

AN INVESTMENT GUIDE TO ETHIOPIA



Ethiopia – A Preferred Investment Destination in Africa



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Ethiopia at a glance

Official Name: Federal Democratic Republic of Ethiopia

Political system: Federal State with a multi-party system

Capital City: Addis Ababa, seat of the African Union (AU) and United Nations Economic Commission for Africa (UNECA)

Location: Horn of Africa, at the crossroads between Africa, the Middle East and Asia

Area: 1.1 million square kilometres

Population: 2nd most populous country in Africa with a population size of close to 100 million

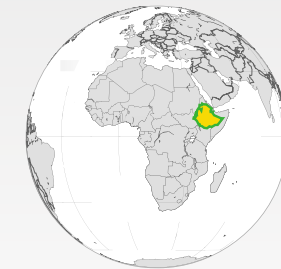
Language: Working Federal language - Amharic, English is widely spoken

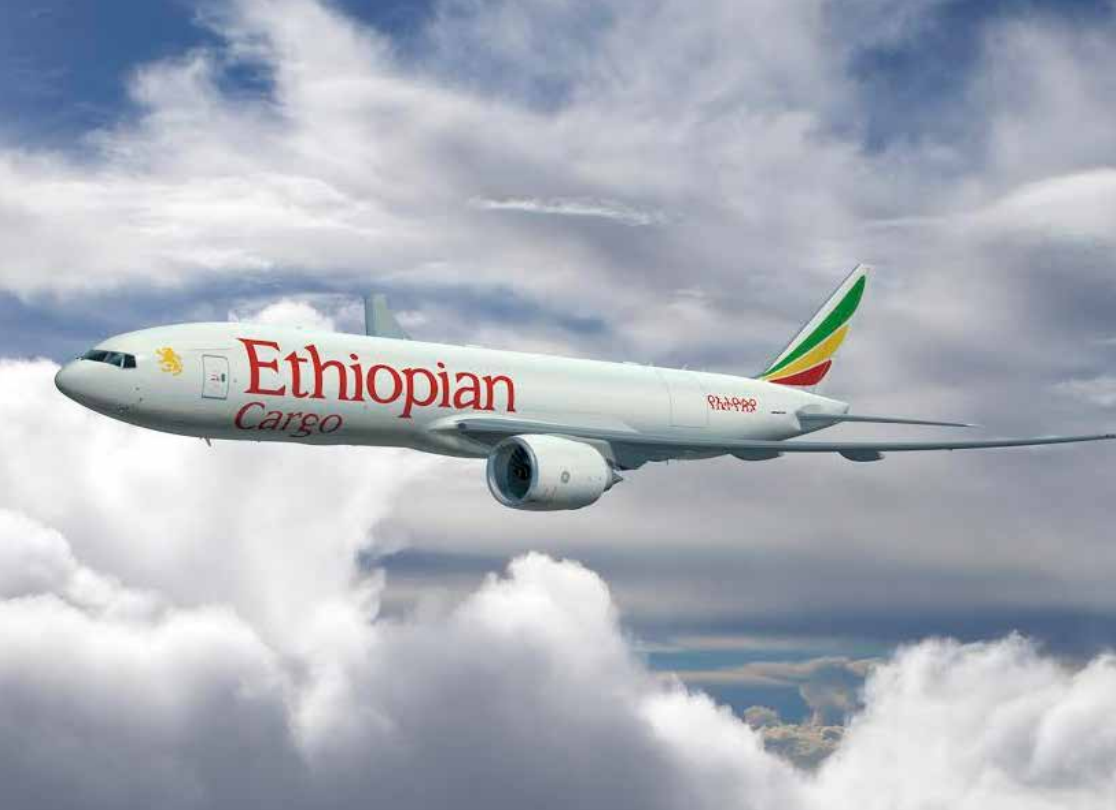
Exports: Leading exports: coffee, oilseeds, gold, pulses, horticulture, live animals

Climate: Temperate in the highlands: 20°C - 30°C, low in the lowlands: up to 45°C
Rainfall ranges from 200 mm to 2000 mm and highly suitable for production.

Currency: Ethiopian Birr (ETB)

Geo-specific information:
Country Code: +251
Time Zone: GMT+3





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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 stability and committed government

- Stable socio-economic governance with sustained 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
- Ranked 34th /138 economies for impartial public decision making (Global Competitiveness Report, 2016).
- 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

- An average of about 11% GDP growth since 2005, one of the fastest growing economies in the world during the same period (World Bank Global Economic Prospects).
- Stable and conducive macroeconomic environment.
- Implementing phase II of its Growth and Transformation Plan (GTP II) which aims to realize a structural transformation of the economy.

Favourable market factors

- Africa's second most populous nation with a population size close to 100 million.
- 54 million active labour 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.
- 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.

Well developed infrastructure

- Newly built Addis-Djibouti electric-powered railway
- Africa's world-class and Star Alliance member Ethiopian Airlines flying to about 100 international passenger and 36 dedicated cargo destinations; also flies to over 20 domestic passenger destinations
- Huge investment potential in renewable energy including hyrdo, wind and geothermal; Grand Ethiopian Renaissance Dam – the largest hydroelectric power dam in Africa – under construction (close to 60% completed), expected to generate additional 6,000MW electricity.
- Expanding telecommunication services.
- Expansive road networks connecting national and regional markets.
- Two operational and seven upcoming government industrial parks; four privately developed industrial parks.

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Areas of investment opportunities and incentives

Manufacturing

- **Vision: To become the leading manufacturing hub in Africa.**
- Ethiopia offers a remarkable competitive advantage for manufacturing industries due to:
 - abundance of high-quality industrial raw materials;
 - large pool of trainable work force available at competitive wages;
 - cheapest energy rate on a global standard;
 - geographic proximity and access to key markets; and
 - government facilitation of efficiency-enhancing investment solutions including industrial parks that are ready for 'plug and play'.
- Ethiopia is **Africa's largest raw material supplier for the leather industry**. It also **produces some of the world's finest cotton**. Over 2.5 million hectares of land is available for cotton production.
- **Priority areas for investment:** Textile & apparel, leather & leather products, agro-processing, pharmaceuticals, chemical products, metal & engineering industry, electronics & electrical products, paper & paper products, and construction materials.



- **Income tax exemption incentive:**
 - Up to 10 years corporate income tax exemption
 1. Up to 6 years exemption depending on sector of engagement;
 2. Additional 2-4 years exemption for industrial park enterprises with at least 80% export or input supply to exporters;
 3. Additional 2 years exemption for 60% exporters or input suppliers to exporters within or outside of industrial parks;
 4. Additional 30% deduction for 3 consecutive years if investment in underdeveloped regions).
 - Up to 5 years personal income tax exemption for expatriate employees of industrial park enterprises (tenants) following issuance of business license.



Agriculture

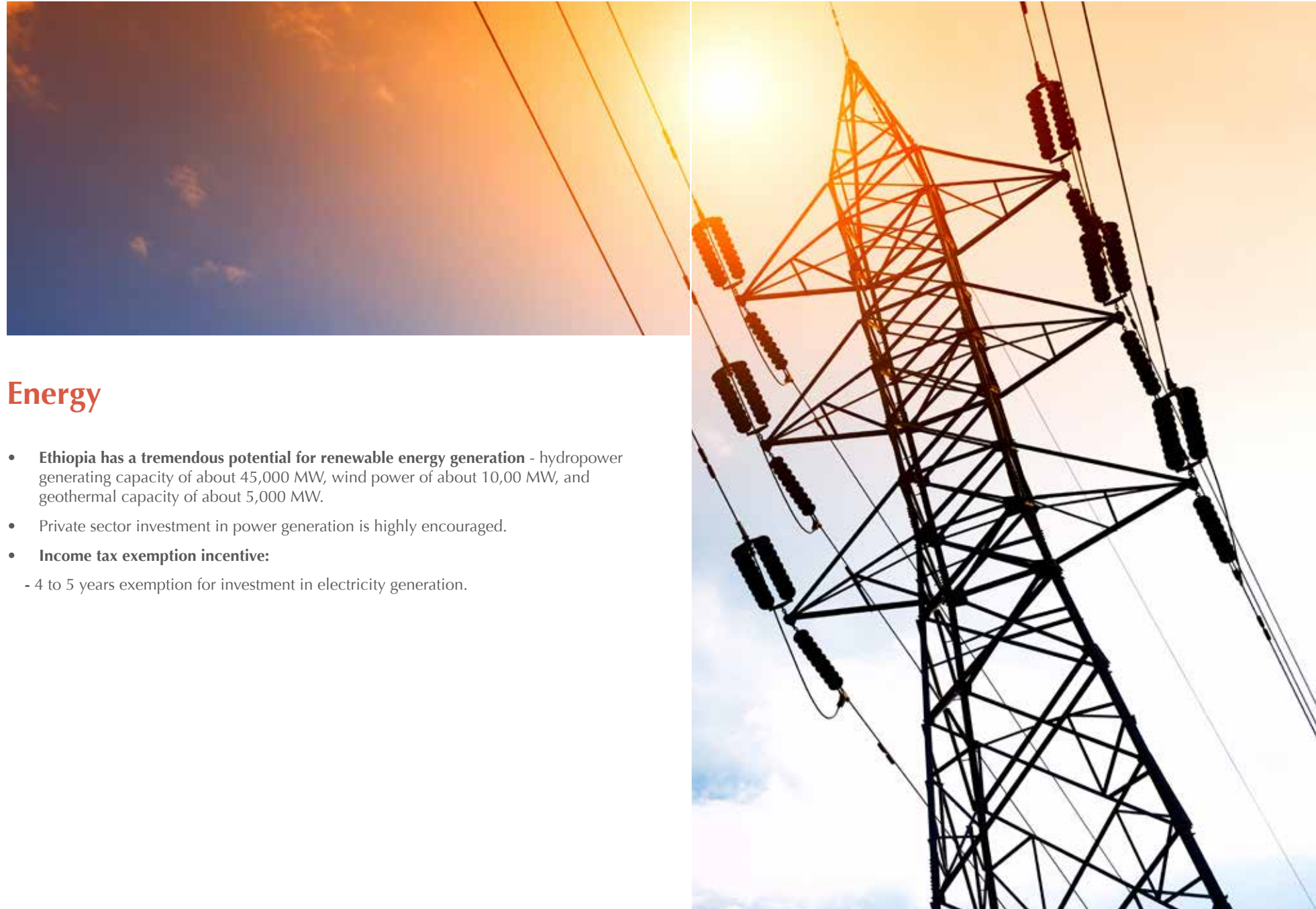
- **Ethiopia is a conducive investment destination for commercial farming.**
- It is endowed with large land size (8th largest country in Africa and 27th in the world) and huge proportion of arable land, diverse topography and agro-climatic zones, a long growing season, fertile soils and water availability for irrigation.
- Ethiopia is:
 - **Africa's leading producer and exporter of coffee Arabica and ranks 5th in the world.** Known as the 'birthplace of coffee', Ethiopia is home to some of the world's best specialty coffee varieties such as Harrar, Sidama, Yirgacheffe and Limmu;
 - **2nd largest flower exporting country in Africa and 4th in the world;**
 - **Regional lead in livestock resource and among top 10 in the world; and**
 - **Continental lead in honey and beeswax production.**
- **Priority areas for investment:** Horticulture, floriculture, plantation of cotton, palm tree, rubber tree, tea & coffee, sugarcane, spices & herbs, oilseeds, livestock, and apiculture.



- **Income tax exemption incentive:**
 - Up to 9 years income tax exemption.
 - Additional 2 years exemption if 60% of product is directly exported or supplied to an exporter.
 - Additional 30% deduction for 3 consecutive years if investment in underdeveloped regions as defined under Investment Regulation No. 270/2012.

See annexe II for details on incentives





Energy

- **Ethiopia has a tremendous potential for renewable energy generation** - hydropower generating capacity of about 45,000 MW, wind power of about 10,00 MW, and geothermal capacity of about 5,000 MW.
- Private sector investment in power generation is highly encouraged.
- **Income tax exemption incentive:**
- 4 to 5 years exemption for investment in electricity generation.



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 equipments, machinery, vehicles and consumables.



Services

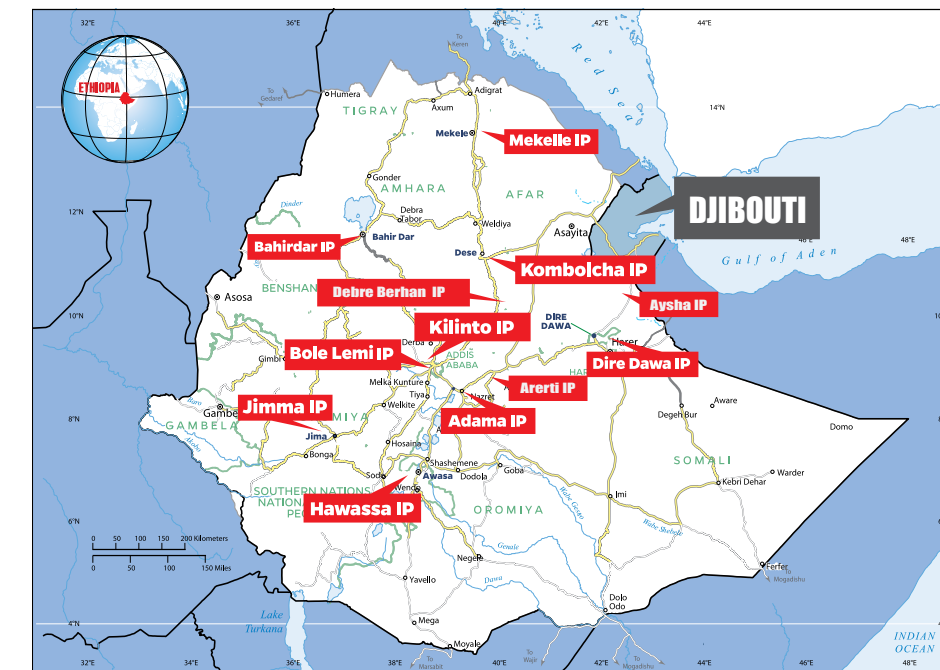
- **Known as 'Land of Origins', Ethiopia is among the world's best destination for tourism with strong service industry to support the sector.**
- Ethiopia is home to several cultural and historical heritage sites, nine of which are included in the UNESCO list of world heritage.
- **Priority areas for investment:** Tourism, grade one tour operation, star designated hotels, lodges & restaurants, grade one construction, information & communications technology (ICT) and general & specialized hospitals.
- **Income tax exemption incentive:** Up to 5 years income tax exemption for hotel and tour services in non-traditional tourism destinations as defined by the Ethiopian Investment Board; 4-5 years exemption for investment in ICT development.



Industrial Parks Development

- The government places significant importance to industrial parks development and expansion
- Investors (domestic and foreign) can engage in industrial parks development
- 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 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 workers' skills for enterprise productivity and competitiveness.
- **Incentives**
 - 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.



Kombolcha Industrial Park

Cluster/ Specialization: Textile & apparel, Footwear & Leather products

Area: 10 million m²

Adama Industrial Park

Cluster/ Specialization: Textile & apparel, Footwear, Machinery fabrication

Area: 10 million m²



Kilinto Industrial Park

Cluster/ Specialization: Pharmaceuticals

Area: 2.8 million m²

Hawassa Industrial Park- Eco Industrial Park

Cluster/ Specialization: Textile & apparel

Area: 1.4 million m² (Phase 1)

Bole Lemi Industrial Park (I and II)

Cluster/ Specialization: Textile and apparel, leather and leather products

Area: 3.5 million m²

Mekelle Industrial Park

Cluster/ Specialization: Textile & apparel, Footwear & Leather products

Area: 10 million m²



Dire Dawa Industrial Park

Cluster/ Specialization: Open for multiple sectors, focused on export as it is the closest to port Djibouti

Area: 10 million m²

Debre Berhan Industrial Park

Cluster/ Specialization: Agro-processing

Area: 10 million m²

Arerti Industrial Park

Cluster/ Specialization: Building materials & furniture

Area: 1million m²

Other incentives



- **Import duty exemption** - on import of capital goods, construction materials, spare parts with a value up to 15% of the total value of capital goods (100% of total value for industrial park enterprises that are fully exporters), motor vehicles required for investment operation, raw materials needed for the production of export commodities, and personal effects for residents in industrial parks.
- Investors buying the above items from the local market can seek refund 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

Facilitations



- One-stop shop and aftercare services under the EIC (both at 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
- 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

Ethiopia is a member of the Multilateral Investment Guarantee Agency (MIGA) and the World Intellectual Property Organization (WIPO).



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 80th/190 economies for ease of enforcing commercial contracts – rating of OECD standard (World Bank's Doing Business Report, 2017)

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Setting up an investment

In order to start a new investment or acquire an existing business, review the full investment cycle and specific requirements below.



A foreign investor can establish its business either as a sole proprietorship or business organization. In doing so, it has to comply with the following requirements:

Sectorial opening

A foreign investor can engage in any sector listed under the Investment Proclamation No. 769/2012 and Regulation No. 270/2012 (both as amended), except the few sectors reserved for domestic investors, Ethiopian nationals or the government in the same laws. See annex I for details on sectoral opening.

Capital requirement

The Investment Proclamation sets a minimum capital requirement on foreign investors as below:

- USD 200,000 for a single investment project by a foreign investor
- USD 150,000 if joint investment with a domestic investor
- USD 100,000 if the investment is on architectural or engineering works or related technical consultancy services, technical testing and analysis or in publishing work, and is solely owned by a foreign investor, and USD 50,000 if joint investment with a domestic investor in the specific sectors
- No capital requirement for reinvestment of profit or dividend





Visa requirements

- Business or investment visa is required for all foreign visitors to Ethiopia, except for nationals of Kenya.
- Visa applications can be obtained 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 share holder 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

- **To establish a new business (greenfield)**, start your application process at the Ethiopian Investment Commission (EIC) which provides a streamlined one-stop service for licensing and other processes related to establishment of a foreign investment.
- **To buy an existing enterprise or shares (brownfield)**, start with seeking approval from the Ministry of Trade.

Registration and licensing processes at EIC

- 1 Collect application form and relevant documents from EIC Information Desk**
 Submit filled application to EIC Registration and Licensing Department.
Required documents:
 - a. Sole proprietorship: Valid passport; business or investment visa
 - b. PLC: Draft memorandum and articles of association; valid passport and visa (if the shareholders are individuals); notarized parent company documents including certificate of incorporation, minutes of resolution passed by the parent company to invest in Ethiopia, memorandum and articles of association and power of attorney (if the shareholders are companies)
 - c. Opening a branch company: Authenticated parent company documents; general manager's passport and visa for the new company
- 3 Additional steps only for a PLC**
 - a. Check uniqueness of the company name at EIC
 - b. Edit and authenticate memorandum and articles of association at EIC
- 4 Collect a bank letter from EIC**
- 5 Open a local bank account and transfer the minimum capital required**
- 6 Collect bank transfer advice and submit it to EIC**
- 7 Additional step only for a PLC**
 - a. Submit an authenticated office lease agreement and TIN certificate to EIC
- 8 Collect investment permit and commercial registration certificate from EIC**
Note: All documents issued outside of Ethiopia need to be authenticated by the foreign public notary, Ethiopian Embassy, Ministry of foreign Affairs of Ethiopia and/or domestic public notary.

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

Industrial Park Developer

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

Industrial Park Operator

- 1 Application to EIC**
- 2 Sign a tripartite MoU with IP Developer and EIC**
- 3 Registration and licensing at EIC**
- 4 Sign operations management agreement with IP Developer**

Industrial Park Enterprise/Tenant

- 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 on licensing**
- 4 Registration and licensing at EIC**
- 5 Shed rental/sub-lease agreement with IP Developer**
- 6 Handover by IP developer**

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Operating an investment

The Ethiopian Investment Commission and all other government agencies are at your disposal to facilitate establishment and operation of your business.

Aftercare service: The good hands of the 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**
- **Approval of environmental impact assessment studies**



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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 lease-hold and rental basis
- The government reserves dedicated land for commercial farming of cotton, horticulture etc
- Lease right is given for up to 90 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)

Labour

- Ethiopia has a growing educated labour force – over 50 Universities with around half million student population; over 1,300 Technical and Vocational Education and Training (TVET) Institutes with an annual intake close to one million students
- Globally competitive wage rates
- Government-supported provision of skills trainings through industry development institutes
- Flexible domestic labour 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 is 14; slight increment for additional years of service.
 6. Average premium pay for overtime work is 50%



Infrastructure

Electricity

- Currently operational power generation of about 4,100 MW; additional power generating plants with a capacity of 6,300 MW under construction
- The Grand Ethiopian Renaissance Dam
 - The largest hydroelectric power dam in Africa, being built on the Nile River
 - Total installed capacity for the generation of additional 6,000 MW electricity
- Three-phased hydroelectric power development project completed on the Omo River - Gilgel Gibe I, II and III - with total installed capacity of around 2,500 MW
- Reliable electricity in industrial parks with government provision of dedicated power substation for each park
- Electricity rate is estimated at USD 0.03/kWh – globally competitive rate

Water

- Water tariff rate ranges between a low of USD 0.076/m³ (if consumption is less than 7 m³) to USD 0.50/m³ (if consumption is greater than 501 m³)

The largest hydroelectric power dam in Africa, being built on the Nile River is expected to generate additional 6,000MW electricity

Transport

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 markets.



Sea

- Reliable coastal and international marine and inland water transport services from the Ethiopian Shipping and Logistics Services Enterprise (ESLSE) that reaches to over 260 destination ports.
- Promotional rate for the manufacturing sector.
- Approximate distance from the center - 910 km to port of Djibouti (gate for a lion's share of import/export), 964km to Port Barbara, 1881km to Port Sudan and 2077km Port Mombasa.



Air

- A world-class and Star Alliance member national airline that flies to about 100 international passenger and 36 dedicated cargo destinations; also flies to over 20 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.



Rail

- Over 30 km Addis Ababa light rail - Fully operational, with capacity of 80,000 passengers/hr - 1st of its kind in Sub-Saharan Africa.
- More than 750 km, Addis Ababa-Djibouti electric railway route completed - set to significantly reduce the time and cost of inland transport for import/export items.
- Several other railway lines under construction which connects all major economic corridors in Ethiopia.





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 financing scheme is available.
- Foreign investors can access foreign loan.

Tax

- Investors need to obtain a tax payer identification number (TIN) from the Ethiopian Revenue and Customs Authority (ERCA) desk at EIC
- Tax rates - Personal income tax (0-35%), corporate income tax (30%), withholding tax (2-3%), dividend tax (10%), royalty tax (5%), interest income tax (5%), VAT (15%), customs duty (0-35%), excise tax imposed on selected items (0-100%), and turn over tax (2-20%).

- Tax rates -
 - 0-35% tax on income derived from employment
 - 30% tax on 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% customs 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

- Investors benefit from income tax, customs duty and other tax exemptions as investment incentives (see above on incentives for more)

For more on factor costs, see http://www.investethiopia.gov.et/images/Factor_Cost2015.pdf

7

Legal and Institutional Framework

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 are the most relevant legislation as related to investment.

Investment laws:

- Investment Proclamation No. 769/2012, Amendment Proclamation No. 849/2014
- Investment Regulation No. 270/2012, Amendment Regulation No. 312/2014
- Investment Directives - Directive on Duty-free Import of Motor Vehicles No. 4/2005 (E.C)

Industrial park

- Industrial Park Proclamation No. 886/2015

Commercial matters:

- Commercial Registration and Business Licensing Proclamation No. 980/2016.
- Trade Practices and Consumer Protection Proclamation No. 813/2013
- Commercial Code of Ethiopia, Proclamation No. 166/1960
- Civil Code of Ethiopia, Proclamation No. 165/1960



Tax laws:

- Income Tax Proclamation No. 979/2016
- Tax Administration Proclamation No. 983/2016
- Value Added tax Proclamation No. 285/2002, Amendment Proclamation No. 609/2008
- VAT Regulation No. 79/2002
- Excise Tax Proclamation No. 307/2002, Amendment Proclamation No. 610/2008

Labour law:

- Labour Proclamation No. 377/2003, Amendment Proclamation No. 494/2006

Customs law

- Customs Proclamation No. 859/2014
- Export Trade Duty Incentive Schemes Proclamation No. 768/2012

- See <http://www.erca.gov.et/> for further legislations on tax and customs

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 Proclamation No. 123/1995
- 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



Several public institutions play proactive role in the promotion and facilitation of investment in Ethiopia. Below are the main institutions and an illustration of their role as relevant to investment. See annex IV for contacts.

Ethiopian Investment Board	<ul style="list-style-type: none"> - 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
Ethiopian Investment Commission	<p>Lead government agency responsible for investment promotion and aftercare services:</p> <ul style="list-style-type: none"> - accountable to the Prime Minister - engaged in targeted investment promotion - provides streamlined one-stop service for investment registration and licensing, and post-investment aftercare facilitation - approves investment incentives - initiates policy and implementation measures necessary for a conducive and competitive investment climate in collaboration with relevant stakeholders
Industrial Parks Development Corporation	<ul style="list-style-type: none"> - Develops public industrial parks - Rents or sells pre-built factory sheds to industrial park enterprises -Sub-leases developed land - Operates, manages and maintains parks - Serves as a land bank for industrial park development
Ministry of Trade	<ul style="list-style-type: none"> - Provides commercial registration and licensing services (delegated to EIC as regards foreign direct investment) - Registers brownfield investments (purchase of existing enterprise or shares) by foreign investors - Registers and certifies commercial representatives - Issues import/export release permit
Ministry of Industry	<ul style="list-style-type: none"> - Ensures the growth of industrial productivity through facilitation of technology transfer, skills development and extension services - Establishes sector-specific industry development institutes which provide support in areas such as market facilitation, labour screening and recruitment, knowledge and skills development etc. Currently operational institutes include: <ul style="list-style-type: none"> - Ethiopian Textile Industry Development Institute - Ethiopian Leather Industry Development Institute

Ministry of Industry <i>(contd)</i>	<ul style="list-style-type: none"> - Ethiopian Food, Beverages and Pharmaceutical Industry Development Institute - Ethiopian Meat and Dairy Industry Development Institute - Issues export trade duty incentive certificates
Ethiopian Revenue and Customs Authority	<ul style="list-style-type: none"> - Collects revenue from customs duties and other taxes - Administers tax incentives given to investors - Provides customs clearance and facilitation service for import and export items; provides on-site customs clearance in industrial parks
Ministry of Mines, Petroleum and Natural Gas	<p>Provides one-stop services for investors in mining and petroleum operations:</p> <ul style="list-style-type: none"> - Issues investment license, export permit, customs duty and tax free support letter etc
Ministry of Labour and Social Affairs	<ul style="list-style-type: none"> - Avails information on labour rules and regulations for investors - Initiates and leads a tripartite engagement with employer and employee associations within and outside of industrial parks - Assigns labour inspectors to follow up and supervise on implementation of labour laws by investors
Development Bank of Ethiopia	<p>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 and manufacturing</p> <p>Provides medium and long-term loans for export-oriented investment projects in priority sectors</p>
National Bank of Ethiopia	<ul style="list-style-type: none"> - Manages the country's foreign exchange reserve; ensures effective use of such reserve through monetary and financial regulations - Issues approval of transactions involving foreign hard currency (investment capital inflow, repatriation of funds, suppliers credit, export/import bank permit etc)
Ethiopian Electric Power	<ul style="list-style-type: none"> -Administers power plants in the country and buys power from independent power producers

Annexes

I. SECTORAL OPPORTUNITIES

a. Investment areas open for foreign investors

1. Manufacturing
 - 1.1. Food industry
 - 1.2. Beverage industry
 - 1.3. Textiles and textiles products industry
 - 1.4. Leather and leather products industry
 - 1.5. Wood products industry
 - 1.6. Paper and paper products industry
 - 1.7. Chemical and chemical products industry
 - 1.8. Basic pharmaceutical products and pharmaceutical preparations industry
 - 1.9. Rubber and plastics products industry
 - 1.10. Other non-metallic mineral products industry

- 1.11. Basic metal industry
 - 1.12. Fabricated metal products industry
 - 1.13. Computer, electronic and optical products industry
 - 1.14. Electrical products industry
 - 1.15. Machinery and equipment industry
 - 1.16. Vehicles, trailers and semi trailer industry
 - 1.17. Manufacturing of office and household furniture excluding those made of ceramic
 - 1.18. Manufacturing of other equipment (jewelers and related articles, musical instruments, sports equipment, games and toys and similar products)
 - 1.19. Integrated manufacturing with agriculture
 - 1.20. Industrial park development
- 2. Agriculture**
- 2.1. Crop production
 - 2.2. Animal production
 - 2.3. Mixed (crop and animal) farming
 - 2.4. Forestry

3. ICT
4. Power generation
5. Hotel and tourism
 - 5.1. Star designated hotels (including resort hotels), motel, lodges and restaurant
 - 5.2. Grade one tour operation
6. Grade 1 Construction contracting (including water well drilling and drilling for mineral exploration)
7. Real estate development
8. Education and training
 - 8.1. Secondary and higher education by constructing own building
 - 8.2. Technical and vocational training service including sport
9. Hospital service by constructing own building
10. Architectural and engineering works and related technical services, technical testing and analysis
11. Publishing

12. Capital goods leasing
 13. Importation of LPG and bitumen
 14. Export trade excluding raw coffee, chat, oil seeds, pulses, precious minerals, natural forestry products, hides and skins bought from the market, and live sheep, goats, camel, equines and cattle not raised by the investor
 15. Supply of petroleum and its by-products as well as wholesale of own products
- b. Investment areas exclusively reserved for the government**
1. Transmission and distribution of electrical energy through the Integrated National Grid System
 2. Postal services except courier services
 3. Air transport services using aircraft with a capacity of more than 50 passengers

c. Investment areas exclusively reserved for joint investment with the government

1. Manufacturing of weapons and ammunition
 2. Telecommunication services
- d. Investment areas exclusively reserved for Ethiopian nationals**
1. Banking, insurance, micro-credit and saving services
 2. Packaging, forwarding and shipping agency services
 3. Broadcasting and mass media services
 4. Attorney and legal consultancy services
 5. Preparation of indigenous traditional medicines
 6. Advertisement, promotion and translation works
 7. Air transport services using aircraft with a seating capacity of up to 50 passengers

e. Investment areas exclusively reserved for domestic investors

1. Finishing of fabrics, yarn, warp and weft, apparel and other textile products by bleaching, dyeing, shrinking, sanforizing, mercerizing or dressing
2. Tanning of hides and skins below finished level
3. Printing industries
4. Manufacture of cement
5. Manufacture of clay and cement products
6. Tour operation below grade 1
7. Construction, water well and mining exploration drilling below Grade 1
8. Kindergarten, elementary and junior secondary education by constructing own building
9. Diagnostic center service by constructing own building
10. Clinical service by constructing own building

II. INVESTMENT INCENTIVES – CORPORATE INCOME TAX EXEMPTION

AREA OF INVESTMENT	IN ADDIS ABABA AND SPECIAL ZONE OF OROMIA SURROUNDING ADDIS ABABA	IN OTHER AREAS
Manufacturing		
Food Industry	1 – 5 years	2-6 years
Beverage industry	1-3 years	2-4 years
Textiles and textiles products industry	2-5 years	3-6 years
Leather and leather products industry	0-5 years	0-6 years
Wood products industry	2 years	3 years
Paper and paper products industry	0-5 years	0-6 years
Chemical and chemical products industry	2-5 years	3-6 years
Basic pharmaceutical products and pharmaceutical preparations industry	4-5 years	5-6 years
Rubber and plastics products industry	1-4 years	2-5 years
Other non-metallic mineral products industry	0-4 years	0-5 years
Basic metal industry (excluding mining of minerals)	3-5 years	4-6 years
Fabricated metal products industry (excluding machinery and equipment)	1-3 years	2-4 years
Computer, electronic and optical products industry	2-4 years	3-5 years
Electrical products industry	2-4 years	4-5 years
Machinery and equipment industry	5 years	6 years
Vehicles, trailers, and semi-trailer industry	2-5 years	3-6 years
Manufacturing of office and household furniture (excluding those made of ceramic)	1 year	2 years
Manufacturing of other equipment (jewelers and related articles, musical instruments, sports equipment, games and toys and similar products)	1 year	2 years

AREA OF INVESTMENT	IN ADDIS ABABA AND SPECIAL ZONE OF OROMIA SURROUNDING ADDIS ABABA	IN OTHER AREAS
Integrated manufacturing with agriculture	4 years	5 years
Agriculture		
Crop production	0-3 years	3-6 years
Animal production	0-3 years	3-4 years
Mixed crop and animal farming	3 years	4 years
Forestry	8 years	9 years
ICT	4 years	5 years
Generation, transmission and supply of electrical energy	4 years	5 years

III. CLIENT CHARTER OF EIC

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	652
5	Amendment/ change of memorandum and articles of association	3 hours	160
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 substitute investment 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	Grading of construction contracting	3 working days	5000
21	Issuance of business license	10 working days	100

Useful contacts

Ethiopian Investment Commission

P.O. Box 2313
 Tel: +251-11-551 0033
 Fax: +251-11-551 4396
 E-mail: ethioinvest@investethiopia.gov.et
 Website: <http://www.investethiopia.gov.et/>

Industrial Parks Development Corporation (IPDC)

Tel: +251-11-661 6986 / 661 6674
 E-mail: info@ipdc.gov.et
 Website: <http://www.ipdc.gov.et/index.php/en/>

Ministry of Industry

P.O. Box 6945
 Tel: +251-11-550 7542
 Fax: +251-11-575 9871
 Website: www.moin.gov.et

Ministry of Trade

P.O. Box 704
 Tel: +251-11-551 8025
 Fax: +251-11-551 5411
 Website: <http://www.mot.gov.et/home>

Ministry of Foreign Affairs

P.O. Box 393
 Tel: +251-11-551 7345
 Fax: +251-11-551 4300/ 551 1244
 E-mail: mfa.addis@telecom.net.et
 Website: <http://www.mfa.gov.et/>

Ministry of Labour and Social Affairs

P.O. Box 2056
 Tel: +251-11-551 7080
 Fax: +251-11-551 8396
 E-mail: molsa.comt@ethionet.et
 Website: <http://www.molsa.gov.et/>

Ethiopian Revenue and Customs Authority

Tel: +251-11-667 3970
 Fax: +251-11-662 9842
 Website: <http://www.erca.gov.et/>

National Bank of Ethiopia

P.O. Box 5550
 Tel: +251-11-551 7430
 Fax: +251-11-551 4588
 E-mail: nbe.excd@ethionet.et
 Website: <http://www.nbe.gov.et/>

Development Bank of Ethiopia

P.O.Box 1900
 Tel: 251-11-51 1188/89
 Fax: 251-11-511606
 E-mail: db@telecom.net.et
 Website: <http://www.dbe.com.et/>

Ethiopian Chamber of Commerce and Sectoral Associations

P.O. Box 517
 Tel: 251-11-551 8240
 Fax: 251-11-551 7699
 E-mail: etchamb@ethionet.et
 Website: <http://www.ethiopianchamber.com/>

Addis Ababa Chamber of Commerce and Sectoral Associations

P.O. Box 2458
 Tel: 251-11-551 8055
 Fax: 251-11-551 1479
 E-mail: info@addischamber.com
 Website: <http://addischamber.com/>



ETHIOPIAN INVESTMENT COMMISSION

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P. O. Box 2313 • Addis Ababa • Ethiopia

Tel: +251 11 551 0033

Fax: +251 11 551 4396

Email: ethioinvest@investethiopia.gov.et

<http://www.investethiopia.gov.et/>

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