

## Ethiopia

### PROCLAMATION NO. 1180/2020 (2020)

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# **PROCLAMATION NO. 1180/2020**

## **INVESTMENT PROCLAMATION**

RECOGNIZING that increasing the role of private sector investment in all sectors of the economy including in productive and enabling sectors has become necessary to accelerate the economic development of the country, ensure its sustainability, strengthen domestic production capacity and thereby improve the living standards of its people;

WHEREAS it has become necessary to create an economic framework that fast-tracks the global competitiveness of the National economy, increases export performance, generates more and better employment opportunities, and facilitates sustainable and entwined linkage among various economic sectors;

WHEREAS it has become necessary to further increase and diversify foreign investment inflow to accelerate inward transfer and diffusion of knowledge, skill, and technology;

RECOGNIZING that it has become necessary to maximize linkages between foreign and domestic investments, promote equitable distribution of investments among regions, and leverage foreign capital to promote the competitiveness of domestic investors;

RECOGNIZING that it has become essential to put in place a system of monitoring and supervision to ensure that investments deliver on promised potentials stated in National Investment Objectives and are operated in accordance with the law;

WHEREAS the investment administration system has to be transparent, predictable, and efficient to increase investment attraction, retention, and expansion;

WHEREAS, to these ends, it has become necessary to revise the existing law on investment;

NOW, THEREFORE, in accordance with Article 55(1) of the Constitution of the Federal Democratic Republic of Ethiopia, it is hereby proclaimed as follows:

# PART ONE

## GENERAL

### 1.Short Title

This Proclamation may be cited as the “Investment Proclamation No1180/2020”.

### 2. Definitions

In this Proclamation, unless the context otherwise requires:

- 1/ “Investment” means expenditure of capital in cash or in kind or in both by an investor to establish a new enterprise, or to acquire, in whole or in part, or to expand or upgrade an existing enterprise;
- 2/ “Enterprise” means an undertaking established for profit-making;
- 3/ “Capital” means local or foreign currency, negotiable instrument, machinery or equipment, building, working capital, property right, intellectual property right, or other tangible or intangible business assets;
- 4/ “Investor” means a Domestic or Foreign investor who has invested capital in Ethiopia;
- 5/ “Domestic Investor” means any one of the following who has invested capital in Ethiopia:
  - a) An Ethiopian National;
  - b) An Enterprise incorporated in Ethiopia and wholly owned by Ethiopian National;
  - c) The Government;
  - d) a Public Enterprise;
  - e) A cooperative society established as per the relevant law;
  - f) A Foreign National or Foreign Enterprise treated as domestic investor as per the relevant law or international treaty ratified by Ethiopia;
  - g) An Enterprise incorporated in Ethiopia jointly between any of the investors specified under Sub-article (5) paragraphs (a) to (f) of this Article;
  - h) A Foreign National or Foreign Enterprise accorded a domestic investor investment permit as per laws which were in effect when the permit was issued but which have since been repealed and continues to operate in Ethiopia, provided that this applies only in respect of investments that are operational at the time of enactment of this Proclamation;
  - i) Descendant of a foreign national specified under Sub-article (5) paragraph (h) of this Article, provided that this applies only in respect of investments specified in the same Sub-article;
- 6/ “Foreign Investor” means any one of the following who has invested foreign capital in Ethiopia:

- a) A Foreign National;
  - b) An Enterprise in which a Foreign National has an ownership stake;
  - c) An Enterprise incorporated outside of Ethiopia by any investor;
  - d) An Enterprise established jointly by any of the investors specified under Sub-article (6) paragraphs (a), (b) or (c) of this Article; or
  - e) An Ethiopian permanently residing abroad and preferring treatment as a Foreign investor;
- 7/ "Public Enterprise" means an enterprise wholly owned by the government;
- 8/ "Expansion" or "Upgrading" means increasing in volume, by at least 50 percent of the attainable production or service rendering capacity of an existing enterprise, or increasing in variety by at least 100 percent by introducing new production or service rendering line of an existing enterprise, or increment by both;
- 9/ "Transfer of Technology" means the transfer of systematic knowledge for the manufacture of a product, the application or improvement of a process or for rendering service, including management and technical know-how as well as marketing technologies, but may not extend to transactions involving mere sale or lease of goods;
- 10/ "Export-Oriented Non-equity Based Foreign Enterprise Collaboration" means a hundred percent export-oriented contractual agreement between a domestic investor and foreign enterprise in which the foreign enterprise provides, among others, all or some of the following:
- a) Guaranteed external market access;
  - b) Production know-how of products for export market;
  - c) Export business management know-how;
  - d) Export marketing know-how;
  - e) Strategies for the supply of raw materials and intermediate inputs needed for export products;
- 11/ "Government" means the Federal Government or a Regional State Administration;
- 12/ "Region" or "Regional State Administration" means any Regional State specified under Article 47(1) of the Constitution of the Federal Democratic Republic of Ethiopia and includes Addis Ababa City Administration and Dire Dawa City Administration;
- 13/ "Board" means the Ethiopian Investment Board reestablished under Article 30 of this Proclamation;
- 14/ "Commission" means the Ethiopian Investment Commission reestablished under Article 35 of this Proclamation;
- 15/ "Council" means the Federal Government and Regional State Administrations Investment Council established under Article 44 of this Proclamation;
- 16/ "Appropriate Investment Organ" means the Commission, a federal government body carrying out functions delegated by the Commission, or the relevant regional state administration body authorized to issue investment permits or administer investments;

17/ "Industrial Park" shall have the meaning assigned to it under Article 2/1/ of the Industrial Parks Proclamation No. 886/2015;

18/ Any expression in the masculine gender includes the feminine.

### 3. Scope of Application

This Proclamation shall apply to all investments carried out in Ethiopia except to investments in the prospecting, exploration and development of minerals and petroleum.

## 4. Jurisdiction

1/ The administration of the following investments shall be under the jurisdiction of the Commission:

- a) Wholly foreign owned investment;
- b) Joint investment made by domestic and foreign investors;
- c) Investment made by a foreign national, not Ethiopian by origin, who is treated as a domestic investor pursuant to Article 2(5) paragraphs (f) to (i) of this Proclamation; and
- d) Investment made in areas eligible for incentives by a domestic investor who is required to obtain a business license from an appropriate Federal Body.

2/ Notwithstanding the provisions of Sub-article (1) of this Article, the issuance, renewal, amendment, substitution, replacement and cancellation of investment permits, and the issuance of investment expansion or upgrading permits for air transport services, the generation or transmission or distribution of electric power, and the provision of communications services shall be carried out by the Ethiopian Civil Aviation Authority, the Ethiopian Energy Authority, and the Ethiopian Communications Authority, respectively, representing the Commission.

3/ The Ethiopian Civil Aviation Authority, the Ethiopian Energy Authority, and the Ethiopian Communications Authority shall:

- a) Submit to the Commission a quarterly report regarding services they rendered through their Delegated Powers;
- b) Coordinate with the Commission to undertake studies identifying sectoral potentials, and sector specific investment development strategies, and engage in investment promotion works.

4/ Appropriate investment Organs of Regions shall have jurisdiction to administer investments other than those specified under Sub-articles (1) and (2) of this Article.

## PART TWO

# INVESTMENT OBJECTIVES

## 5. Investment Objectives

The investment objective of the Federal Democratic Republic of Ethiopia is to improve the living standard of the peoples of Ethiopia by realizing a rapid, inclusive and sustainable economic and social development. The particulars of the objective include the following:

- 1/ To enhance the competitiveness of the national economy by promoting investments in productive and enabling sectors;
- 2/ To create more and better employment opportunity for Ethiopians and advance the transfer of knowledge, skills and technology required for the development of the country;
- 3/ To increase foreign exchange earnings by encouraging the expansion in volume, variety and quality of the country's export products and services;
- 4/ To save foreign exchange through local production of import substitutes;
- 5/ To augment the role of the private sector in the country's economic development;
- 6/ To exploit and develop natural, cultural, and other resources of the country;
- 7/ To create an integrated economy by strengthening inter-sectoral and foreign-domestic investment linkages;
- 8/ To encourage socially and environmentally responsible investments.

## PART THREE

# AREAS OF INVESTMENT, FORMS OF ENTERPRISE AND CAPITAL REQUIREMENTS

## 6. Areas of Investment

- 1/ Subject to the provisions of this Article, any investor may engage in any area of investment except where it is contrary to law, moral, public health or security.
- 2/ Areas of investment reserved for joint investment with the Government, for domestic investors, and for joint investment with domestic investors shall be specified by Regulation.
- 3/ Except those reserved in accordance with Sub-article (2) of this Article, all areas of investment shall be open to foreign investors.
- 4/ The Board may revise the list of investment areas specified as per Sub-articles (2) and (3) of this Article as it deems it necessary.

## **7. Investments Undertaken Jointly with the Government**

The Public Enterprises Holding and Administration Agency or an authority statutorily mandated to implement projects established by way of public-private-partnership, as appropriate, shall receive investment proposals submitted by any private investor intending to invest jointly with the Government; it shall follow procedures established under the pertinent laws for decision, and, upon approval, designate a Public Enterprise or establish a project company to invest as partner in the joint investment.

## **8. Forms of Enterprise for Carrying out Investments**

1/ Investments may be carried out in one of the following Enterprises:

- a) Sole proprietorship;
- b) Enterprise established in Ethiopia or abroad;
- c) Public Enterprise established in accordance with the relevant law;
- d) Cooperative society formed in accordance with the relevant law.

2/ Any investment made in the forms prescribed under Sub-article (1) of this Article shall be registered in accordance with the Commercial Code of Ethiopia or other applicable law.

3/ Any enterprise registered in Ethiopia having been established abroad shall be governed by the Commercial Code of Ethiopia and other laws applicable to enterprises.

## **9. Minimum Capital Requirements for Foreign Investors**

1/ Any foreign investor, to be allowed to invest under this Proclamation, shall be required to allocate a minimum capital of USD 200,000.00 (two hundred thousand) for a single investment project.

2/ Notwithstanding the provision of Sub-article (1) of this Article, the minimum capital required of a foreign investor jointly investing with a domestic investor shall be USD 150,000.00 (one hundred fifty thousand).

3/ Notwithstanding the provision of Sub-article (1) of this Article, the minimum capital required of a foreign investor investing in architectural or engineering works or related technical consultancy services, technical testing and analysis or in publishing works shall be:

- a) USD 100,000.00 (one hundred thousand) if the investment is made on his own;
- b) USD 50,000.00 (fifty thousand) if the investment is made jointly with a domestic investor.

4/ The minimum capital requirement under this Article shall not apply to:

- a) Foreign investor re-investing his profits or dividends generated from his existing enterprise in any investment area open for foreign investors;
- b) Persons elected as members of board of directors following the change of a private limited company to share company; and



c) A foreign investor buying the entirety of an existing enterprise owned by a foreign investor or the shares therein.

5/ Any foreign investor bringing investment capital into the country shall have such capital registered by the appropriate investment organ within one year and obtain a certificate of registration. The appropriate investment organ shall send a copy of the certificate to the National Bank of Ethiopia.

## **PART FOUR**

# **INVESTMENT PERMIT**

### **10. Requirement and Issuance of Investment Permit**

1/ The following investors shall be required to obtain investment permits:

- a) Foreign investors;
- b) Domestic and foreign investors investing jointly;
- c) Investors investing as domestic investors pursuant to Article 2 Sub-article (5) paragraphs (f), (g), (h) and (i) of this Proclamation;
- c) Domestic investors who, investing in areas eligible for incentives, seek to be beneficiaries of such incentives; and
- e) An investor seeking to expand or upgrade an existing investment, provided that the investment is eligible for incentives and the investor seeks to be beneficiary of such incentives.

2/ Notwithstanding the provision of Sub-article (1) paragraph (c) of this Article, a foreign national of Ethiopian origin treated as a domestic investor shall have the right to invest without acquiring investment permit in areas not eligible for incentives, or, in areas eligible for incentives, by waiving his right to claim incentives.

3/ Notwithstanding the provision of Sub-article (1) of this Article, a foreign investor seeking to buy an existing enterprise in order to operate it in its current state or to buy shares of an existing enterprise shall obtain prior approval from the Commission. The Commission shall not deny or delay the approval sought without sufficient cause.

4/ No investor may, at any time, hold domestic and foreign investor permits simultaneously.

### **11. Renewal of Investment Permit**

1/ An investment permit shall be renewed annually until the investor commences marketing his products or services. There shall be no need for renewal of investment permit after issuance of business license.

2/ An application for renewal of investment permit shall be submitted within one month after the end of a period of one year for which the permit was valid.

3/ An investment permit shall be revoked if an investor fails to commence implementation of his project within two years of being issued the permit or has delayed the completion of the project by two years from the time that will be agreed with the appropriate investment organ.

4/ Notwithstanding the provision of Sub-article (3) of this Article, the appropriate investment organ may renew the investment permit if it is convinced of the existence of sufficient cause prompting delay in the commencement or completion of the project.

## **12. Transfer of Investment Project Under Implementation**

Any investor wishing to transfer to another investor a project which is in implementation phase and for which no business license has been issued shall submit his request to the appropriate investment organ and obtain the approval such organ. The appropriate investment organ shall not deny or delay the approval sought without sufficient cause. The detailed conditions necessary for the implementation of this provisions shall be specified by a Directive to be enacted by a Commission.

## **13. Suspension or Revocation of Investment Permit**

1/ The investment permit of an investor shall be suspended if the investor:

a) Fails to submit accurate and timely information or project implementation report requested by the appropriate investment organ pursuant to this Proclamation, or intentionally or negligently presents incorrect report;

b) Obtains the investment permit or secures its renewal fraudulently or by submitting a false information or statement;

c) Uses the investment permit incompatibly with the objective for which it was issued;

d) Fails, without good cause, to renew the permit in accordance with the requirements specified in this Proclamation and regulations issued hereunder;

e) Commences project implementation but fails to complete same within the time limit provided under Article 11 Sub-article (3) of this Proclamation and where it is believed that the project will not be completed at all; or

f) Violates the provisions of this Proclamation, or Regulations and Directives issued to implement this Proclamation, or other pertinent Laws.

2/ An investor whose permit is suspended shall be given one year to take corrective measures.

3/ The investment permit of an investor shall be revoked if the investor:

a) Subject to the provision of Article 11 Sub-article (4) of this Proclamation, fails to commence investment project implementation as per Article 11 Sub-article (3) of same;

b) Fails to rectify the issue that caused the suspension of the investment permit within the time given to him;

c) Voluntarily forsakes his investment activity; or

d) Misuses or illegally transfers to a third-party investment incentives granted pursuant to the Pertinent Laws;

4/ The appropriate investment organ shall notify the revocation measure it takes in accordance with this Article to all concerned bodies. Upon revocation of investment permit, the investor shall immediately lose entitlement to all benefits.

5/ An investor whose investment permit is revoked shall return all investment incentives he received to the Ministry of Revenues, the Ethiopian Customs Commission, the Ministry of Finance and other pertinent organs within one month of the revocation.

6/ An investment permit shall only be suspended or revoked by the appropriate investment organ that issued the permit.

7/ A foreign Investor whose investment permit is revoked may not be issued a new investment permit before the lapse of one year since the date of the revocation.

8/ Administrative measures taken under this article shall not affect the right of the Government to bring a criminal action.

## **14. Duty to Report and Cooperate**

Any investor who is issued an investment permit shall:

1/ Submit a quarterly progress report on the implementation of his investment project to the appropriate investment organ;

2/ Provide information concerning his investment whenever requested by the appropriate investment organ.

## **PART FIVE**

# **REGISTRATION OF TECHNOLOGY TRANSFER AND COLLABORATION AGREEMENTS WITH DOMESTIC INVESTORS**

## **15. Technology Transfer Agreement**

1/ Any investor concluding a technology transfer agreement in relation to his investment shall have the agreement registered with the Commission.

2/ A technology transfer agreement that is not registered in accordance with Sub-article (1) of this Article shall not have legal recognition with the Commission.

3/ The Commission shall notify the relevant Federal Executive Organs and copy the National Bank of Ethiopia the registration of a technology transfer agreement made in accordance with this Article.

## **16. Foreign Enterprise Collaboration Agreement for Export Trade Without Capital Contribution**

1/ Any domestic investor who concludes, in respect of export, a collaboration agreement with a foreign enterprise who does not contribute capital shall have the agreement registered with the Commission.

2/ A collaboration agreement that is not registered in accordance with Sub-article (1) of this Article shall not have legal recognition with the Commission.

3/ The Commission shall notify the relevant Federal Executive Organs and copy the National Bank of Ethiopia the registration of a collaboration agreement made in accordance with this Article.

## **PART SIX**

# **INVESTMENT INCENTIVES, GUARANTEES AND PROTECTION, AND FACILITATION**

## **17. Investment Incentives**

Investment areas eligible for investment incentives as well as the type and amount of investment incentives shall be determined by a Regulation to be enacted by the Council of Ministers.

## **18. Ownership of Immovable Property**

1/ Notwithstanding the provisions of Articles 390 to 393 of the Civil Code, a foreign investor or a foreign national treated as domestic investor shall have the right to own immovable property necessary for his investment. Immovable property as used in this provision does not include land.

2/ Notwithstanding the provisions of Articles 390 to 393 of the Civil Code, a foreign investor or a foreign national treated as domestic investor who owns large investment may be allowed to own one dwelling house. The detailed conditions necessary for the implementation of this provision shall be specified by a Regulation.

3/ The provisions of Sub-articles (1) and (2) of this Article shall be applicable to investors who have invested prior to the adoption of this Proclamation.

## **19. Investment Guarantees and Protection**

1/ The Government may expropriate any investment undertaken under this Proclamation for public interest, in conformity with requirements of the law, and on a non-discriminatory basis.

2/ In case of expropriation of an investment effected pursuant to Sub-article (1) of this Article, adequate compensation corresponding to the prevailing market value shall be paid in advance.

## **20. Remittance of Funds**

1/ Any foreign investor shall have the right, in respect of his investment, to remit the following payments and earnings out of Ethiopia in convertible foreign currency at the prevailing exchange rate on the date of transfer:

- a) Profits and dividends accruing from his investment;
- b) Principal and interest payments on external loans;
- c) Payment related to technology transfer agreement registered in accordance with Article 15 of this Proclamation;
- d) Payments related to collaboration agreement registered in accordance with Article 16 of this Proclamation;
- e) Proceeds from the transfer of shares or conferral of partial or total ownership of an enterprise to another investor;
- f) Proceeds from the sale, capital reduction or liquidation of an enterprise; and
- g) Compensation paid to an investor pursuant to Sub-article (2) of Article 19 of this Proclamation.

2/ Notwithstanding the provision of Sub-article (1) of this Article, a domestic investor investing jointly with a foreign investor shall not be allowed to remit funds earned from the investment out of Ethiopia.

3/ Expats employed for investments carried out pursuant to this Proclamation whose permanent residence is outside of Ethiopia may remit, in accordance with applicable law, salaries accruing from their employment in convertible foreign currency at the prevailing exchange rate on the date of transfer.

## **21. External Loan and Foreign Currency Account**

1/ Any investor may acquire external loan for his investment as per the applicable Directive of the National Bank of Ethiopia.

2/ Any investor may operate a foreign currency account in Banks in Ethiopia for the purpose of its investment as per the applicable Directive of the National Bank of Ethiopia.

## **22. Employment of Expats and Work Permits**

1/ Any investor may employ duly qualified foreigners necessary for the operation of his investment in positions of higher management, supervision, trainers and other technical professions. However, foreigners may be employed only when it can be ascertained that Ethiopians possessing similar qualification or experience required by the sector are not available.

2/ Notwithstanding the provision of Sub-article (1) of this Article, an investor may employ foreigners for top management positions, including chief executive officer, chief operation officer and chief finance officer as necessary. The work permit of top management foreign workers shall be renewed without being required to comply with the conditions specified in this Article in respect of other foreign workers.

3/ A work permit may be issued to a cohabiting spouse of any investor and a foreign worker employed pursuant to Sub-article (1) of this Article.

4/ An investor who employs foreigners pursuant to Sub-article (1) of this Article shall be responsible for replacing, within a limited period of time, such foreign workers by Ethiopians by arranging and providing the necessary training.

5/ A work permit for employment in a certain position may be issued for up to three years, and renewed every year subject to verification, as appropriate, that the investor has ascertained the non-availability of Ethiopian workers with similar qualification, and of the concrete measures taken by the investor to train Ethiopian replacements.

6/ Where it is ascertained that a foreign worker is no longer required for the position he is employed, the Commission may decide not to renew or to cancel the work permit.

7/ 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 related to:

- a) Ascertaining the necessity and professional pertinence of expat employees;
- b) The execution of training programs involving Ethiopians that replace expat employees;
- c) Mechanisms for establishing the availability or otherwise of suitable local workforce having the required expertise; and
- d) Procedures governing the issuance, refusal and cancellation of work permits owing to reasons related to matters listed under Sub-article (7) paragraphs (a) to (c) of this Article or other additional grounds.

8/ The Commission, in collaboration with the Ministry of Trade and Industry, shall prepare and implement a guideline regulating the duty of investors to design and provide training programs and to ensure the transfer of skills and knowledge to substitute Ethiopian workers.

## **23. Visa Services**

1/ The Commission or a delegated investment organ may facilitate the processing of visa applications of foreigners coming into Ethiopia for investment purposes and that of the families (spouses, children and parents) of investors undertaking investments in Ethiopia.

2/ If a person, intending to enter into Ethiopia for investment purposes, applies for a visa in a country that is not his home country, visa may be issued to him in that third country based on a support letter the Commission may offer.

3/ An owner or shareholder of an investment undertaken pursuant to this Proclamation may be issued a five-year multiple visa based on confirmation by the Commission.

4/ The General Manager, Board Member and top Management of an Enterprise undertaking an investment pursuant to this Proclamation, and the top management of the parent or holding company of the enterprise may be issued a three-year multiple entry visa based on confirmation by the Commission.

5/ No single stay of any foreigner entering Ethiopia using multiple entry visa issued pursuant to this Article may exceed ninety (90) days.

6/ The Commission shall work in cooperation with the Immigration, Nationality and Vital Events Agency and other appropriate government body for the proper implementation of this Article.

## **24. One Stop Service**

1/ The Commission shall provide one-stop services to investors it has issued investment permits pursuant to this Proclamation; it shall coordinate relevant Agencies and synchronize their daily functions.

2/ Regional State investment Organs shall provide one-stop services to investors they issued investment permits in accordance with applicable Federal and Regional State Laws.

# **PART SEVEN**

## **GRIEVANCE PROCEDURES AND SETTLEMENT OF INVESTMENT DISPUTES**

### **25. Right to Lodge Complaint**

1/ Any investor who has grievance in respect of his investment shall have the right to submit a complaint to the appropriate investment organ.

2/ Any complaint submitted by an investor against a final administrative decision shall be resolved using speedy, equitable and efficient procedures.

3/ The grievance procedures provided in this part of the Proclamation shall apply in respect of grievances against a final decision given by the appropriate investment organ on application to engage in investment.

### **26. Grievance Against the Commission's Decisions**

- 1/ Any investor who has grievance against a final administrative decision of the Commission can submit a complaint to the Board.
- 2/ A written copy of the Commission's decision shall be given to the investor within Seven (7) working days from the date of decision.
- 3/ Any complaint submitted to the Board against a final administrative decision of the Commission shall be lodged within Thirty (30) working days from the date the investor becomes aware of such decision.
- 4/ The Board shall give decision on the complaint submitted to it within Ninety (90) working days from the date of submission of the complaint.
- 5/ A written copy of the Board's decision shall be given to the investor by the Secretariat of the Board within Seven (7) working days from the date of decision.

## **27. Complaints Against Decisions of Federal Government Executive Bodies**

- 1/ Any investor undertaking investments pursuant to this Proclamation shall have the right to submit a complaint to the Commission against final decisions of any federal government executive body where such decisions significantly affect the investments.
- 2/ A written copy of the final decision of any federal Government Executive Body shall be given to the investor within Seven (7) working days from the date of decision.
- 3/ Any complaint submitted to the Commission against a final administrative decision of a Federal Government Executive Body shall be lodged within Thirty (30) working days from the date the investor becomes aware of the decision.
- 4/ The Commission shall engage with the government body against whom a complaint is lodged under Sub-article (1) of this Article and propose a recommended solution in writing within Thirty (30) days from the date of submission of the complaint.
- 5/ A written copy of the Commission's recommended solution proposed under Sub-article (4) of this Article shall be given to the investor within Seven (7) working days from the date the recommended solution is tabled.
- 6/ The investor may file a complaint to the Board against the Commission's recommended solution proposed under Sub-article (4) of this Article, or where the Commission's recommended solution is not accepted by the government body against whom the complaint was submitted.
- 7/ Any complaint submitted to the Board pursuant to Sub-article (6) of this Article shall be lodged within thirty (30) working days from the date the investor is notified of the recommended solution or from the date the investor learns that the government body against whom the complaint is lodged has rejected the recommended solution.
- 8/ The Board shall give decision on the complaint submitted to it within Ninety (90) working days from the date of submission of the complaint.
- 9/ Any Federal Government Body whom a decision of the Board concerns shall have the duty to comply with and Execute in accordance with the decision of the Board.



## **28. Settlement of Investment Disputes**

1/ Without prejudice to the right of access to justice through a competent body with judicial power, any dispute between an investor and the Government involving investments effected pursuant to this Proclamation will be resolved through consultation or negotiation.

2/ The Federal Government may agree to resolve investment disputes involving Foreign investments through arbitration.

3/ Where a Foreign investor chooses to submit an investment dispute to a competent body with Judicial Power or arbitration, the choice shall be deemed final to the exclusion of the other.

# **PART EIGHT**

## **INVESTMENT ADMINISTRATION ORGANS**

### **29. Investment Administration Organs**

The Organs of investment administration shall comprise the following:

1/ The Ethiopian Investment Board;

2/ The Ethiopian Investment Commission;

3/ The Federal Government and Regional State Administrations Investment Council; and

4/ Investment administration Organs established pursuant to Regional Laws.

### **30. Ethiopian Investment Board**

The Ethiopian Investment Board is hereby re-established under this Proclamation.

31. Powers and Duties of the Board

1/ The Board shall:

a) Exercise Powers and Duties specified under this Proclamation, Regulations issued hereunder, and other laws enacted to regulate the designation, operation and supervision of industrial parks;

b) Supervise the implementation of this Proclamation and follow up activities of the Commission;

c) Initiate Policies on matters pertaining to investments;

d) Recommend, as necessary, amendments to this Proclamation and Regulations issued hereunder;

- e) Issue Directives necessary for implementation of this Proclamation and Regulations issued hereunder; follow up and oversee the implementation of the Directives;
  - f) Decide on complaints lodged by investors against final administrative decisions of the Commission or other Federal Government Executive Bodies submitted in accordance with the grievance procedures specified in this Proclamation;
  - g) Put forward to the pertinent Government Organ an assessment-based recommendation regarding the type and extent of investment incentives to be granted to investments and the criteria for identifying investments eligible for incentives;
  - h) Decide, in consultation with relevant public and private sector stakeholders, to open to foreign investors those investment areas reserved for joint investment with the government, or to domestic investors, or for joint investment between domestic and foreign investors, as well as restrict foreign investment in areas open to foreign investors where such decision is justified by public interest considerations.
- 2/ Any decision the Board adopts pursuant to Sub-article (8) paragraph (h) of this Article shall take immediate effect. The decisions of the Board shall be made accessible to the public within one month in published or other forms.

## **32.Members of the Board**

- 1/ The Board shall be constituted of the following Thirteen members:
- a) The Prime Minister.....Chairperson;
  - b) A Government official designated by the Prime Minister.....Vice Chairperson;
  - c) Eight Government Officials having core or related administration mandate over trade, industry, services, finance, revenues, agriculture, energy, and other relevant sectors...Members;
  - d) Two representatives designated by the private sector .....Members;
  - e) The Commission's Commissioner Member and Secretary.
- 2/ The Chairperson may invite other relevant bodies to meetings of the Board where it is deemed necessary.
- 3/ Private sector representatives designated to be members of the Board:
- a) Shall not vote in the Board's decisions;
  - b) Shall serve a term of two years and may be reappointed for one more term;
  - c) Shall participate in the Board's proceedings and discharge their responsibility free from any direct or indirect situations creating conflict of interest; they shall recuse themselves from deliberations of the Board in respect of matters which involve their personal interest or give rise any form of conflict of interest;
- 4/ The Board shall adopt a Directive determining the procedure for its overall working, the conduct of meetings, the submission of matters it considers, and the rendering of decisions.

5/ The Commission shall serve as Secretariat of the Board; the Secretariat shall organize its own staff.

### **33.Meetings of the Board**

1/ The Board shall meet once every quarter but may meet additionally as it deems it necessary.

2/ There shall be quorum where more than half of the members of the Board are present at any meeting.

3/ Decisions of the Board shall pass by majority vote; the Chairperson shall have a casting vote in case of a tie.

### **34. Investment Advisory Committee**

The Board may, as necessary, establish Investment Advisory Committees, define their Mandates and designate their Membership and Chairpersons.

### **35. Ethiopian Investment Commission**

The Ethiopian Investment Commission is hereby reestablished as an autonomous Federal Government Agency having its own legal personality and being accountable to the Prime Minister.

### **36. Head Office**

The Commission shall have its head office in Addis Ababa and may, as necessary, have branch or liaison office elsewhere.

### **37.Objective**

The Objectives of the Commission shall be to establish a conducive investment climate, attract and retain investments, and implement a transparent and efficient investment administration system.

### **38.Powers and Duties of the Commission**

The Commission shall:

1/ Exercise Powers and Duties specified under this Proclamation, Regulations and Directives issued hereunder, as well as other laws enacted to administer and regulate industrial parks;

2/ Serve as nucleus for matters of investment and lead, promote, coordinate and enhance activities thereon;

3/ Initiate policy and implementation measures required to create a conducive and competitive investment climate, and follow up execution of same upon approval;

- 4/ Lead investment promotion activities, compile a list of potential investors, and implement targeted investor recruitment work;
- 5/ Rebrand and build the country's image as a preferred investment location; identify and compile investment opportunities in each sector indicating investment value propositions and business success, and prepare profile and promotional documents on each sector and disseminate same; organize workshops and seminars locally or abroad; and, participate in similar events and conduct trainings;
- 6/ Promote existing investment opportunities by preparing materials on same, and provide, upon request, link-up services for participants of joint investment;
- 7/ Make industrial parks promotion one of its core undertakings within the national investment promotion work;
- 8/ Establish as a core agency a cost-effective system for and to provide a coordinated, accessible and accurate information to investors and other concerned bodies with the purpose of promoting investment opportunities in government-owned industrial parks and attracting and recruiting investors;
- 9/ Negotiate and sign bilateral investment promotion and protection treaties with countries that can be sources of outward foreign investment in accordance with the procedure under the applicable law on international treaty making and ratification;
- 10/ Cause the establishment of an information exchange system that enables current and accurate information flow between the Commission, investors and other government agencies;
- 11/ Facilitate liaison and effect coordination between investors, government agencies, regions and other organs concerned with investment with a view to enhancing investment;
- 12/ Collect, compile, update, analyze and disseminate any investment-related information;
- 13/ Issue, renew and cancel investment permits within its jurisdiction and register capital brought into the country by foreign investors;
- 14/ Register technology transfer agreements related to investments;
- 15/ Register a collaboration agreement for export trade without capital contribution between a domestic investor and foreign enterprise;
- 16/ Monitor the progress and implementation of investment projects for which it has issued permits; ensure that the terms of the investment permit are complied with, that incentives granted to investors are used for the intended purposes, and that national investment objectives are met;
- 17/ Provide and coordinate one-stop services;
- 18/ Carry out post-investment support and monitoring services in collaboration with bodies established for the purpose;
- 19/ Extend advisory and technical support services to strengthen appropriate investment organs of Regions, and organize joint consultation forums;
- 20/ Raise investors' awareness on the contents of this Proclamation as well as Regulations and Directives issued hereunder;

21/ Hold regular and structured public-private dialogue with investors and their associations, cause investment bottlenecks to be resolved in collaboration with appropriate Government Organs;

22/ Implement directives and decisions of the Board, and follow up their implementation by other relevant bodies;

23/ Own property, enter into contract, and sue and be sued in its own name;

24/ Carry out other functions pertinent for proper implementation of its objectives;

25/ Carry out the functions entrusted to it herein in coordination with other Federal Government and Regional State Administration Bodies.

## **39. Organization of the Commission**

The Commission shall have:

1/ A Commissioner and Deputy Commissioners to be appointed by the Prime Minister; and

2/ The necessary staff.

## **40. Powers and Duties of the Commissioner**

The Commissioner shall:

1/ Be the Chief Executive Officer of the Commission and shall, subject to general instructions given by the Board, direct and administer activities of the Commission;

2/ Exercise Powers and Duties of the Commission specified under Article 38 of this Proclamation;

3/ Employ, administer, and dismiss employees of the Commission in accordance with the Federal Civil Servants' Law;

4/ Determine conditions of institutional capacity building agreements concluded with various development partners and pertinent stakeholders;

5/ Adopt Directives regulating matters falling within the scope of its Powers and required for the implementation of this Proclamation and Regulations adopted hereunder;

6/ Prepare and submit work program and budget of the Commission to Office of the Prime Minister, and implement the same upon approval;

7/ Effect payments in accordance with the approved budget and work program of the Commission;

8/ Represent the Commission in its dealings with third parties;

9/ Prepare and submit performance and financial reports of the Commission to Office of the Prime Minister;

10/ Delegate part of his powers and duties to other officers and staff of the Commission as necessary for the efficient performance of the Commission's activities.

## **41. Powers and Duties of the Deputy Commissioner**

1/ The Deputy Commissioner shall:

- a) Assist the Commissioner in the directing, administering and organizing the functions of the Commission;
- b) Oversee parts of the Commission's departments by assigning functions in accordance with the structure of the Commission;
- c) Act on behalf of the Commissioner in his absence;
- d) Perform such other duties as may be specifically entrusted to him by the Commissioner.

2/ The Deputy Commissioner shall be accountable to the Commissioner.

## **42. Budget**

The Commission's budget shall be allocated by the Government.

## **43. Books of Account**

1/ The Commission shall keep complete and accurate books of account.

2/ The books of account and financial documents of the Commission shall be audited annually by the Federal Auditor General or another Auditor designated by the Federal Auditor General.

## **44. Establishment of the Federal Government and Regional State Administrations Investment Council**

A Council for the cooperative and coordinated administration of investment between the Federal Government and Regional State Administrations is established by this Proclamation.

## **45. Powers and Duties of the Council**

The Council shall:

1/ Direct and oversee all aspects of the horizontal relationship and coordination between the Federal Government and Regional State Administrations on matters relating to investment administration with the objective of establishing simplified and synchronized investment system;

2/ Deliberate and decide on or put forth a recommended solution for all matters ensuing pertaining to the exercise of powers and functions of the Federal Government and Regional State Administrations involving investment administration, and ensure that such decisions or recommended solutions are conveyed to the relevant institution and complied with;

3/ Establish an oversight system that enables evaluation of workflow between the Federal Government and Regional State Administrations in respect of implementation of investment services; put into action a system to prevent and resolve hindrances to the provision of investment services;

4/ Render decisions or put forth recommended solutions on fundamental grievances or significant misunderstandings submitted by investors regarding the provision of pre-investment and post-investment services, including the allocation of land, by regional state investment administration bodies with respect to investments effected under this Proclamation.

## **46. Members of the Council**

The Council shall have the following members:

1/ The Prime Minister, or in his absence, the Deputy Prime Minister.....Chairperson;

2/ Presidents of all Regions and Mayors of the Addis Ababa City Administration and Dire Dawa City Administration.....Members;

3/ The Commissioner, heads of the appropriate investment organs of all Regions and Addis Ababa City Administration and Dire Dawa City Administration.....Members;

4/ Other members designated by the Prime Minister as necessary.

## **47. Meetings of the Council**

1/ The Council shall meet once every six months but may meet additionally where it is deemed necessary or a matter requiring immediate attention arises.

2/ There shall be quorum where more than half of the members of the Council are present at any meeting.

3/ In relation to matters submitted to it, the Council shall pass decisions or adopt recommended solutions based on evidence and informed discussions.

4/ Any Federal Government or Regional State Administration body shall execute the decisions or recommended solutions of the Council.

## **48. Secretariat**

The Office of the Prime Minister shall serve as Secretariat of the Council.

## **49. Institutional Working of the Council**

The Board shall adopt a Directive determining the procedure for its overall working, the conduct of meetings, the submission of matters it considers, and the rendering of decisions or recommended solutions.

## **50. Coordination with Regional State Investment Administration Organs**

1/The Commission shall work in close cooperation with Regional State Investment Administration Organs and other Stakeholders with a view to creating a uniform, coordinated and efficient national investment administration system.

2/ For such purposes, the Commission shall engage with appropriate investment organs of Regions to jointly develop a comprehensive guideline regulating all aspects of mutual work relationships.

3/ Standing Regional State Investment Desks shall be established within the functional structures of the Commission which shall work on co-promoting concrete investment opportunities of regions, coordinate common administrative works and augment the Regions' participation in investment administration; they shall also facilitate the efficient provision of pre- and post-investment services and resolve investment bottlenecks encountered by investors issued investment permits by the Commission.

## **51. Procedures Followed with Respect to the Provision of Investment Land**

1/ In pursuance of Powers granted to them under the pertinent Federal Land Administration Laws, Regions shall handle land requests for investments in the manufacturing, agriculture, and other sectors in an efficient manner, and shall establish a transparent and predictable system for the handling of such requests.

2/ Regions shall identify and classify land to be used for investment projects, organize such land centrally under one Regional State Administration body and transfer the information to the appropriate investment organs.

3/ With respect to land provision requests submitted to Regional State Bodies in respect of an investment undertaken based on an investment permit issued pursuant to this Proclamation, the Commission shall coordinate with Regional State Administrations and appropriate investment organs to facilitate and follow through the efficient handling of such requests.

4/ Regions may establish a Special Procedure requiring the pertinent Regional State Body to respond to land allocation request made by an investor holding investment permit issued under this Proclamation within sixty (60) days where the investment is in the manufacturing sectors, and within Ninety (90) days where the investment is in other sectors.

## **52. Provision of Investment-Related Information**

1/Concerned Federal Government and Regional State Administration Bodies shall transfer information regarding land allocated for various investment projects, land use profile, and other relevant, complete and updated investment-related information to the Commission in order to enable the Commission discharge its Powers and Duties under this Proclamation.



2/ The appropriate investment organ of each Region shall transmit to the Commission updated information on resource potentials, investment opportunities and investment activities conducted in the Region.

## **PART NINE**

# **MISCELLANEOUS PROVISIONS**

### **53. Industrial Parks**

Unless otherwise indicated in this Proclamation, other relevant Investment Laws concerning Industrial Parks shall remain in force.

### **54. Duty to Observe Other Laws and Social and Environmental Sustainability Values**

1/ All investors shall carry out their investment activities in compliance with the Laws of the country.

2/ All investors shall give due regard to social and environmental sustainability values including environmental protection standards and social inclusion objectives in carrying out their investment projects.

### **55. Power to Issue Regulation and Directive**

1/ The Council of Ministers shall issue regulations necessary for the implementation of this Proclamation.

2/ The Board, the Commission, the Ethiopian Civil Aviation Authority, the Energy Authority, and the Ethiopian Communications Authority may issue Directives for the implementation of Regulations enacted pursuant to this Proclamation.

### **56. Repealed and Inapplicable Laws**

1/ The Investment Proclamation No.769/2012 (as amended) and the Ethiopian Investment Board and Ethiopian Investment Commission Establishment Council of Ministers Regulation No. 313/2014 are hereby repealed.

2/ The Rights and Obligations of the Ethiopian Investment Commission established by Council of Ministers Regulation No. 313/2014 are transferred to the Commission reestablished by this Proclamation.

3/ No law or customary practice shall have effect with respect to matters provided for in this law so far as it is inconsistent with this Proclamation.

## **57. Transitory Provision**

Notwithstanding the Provisions of Article 56 of this Proclamation, Rights and entitlements bestowed pursuant to Investment Proclamation No.769/2012 (as amended) and Regulations and Directives issued there under shall remain applicable in respect of investments approved prior to the coming into force of this Proclamation.

## **58. Effective Date**

This Proclamation shall enter into force on the date of publication in the Federal Negarit Gazettee.

Done at Addis Ababa, On the 2nd Day of April 2020.

SHALEWORK ZEWDE

PRESIDENT OF THE FEDERAL DEMOCRATIC

REPUBLIC OF ETHIOPIA

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