

# Ethiopia

## Sustainable Investment Requirements



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## About the paper

This is a national companion guide to the publication *The Business Guide for Sustainability in Foreign Investments*. The companion guide presents an overview of Ethiopia's environmental and social regulations for investment operations in agroprocessing and light manufacturing. It also provides contacts of relevant national ministries and enforcement bodies.

**Publisher:** International Trade Centre

**Title:** Ethiopia: Sustainable Investment Requirements

**Publication date and place:** Geneva, June 2021

**Page count:** 28

**Language:** English

**ITC Document Number:** SIVC-21-83.E

**Citation:** International Trade Centre (2021). *Ethiopia: Sustainable Investment Requirements*, ITC, Geneva, Switzerland

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## Foreword by ITC

Foreign investment in Ethiopia unlocks opportunities to reach new regional and global markets and better serve the local market. The actions taken by business managers have tremendous spillover effects, not only for the local economy, but for the social and environmental conditions of the local population. As part of the post-pandemic recovery, investing sustainably is essential.

National legislation, regional trade agreements, and market demand all trend towards increased consideration for social and environmental practices. Beyond the business case for sustainability, international firms and local business must be aware of the requirements in their country of operation in order to avoid repercussions and remain competitive.

This national companion guide provides the mandatory social and environmental requirements for investing in Ethiopia in agroprocessing and light manufacturing. The guide details the steps businesses must take in their investment journey and the respective agencies they will contact along the way. The recommendations as well as the tools, such as sustainability checklists and resource directories, provide practical support to investors in their journey to improve their business practices.

This is a companion guide to the publication *The Business Guide for Sustainability in Foreign Investments*, which makes the business case for sustainable investment and provides common sustainability practices that firms must consider when starting operations in a foreign country.

This guide is an outcome of the research conducted for the Partnership for Investment and Growth in Africa, funded by the United Kingdom's Foreign, Commonwealth & Development Office. It is based on insights of ministries, investors, businesses and experts at the International Trade Centre.

**Pamela Coke-Hamilton**  
Executive Director  
International Trade Centre

## Foreword by EIC

Governments are working hard to attract foreign direct investment to grow our economies, and making these investments socially and environmentally sustainable remains a key concern. As a first step, the Ethiopian Investment Commission (EIC) has integrated the principle of sustainable and responsible investments into every agreement that it signs with investors. This is meant to encourage investors to comply with the Ethiopian Government's social and environmental protection laws and regulations, as well as international standards and best practices.

To do so, investors must understand the laws, regulations and standards and how to comply with them. This is why EIC enlisted the support of our long-time and valued partner in promoting and attracting foreign investment, the International Trade Centre (ITC), through its Partnership for Investment and Growth in Africa project, to identify all current laws, regulations and local and international best practices related to sustainability.

EIC is pleased to have collaborated with ITC on this work. The dedicated, experienced and highly qualified team of experts on sustainability that ITC brought in to work on this assignment has benefited EIC staff members who collaborated on this project. Furthermore, as an international organization and an agency of the United Nations, ITC brings wide exposure to international experiences and best practices on sustainable and responsible investment.

Together with the handbook *The Business Guide for Sustainability in Foreign Investments*, this guide follows a step-by-step approach to walk the investor through social and environmental compliance requirements over the typical investment timeline, from starting a business, operationalizing and expanding/closing out. It details applicable laws in Ethiopia and provides additional standards and best practices that investors may adopt voluntarily.

We are confident that investors will find these guidelines useful to their efforts in making socially and environmentally responsible and sustainable investments. EIC management and staff will happily and readily respond to investors seeking clarification or additional information on any of the content provided herein.

**Lelise Neme**  
Commissioner  
Ethiopian Investment Commission

## Acknowledgements

The International Trade Centre (ITC) is grateful to all parties involved in the development of this guide. Andreas Beavor was responsible for data collection and the initial drafting of the research. Ana Batalhone and Madison Wilcox (ITC) managed and prepared the final version of the guide, under the supervision of Joseph Wozniak (ITC). Ana Batalhone coordinated the development process.

Thanks are due to Véronique Rondeau and Ingrid Colonna for their leadership and various contributions to the guide development and revision under the guidance of Xuejun Jiang (all ITC). Anders Aeroe, Annegret Brauss, Delphine Clement, Joseph Wozniak, Tianyu Mao, Quan Zhao and Wenwen Sheng (all ITC) provided valuable comments and feedback. Alicia Rodriguez, Helen Griffin and Ha Vu provided valuable administrative support for the implementation of the guide.

Ana Batalhone, Madison Wilcox, Natalie Domeisen and Anne Griffin (all ITC) managed the editorial production of the companion guide. Jennifer Freedman edited the report, Franco Iacovino (ITC) provided graphic and layout services, and Serge Adeagbo (ITC) provided digital printing services.

ITC would like to express appreciation to the representatives of enterprises and institutions who agreed to be interviewed and share their experiences investing in Ethiopia. They include Hanna Arayaselassie, Hailemichael Tessema, Hilina Getachew and Samuel Assefa Bedasso (Ethiopian Investment Commission), Luo Pengcheng (Embassy of China in Ethiopia), Fekadu Gebru Senbete (Ministry of Labour and Social Affairs), Leake Tesfahune (Environment Protection Commission), Hayat Abdulmalik, Nigussie Abebe and Tewodoros Yilma Belachew (Enterprise Partners).

Thanks are due to Addisu Biazen, Anbessaw Serebe and Mebrahtom Gebreyesus (Ethiopian Investment Commission) for providing feedback. Special thanks go out to Amdework Dilnessaw and Yixin Yu (ITC) for supporting data collection in Ethiopia and providing feedback for the guide.

This publication was produced under the Partnership for Investment and Growth in Africa (PIGA), a project implemented by ITC. PIGA is a part of Manufacturing Africa, a flagship programme of the United Kingdom's Foreign, Commonwealth & Development Office. PIGA is implemented in cooperation with the China Council for Promotion of International Trade and the China-Africa Development Fund, which were instrumental in gathering the data for this guide.

## About ITC

Established in 1964, the International Trade Centre (ITC) is the joint agency of the World Trade Organization and the United Nations. Its mission is to foster inclusive and sustainable economic development and contribute to achieving the United Nations Global Goals for Sustainable Development.

ITC is the only development agency that is fully dedicated to supporting the internationalization of small and medium-sized enterprises. It helps these businesses in developing and transition economies become more competitive and connected to international markets for trade and investment, thus raising incomes and creating job opportunities, especially for women, young people and poor communities. ITC works with policymakers, trade and investment support institutions, exporters and other stakeholders in the public and private sectors to enable export success of small firms in developing countries and transition economies.

Read more at <http://www.intracen.org/>

## About the Partnership for Investment and Growth

The Partnership for Investment and Growth in Africa (PIGA) is part of Manufacturing Africa, a flagship programme of the United Kingdom's Foreign, Commonwealth & Development Office facilitating foreign direct investment with high development impact into selected African countries.

Under Manufacturing Africa, PIGA aims to contribute to job creation and sustainable growth in Ethiopia, Kenya, Mozambique and Zambia by helping these countries attract foreign direct investment, specifically Chinese investment, in the agroprocessing and light manufacturing sectors. PIGA is also designed to enhance the capacity of these

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