

# AN INVESTMENT GUIDE TO ETHIOPIA



## LAND OF OPPORTUNITIES







**Ms. Lelise Neme**  
**Commissioner**

### 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 in the past years. 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, polices station, 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 different 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 port, 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.

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# ETHIOPIA

## LAND OF OPPORTUNITIES



# 1. Ethiopia at a glance



## POLITICAL System

Federal state with a mutual Party system

## REGIONS

10 regions, and 2 city administrates in the country

## CAPITAL CITY

Addis Ababa, oat of the African union (AU) and United Nations Economic commission for Africa (UNECA)

## Leading Exports

coffee, oilseeds, gold, pulses, horticulture, live animals, growing manufacturing export (textile & Apparel, leather & leather products etc

## GDP & GDP PER CAPITA

96.11 billion USD (2019) & 855.9 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 meters

## LOCATION

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

## POPULATION

2<sup>nd</sup> most populous country in Africa (100+million)

## LANGUAGE

Working federal language Amharic & English is widely Spoken

## OTHERINFO

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



## 2. Why Invest in Ethiopia?

Ethiopia has become a preferred destination for foreign direct investment and emerging hub for manufacturing in Africa due to its:

### Political Commitment from the Government

- ▲ Improving socio-economic governance with peace & security.
- ▲ The government is always working hard to make the investment policy beneficial to the country and the investors. A new investment regulation and proclamation has been enacted in 2020 to improve several issues regarding investment.
- ▲ 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 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 aims to reach lower-middle-income status by 2025. Ethiopia's economy experienced strong, broad-based growth averaging 9.8% a year from 2008/09 to 2018/19, Ethiopia's real gross domestic product (GDP) growth rebounded to 9% in 2018/19.

- ▲ Stable and conducive macroeconomic environment.
- ▲ FDI inflows to Ethiopia were USD 2.5 billion in 2019. In total, FDI stocks were estimated at USD 25 billion in 2019. (UNCTAD's World Investment Report 2020)
- ▲ Home grown Economic Reform Program: The Government of Ethiopia (GoE) under the leadership of Prime Minister Abiy Ahmed (PHD) - unveiled a “Homegrown Economic Reform Program” aimed at unlocking the country’s development potentials designed to propel Ethiopia into becoming the African icon of prosperity by 2030.

## **Favorable Market Factors**

- ▲ Africa’s second most populous nation with a population size of over 100 million.
- ▲ 54 million active labor force, trainable and available at competitive wage rate.
- ▲ Duty-free, quota-free access to the USA and EU markets through AGOA and EBA, respectively
- ▲ Duty-free, quota-free access to Japan, Canada, China, Turkey, Australia, and New Zealand – covering substantially all export goods from Ethiopia. Preferential market access to India.
- ▲ 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.

For further information on bilateral agreements, please refer EIC's website; [www.investethiopia.gov.et](http://www.investethiopia.gov.et)

## Improving Infrastructure

- ▶ The newly built Addis-Djibouti electric-powered railway is fully operational.
- ▶ Ethiopian Airlines Group, the Largest Aviation Group in has successfully completed a new passenger terminal at its hub Addis Ababa, Bole International Airport with emphasis on biosecurity and biosafety measures. It operates the youngest and most modern fleet to 127 international passenger and cargo destinations across five continents. From its hub at Addis Ababa, Ethiopian Airlines serves 117 international and 23 domestic destinations.
- ▶ Huge investment potential in renewable energy including hydro solar, wind and geothermal; Grand Ethiopian Renaissance Dam – the largest hydroelectric power dam in Africa – under construction (close to 79% completed), expected to generate additional 6,000MW electricity.
- ▶ Expanding telecommunication services.
- ▶ Expansive road networks connecting national and regional markets.
- ▶ Nine operational and six upcoming government industrial parks; Six operational & one upcoming private industrial parks in the pipeline.

### 3. Investment Opportunities and Priority Areas

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

Before going deep to the opportunities, it is important to mention 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. Previously closed sectors are now open for foreign investors. For instance, telecommunication, logistics and transportation industry can be regarded as examples. (Please refer the current Ethiopian investment regulation No. 474/2020 from Ethiopian Investment Commission's website: [www.investethiopia.gov.et](http://www.investethiopia.gov.et).)

The seven priority sectors are: Pharmaceutical, Agro-processing, Textile, Leather, Tourism, ICT and Mining & Energy.

## Manufacturing

- ▲ **Vision:** To become the leading manufacturing hub in Africa.
- ▲ Ethiopia offers a remarkable competitive advantage for manufacturing industries due to:
  - ▲ Government facilitation of efficiency-enhancing investment solutions including 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:
- ▲ Ethiopia is Africa's largest raw material supplier for the leather industry.

## Textile and Garment



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

**Investment Opportunities:** includes commercial cotton production, spinning, weaving and garment.

### **Opportunities for Private Sector:**

- ▲ **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 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 Manufacturing



Ethiopia has the largest livestock population in Africa and ranks 6th in the world. The leather industry bases itself on the country's livestock resources. Indeed, Ethiopia possesses one of the world largest livestock populations, 60.9 million heads of cattle's, 31.8 million heads of sheep's and 30.7 million heads of Goats. 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
- ▲ Accessories: soles, synthetic sewing thread, plastic linen, shoelaces, zippers, buckle
- ▲ Chemical inputs manufacturing for tannery use.
- ▲ Footwear, gloves, and other leather products manufacturing

## Pharmaceuticals



It is 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 more than 80% is met by imported products that are mainly procured by the Government. Ethiopia is one of the first African countries to have developed a strategy for the industry.

### **Favorable Conditions for Pharmaceutical Manufacturing in Ethiopia**

- ▲ An industrial park fully specialized in pharmaceutical products manufacturing and well-equipped with state-of-the-art infrastructure.
- ▲ It is a priority sector for the government.
- ▲ High and growing domestic and regional markets. The African pharma market is valued to be more than 20 Billion USD.
- ▲ High diseases burden and expansion of health coverages
- ▲ 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 government suppliers.
- ▲ Trainable workforce with more than 10 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 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.
- ▲ The Upper Awash valley can easily produce fruit all year.
- ▲ Arba Minch and Assossa are also high potential areas for year-round.
- ▲ Most of the land available for growing tropical fruits is suitable for organic.
- ▲ With basic irrigation, a new producer can increase yields dramatically.

## Edible Oil

- ▲ Ethiopia has abundant resources suitable for oilseed 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 oilseed producers in Africa, with majority of exports still being in raw form, with no value addition

## Horticulture



Ethiopia is currently ranked 2<sup>nd</sup> in floriculture export in Africa and among top 4 exporters in the world. Investment opportunities include floriculture, fruit and vegetable processing. Roses are the most widely produced varieties of flowers. Other types include gypsophila, hypericum, limonium, chrysanthemum, carnations, static and pot plants. Ethiopia supplies 9% of global flower market.

### Herbs and Spices

- ▲ Ginger, hot pepper, fenugreek, turmeric, coriander, cumin, cardamom, and black pepper.
- ▲ Close to 122, 700 hectares with spice production reaching 244,000 tons per year.
- ▲ The total potential for low land spice farming is estimated to be 200,000 ha.

## Bamboo for Green Investment



The Government of Ethiopia has accorded a high priority to the bamboo sector. 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 namely *Oxytenanthera abyssinica* (lowland bamboo) and *Oldeania alpina* syn. *Yushania alpina* or *Arundinaria alpina* (highland bamboo).
- ▶ Bamboo resources are concentrated in seven regions of Ethiopia namely Amhara, Benishangul-Gumuz, Gambela, Oromia, Sidama, Southern Nations, Nationalities, and Peoples' and Tigray regional states. An estimated 750,000 people depend on bamboo based economic activities
- ▶ 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. A large untapped bamboo resource base is available that could be used to generate large-scale employment, income, and socio-economic development, in addition to environmental benefits. Opportunities for investing on bamboo include but not limited to:

- ▲ Bamboo timber substitute industries (parquet floor, MDF and OSB boards, lumber and panels, mat ply boards, plastic composite products);
- ▲ Bamboo round pole and bend laminated furniture;
- ▲ Bamboo crafts and bio-plastics products;
- ▲ Bamboo stick-based products (curtains, mats, incense sticks);
- ▲ Bamboo pulp and paper;
- ▲ Bamboo bio-energy.
- ▲ Construction.
- ▲ Bamboo eco-tourism;
- ▲ Bamboo carbon credit plantation.

## Integrated Agro Industrial Parks

- ▲ The government has put in place integrated agro industrial parks (IAIP) which are regional agro-processing zones developed to attract investment and accelerate the growth of agro-processing sector.
- ▲ These parks include: Bulbula – 263 ha, Bure – 261 ha, Baeker – 259 ha and Yirgalem – 214 ha.

- ⚡ These parks employ a holistic approach for input supply, on-farm production, backward market linkage and raw material sourcing to ensure sustainability and efficiency.

## Tourism



**Unity Park**



**Entoto Park**

- ⚡ Known as 'Land of Origins', Ethiopia is among the world's best destination for tourism with strong service industry to support the sector.
- ⚡ 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 home to several cultural and historical heritage sites and the country is amongst the countries that have registered their tangible and intangible heritage under UNESCO's cultural heritage list. According to Ethiopian Ministry of Culture and Tourism, UNESCO has recognized four intangible and nine tangible Ethiopian (a total of 13) heritages. The nine tangible heritages included in the list of UNESCOs 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 registered in 1980.
- ▲ Tiya Archaeological Site registered in 1980.
- ▲ Harar Jugol (Fortified City), registered in 2006.
- ▲ Konso Cultural Landscape registered in 2011.



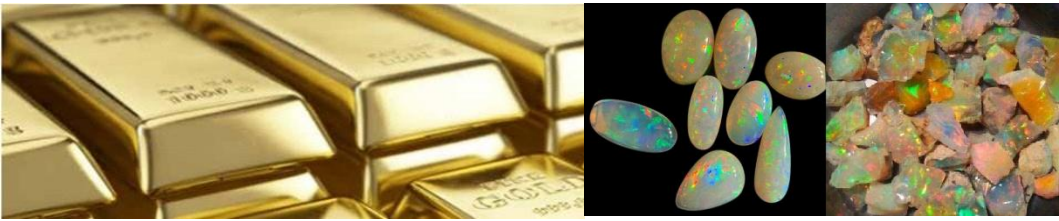
## Opportunities

- ▲ 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 Capital good and spare parts.
- ▲ Duty free privileges on finishing construction materials (if they are going to build the hotel themselves).
- ▲ Duty free import of the following vehicles. (source: Vehicle Incentives Directive, 2013)
  - ▲ 3 station wagons (NEW)
  - ▲ A bus (minimum capacity of 30 passengers excluding the foldable sits)
- ▲ 5 years of income tax exemption for those who invest on the five specified regions. (source: Ethiopian Investment Board Directive, 2017)
  - I. Bale and Semen mountain national parks
  - II. Rif 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 alepine forest

## 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

The energy sector is one of the priority sectors in the country. There are many investment opportunities in the energy sector. The government also offers attractive incentives for investors who wish to engage in this sector.

The GoE has also assigned one independent organization, Ministry of Water Irrigation and Electricity (MoWIE), to manage this the sector. MoWIE is the lead institution for the Energy Sector. It 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.

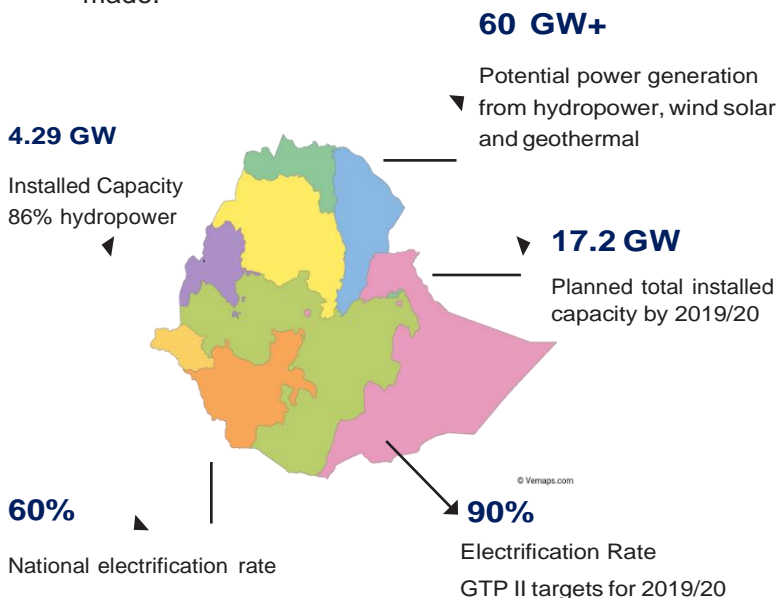
Ethiopian Energy Authority (EEA)-regulatory body for Energy and energy efficiency.

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

-  Hydro Power
-  Geothermal
-  Wind
-  Solar

## Incentives for Energy

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



The 1,870 MW Gibe III hydropower project, which doubled Ethiopia's electricity output, was completed in 2016. Ethiopia is also developing what will be Africa's biggest hydroelectric power plant - the 6,000 MW Grand Renaissance Dam. This is due for completion in 2022.

# Information Communication Technology (ICT)



Government of Ethiopia focuses on building an inclusive digital economy. In 2018, the government of Ethiopia announced its decision to proceed with the privatization and the liberalization of the telecommunication 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 in all parts of the country.
- 🚀 providing competitive ICT services in terms of cost and quality.
- 🚀 creating a conducive environment for the private sector to use ICT.

### **Opportunities:**

- 🚀 Telecommunication service
- 🚀 Software, content, application, and database development
- 🚀 System integration and data center services
- 🚀 ICT enable service.
- 🚀 Manufacturing of ICT equipment's
- 🚀 e-commerce and ICT infrastructure,

### **Overview of the ICT Park**

The government has built a park dedicated for ICT sector development.

- 🚀 The park is established on a 200-hectare site. The park 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 ICT manufacturing, development of the ICT services industry and Business Process Outsourcing.

## 4. Industry Park Development



- ▲ The government places significant importance to industrial parks development and expansion.
- ▲ Domestic and foreign investors can engage in industrial park development.

### Nine Operational & Six Upcoming Government Industrial Parks.

- 
- 1. Bole Lemi IP I & 2** (Bole Lemi IP Phase one is operational and Phase two is approaching to be operational)
    - ▲ **Cluster / specialization:** Textile and Leather
    - ▲ **Area:** 327 hector (Phase 1 and 2)
- 
- 2. Hawassa IP (Operational)**
    - ▲ **Cluster / specialization:** Textile and Apparel
    - ▲ **Area:** 300 hector
- 
- 3. Mekelle IP (Operational)**
    - ▲ **Cluster / specialization:** textile and apparel
    - ▲ **Area:** 75 hector
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4. **Kombolcha IP (Operational)**

▲ **Cluster / specialization:** textile and apparel

▲ **Area:** 75 hector

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5. **Adama IP (Operational)**

▲ **Cluster / specialization:** textile and apparel

▲ **Area:** 365 hector

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6. **Jimma IP (Post Implementation-Pre Operational)**

▲ **Cluster / specialization:** textile, apparel, leather and agro-Processing

▲ **Area:** 75 hector

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7. **Debre Birhan IP (Pre-Operational)**

▲ **Cluster / specialization:** textile and apparel

▲ **Area:** 100 hector

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8. **Bahir Dar IP (Operational)**

▲ **Cluster / specialization:** textile and apparel

▲ **Area:** 75 hector

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9. **Diradewa IP (Operational)**

▲ **Cluster / specialization:** textile and apparel

▲ **Area:** 150 hector

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10. **Kilinto IP (Implementation)**

▲ **Cluster / specialization:** Pharmaceutical

▲ **Area:** 279 hector

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11. **Bulbula Agro IP (Implementation)**


▲ **Cluster / specialization:** crops, fruit, vegetables, honey, dairy, meat, and other animal Products

▲ **Area:** 258 hector

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### 12. Bure Agro IP (Operational)

 **Cluster / specialization:** crops, fruit, vegetables, dairy, meat, and other animal Products

 **Area:** 260 Hector

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### 13. Baeker Agro IP (Implementation)


 **Cluster / specialization:** crops, fruit, vegetables, honey, dairy, meat, and other animal Products

 **Area:** 258 hector

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### 14. Yirgalem Agro IP (Operational)

 **Cluster / specialization:** crops, coffee, fruit, vegetables, dairy, meat and other animal product

 **Area:** 176 hector

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### 15. Semera IP (Implementation)


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## Six Operational and One Upcoming Private Industrial Park

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### 16. DBL IP


 **Cluster /specialization:** textile and garment

 **Area:** 78 hector

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### 17. Huajian IP

 **Cluster /specialization:** leather and leather products

 **Area:** 138 hector

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### 18. George shoe IP

 **Cluster /specialization:** leather, leather products and tannery

 **Area:** 80 hector

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## 19. Eastern IP

- ▲ **Cluster / specialization:** Mixed
  - ▲ **Area:** 233 hector
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## 20. CCECC IP

- ▲ **Cluster /specialization:** mixed
  - ▲ **Area:** 1000 hector
- 

## 21. CCCC IP

- ▲ **Cluster /specialization:** construction materials
  - ▲ **Area:** 100 hector
- 

## 22. Vogue IP

- ▲ **Cluster /specialization:** textile garment, leather, leather products
  - ▲ **Area:** 177 hector
- 

- ▲ The parks are located along key economic corridors, connected to ports by electric-powered railway lines and roads

### ▲ **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 in creased 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 worker's 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 if in Addis Ababa or special zones of Oromia surrounding Addis Ababa, and 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 guide & other sub-sectors mentioned in the investment regulation have attractive incentives 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 3 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 companies 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: Pickups, delivery vans and trucks are duty free for sectors eligible according to the investment regulation of the country. However, the number of the vehicles depending on the sector.

3. **Export Incentives:** Companies who 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 2 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 carry 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.

## Access to Preferential Markets:

Ethiopia benefits from preferential trade agreements with key international markets, which investors can access freely. These agreements include the following.

- ▶ Duty-free, quota-free access to the USA and EU markets through African Growth and Opportunity Act (AGOA) and Everything But Arms (EBA).
- ▶ Duty-free, quota-free access to China, Japan, Canada, Turkey, Australia, and New Zealand – covering substantially all export goods from Ethiopia.
- ▶ Preferential market access to India.
- ▶ Member of Common Market for Eastern and Southern Africa (COMESA) with preferential access to regional market of 400 million people.

# 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

- 🚀 Constitutional guarantee to property rights
- 🚀 Guarantee for repatriation of profits, dividends, and other funds.
- 🚀 Ethiopia is a member of the Multilateral Investment Guarantee Agency (MIGA) and the World Intellectual Property Organization (WIPO).

- 🚩 Ethiopia has signed over 30 Bilateral Investment Treaties and several Double Taxation Avoidance Agreements- Providing investors with utmost protection.
- 🚩 Ranked 67/190 economies for ease of enforcing commercial contracts-rating of OECD standard (World banks' Doing Business Report,2020)
- 🚩 The right to own a dwelling house when investing a minimum of 10,000,000 USD.
- 🚩 The right to open and operate foreign currency accounts.
- 🚩 The right to employ expatriate managers and experts Ethiopia has established legal and institutional regimes safeguarding intellectual property rights.
- 🚩 The protection of intellectual property rights which include trademarks, certification, and collective marks.

# 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 Ethiopian Investment Commission. The requirements and procedures are explained 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 Ethiopian Investment Commission HQ or online via this link; [www.invest-ethiopia.com](http://www.invest-ethiopia.com). In doing so, investor(s) must comply with the following requirements:

## **Sectorial Opening**

Many previously closed investment sectors are now open for foreign investors. Foreign investor(s) can engage in several investment activities based on the Investment Proclamation No. 1180/2020 and Regulation No. 474/2020 (except the few sectors reserved for domestic investors, joint investment with domestic investors and the government in the same laws.

## 8. Requirements to Obtain Investment Permit

The requirement 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 in Ethiopian Investment Commission.
- 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 or 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"> <li>▲ Filled application form</li> <li>▲ Existing company profile</li> <li>▲ Investment visa &amp; passport copy</li> </ul>
Private Limited Company	<ul style="list-style-type: none"> <li>▲ Filled application form</li> <li>▲ Existing company profile</li> <li>▲ Investment visa &amp; passport copy</li> <li>▲ Parent company documents authenticated in Ethiopian embassy abroad, ministry of affairs and local authentication office (if the shareholder(s) are companies)</li> <li>▲ Draft MoA &amp; AoA for the proposed company</li> </ul>
Branch company	<ul style="list-style-type: none"> <li>▲ Filled application form</li> <li>▲ Authenticated parent company documents (memorandum &amp; article of association, certificate of origin, minutes of resolution)</li> <li>▲ Power of attorney &amp; business visa of the general manager</li> </ul>

### N.B.

- ▲ Application forms and draft MoA & AoA mentioned in the table can be found online from EIC's website; [www.investethiopia.gov.et](http://www.investethiopia.gov.et)
- ▲ Investment or business visa is required for foreign

investors. Visa applications can be obtained online via evisa website; [www.evisa.gov.et](http://www.evisa.gov.et) or in person at Ethiopia's diplomatic missions overseas.

- ✦ The main department for Immigration and nationality affairs issues a residence permit to a foreign investor up on 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 business 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 &amp; 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, ministry of affairs &amp; local authentication office</p> <p>🚩 The average time to get an investment permit is from 3 to 5 business/working days.</p> <p>🚩 EIC offers one stop service for the above activities and the cost is very minimal.</p>	

## 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 Investment 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 Investment 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 Ethiopian Investment Commission will follow you as you lay the ground for your operation. EIC provides post- establishment facilitation and follow-up services including, but not limited to:

-  Facilitating acquisition of land and utilities (water, electrical power, and telecom services)
-  Processing of loans and residence permit applications

## 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 authorities have the authority to give land for investments.

- ▲ Land Cost: each region and industrial parks have different rate. Please refer the factor cost document on EIC's website. ([www.theiguides.org/ethiopia](http://www.theiguides.org/ethiopia))
- ▲ The government reserves dedicated land for commercial farming of cotton, horticulture etc.
- ▲ 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 79% completed. (An individual working in the GERD product)
- ▲ 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

- ▲ Relatively affordable and competitive water charge rate.

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

- ▶ High quality road infrastructure network connecting major cities, towns, and local markets in the country.
- ▶ International highways connecting Ethiopia with neighboring countries and regional market.



## 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

- ▲ There are close to 20 banks and insurance companies.
- ▲ The Development Bank of Ethiopia provides preferential loan for export-oriented investments.
- ▲ Foreign investors can open a foreign account through approval from the National Bank of Ethiopia.
- ▲ Lease finance scheme is 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)

## Industrial Park Laws:

- 🚩 Industrial Parks Proclamation No. 886/2015
- 🚩 Industrial Parks Regulation, No. 474/2017

## Commercial Matters:

- 🚩 Commercial Registration and Business Licensing Proclamation No. 980/2016.
- 🚩 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 Law:

- 🚩 Customs Proclamation No. 859/2014
- 🚩 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 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

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 becoming more effective at attracting FDI and improving the services provided to investors.

The main services provided by EIC include:

- ▲ Promoting the country's investment opportunities and conditions to foreign and domestic investors.
- ▲ Issuing investment permits, business licenses and construction permits:
- ▲ Notarizing memorandum and articles of association and amendments:
- ▲ Issuing commercial registration certificates as well as renewals, amendments, replacements, or cancellations:

- Effecting registration of trade or firm name and amendment, as well as replacements or cancellations:
- Issuing work permits, including renewals, replacements, suspensions, or cancellations:
- Registering technology transfer agreements and export-oriented non-equity-based foreign enterprise collaborations with domestic investors:
- 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 provides 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 and related regulations, employment regulations.
- Handholding and supporting the investor during the acquisition of land and utilities (water, electrical power, and telecom services); the processing of loans and residence permit applications; the approval of environmental impact assessments studies for investment projects; and the issuance of a tax identification number (TIN).

### 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 & Industry

- 🚩 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 Revenue

- ✚ Collect revenue from customs duties and domestic taxes. In addition to raising revenue, the ERCA is responsible to protect the society from adverse effects of smuggling.

## 6. Ethiopian Custom Commission (ECC )

- ✚ Collect revenues from customs duties. In addition to raising revenue, the ECC is responsible to protect the society from adverse effects of smuggling. It seizes and takes legal action on the people and vehicles involved in the act of smuggling while it facilitates the legitimate movement of goods and people across the border.

## 7. Ministry of Mines, Petroleum & Natural Gas

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

The Licensing and Administration Directorate in the MOMP 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

## 8. 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.

## 9. 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 export-oriented investment projects in priority sectors.

## 10. 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 etc)

## 11. Ethiopian Electric Power

- 🚀 Administrates power plants in the country and buys power from independent power producers.

## 12. 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	1 hour	100
15	Issuance of work permit	2 hours	2000
16	Renewal of work permit	1 hour	1500
17	Substitution of work permit	1 hour	1200
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		100

# International Companies Operating in Ethiopia



**DIAGEO**



*Pittards®*



**ARVIND**



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ETHIOPIAN INVESTMENT COMMISSION

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