FEDERAL NEGARIT GAZETTE
OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

REGULATION NO. 474/2020
COUNCIL OF MINISTERS INVESTMENT REGULATION

This Regulation is issued by the Council of Ministers of the Federal Democratic Republic of Ethiopia pursuant to Article 55 Sub-Article (1) of the Investment Proclamation No. 1180/2020.

PART ONE
GENERAL

1. Short Title

This Regulation may be cited as the “Investment Regulation No. 474/2020”.

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### 2. Definitions

In this Regulation, unless the context otherwise requires:

1/ "Proclamation" means the Investment Proclamation No. 1180/2020;

2/ Other words and phrases in this Regulation shall have the definition assigned to them in the Proclamation.

### PART TWO

**INVESTMENT AREAS**

3. **Investment Areas Reserved for Joint Investment with the Government**

Any investor may invest in the following investment areas only jointly with the Government:

1/ Manufacturing of weapons, ammunition and explosives used as weapons or to make weapons;

2/ Import and export of electrical energy;

3/ International air transport services;

4/ Bus rapid transit; and

5/ Postal services excluding courier services.

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4. Investment Areas Reserved for Domestic Investors

The following investment areas are exclusively reserved for domestic investors:

1/ Subject to applicable law, banking, insurance and microfinance businesses, excluding capital goods finance business;

2/ Transmission and distribution of electrical energy through integrated national grid system;

3/ Primary and middle level health services;

4/ Wholesale trade, petroleum products, wholesale of own products produced in Ethiopia; excluding wholesale of electronic commerce;

5/ Retail trade excluding retail of electronic commerce as provided under appropriate law, of own products produced in Ethiopia;

6/ Import trade, excluding liquefied petroleum gas and bitumen;

7/ Export trade of raw coffee, khat, oil seeds, pulses, minerals, hides and skins, products of natural forest, chicken, and livestock including pack animals bought on the market;

8/ Construction and drilling services below Grade I;

9/ Hotel, lodge, resort, motel, guesthouse, and pension services, excluding those that are star-designated;

10/ Restaurant, tearoom, coffee shops, bars, nightclubs, and catering services, excluding star-designated national cuisine restaurant service;
11/ Travel agency, travel ticket sales and trade auxiliary services;

12/ Tour operation;

13/ Operating lease of equipments, machineries and vehicles, excluding industry-specific heavy equipments, machineries and specialized vehicles;

14/ Transport services, excluding the following areas:

a) Railway transport;

b) Cable-car transport;

c) Cold-chain transport;

d) Freight transport having a capacity of more than 25 tones; and

e) Transport services reserved for joint investment with the Government or domestic investors;

15/ Making indigenous traditional medicines;

16/ Producing bakery products and pastries for domestic market;

17/ Grinding mills;

18/ Barbershop and beauty salon services, smithery, and tailoring except by garment factories;

19/ Maintenance and repair services, including aircraft maintenance repair and overhaul (MRO), but excluding repair and maintenance of heavy industry machineries and medical equipment;

20/ Aircraft ground handling and other related services.
| 21/ | Saw milling, timber manufacturing, and assembling of semi-finished wood products; |
| 22/ | Media services; |
| 23/ | Customs clearance service; |
| 24/ | Brick and block manufacturing; |
| 25/ | Quarrying; |
| 26/ | Lottery and sports betting; |
| 27/ | Laundry services, excluding those provided on industrial scale; |
| 28/ | Translation and secretarial services; |
| 29/ | Security services; |
| 30/ | Brokerage services; |
| 31/ | Attorney and legal consultancy services; and |
| 32/ | Private employment agency services, excluding such services for the employment of seafarers and other similar professionals that require high expertise and international experience and network. |

5. Investment Areas Reserved for Joint Investment with Domestic and Foreign Investors

1/ Any foreign investor may invest in the following investment areas only jointly with a domestic investor:

a) Freight forwarding and shipping agency services;

b) Domestic air transport service;

c) Cross-country public transport service using buses with a seating capacity of more than 45 passengers;
d) Urban mass transport service with large carrying capacity;

e) Advertisement and promotion services;

f) Audiovisual services; motion picture and video recording, production and distribution; and

g) Accounting and Auditing services.

2/ A foreign investor jointly investing with a domestic investor in areas listed under Sub-Article (1) of this Article shall not hold more than 49% of the share capital of the enterprise.

6. Investment Areas Open to Foreign Investors

Investment areas not listed under Articles 3, 4 and 5 herein are open to foreign investors.

PART THREE

INVESTMENT PERMIT, ACQUISITION OF EXISTING ENTERPRISE AND TRANSFER OF INVESTMENT PROJECT UNDER IMPLEMENTATION

7. Application for Investment Permit by a Domestic and Foreign Investor

In order to obtain investment permit, any domestic investor must fill out a paper-based or online application form and submit same to the appropriate investment organ accompanied by the following documents:

1/ Where the application is filed by an agent, a copy of valid authorization document;

2/ Where the investment is to be made by a sole proprietor, a copy of the individual's identity card or an identity card or other documents bestowing a domestic investor status, and two recent passport photo size photographs;
3/ Where the investment is to be made by a business organization, a copy of its memorandum of association and Articles of Association and commercial registration certificate; or where the business organization is to be newly established, draft Memorandum of Association and Articles of Association, a copy of each shareholder’s identity card or identity card or other documents bestowing a domestic investor status, and two recent passport photo size photographs of the general manager;

4/ Where the investment is to be made by a public enterprise or project company established under public-private partnership, a copy of the regulation or decision by which it was established or a copy of its Memorandum of Association and Articles of Association;

5/ Where the investment is to be made by a cooperative society, a copy of its articles of association.

8. Application for Investment Permit by a Foreign Investor

1/ In order to obtain investment permit, any foreign investor must fill out a paper-based or online application form and submit same to the Commission accompanied by the following documents:

a) Where the application is filed by an agent, a copy of a valid authorization document;

b) Where the investment is to be made by a sole proprietor, a copy of bio-pages of a valid passport showing his identity and two recent passport photo size photographs;
c) Where the investment is to be made by an Ethiopian national permanently residing abroad who prefers treatment as a foreign investor, a copy of document evidencing his permanent residence abroad and two recent passport photo size photographs;

d) Where the investment is to be made by a business organization to be incorporated in Ethiopia:

(1) Draft Memorandum of Association and Articles of Association of the business organization, a copy of bio-pages of a valid passport of each shareholder showing his identity, and two recent passport photo size photographs of the general manager of the business organization;

(2) Where the business organization has a foreign national member who can be considered a domestic investor, a copy of an identity card or other relevant document establishing such status;

(3) Where there is a business organization in the business organization, a copy of its Memorandum of Association and Articles of Association or similar constitutive document, commercial registration certificate and a copy of minutes of resolution passed by authorized organ of the parent business organization resolving to engage in investment activity in Ethiopia.

e) Where the investment is to be made by an Ethiopian branch of a business organization incorporated abroad:
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(1) A copy of Memorandum of Association and Articles of Associations or similar constitutive document as well as commercial registration certificate of the parent business organization;

(2) A copy of document attesting appointment of the branch manager and his two recent passport photo size photographs, and a copy of bio-pages of a valid passport or identity card of the manager;

(3) A copy of minutes of resolution of the authorized organ of the parent business organization resolving to establish a branch business organization in Ethiopia;

(f) Document evidencing the financial position or profile of the investor, when deemed appropriate by the Commission.

2/ Documents under Sub-Article (1) of this Article originating from outside of Ethiopia must be authenticated by foreign and domestic bodies authorized to authenticate documents.

9 Application for Investment Expansion or Upgrading Permit

In order to obtain investment expansion or upgrading permit, any investor must fill out a paper-based or online application form and submit same to the appropriate investment organ accompanied by the following documents:

1/ Where the application is filed by an agent, a copy of valid authorization document; and

2/ Two recent passport photo size photographs of the investor or, where the investment is made by a business organization, the general manager.
10. Investment Permit Issuance and Usage

1/ Upon receipt of an application made in accordance with Articles 7, 8 or 9 of this Regulation, the appropriate investment organ shall, after examining the proposed investment activity of the investor in light of the Proclamation, this Regulation and other applicable laws:

a) Where it approves the application, issue investment permit to the applicant or investor right away; or

b) Where it rejects the application, notify the applicant or investor in writing of the reason for the rejection within three (3) working days from the date following the date of application.

2/ The appropriate investment organ shall, after issuing the investment permit, notify concerned institutions for necessary follow up.

3/ A holder of an investment permit may not be required to obtain a business license until the commencement of production or rendering of service upon completion of the project. The investment permit must, however, be renewed every year as provided under Article 11 Sub-Article (1) of the Proclamation.

4/ An investment permit may not be transferred without prior written approval of the appropriate investment organ.

5/ Where an investment permit is transferred to another person or where any change is made to its content; it shall be submitted to the appropriate investment organ for approval.
11. Acquisition of Existing Enterprise

1/ A foreign investor seeking to buy an existing enterprise or a share thereof must submit a paper-based or online application to the Commission.

2/ The Commission, in reviewing an application filed in accordance with Sub-Article (1) of this Article, must ascertain that the enterprise is engaged in investment areas open to foreign investors, and that the minimum capital requirement provided in the Proclamation and other requirements laid down under the Commercial Registration and Business Licensing Proclamation and other applicable laws are met.

3/ Subject to the provision of Sub-Article (2) of this Article, a foreign investor applying to buy an existing enterprise or a share thereof must adduce the necessary clearance from the Ministry of Trade and Industry and the Ministry of Revenues.

4/ The Commission shall, after examining the request in accordance with Sub-Articles (2) and (3) of this Article:

a) Where it approves the application, replace the business license or register the share transfer right away; or

b) Where it rejects the application, notify the investor in writing of the reason for the rejection within three (3) working days from the date following the date of application.
12. Transfer of Investment Project Under Implementation

1/ Any investor who wishes to transfer an investment project under implementation for which a business license is not yet issued must obtain the approval of the appropriate investment organ by submitting a paper-based or online application.

2/ The investor shall, together with application for approval of the transfer of an investment project, submit the following documents:

   a) A copy of renewed investment permit;
   b) A copy of sale agreement registered with notary public; and
   c) Where land was received for the project, a copy of document showing that the land is transferred to the buyer.

3/ The appropriate investment organ, after examining the application, shall:

   a) Where it accepts the application, approve the project transfer right away;
   b) Where it rejects the application, notify the investor in writing of its decision for the rejection within three (3) working days from the date following the date of application.
PART FOUR
PROCEDURES FOR SUSPENSION AND REVOCATION OF INVESTMENT PERMIT

13. Procedure for Suspension of Investment Permit

1/ Where it is believed that an investor has committed any of the violations stated under Article 13 Sub-Article (1) of the Proclamation, he shall be given a written warning notice by the appropriate investment organ to take the necessary corrective measures or furnish adequate response within a period not exceeding 60 (sixty) working days.

2/ Where an investor who has received a warning notice under Sub-Article (1) of this Article fails to take the required corrective measure or to submit adequate response, the appropriate investment organ may suspend the investment permit for the period provided in Article 13 Sub-article (2) of the Proclamation.

14. Procedure for Revocation of Investment Permit

1/ Before revoking an investment permit on the basis of grounds specified under Article 13 Sub-Article (3) of the Proclamation, the appropriate investment organ shall notify the investor in writing of the reasons for the impending revocation measure; the investor shall submit his written statement within 15 (fifteen) working days.

2/ The appropriate investment organ may revoke the investment permit where the investor who received notification as per Sub-Article (1) of this Article fails to respond or the response he provided is not found acceptable.
### PART FIVE

**REGISTRATION OF TECHNOLOGY TRANSFER AND COLLABORATION AGREEMENTS**

#### 15. Technology Transfer Agreement

1/ A technology transfer agreement registration request made pursuant to Article 15 of the Proclamation shall be accompanied by the following:

- a) An application form signed by the technology recipient;
- b) A copy of technology transfer agreement concluded between the recipient and technology provider and registered with notary public;
- c) A copy of valid business license or investment permit of the technology recipient; and
- d) A copy of the commercial registration certificate or business license or document ascertaining ownership of technology of the technology provider.

2/ Documents under Sub-Article (1) of this Article originating from outside of Ethiopia must be authenticated by foreign and domestic bodies authorized to authenticate documents.

3/ Upon receipt of a complete application for registration in accordance with Sub Article (1) of this Article, the Commission shall pass a decision within 30 (thirty) working days having conducted the necessary review.

4/ Where the Commission approve the request, it shall register the agreement and issue a certificate of registration to the applicant; where it rejects the application, it shall notify the applicant of its decision in writing.
5/ The Commission shall establish detailed guidelines for determining the appropriateness of technology transfer agreements, for managing collaboration with institutions having sectoral expertise for the purpose of assessing technology content, and, as necessary, for determining the conditions under which informational support may be provided to technology recipients.

16. Export-Oriented None-Equity-Based Foreign Enterprise Collaboration

1/ A collaboration agreement registration request made pursuant to Article 16 of the Proclamation shall be accompanied by the following:

a) An application form signed by a domestic investor;

b) A copy of a collaboration agreement between the domestic investor and a foreign enterprise registered with notary public;

c) A copy of a valid business license or investment permit of the domestic investor; and

d) A copy of the commercial registration certificate or business license of the foreign enterprise.

2/ Documents under Sub-Article (1) of this Article originating from outside of Ethiopia must be authenticated by foreign and domestic bodies authorized to authenticate documents.
3/ Upon receipt of a complete application for registration in accordance with Sub-Article (1) of this Article, the Commission shall render decision within 30 (thirty) working days having conducted the necessary review.

4/ Where the Commission approve the request, it shall register the agreement and issue a certificate of registration to the domestic investor; where it rejects the application, it shall notify the domestic investor of its decision in writing.

PART SIX
CONDITION FOR OWNING A DWELLING HOUSE;
PROVISION OF ONE-STOP SERVICE

17. Condition for Owning a Dwelling House

A foreign investor or a foreign national treated as a domestic investor may own a dwelling house as per Article 18 Sub-Article (2) of the Proclamation if he has invested a minimum of USD 10,000,000.00 (Ten Million).

18. One-Stop-Service

1/ Without prejudice to one-stop services provided in industrial parks or other service provision locations pursuant to industrial park laws, the Commission shall register foreign direct capital and provide the following services representing the relevant Government executive organs:
a) Registration of Memorandum of Association, Articles of Association, and amendments thereto;

b) Registration, amendment, replacement, and cancellation of trade names and business names;

c) Registration in commercial register and issuance, amendment, replacement and cancellation of commercial registration certificate;

d) Issuance, renewal, replacement, suspension and cancellation of expat work permits;

e) Issuance, renewal, suspension, replacement and revocation of business license; and

f) Handling of investment incentive requests in accordance with the applicable law; handling of requests for the transfer of construction materials, capital goods, spare parts and vehicles from one investor having duty-free right to another investor having the same right in accordance with the applicable law.

2/ The Ministry of Trade and Industry shall follow up that the renewal of business license as per Sub-Article (1) paragraph (e) of this Article is carried out in accordance with the law.

3/ The pertinent Government Agencies shall set up desks and provide the following services at the Commission’s one stop shop:
1) Issuance of tax identification number;

2) Issuance of residence permit;

3) Issuance of construction permit; and

4) Approval of environmental impact assessment studies and issuance of certificate;

3/ When necessary, the Commission may determine to provide additional one-stop services supplementing the list under Sub-Articles (1) and (3) of this Article.

4/ Upon receipt of application for services provided under Sub-Article (1) of this Article, the Commission, having ascertained completeness of the application and reviewed it pursuant to the applicable law, shall:

a) Where it approves the application, provide the service requested by charging the proper fee, and notify relevant Government organs of the service provided or accreditation issued for necessary follow-up; or

b) Where it rejects the application, notify the investor or applicant in writing of the reason for the rejection.
5/ The appropriate investment organs shall provide support to requests of investors in respect of their investments to obtain land, loan, water, electric power, telecom services, as well as visa and residence permits for themselves and their expat employees. For the implementation of this provision, relevant organs of the Federal Government and Regional State Administrations must establish investment help desks that handle investors’ requests expeditiously.

### PART SEVEN

**TRAINING AND TRANSFER OF KNOWLEDGE AND SKILL TO ETHIOPIAN EMPLOYEES**

19. **Procedure for the Training of and Transfer of Knowledge and Skill to Ethiopian Employees**

1/ An investor employing foreigners in permanent fields of occupation pursuant to Article 22 Sub-Article (1) of the Proclamation is obliged to replace expat employees by Ethiopians within a clearly set timeframe by providing the needed on-the-job training and facilitating the transfer of knowledge.

2/ The investor must, within three months of the issuance of business license, submit to the Commission a statement detailing the type and schedule of the training, and, thereafter, a quarterly implementation report of the training program.

3/ The report submitted pursuant to Sub-Article (2) of this Article shall contain the following details:
4/ In collaboration with the Ministry of Trade and Industry and the Ministry of Labour and Social Affairs, the Commission shall prepare and implement a working guideline regulating matters specified under this Article and Article 22 of the Proclamation.

PART EIGHT
MISCELLANEOUS PROVISIONS

20. Repealed and Inapplicable Laws

1/ The Provisions on investment areas in the Investment Incentives and Investment Areas Reserved for Domestic Investors Council of Ministers Regulation No. 270/2012 (as amended) are hereby repealed.

2/ No Regulation, Directive or Customary practice shall, in so far as it is inconsistent with this Regulation, be applicable with respect to matters provided for in this Regulation.
21. **Unrepealed Provisions**

The provisions of the Investment Incentives and Investment Areas Reserved for Domestic Investors Council of Ministers Regulation No. 270/2012 (as amended) relating to investment incentives shall remain valid until they are repealed by another law.

22. **Effective Date**

This Regulation shall come into force on the date of publication in Federal Negarit Gazette.


ABIY AHMED (DR.)

PRIME MINSTER OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA