

AN INVESTMENT GUIDE TO ETHIOPIA

 **EIC**
ETHIOPIAN INVESTMENT COMMISSION
ዩ.ኤ.ቲ.ዩ.ዲ.ዲ. ኢ.ንቨስትመንት ኮሚሽን



ETHIOPIA
LAND OF INVESTMENT
OPPORTUNITIES



Time to Invest in Ethiopia



Commissioner Lelise Neme,

Dear esteemed investors,

Ethiopia as known by many as the land of origins, is endowed with a swathe of investment opportunities at all corners of the country. In the last decade, the country has achieved a remarkable and fast economic growth. Home to the continent's second largest population, the country has been attracting high amount of Foreign Direct Investment (FDI) in recent years.

Backstopped by a profound economic strategy and policies, the Government has been putting efforts to create a business environment that is conducive to investment through development of various infrastructures.

Even though the country is positioned as a yet untapped investment opportunity in Eastern Africa, its remarkable growth is amplified with various values and assets. The Government has established infrastructures such as specialized industrial parks that serve as a conducive microclimate to investments and are equipped with efficient and effective services, healthcare center, commercial buildings, proper waste treatment facilities, police stations, fire brigade and 24/7 security services.

With an overarching "homegrown economic reform" agenda which supports the fast growth and puts the private sector at the heart of the economic development, the country prioritized seven investment sectors i.e., Textile & apparel,

Leather & leather products, Pharmaceuticals, Agro-processing, Tourism, ICT, Mining and Energy.

Tailored fiscal and non-fiscal incentives including customs, duties, and income tax exemptions, guaranteed repatriation of funds, bonded export facilities and availability of active and trainable labor which represents 60% of the total population offers great investment opportunity.

Market access is also another opportunity the country offers for successful investments. The strategic location of the country that serves as a spring off point to various African countries, Europe and Asia, different trade agreements. Furthermore, equipped with efficient logistical hub such as Air transport through the legendary Ethiopian airlines, clean powered railway, suitable dry ports, well-connected express roads, and highways provide expedited transportation services to investments.

As mandated and being an autonomous government institution, the Ethiopian Investment commission (EIC) carries out efficient investment administration system to attract foreign and domestic investments to Ethiopia through promotional, facilitation and aftercare services.

This guide is prepared to serve as an informational primer for you in the arena of investing in Ethiopia including priority sectors and overview of different assets that you may wish to consider. It is not a detailed guide to a specific investment sector, but we'll be offering those subsequently. Finally, I sincerely invite you to invest in Ethiopia. We are highly committed to become a reliable partner on your investment journey.

CONTENTS

- Ethiopia at a Glance**
- Why Invest in Ethiopia**
- Investment Opportunities**
- Industry Parks Development**
- Investment Incentives**
- Investment Facilitation, Protection and Guarantee**
- Setting Up Investment**
- Requirements to Obtain Investment Permit**
- Factors at a Glance**
- Laws & Regulations**
- Government Institutions' Mandates**
- Client Charter**
- Useful Contacts**



ETHIOPIA: **LAND OF INVESTMENT OPPORTUNITIES**





1. Ethiopia at a glance

POLITICAL SYSTEM

Federal State with multi party system

REGIONS

11 Regions and two City Administrations

CAPITAL CITY

Seat of African Union (AU) and UNECA

LEADING EXPORTS

Coffee, oilseeds, gold, horticulture products, gold, pulses, live animals, growing manufacturing export including textile & apparel, leather & leather products, and others.

GDP & GDP PER CAPITA

126 billion USD (2022) & 1,212 respectively

CLIMATE

Temperature in the highlands: 20' c-30'c, low in the highlands Up to 45' c, Rainfall ranges from 200mm to 2000 mm and Highly suitable for production

AREA

1.1 million square kilometers

LOCATION

Horn of Africa, at the Crossroads between Africa, the Middle East & Asia

POPULATION

2nd most populous nation in Africa (120+million)

LANGUAGE

Working federal language Amharic & English is widely Spoken

OTHER INFO

currency: Ethiopian Birr
Country code +251
Time Zone: GMT+3

2. Why Invest in Ethiopia?

With a vision of making Ethiopia a competitive and preferred investment destination by creating productive economic cluster, the government is tirelessly working hard to promote the investment opportunities of the country to attract quality foreign direct investment (FDI) ever before.

Ethiopia's untapped investment potential makes the nation one of the ideal destinations for several global brands and top businesspersons. Moreover, the rapid development of the country has opened a plethora of opportunities for foreign investors, which can be explored on this Investment Guide.

Being one of the fastest growing economies in the world, Ethiopia continued to be among the top five FDI destinations in Africa and the biggest recipient in East Africa due to its:

Government Commitment to Investment

- ▲ The Ethiopian government is committed to make the investment policy beneficial to the country and the investors. The newly amended Investment Proclamation and Regulation have been enacted as of 2020 to enhance the role of the private sector in the economy and further improve issues regarding the investment.
- ▲ The amended Regulation has changed the *positive list* approach into a *negative list*. The shift towards a *negative list* is significant aspect of the new investment law because foreign investors are now allowed to invest in any investment area except those that are expressly reserved.

- ▲ The government under the leadership of PM Abiy Ahmed (PHD) - unveiled a *Homegrown Economic Reform Agenda* aimed at unlocking the country's development potentials designed to propel Ethiopia into becoming the African icon prosperity by 2030.
- ▲ Improving socio-economic governance with peace and security.
- ▲ High level political commitment for investment promotion and protection; investment policy making is led by the Ethiopian Investment Board chaired by the Prime Minister.
- ▲ Wide-ranging investment incentive packages for priority sectors and export-oriented investments.
- ▲ Bold initiative in the development of state-of-the-art industrial parks, electric-powered railway connecting the capital and other economic corridors to the port of Djibouti.

Conducive Economic Factors

- ▲ Ethiopia is the second most populous nation in Africa, and still the fastest growing economy in the region with 6.4% growth in FY2020/21. Over the past 15 years, Ethiopia's economy has been among the fastest growing in the world at an average of 9.5% per year (*World Bank Report, 2022*).
- ▲ Ethiopia aimed to achieve a lower-middle status by 2030 and sustain its economic growth to achieve medium-middle and higher-middle status by 2040 and 2050 respectively.
- ▲ The structural reforms designed to strengthen the private sector to drive growth and create more jobs.

- ▲ Stable and conducive macroeconomic environment.
- ▲ The FDI inflows to Ethiopia averaged \$3.35 billion from 2015 to 2020. Moreover, in 2021 the FDI inflows increased by 18% from the preceding years and jumped to \$3.95 billion.
- ▲ The government has been also undertaking economic reforms, including liberalization of financial sector that allows foreign banks to enter the economy.

Favorable Market Factors

- ▲ Africa's second most populous nation with a population size of 120 million.
- ▲ Over 60 million active labor force, trainable and available at competitive wage rate.
- ▲ Duty-free, quota-free access to EU markets through Everything but Arms (EBA). Preferential market access to India.
- ▲ Duty-free, quota-free access to Japan, Canada, China, Turkey, Australia, and New Zealand – covering substantially all export goods from Ethiopia.
- ▲ Ethiopia is a member of ACFTA (African Continental Free Trade Area) which is very beneficial for investors in terms of trade activities within African continent.
- ▲ Member of COMESA with preferential market access to a regional market of 400 million people.
- ▲ Strategic location with proximity to the Middle East, Europe, and Asia.

Improving Infrastructure

- ✚ The newly built Addis-Djibouti electric-powered railway is fully operational.
- ✚ Ethiopian Airlines Group, the largest Aviation Group in Africa has successfully completed a new passenger terminal at its hub Addis Ababa, Bole International Airport. From its hub, Ethiopian serves more than 131 international and 22 domestic destinations.
- ✚ Huge investment potential in renewable energy including hydropower, solar, wind and geothermal. Of the total potential, over 95% is generated from renewable energy.
- ✚ The Grand Ethiopian Renaissance Dam (GERD) – the largest hydroelectric power dam in Africa. GERD is on the verge of completion and expected to generate 6,450MW. The price of electricity in Ethiopia is the cheapest in the world which is \$0.028 per KWh.
- ✚ Expanding telecommunication services. *Safaricom*, a leading African telecommunications company, has also invested in Ethiopia.
- ✚ Expansive road networks connecting national and regional markets.
- ✚ Ethiopia so far has constructed and put to work numerous state-of-the-art industrial parks in different parts of the country.

3. Investment Opportunities and Priority Areas

There are numerous attractive investment opportunities in Ethiopia. The government in collaboration with supporting stakeholders has already identified several investment opportunities. Investors are rewarded with different incentives based on their project and sector they prefer to engage in. The investment opportunities, priority sectors and investment incentives are presented as follows: -

Before going deep into the opportunities, it is important to point out areas where investors are eligible to invest. Foreign investor(s) can engage in various investment sectors according to the Ethiopian investment regulation No. 474/2020. Some sectors previously closed are now opened for foreign investors. In this regard, *Telecommunications, Logistics & Transportation* industry as well as *Financial sector* are worth mentioned. (Please refer the amended Ethiopian Investment Regulation No. 474/2020 from EIC website: www.investethiopia.gov.et).

EIC's strategy focuses on a targeted investment Promotion Program on elected Priority Sectors



Agriculture



Ethiopia is endowed with abundant agricultural resources and has diverse agro-ecological zones. Ethiopia is Africa's leading producer of organic coffee; the second largest flower exporting country in Africa and the fourth in the world as well as regional

lead in honey and beeswax production.

The agriculture sector accounts for 47% of the GDP, 80% of exports, and absorbed 83% of the country's workforce. Agriculture is one of the best prospect investment areas. Opportunities for investing on agriculture include but not limited to:

Cereal and Oilseeds

- ▲ Ethiopia produces mainly a variety of cereals, pulses, oilseeds, and other industrial crops.
- ▲ Of the total 1.1 mln square kms area of the country, 75 mln ha is suitable for annual and perennial crop production.
- ▲ The irrigation potential of the country is estimated to be around 4.3 mln ha.
- ▲ Ranked 9th top producer of sesame globally (FAO, 2019). Niger seed, Sesame, Ground nuts, Linseed and soybeans are the top five products by volume.
- ▲ Over 204,000 ha of land suitable for sesame production.

Dairy Farm

Ethiopia has the largest inventory of livestock in Africa, and a relatively favorable climate for improved, high yielding dairy cattle breeds. Over the past 17 years, volume of cow milk production increased modestly from 1 billion to 4 billion liters. There is 2.5mn ha of suitable land for dairy production and three public ranches that are soon to be privatized.

Poultry

Ethiopia ranked 9th in chicken population in Africa. Despite its potential, the average per capita poultry consumption of the nation is 0.5k. It is significantly lower than the Sub-Saharan

Africa average of 2.3 kg. Imports of chicken meat increased by nearly 60% in a period of 10 years and risen by 32% between 2008-2013. There is a shortage of day-old chick (DOC) supply.

In addition, foreigners can invest and do lucrative business in the horticulture development, coffee and tea plantation, cotton plantation, animal feed, livestock, fishery, sugarcane plantation, palm tree and rubber tree plantation, apiculture, and other agricultural investment areas.

Manufacturing

Ethiopia is Africa's largest raw material supplier for the textile and leather industries. The country offers a remarkable competitive advantage for the manufacturing industries due to:

- ▲ Government facilitation of efficiency-enhancing investment solutions including modern industrial parks that are ready for 'plug and play',
- ▲ Large pool of trainable work force available at competitive wages,
- ▲ Cheapest energy rate on a global standard,
- ▲ Geographic proximity and preferential access to key markets, and
- ▲ Abundance of high-quality industrial raw materials.

Textile and Garment



The textile & garment sector in Ethiopia has been growing in the past decades. There is access to major markets in the local and international market. USA & UK are the major export destinations for the products.

Opportunities for Private Sector:

The major investment opportunities on this sector includes commercial cotton production, spinning, weaving and garment.

- ▲ **Textile manufacturing:** Manufacturers producing any cloth or goods prepared by weaving, knitting, or felting.
- ▲ **Garment manufacturing:** Manufactures producing any article of clothing such as dresses, suits, shirts, trousers, ready-made prepared from textile/ fabric.
- ▲ **Components and Trim manufacturing:** Manufacturers producing materials used as components & decorations of garments such zippers, buttons, plastics, threads, elastics, carton boxes, poly bags, hangers, printing, etc.

Leather and Leather Products



Ethiopia's livestock population ranks first in Africa and sixth in the world (61 *mln* heads of cattle, 32*mln* heads of sheep and 31*mln* heads of goats). The leather industry bases itself on the country's livestock resources. This enormous population of livestock provides ample opportunity in the value chain starting from tanning of hides and skins all the way up to the finished leather products. Manufacturing companies can supply major markets in the world including Italy, USA, & Germany.

Opportunities for Private Sector Includes:

- ▲ Tanning of hides and skins.
- ▲ Chemical inputs manufacturing for tannery use.
- ▲ Footwear, gloves, and other leather goods manufacturing.
- ▲ Accessories: soles, synthetic sewing thread, plastic linen, shoelaces, zippers, buckle.

Pharmaceuticals



One of the fastest growing industries in Ethiopia with an annual growth rate of 15%. Currently, the market is estimated to be around one billion USD, of which over 80% is met by imported products that are mainly procured by the Government. Ethiopia is the first African countries to have developed a strategy for the pharmaceuticals industry.

Favorable Conditions for Pharmaceutical Manufacturing in Ethiopia

- ▲ Kilinto Industrial Park, designated for the pharmaceutical industry, is well-equipped with modern infrastructure.
- ▲ It is one of the priority investment areas.
- ▲ High and growing domestic and regional markets. The African pharma market is valued to be over \$20 Billion.
- ▲ Attractive investment incentives such as corporate income tax exemptions up to 14 years depending on product type and export performance.

- ▲ Long-term Government procurement guarantee, 25% price preference and 30% advance payment to the suppliers.
- ▲ Trainable workforce with several pharmacy schools.
- ▲ Competitive infrastructure including Ethiopian Airlines and a railway connecting Kilinto Industrial Park to Djibouti port.

Agro-Processing



Potential

- ▲ Ethiopia is a continental and global leader in the production of a variety of raw materials needed for agro-processing:
- ▲ 5th largest producer of tropical fruits in Africa.
- ▲ 3rd biggest producer of wheat in Africa.
- ▲ 6th leading producer of livestock population globally.
- ▲ 9th in chicken population in Africa

Fruit Juice

- ▲ Ethiopia has favorable agro-ecological climate condition.
- ▲ Most of the land available for growing tropical fruit is suitable for organic.
- ▲ Arba Minch, Upper Awash valley and Assosa are high potential areas for year-round.
- ▲ With basic irrigation, a new producer can increase yields dramatically.

Edible Oil

- ▲ Ethiopia has abundant resources suitable for oilseeds production. Despite its potential, there is limited domestic processing of edible oil (~4% of supply) and increasing local demand, resulting in significant imports of edible oil covering ~95% of supply consisting mainly palm oil.
- ▲ Ethiopia is among the top 20 oilseeds producers in Africa, with majority of exports still being in raw form, with no value addition.

Horticulture



Ethiopia is the second largest producer of cut flowers in Africa and the fourth in the world after the Netherlands, Colombia, Ecuador and Kenya.

The horticulture investment opportunities include cultivation of flowers, fruit and vegetables as well as herbs. Ethiopia has a growing flower export business and currently supplies 9% of global flower market. Cut flowers, gypsophila, hypericum, limonium, chrysanthemum, carnations, static and pot plants are widely cultivated in various agroecology.

Herbs and Spices

- ▲ The major export herbs from Ethiopia includes chives, basil and rosemary.
- ▲ Total potential for growing low land spice is estimated to be 200,000 ha.

Bamboo for Green Investment



The Government proclaimed a 10-year strategy and action plan for bamboo sector development (2019 – 30) and with the support of the International Bamboo and Rattan Organization (INBAR),

- ▲ Ethiopia has the largest resource of bamboo in Africa, with an estimated 1.47 million ha of two indigenous bamboo species in most regional states.
- ▲ Potential investors and entrepreneurs have an array of opportunities to become pioneers of bamboo business in the country.

Potential Areas of Bamboo Investment

Bamboo has a huge potential to contribute to the development of Ethiopia's green economy. Opportunities for investing on bamboo mainly include:

- ▲ Bamboo timber substitute industries (parquet floor, MDF and OSB boards, lumber and panels, mat ply boards, plastic composite products);
- ▲ Construction, pulp & paper; bio-energy, eco-tourism, carbon credit plantation and others.

Integrated Agro Industrial Parks



- ▲ The government has put in place integrated agro industrial parks (IAIPs) to attract more investments and accelerate the growth of agro-processing sector.
- ▲ Just to mention, *Bulbula Integrated Agro-Industrial Park*, *Bure Integrated Agro-Industrial Park*, and *Yirgalem Integrated Agro-Industrial Park* have become operational. *Baeker Integrated Agro-Industrial Park* is also in the pipeline.
- ▲ The parks employ a holistic approach for input supply, on-farm production, backward market linkages and raw material sourcing to ensure sustainability and efficiency.

Tourism

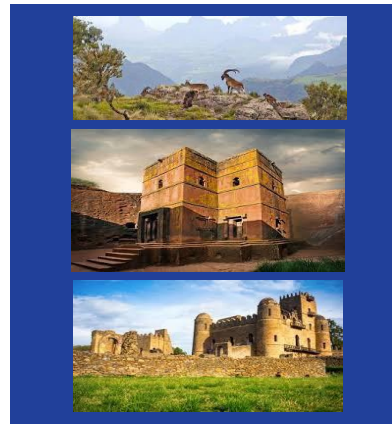


- ▲ Known as 'Land of Origins', Ethiopia is among the world's best destination for tourism.
- ▲ Ethiopia is a land of rugged mountains (almost 25 mountains with over 4000 meters high) broad savannah, lakes and rivers.
- ▲ With 14 major wildlife reserves, Ethiopia provides a microcosm of the entire sub-Saharan ecosystem.
- ▲ The unique Ethiopian Rift Valley (part of East African Rift Valley) is a remarkable region of volcanic lakes, with their famous collections of birdlife, great escarpments and stunning vistas.

- ▲ The timeless charm of Ethiopia's natural, cultural and historical tourist attractions has been driving an influx of tourists from far and wide.
- ▲ As the land where mankind, coffee and the Blue Nile trace their roots, Ethiopia has always been a fascinating destination for holidaymakers.
- ▲ As the Meetings, Incentives, Conferencing & Exhibitions (MICE) tourism blossoms around the world, Ethiopia is also uniquely positioned to reap the benefits, owing to its unique place in Africa's diplomatic landscape.

Ethiopia is amongst the countries that have registered their tangible and intangible heritages under UNESCO cultural heritage list. So far, UNESCO has recognized 13 heritages (nine tangible & four intangible). The nine tangible heritages registered by UNISCO are:

- ▲ Semen National Park, natural site registered in 1978.
- ▲ Lalibela Rock Hewn Churches registered in 1978.
- ▲ Fasil Ghebbi (Castles), registered in 1979.



- ▲ Lower Omo Valley, registered in 1980.
- ▲ Lower Awash Valley registered in 1980.
- ▲ Aksum Obelisk, registered in 1980
- ▲ Tiya Archaeological site registered in 1980.
- ▲ Harar Jugol (Fortified City), registered in 2006.
- ▲ Konso Cultural Landscape registered in 2011.



Opportunities

- ▲ Star designated hotels, lodges, and restaurants.
- ▲ Eco-lodge camp
- ▲ Boat transportation
- ▲ Hot-air ballooning
- ▲ Sky-cable car
- ▲ Lake side resorts

Incentives for Tourism

- ▲ Duty free privileges on finishing construction materials (if investors build the hotel themselves).
- ▲ Duty free import of the following vehicles. (Source: Vehicle Incentives Directive, 2013)
 - ▲ A bus (minimum capacity of 30 passengers excluding the foldable seats)
- ▲ 5 years of income tax exemption for those who invest on the five specified regions. (Source: Ethiopian Investment Board Directive, 2017 & Investment Incentive 517/2022)
 - I. Bale and Semen Mountain national parks
 - II. Rift valley lakes (Abyata Shalla and Abaya Chamo)
 - III. Guralta Mountains (Wekro, Hawzen and Adigrat)
 - IV. Erta Ale (Dalol, Hadar, Afdera and Asela lakes)
 - V. Wonchi Crater Lake and afro alpine forest and other related tourist attraction sites.



Mining

- ▲ Ethiopia has a wide variety of untapped mineral resources and offers opportunities in upstream and downstream operations.
- ▲ Ethiopia is the only producer of opal in Africa, major gold exporter and emerging country for oil and natural gas exploration.
- ▲ Mining potentials: gold, potash, platinum, opal, iron, tantalum, marble, granite, limestone, etc.

Incentives

- ▲ Lower corporate income tax rate of 25% for large-scale mining projects
- ▲ Loss carry forward for 10 years.
- ▲ Accelerated depreciation on straight line basis over useful life of four years.
- ▲ Customs duty and other tax-free import of equipment, machinery, vehicles, and consumables.

Attractive Royalties

- ▲ 7% Precious minerals
- ▲ 6% Semi-precious minerals
- ▲ 4% for industrial minerals
- ▲ 5% for metallic minerals
- ▲ 7% for gold
- ▲ 3% Construction minerals
- ▲ Petroleum royalties are negotiable.

Energy

Ethiopia is well known as a water tower of Africa. Thus, there are many investment opportunities on the energy sector. The government offers attractive incentives for investors who wish to engage in the sector.

Ethiopian government has also assigned one independent organization, Ministry of Water and Energy (MoWE), to manage this the sector. MoWE is the lead institution for the Energy sector oversees three supervised institutions.

Ethiopian Energy Authority

Ethiopian Electric Power (EEP)– has the responsibility to generate, transmit and wholesale power.

Ethiopian Electric Utility (EEU) – has the responsibility to distribute and sale in retail.

Ethiopian Energy Authority (EEA)-regulatory body for Energy and energy efficiency.

Investor(s) can engage in the following activities including power from the following sources: -

- ▲ Hydro power,
- ▲ Solar,
- ▲ Wind, and
- ▲ Geothermal

The GERD, the largest hydroelectric power dam in Africa, which is on the verge of completion is expected to generate 6,450 MW.

Potential

- ▲ Ethiopia is endowed with various energy resources. These mainly include hydropower, geothermal, solar and wind.
- ▲ Huge hydropower potential estimated up to 45,000 MW,
- ▲ 1,350,000 MW potential from wind energy,
- ▲ Up to 10,000 MW potential from geothermal,
- ▲ Solar irradiation ranges from 4.5 kWh/m²/day to 7.5 kWh/m²/day,
- ▲ Generating power from waste geothermal is also a potential bioenergy resources accumulated in cities and towns.

Incentives for Energy

- ▲ An investor engaged in power generation and supply of electricity shall be entitled to a tax holiday from 4-5 years depending on the region where the investment will be made.

Information Communication Technology (ICT)



The government of Ethiopia focuses on building an inclusive digital economy. In 2018, the government announced its decision to proceed with the privatization and liberalization of the telecommunications sector.

Government Plan on ICT Sector

- 🚀 Creating an enabling environment for creative industries and innovation.
- 🚀 Enhancing the role of the sector in socio-economic activities to enable the country to grow rapidly.

- 🚀 Expanding ICT coverage across of the nation.
- 🚀 Providing competitive ICT services in terms of cost and quality.
- 🚀 Creating a conducive environment for the private sector by implementing ICT effectively and efficiently.

Opportunities:

- 🚀 Telecommunications service,
- 🚀 Software, application and database development,
- 🚀 System integration and data center services,
- 🚀 ICT enabled service,
- 🚀 Manufacturing of ICT equipment, and
- 🚀 E-commerce and ICT infrastructure.

Overview of the ICT Park

The government has built a park dedicated to ICT sector.

- 🚀 The park, established on a 200 ha, is built with an intention to create an Information communication Technology (ICT) village based on close linkage between research, industry and business in ICT and ICT enabled services.
- 🚀 The primary focus of the park is to attract investors on ICT, manufacturing, development of the ICT services industry and business process outsourcing.

N.B EIC has prepared 100 investment opportunity profiles in Greenfield investment with the support of UNIDO.

Please find the link below: <https://investment.unido.org>

4. Industry Park Development



- ▲ With a view to enhancing FDI, the government places significant importance to industrial parks development and expansion. Foreign and domestic investors can engage in industrial park development and start operation in the parks.
- ▲ The parks are located along key economic corridors connected to ports, by electric-powered railway lines and roads.

Operational Industrial Parks in Ethiopia

1. Hawassa Industrial Park

Location: Sidama Region

Distance: 271 km from Addis Ababa, 718 km from port of Djibouti

Specialization: Textile and Apparel

Area: 2,140 ha

2. Bole Lemi-I Industrial Park

Location: Addis Ababa

Distance: 892 km from port of Djibouti

Specialization: Textile and Leather

Area: 172 ha

3. Kombolcha Industrial Park

Location: Amhara Region

Distance: 367 km from Addis Ababa, 375 km from port of Djibouti

Specialization: Textile and Apparel

Area: 75 ha

4. Adama Industrial Park

Location: Oromia Region

Distance: 92 km from Addis Ababa, 791 km from port of Djibouti

Specialization: Textile and Leather

Area: 365 ha

5. Bure Integrated Agro-Industrial Park

Location: Amhara Region

Distance: 414 km from Addis Ababa, 670 km from port of Djibouti

Specialization: Agro-processing Industry

Area: 365 ha

6. ICT Industrial Park

Location: Addis Ababa

Distance: 890 km from port of Djibouti

Specialization: ICT and ICT enabling service

Area: 280 ha

7. Dire Dawa Free Trade Zone

Location: Dire Dawa City Administration

Distance: 520 km from Addis Ababa, 321 km from port of Djibouti

Specialization: Free Trade

Area: 150 ha

8. George Shoe Industrial Park

Location: Oromia Region

Distance: 64 km from Addis Ababa, 828 km from port of Djibouti

Specialization: Tannery, Leather products and Textile

Area: 80 ha

9. Eastern Industrial Park-I

Location: Oromia Region

Distance: 30 km from Addis Ababa, 862 km from port of Djibouti

Specialization: Mixed

Area: 233 ha

10. Debre Birhan Industrial Park

Location: Amhara Region

Distance: 131 km from Addis Ababa, 808 km from port of Djibouti

Specialization: Textile and Apparel

Area: 100 ha

11. Jimma Industrial Park

Location: Oromia Region

Distance: 348 km from Addis Ababa, 1,167 km from port of Djibouti

Specialization: Textile, Leather and Agro-processing

Area: 75 ha

12. Bahir Dar Industrial Park

Location: Amhara Region

Distance: 552 km from Addis Ababa, 907 km from port of Djibouti

Specialization: Textile and Apparel

Area: 75 ha

13. Kilinto Industrial Park

Location: Addis Ababa

Distance: 890 km from port of Djibouti

Specialization: Pharmaceuticals

Area: 280 ha

14. Yirgalem Integrated Agro-Industrial

Location: Sidama Region

Distance: 310 km from Addis Ababa, 758 km from port of Djibouti

Specialization: Agro-processing Industry

Area: 176 ha

15. Bole Lemi-II Industrial Park

Location: Addis Ababa

Distance: 892 km from port of Djibouti

Specialization: Textile and Leather

Area: 181 ha

16. Semera Industrial Park

Location: Afar Region

Distance: 564 km from Addis Ababa, 306 km from port of Djibouti

Specialization: Mixed

Area: 138 ha

17. Bulbula Integrated Agro-Industrial

Location: Oromia Region

Distance: 184 km from Addis Ababa, 940 km from port of Djibouti

Specialization: Agro-processing Industry

Area: 271 ha

18. Mekelle Industrial Park

Location: Tigray Region

Distance: 772 km from Addis Ababa, 777 km from port of Djibouti

Specialization: Textile and Apparel

Area: 75 ha

19. Addis Tomorrow Industrial Park

Location: Addis Ababa

Distance: 892 km from port of Djibouti

Specialization: Mixed

Area: 8.7 ha

20. Arerti CCCC Industrial Park

Location: Amhara Region

Distance: 130 km from Addis Ababa, 790 km from port of Djibouti

Specialization: Construction Materials

Area: 100 ha

21. Huajian Light Industrial Park

Location: Addis Ababa

Distance: 892 km from port of Djibouti

Specialization: Leather and Leather products

Area: 138 ha

22. Redwa Industrial Park

Location: Dire Dawa City Administration
Distance: 520 km from Addis Ababa, 321 km from port of Djibouti
Specialization: Mixed
Area: 116 ha

23. Woda Industrial Park

Location: Oromia Region
Distance: 35 km from Addis Ababa, 927 km from port of Djibouti
Specialization: Metal Works
Area: 100 ha

24. Velocity Industrial Park

Location: Tigray Region
Distance: 772 km from Addis Ababa, 7 km from port of Djibouti
Specialization: Apparel and garment
Area: 176 ha

25. East African Industrial Park

Location: Oromia Region
Distance: 40 km from Addis Ababa, 832 km from port of Djibouti
Specialization: Mixed
Area: 100 ha

Upcoming Industrial Parks

26. Arerti Industrial Park

Location: Amhara Region
Distance: 130 km from Addis Ababa, 790 km from port of Djibouti
Specialization: Textile
Area: 50 ha

27. Baeker Integrated Agro-Industrial

Location: Tigray Region

Distance: 970 km from Addis Ababa, 977 km from port of Djibouti

Specialization: Agro-processing Industry

Area: 258 ha

28. CCECC Industrial Park

Location: Dire Dawa City Administration

Distance: 520 km from Addis Ababa, 321 km from port of Djibouti

Specialization: Mixed

Area: 1,000 ha

29. Eastern Industrial Park-II

Location: Oromia Region

Distance: 30 km from Addis Ababa, 862 km from port of Djibouti

Specialization: Mixed

Area: 167 ha

The Industrial Park development is anchored on the principles of:

- Specialized parks:** enhancing economy of scale and efficiency through the development of sector-specific specialized industrial parks.
- Export promotion:** government provision of industrial park incentives targeted at increased export performance and competitiveness.
- Sustainability:** maintaining high environmental standards through the use of renewable energy and zero liquid discharge (ZLD) technology; assuring social

sustainability and local linkages.

- ▲ **Vertical integration:** enhancing forward and backward linkages in the economy; and
- ▲ **Skills development and competitiveness:** developing employees' skills for enterprise productivity and competitiveness.

Incentives for Industry Park

- ▲ 10-15 years income tax exemption for development of industrial parks depending on park location (10 years in Addis Ababa or the surrounding special zones of Oromia, 15 years in other areas).
- ▲ 60-80 years land lease right at promotional rate; with sub-lease right.
- ▲ Reliable electricity at globally competitive rate- government avails dedicated power substation for industrial parks.

5. Incentives

Priority sectors identified in this Investment Guide and other sub-sectors mentioned in the investment regulation have attractive incentives are listed below:

Fiscal Investment Incentives

1. Corporate Income Tax Exemption:

- ▲ Exemption from corporate income tax up to 10 years depending on the sector engagements.
- ▲ Additional 2-4 years exemption for industrial park enterprises with at least 80% export or input supply to

exporters.

- ▲ Additional 30% deduction for three consecutive years if investment in underdeveloped regions.
- ▲ Exemption from income tax up to 15 years for Industry Park developers.

2. Import Exemption:

- ▲ **Capital goods:** 100% exemption from duties and other taxes on imports of capital goods (machinery & equipment).
- ▲ **Construction materials:** Full exemption from duties and other taxes on imports of construction & finishing materials (for investors who construct their own factory).
- ▲ **Spare parts:** with a value up to 15% of the total value of capital goods (100% of total value of capital goods for industrial park enterprises that are fully exporters).

- ▲ **Vehicles:** Duty-free importation of delivery vans and trucks will be implemented according to the Vehicles Directive.

3. **Export Incentives:** Companies that produce their products in Ethiopia and export have the following incentives:

- ▲ Full export duty exemption.
- ▲ Full import duty exemption on raw materials needed to produce export commodities.
- ▲ Additional two years exemption for 60% exporters or input suppliers to exporters within or outside of industrial parks:

4. **Loss Carry Forward:** a right to carry for after the base income tax exemption period expires.

Non-Fiscal Incentives

- ▲ Customs facilitation through bonded export factory and similar other schemes.
- ▲ Guarantee against expropriation.
- ▲ Guarantee for repatriation of funds.
- ▲ Relaxed industrial park land regime 60-80 years charge-free lease for IP developers.
- ▲ Discounted lease rate for IP enterprises.

Other Incentives

- ▲ Personal effects for residents in industrial parks.
- ▲ Investors buying above items from the local market can seek fund of the duty paid.
- ▲ Export duty exemption on all products except semi-processed hides and skins.
- ▲ Loss carries forward- a right to carry forward loss incurred within the period of income tax exemption for half of the income tax exemption period after expiry, maximum being 5 years.
- ▲ The newly amended Investment Incentive Regulation No. 517/2022 provides incentives for Information & Communications Technology and Logistics Service investment sectors.

6. Investment Facilitation, Protection & Guarantee

Facilitation

- ▲ One-stop shop and aftercare services under EIC (head office and industrial park branches).
- ▲ Customs facilitation through bonded warehouse and voucher schemes.
- ▲ Expedited visa procedure- expedited procedure of securing entry, work permit and certificate of residency.
- ▲ Online visa and multiple visa services.
- ▲ Online investment application services.

- 🚩 The right to own immovable property as per investment needs.
- 🚩 The right to open and operate foreign currency accounts.
- 🚩 The right to employ expatriate managers and experts.

Protection and Guarantee

- 🚩 Ethiopia has signed over 30 *Bilateral Investment Treaties* including China, Germany, France, Turkey, Italy, Belgium, Denmark, Finland, Netherlands, Sweden, Austria, Israel, Swiss, Kuwait, Algeria, Egypt, and Sudan as well as several Double Taxation Avoidance Agreements that provide investors with utmost protection.
- 🚩 The protection of intellectual property rights which include trademarks, certification and collectivemarks.
- 🚩 The right to own a dwelling house when investing a minimum of 10,000,000 USD.
- 🚩 The country is also a member of the Multilateral Investment Guarantee Agency (MIGA) and the World Intellectual Property Organization (WIPO).
- 🚩 Guarantee for repatriation of profits, dividends and other funds.
- 🚩 Constitutional guarantee to property rights.
- 🚩 Ranked 67/190 economies for ease of enforcing commercial contracts-rating of OECD standard (World banks' Doing Business Report, 2020).
- 🚩 The right to open and operate foreign currency accounts.
- 🚩 The right to employ expatriate managers and experts.

7. Setting up an investment

Foreign investor(s) can be engaged in the following investment types:

A. Greenfield Investments: Ethiopian investment Commission will give an investment license for greenfield investments made by foreign investor(s) & joint investments made between foreign investor(s) & local investor(s). A foreign company or investor can form the business as a:

- ▲ **Sole Proprietorship:** an individual is the owner of the company.
- ▲ **Private Limited Company:** A new company formed by two or more shareholders. The shareholders can be:
 - ▲ Two or more companies
 - ▲ Company(s) and a person(s)
 - ▲ Two or more individuals (The documentation will be the same as the sole proprietorship company registration).
- ▲ **Branch Company:** Existing foreign company can open a branch company in Ethiopia.

B. Brownfield Investments

According to the investment regulation no. 474/2020, foreign investor(s) interested to buy an existing enterprise or shares should seek approval from Ethiopian Investment Commission.

The initial step is to acquire investment permit from EIC. The requirements and procedures are explained in detail in the following pages.

The initial step for foreign investor(s) to form a company in Ethiopia is to get an investment permit from EIC. Investor(s) can apply for an investment permit in person at EIC HQ or online via this link: www.invest-ethiopia.com. In doing so, the investor(s) must comply with the requirements.

Sectorial Opening

The existing suitable economic development policy of the country, government's special attention to the investment sectors, competitive and trainable labor force are among the major factors that enabled the country to become successful in attracting FDI.

Some important sectors which were previously closed are now opened for foreign investors. The investors can engage in several investment activities based on the Investment Proclamation No. 1180/2020 and Regulation No. 474/2020 (except few sectors reserved for domestic investors others are open for foreign investors).

8. Requirements to Obtain Investment Permit

The requirements to obtain investment permit for foreign investor(s) are capital and documents.



A. Minimum Capital Requirement

According to the Investment Proclamation No. 1180/2020, the minimum capital requirement and legal terms for foreign investors to engage in various investment activities is stated below:

- Investor(s) are expected to deposit the minimum requirement in cash after document approval and registration at the EIC.
- Foreign investor re-investing their profits or dividends generated from existing enterprise in Ethiopia may not be expected to deposit the minimum requirement mentioned in the above table.

Minimum Capital Requirement		
Type of the sector	100% foreign investor(s)	Joint venture with local investor(s)
For investment areas allowed under the investment proclamation	USD 200,000	USD 150,000
Architectural, engineering works or related technical consultancy services, technical testing & analysis or in publishing works	USD 100,000	USD 50,000

B. Document Requirements

Foreign investor(s) are expected to submit the following documents to get approval for their investment projects from EIC.

The document requirements for each type of company formation is listed separately in the following table.

Document Requirements

Sole Proprietorship	<ul style="list-style-type: none"> 🚩 Filled Application Form 🚩 Existing Company Profile 🚩 Investment Visa & Passport copy
Private Limited Company	<ul style="list-style-type: none"> 🚩 Filled Application Form 🚩 Existing Company Profile 🚩 Investment Visa & Passport copy 🚩 Parent Company documents authenticated in Ethiopian embassy abroad, Ministry of Affairs & local authentication office (if the shareholder/s are companies) 🚩 Draft of Memorandum & Articles of Association for the proposed company.
Branch company	<ul style="list-style-type: none"> 🚩 Filled Application Form 🚩 Authenticated Parent Company documents (Memorandum & Articles of Association, Certificate of Incorporation, Minutes of Resolution) 🚩 Power of Attorney, Investment Visa of the General Manager

N.B.

- 🚩 Application forms and draft MoA & AoA mentioned in the table can be found online from EIC's website: www.investethiopia.gov.et
- 🚩 Investment Visa (IV) is required for foreign investors

Visa applications can be obtained online via e-visa website: www.evisa.gov.et or in person at Ethiopia's Diplomatic Missions overseas.

- ✚ The Immigration and Citizenship Service (ICS) issues a residence permit to a foreign investor upon submission of an investment permit issued in his/ her name.
- ✚ A foreign investor who is a shareholder of a company or branch company as well as expatriate personnel who have work permit are entitled to get residence permit.
- ✚ Favorable visa terms for investors in industrial parks: Multiple entry visa valid for up to five years is given for foreign investors; up to three years long visa for industrial park service providers, managers, board members and senior experts employed by foreign investors.

Registration and Licensing Processes at EIC

1	Submit the following documents to EIC for approval	
	Sole Proprietorship	Filled application Form, existing Company Profile & Investment Visa
	PLC	Filled application Form, existing Company Profile and, If the shareholders are individuals= Investment Visa, If the shareholders are companies= notarized parent Company documents including Certificate of Incorporation, Minutes of Resolution, Memorandum and Article of Association & Power of Attorney.

	Branch company	<p>Authenticate parent Company documents including Certificate of Incorporation, Minutes of Resolution, Memorandum and Article of Association.</p> <p>Power of Attorney, Passport and Investment Visa of the General Manager.</p>
After approval from EIC		
2	Only for PLC	<p>▲ Check uniqueness of the Company Name at EIC</p> <p>▲ Edit, sign & authenticate Memorandum and Articles of Association of the new Company at EIC.</p>
3	Collect a supporting letter from EIC to open a foreign & local bank account.	
4	Transfer / deposit the required minimum capital in cash	
5.	Submit authenticated office lease agreement & TIN certificate (ONLY for PLC)	
6	Submit confirmation letter to EIC & get the Investment Permit Certificate.	
	<p>▲ All the mentioned documents in step 1 should be authenticated by Ethiopian embassy abroad,</p> <p>▲ Ministry of Affairs & local authentication office</p> <p>▲ The average time to get an investment permit is from 3 to 5 business/working days.</p>	
	EIC offers one-stop service for the above activities and the cost is very minimal.	

Industry Park Registration Process

Investors planning to develop an industrial park or make other forms of investment within industrial parks will have to go through different steps:

IP Developer: means any profit-making public, public-private or private developer including the corporation engaged in designing, constructing, or developing industrial parks in accordance with investment proclamation & investment regulations, industrial park developer permit and industrial park developer agreement.

Steps:

1. Application to EIC
2. Approval by the Ethiopian Investment Board
3. Sign an MoU with EIC
4. Registration and licensing at EIC

IP operator: means any profit-making enterprise that operates, maintains or promotes industrial park in accordance with the Investment Proclamation and Regulation, the industrial park operator permits and industrial park operator agreement and, includes the Corporation.

Steps:

1. Application to EIC
2. Sign a tripartite MoU with IP developer & EIC
3. Registration & licensing at EIC
4. Sign operations management agreement with IP developer

IP Enterprise/Tenant: means a public, private or public-private enterprise owned by Ethiopians, foreigners or jointly and possess developed land under the industrial park through sub-lease or by renting or building a factory within the industrial park to engage in manufacturing activity or in-service provision for profit making in accordance with Investment Proclamation and Regulation, industrial park enterprise permit and industrial park enterprise agreement.



Steps:


1. Application to EIC
2. Sign an MoU with EIC
3. Deposit commitment fee of USD 200,000 in IP Developer's account: to be accounted as part of initial capital or licensing
4. Registration and licensing at EIC
5. Shed rental/sub-lease agreement with IP developer
6. Handover by IP developer

For further information regarding industry park, refer the "industrial park proclamation No. 886/2015.

Aftercare Services:

After acquiring an investment permit, the good hand of EIC will follow you as you lay the ground for your operation. The EIC provides post-establishment facilitation and follow-up services including, but not limited to:

-  Facilitating acquisition of land and loan processing
-  Facilitating power supply and other important utilities.



EIC has been also launched an aftercare strategy aiming to facilitate the investors:

- Remain operate their investment/ business smoothly in the country through retention.
- To expand their existing investments, and
- Re-invest their profit from their existing business & investments.

9. Factors at a Glance

Ethiopia offers a favorable business-operating environment. The following provides an insight and a sense of the excellent available opportunities.

Land

Land is available for investment on leasehold and rental basis. Investor(s) can engage either in industrial parks or outside. Industrial parks are governed by the federal government (EIC & Industrial Parks Development Corporation). In the case of land outside industrial parks, each regional government authority has the authority to give land for investments.

- Land Cost: each region and industrial parks have different rate. Please refer to the factor cost document on EIC's website: (www.theiguides.org/ethiopia).
- The government reserves dedicated land for commercial farming of cotton, horticulture development and other sectors.
- Lease right is given for up to 80 years (depending on location and sector of engagement).
- Industrial Park enterprises have the option of sub-leasing developed land to construct own production facility in industrial parks (they can also rent or buy factory sheds).

Labor

- Ethiopia has a growing educated labor force. Over 50 universities with around half million student population: Over 1,300 technical and vocational education and Training (TVET) institutes with and annual intake close to one million students.

- ▲ Globally competitive wage rate.
- ▲ Government-supported provision of skills trainings through industry development institutes
- ▲ Flexible domestic labor laws and regulations:
 1. No minimum wage requirement on private sector employers
 2. Normal working hours per day is 8 (excluding breaks for lunch)
 3. Maximum number of working days per week is 6 (288 days per year)
 4. No general restriction on night works
 5. The number of paid annual leave days for a starting employee 14; slight increment for additional years of services.

Infrastructure

- ▲ GERD, the largest hydroelectric power dam in Africa, is on the verge of completion. Currently, the mega hydro dam is generating 375 MW electricity.
- ▲ The electricity rate is presented below:

No.	Rates	Birr/KWh
	General Tariff Flat Rate	1.7611
	Low Voltage Industry Tariff (Flat rate)	1.2927
	Medium Voltage Industry Tariff-15Kv & 33 KV (Flat rate)	0.9969
	High Voltage Industry Tariff (Flat rate)	0.7911

Water

- Being the water tower of Africa, water charge rate is very affordable and competitive in Ethiopia.

The rate is presented below:

Tariff category (m3)	Domestic Water supplied from borehole (ETB/m3)	Recycled water supply for industry use (ETB/m3). Limited to what is released for reprocessing.	Water use for toilet flushing and gardening (ETB/ m3) limited to what is released for reprocessing.
I(0-7)	1.75	0	0
II (8- 20)	3.80	0	0
III (21-40)	7.75	0	0
IV (41- 100)	5.95	0	0
V (101-300)	7.45	0	0
I (301 -500)	9.3	0	0
VII (600 and above)	11.6	0	0

Transport



Air

- ▶ A world-class and Star Alliance member national airline that flies to about 127 international passenger and cargo destinations across five continents; also flies to over 23 domestic passenger destinations.

- ▶ Has promotional rate for export products.
- ▶ Addis Ababa Bole International Airport serves as a regional base for other airlines such as KLM, Lufthansa, Emirates, Qatar, and Turkish Airlines.



Road

- ▶ International highways connecting Ethiopia with neighboring countries.
- ▶ A complex network of developed roads connecting major cities, towns and industrial parks, which are ideal for business.



Railway

- ▲ Over 30kms Addis Ababa light rail-fully operational, with the capacity of 80,000 passengers/hour-first of its kind in sub-Saharan Africa.
- ▲ More than 750kms, Addis Ababa Djibouti electric rail-

way route completed-set to significantly reduce the time and cost of inland transport for import/export items.

- ▲ Several other rail-way lines under construction which connects all major economic corridors in Ethiopia.



Sea

- ▲ Reliable coastal and international marine and inland water transport services from the Ethiopian Shipping and Logistics Services Enterprise (ESLSE)

that reaches to 260 destination ports.

- ▲ Promotional rate for the manufacturing sector.
- ▲ Approximate distance from the center-910kms to port of Djibouti (gate for a lion's share of import/export), 964kms port of Barbara, 1881kms to port Sudan and 2077kms to port Mombasa.

Finance

- ▲ More than 25 banks and insurance companies are available.
- ▲ The Development Bank of Ethiopia (DBE) provides preferential loan for export-oriented investments.
- ▲ Foreign investors can open a foreign account through approval from the National Bank of Ethiopia (NBE).
- ▲ Lease and project financing scheme are available.
- ▲ Foreign investors can access foreign loan

Tax

Tax Rates	Description
0-35%	Tax on income derived from employment
30%	Taxable income from business
3%	Withholding tax on goods imported for commercial use
10%	Dividend tax on profits distributed to shareholders
5%	Tax on royalty income
5%	Tax on interest income from savings in local financial institutions
15%	Value added tax on imported items that are not exempted by law
0-35%	Custom duty on imported items
0-100%	Excise tax on selected import items defined by law (items considered luxurious, hazardous to health etc)
2-20%	Turnover tax on supply of goods or rendering of services.

10.Laws and Regulations



Ethiopia follows a civil law legal system where major laws are codified under civil, commercial, penal, and other codes. The constitution is the supreme law of the country, under the constitution are proclamations that are passed by the parliament, followed by regulations that are enacted by the Council of Ministers, and implementing directives passed by Ministries or Agencies, all proclamations and regulations are published in official Gazettes. Below is the most relevant legislation as related to investment.

Investment Laws:

- Investment Proclamation No 1180/2020 Investment.
- Regulation No. 474/2020.
- Investment Directives- Directive on Duty-free import of Motor Vehicles No. 4/2005 (E.C).
- Investment Incentive Regulation No. 517/2022.
- A Directive to Provide for the Application of Tax Incentives for Expansion/ Upgrading of Investment No. 941/2023.
- A Directive to provide for the Type & Quality of Vehicles allowed to be Imported Duty Free for Dev't Projects No. 942/2023.

Industrial Park Laws:

- 🚩 Industrial Parks Proclamation No. 886/2015
- 🚩 Industrial Parks Regulation, No. 417/2017

Commercial Matters:

- 🚩 Commercial Code No. 1242/2021
- 🚩 Commercial Registration and Business Licensing Amendment Proclamation No. 1150/ 2019
- 🚩 Trade Practices and Consumer Protection Proclamation No.813/2013
- 🚩 Civil Code No.165/1960 Amended Proclamation No. 639/2009.

Tax Laws:

- 🚩 Income Tax Proclamation No. 979/2016
- 🚩 Tax Administration Proclamation No. 983/2016
- 🚩 Value Added Tax Proclamation No. 1157/2019
- 🚩 VAT Regulation No. 79/2002
- 🚩 Excise Tax Proclamation No. 1186/2020

Labor Law:

- 🚩 Labor Proclamation No. 1156/2019.

Customs Laws:

- 🚩 Customs Amendment Proclamation No. 1160/2019
- 🚩 Export Trade Duty Incentive Schemes Proclamation No. 768/2012
- 🚩 Ethiopian Customs Guide, Ethiopian Revenues and Customs Authority, March 2017

Intellectual Property:

- 🚩 Copyright and Neighboring Rights Protection Proclamation No. 410/2004, Amendment Proclamation 872/2014.
- 🚩 Trademark Registration and Protection Proclamation No. 501/2006
- 🚩 Trademark Registration and Protection Regulation No. 273/2012
- 🚩 Inventions, Minor Inventions, and Industrial Designs Regulation No. 12/1997

Environmental Laws:

- 🚩 Environmental Impact Assessment Proclamation No. 299/2002
- 🚩 Environmental Pollution Control Proclamation No. 300/2002 Environmental laws:

Land Laws

- 🚩 Land lease proclamation No. 721/2011

Foreign Exchange Laws:

- 🚩 Transparency in Foreign Currency Allocation and Foreign Exchange
- 🚩 Management Directive No. FXD/45/2016, Amendment Directive No FXD/46/2017
- 🚩 Banking Business (Amendment) Proclamation No. 1159/2019
- 🚩 Establishment and Operation of Foreign Currency Saving Account for Residents of Ethiopia, Non-Resident Ethiopian and Non- Resident Ethiopian Origin Directive NO. FXD/68 72020
- 🚩 Directives No. FXD/48/2017 directive for amended of

retention and utilization of export earnings and inward remittance directive No,11/1998.

- ▲ Directives No. FXD/49/2017 limits on the birr and foreign currency holding in the territory of Ethiopia.

11. Government's Institutions Mandates

1. Ethiopian Investment Board

- ▲ Chaired by the Prime Minister; members are composed of relevant Ministers.
- ▲ Makes high-level decision on investment policy issues.
- ▲ Supervises investment promotion and facilitation activities.

2. Ethiopian Investment Commission (EIC)

The Ethiopian Investment Commission (EIC) is an autonomous government institution accountable to the country's Investment Board, which is chaired by the Prime Minister. A Commissioner, who is also member of the Board, heads the EIC.

The EIC has restructured itself recently with a view to providing effective and efficient service to investors and attracting more FDI.

The main services provided by EIC include:

- ▲ Promoting the country's investment opportunities and climate to foreign and domestic investors;
- ▲ Providing one-stop services including issuances of Investment Permits, Business Licenses and renewals as well as Construction Permits for Industrial Parks;

- ✦ Notarizing Memorandum of Association and its amendments; Issuing Commercial Registration Certificates, amendments, replacements, or cancellations;
- ✦ Effecting registration of Company name, and amendment, replacements or cancellations;
- ✦ Issuing Work Permits, including renewals, replacements, suspensions, or cancellations;
- ✦ Registering technology transfer agreements and Trade Mark;
- ✦ Negotiating and, upon government approval, signing bilateral investment promotion and protection treaties with other countries; and
- ✦ Advising the government on policy measures needed to create an attractive investment climate for investors.

In addition, the EIC offers the following free, confidential and customized services to investors:

- ✦ Provision, through our website, various publications or through direct response to investor's inquiries, of information on sector-specific business opportunities, business incorporation procedures, employment and related regulations.
- ✦ Handholding support to the investors during the acquisition of land and utilities (water, electrical power, telecom and other services).

3. Industry Park Development Corporation (IPDC)

- ✦ Develop and administer Industrial Parks, lease developed land and lease and transfer, through sale, constructions thereon:

- ▲ Prepare detailed national Industrial Parks Master Plan based on the national special Master plan, and serve as the industrial park land bank in accordance with the agreements concluded with regional governments;
- ▲ In collaboration with the concerned bodies, ensure that necessary infrastructure is accessible to Industrial Park developers;
- ▲ Outsource, through management contracts, when it is deemed necessary, the management of Industrial Parks;
- ▲ Promote extensively the benefits of Industrial Parks and thereby attract investors to the parks;
- ▲ In line with directives and policy guidelines issued by the Ministry of Finance sell and pledge bonds and negotiate and sign loan agreement with local and international financial sources; and
- ▲ Engage in other related activities necessary for the attainment of its purposes.

4. Ministry of Trade & Regional Integration

Promote the expansion of domestic trade and take appropriate measures to maintain lawful trade practices;

Create conducive conditions for the promotion and development of the country's export trade and extend

- support to exporters;
- ✚ Establish a system that enable to ascertain that export or import goods are sold or bought at the appropriate price make follow ups in collaboration with the concerned executive bodies and take measures in accordance with the law against those who export by under invoicing as well as import under or over invoicing;
 - ✚ Establish foreign trade relations coordinate trade negotiations sign trade agreements in accordance with law and implement same;
 - ✚ Establish and follow up the implementation of comprehensive system for the prevention of anti-competitive trade practices provide protection to consumers in accordance with the law;
 - ✚ Provide commercial registration and business licensing services in accordance with the relevant laws and control the use of business licenses for unauthorized purposes;
 - ✚ Provide support for and monitor the establishment and operation of share companies with a view to protect the interests of shareholders and the society;
 - ✚ Undertake and submit to the Council of Ministers price studies relating to basic commodities and services that have to be under price control and upon approval follow up the implementation of same;
 - ✚ Establish the legal metrological system of the country regulate its enforcement and coordinate the concerned regulatory bodies;
 - ✚ Control the qualities of export and import goods prohibit the

importation and exportation of goods that do not conform with the required standards and work in collaboration with the concerned organs;

- ✚ Control the compliance of goods and services with the requirements of mandatory Ethiopia standards and take measure against those found to be below the standards set for them;
- ✚ Cause the coordinated enforcement of standards applied by other enforcement bodies organize and direct implementation review conferences;
- ✚ Organize the trade data of the country and disseminate same to the consumed bodies;
- ✚ Encourage the establishment of Chambers of Commerce and Sectorial Associations including consumers associations and strengthen those already established.

5. Ministry of Industry

- ✚ Create an enabling system for enhanced participation and role of the private sector in the industry in particular in the manufacturing industry; create conducive condition for the implementation of the same;
- ✚ Cause the building of capacity and enhancement of competitiveness of industries, investment and manufacturing industries by providing the necessary support for researchers in the sector;
- ✚ Create conducive conditions for the participation of domestic and foreign investors in the investment of manufacturing industry sector in accordance with the investment laws; establish a system to enable the institutions accountable to it to support mainly domestic investors and implement the same.

- ▲ Establish a system of capacity building, research and inculcation to maintain quality standards and competitiveness of industrial in particular manufacturing industrial products in international markets; oversee implementation of the same.
- ▲ Establish working mechanism and formulate policy and strategy that enable to create linkage and effective transformation between small, medium, and large-scale industries.
- ▲ Encourage the establishment of industrial, sectorial, and professional associations, and strengthen those already established.

6. Ministry of Revenues

- ▲ Collect revenue from customs duties and domestic taxes. In addition to raising revenue, the Ministry contribute to the economic development and social welfare by developing a modern tax and customs administration that employs professional and highly skilled staff who promote voluntary compliance amongst individuals and businesses and take swift action against those who do not comply.

7. Ethiopian Customs Commission (ECC)

- ▲ Provide equitable, expeditious and quality service by establishing a modern customs administration system. Moreover, the Commission collects duties and taxes timely and efficiently on goods imported or exported. It also implements relevant customs laws and international agreements approved and ratified by Ethiopia.

8. Ministry of Mines

- Provides one-stop services for investors in mining operations: issues investment license, export permit, customs duty-and tax-free support letter etc.

The Licensing and Administration Directorate in the MoM issues

- i. Reconnaissance Licenses
- ii. Exploration Licenses
- iii. Retention licenses
- iv. Artisanal mineral operations licenses
- v. Special small scale mineral operations licenses
- vi. Small scale mineral operations licenses
- vii. Large scale mineral operations licenses

9. Ministry of Labor & Social Affairs

- Avails information on labor rules and regulations for investors
- Initiates and leads a tripartite engagement with employer and employee associations with and outside of industrial parks.
- Assigns labor inspectors to follow up and supervise on implementation of labor laws by investors.

10. Development Bank of Ethiopia

- A specialized financial institution established to promote the national development agenda through development finance and technical support to viable investment projects

in priority sectors such as agriculture, agro-processing & manufacturing.

- ▲ Provides medium and long-term loans for various projects focusing on priority investment areas and plays central role in promoting the over-all economic development of the country.

11. National Bank of Ethiopia

- ▲ Manages the country's foreign exchange reserve; ensures effective use of such reserve through monetary and financial regulations.
- ▲ Issues approval of transactions involving hard currency (investment capital inflow, repatriation of funds, suppliers credit, export/ import bank permit and so forth.)

12. Ethiopian Electric Power

- ▲ Administrates power plants in the country and purchases power from independent power producers.

a. Client Charter

No.	TYPE OF SERVICE	DELIVERY TIME	FEE (ETB)
1	Company name registration	1 hour	25
2	Alteration/ amendment of a company name	1 hour	80
3	Issuance of substitute certificate of a company name	1 hour	50
4	Notarization of memorandum and articles of association	3 hours	810
5	Amendment/ change of memorandum and articles of association	3 hours	400
6	Issuance of commercial registration	3 hours	100
7	Amendment/ change of commercial registration	3 hours	80
8	Replacement or substitution of commercial registration	1 hour	50
9	Cancellation of commercial registration	5 working days	50
10	Issuance of investment permit	3 hours	600
11	Investment permit (expansion)	18 working days	300
12	Renewal of investment permit (new/expansion)	2 working days	200/100
13	Change/amendment of investment permit	3 hours	100
14	Issuance of work permit	2 hours	2,000
15	Renewal of work permit	1 hour	1,500
16	Substitution of work permit	1 hour	1,200
17	Cancellation of work permit	3 hours	
18	Registration and issuance of certificate for technology transfer agreement	3 hours	200
19	Registration of a collaboration agreement concluded by a domestic investor with export-oriented non-equity based foreign enterprise	2 hours	100
20	Issuance of business license	10 working days	100
21	Renewal of business license	2 hours	100
22	Amendment of business license	1 hour	80
23	Cancellation of business license	30 minutes	Free
24	Capital registration	1 day	Free

International Companies Operating in Ethiopia



Ethiopian Investment Commission (EIC)
 P.O. BOX: 2313
 Tel: +251115510033
 Fax: +251115514396
 Email: info@ethio-invest.com
 Website: www.investethiopia.gov.et

Ministry of Foreign Affairs
 P.O. BOX: 393
 Tel: +251 11 551 7345
 Fax: +251 11 5514300/551 1244
 Email :mfa.addis@telecom.net.et
 Website: www.mfa.gov.et

Industrial Park Development Corporation (IPDC) Tel: +251-11-661-6986/661-6674
 Email: admin.info@ipdc.gov.et
 Website: www.ipdc.gov.et

National Bank of Ethiopia
 P.O.Box: 5550
 Tel: +251-11-551-7430
 Fax: +251-11-5514588
 Email: nbeinfo@nbe.gov.et
 Website: www.nbebank.com

Development Bank of Ethiopia
 P.O.Box: 1900
 Tel: +251-11-551-1188/89
 Fax: +251-11-551-1606
 Email: dbec@ethionet.et
 Website: www.dbe.com.et

Ministry of Trade
 P.O.Box: 6945
 Tel: +251-11-5507542
 Fax: +251-11-5759871
 Email: N/A
 Website: www.moin.gov.et

Ministry of Industry
 P.O.Box: 2458
 Tel: +251-115515411
 Fax: +251-115-53 4968
 Email: N/A
 Website: www.moi.gov.et

Ethiopian Customs Commission
 Tel: +251-8258748
 Fax: +251-115-514396
 Email: eccweb@revenue.gov.et
 Website: www.ecc.gov.et

Ministry of Revenue
 P.O.Box: N/A
 Tel: +251-115-528577
 Fax: +251-116-629842
 Email: N/A
 Website: www.mor.gov.et

Ministry of Labor & Social Affairs
 P.O.Box: 2056
 Tel: +251-115-517080
 Fax: +251-115-518396
 Email: molsa.comt@ethionet.et
 Website: www.molsa.gov.et

Ethiopian Energy Authority
 Tel: +251-115-507735
 Fax: +251-115-507734
 Website: www.eea.gov.et

Ethiopian Civil Aviation Authority
 P.O.BOX: 978
 Tel: +251- 116-650200
 Fax: +251-116-650281
 Email: civil.aviation@ethionet.et
 Website: www.ecaa.gov.et

Ministry of Mines
 P.O.Box.: 486
 Tel: +251-116-675495
 Fax: +251-116-646336/4
 Email: info@mom.gov.et
 Website: www.mom.gov.et



ETHIOPIAN INVESTMENT COMMISSION

የኢትዮጵያ ኢንቨስትመንት ኮሚሽን

Africa Avenue, Infront of Dembel City Center

P. O. Box 2313 Addis Ababa Ethiopia

Tel: +251 11 551 0033

Fax: +251 11 551 4396

Email: info@eic.gov.et

Website:

www.investethiopia.gov.et

www.theiguides.org/Ethiopia

January 2023
