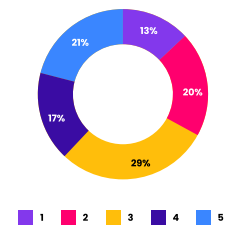
1.3

The average rating by Addis Ababa startups for ease of capital access was 1.3 indicating the inherent difficulties of accessing capital.

Ease to Access Capital for Addis Ababa Startups (1 - Very Difficult and 5 - Very Easy)



The Business Environment is Conducive for My Startups (1 - Very Difficult and 5 - Very Easy)



Source: Shega Research

Figure 79 Business Support organizations rated by Addis Ababa Startups

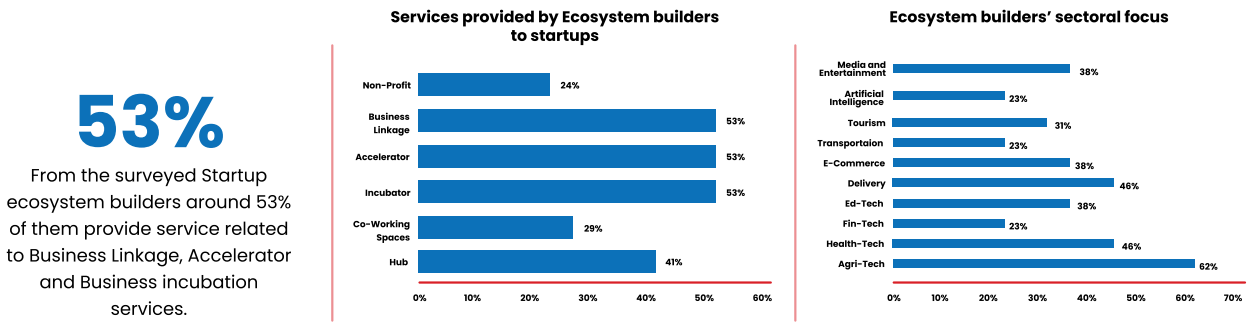
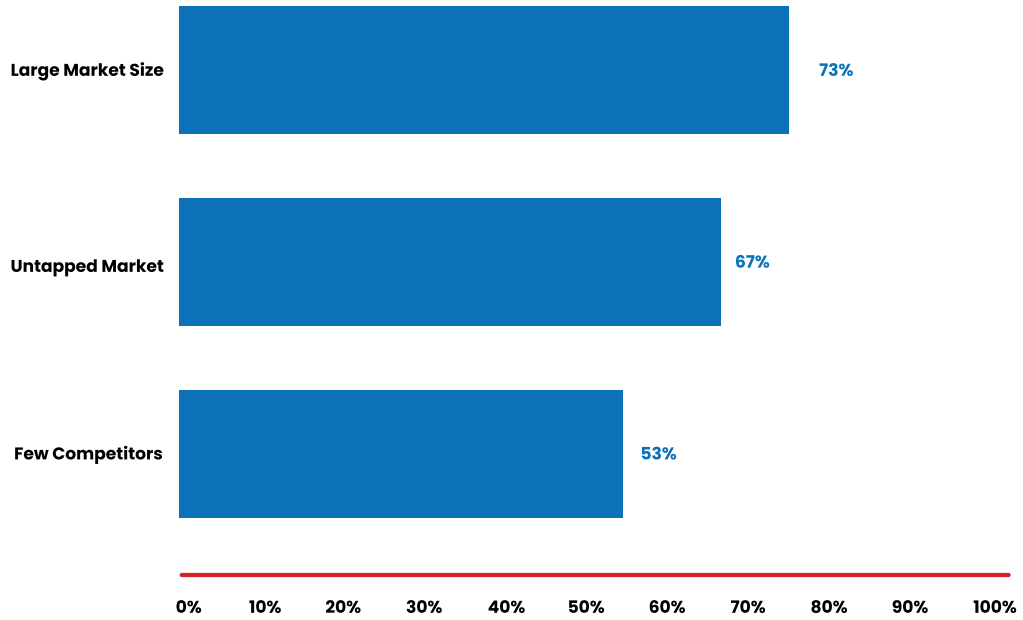


Figure 82 Top three Opportunities as rated by Startups



Source: Shega Research



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