



# Ethiopia Investment Weekly

26 May, 2020

Top News Selected For You,  
Frequently Asked Information,  
Communication on EIC initiatives.



## News highlights

### The week in brief

- [The Nationality and Vital Events Agency \(INVIA\) has communicated temporary adjustments to simplify the administrative procedures for foreign workers' permits.](#) This is aimed as a temporary solution for the difficulties investors are facing due to the halt in some INVIA services as of March 24, 2020.
  - Temporary resident permit and visa will be given without penalties for the period between March 24 and when the agency starts its services, after normal operations resume
  - For foreigners who left Ethiopia after March 24 before the expiry of their temporary residence permit, cancellation of temporary residence permits can be done via company representatives if all necessary documents are fulfilled
  - For customers who couldn't renew their resident permit to facilitate their right to get services from banks, support letter will be issued from the Agency upon request
  - New investment visas will be issued online by using the EVISA services through [evisa.gov.et](http://evisa.gov.et)
- [The National Bank of Ethiopia \(NBE\) issues a Directive which limits cash withdrawals for individuals and companies from commercial banks and microfinance institutions.](#) "Dr. Yinager Dessie, Governor of the National Bank of Ethiopia disclosed that the Bank issued the directive in a bid to curtail illegal transaction, combat tax evasion and money laundering in the market system. Accordingly, an individual can withdraw cash money up to 200,000 Birr a day, and 1 million Birr in a month, while companies are allowed to withdraw a maximum of 300,000 Birr a day, but not exceeding 2.5 million in a month. The Governor underscored that individuals or companies that need to withdraw cash beyond the set limit for transaction or other purposes can make payments from account to account, in cheques, CPO or any other form of payment system. It was learnt that the new directive came into effect as of May 19, 2020." Directive can be found [here](#)

### COVID-19 IN ETHIOPIA

**TOTAL NUMBER OF CASES TO DATE: 655**

**TOTAL TESTS PERFORMED TO DATE: 83,854**

**TOTAL RECOVERIES: 159**

**TOTAL DEATHS: 5**

### Additional resources

- [Gerber PPE Taskforce](#) avails a wealth of resources to support manufacturers in switching to PPE production. The Gerber resource center provides production-ready materials (patterns, cut files, tech specs); guide on feasible PPE products based on existing manufacturing lines; a PPE matchmaking programme and others (regulations, raw material suppliers, industry organizations)



## Useful information

### Interest rate cuts by commercial banks

The National Bank of Ethiopia (NBE) called upon all chairpersons of the commercial banks to implement interest rates cuts for the hotel, tourism, manufacturing and horticulture industries few weeks ago. Accordingly, number of banks have announced the following interest rate cuts.

Bank	Interest rate cuts <sup>1</sup>	Duration
<b>Abay Bank</b>	<ul style="list-style-type: none"> <li>Interest rate cuts ranging from 0.5 – 3 percentage points depending on loan repayment schedules and the impact of the pandemic on businesses               <ul style="list-style-type: none"> <li>Hotels, tour and travel, and horticulture industries received highest cuts</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Effective until pandemic is under control and normal operations resume</li> </ul>
<b>Awash Bank</b>	<ul style="list-style-type: none"> <li>Lending interest rate cuts to equal 7% for hotel and tourism, travel, and floriculture sectors</li> </ul>	<ul style="list-style-type: none"> <li>Effective for 3 months starting May 2020</li> </ul>
<b>Berhan Bank</b>	<ul style="list-style-type: none"> <li>Interest rate cuts ranging from 0.5 – 4 percentage points               <ul style="list-style-type: none"> <li>Horticulture sector received 4 percentage points reduction</li> <li>Hotel and tourism sector received 3.5 percentage point reduction</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Effective from May 18, 2020</li> </ul>
<b>Bunna Bank</b>	<ul style="list-style-type: none"> <li>Lending interest rate cuts based on the impact of Covid-19 on businesses               <ul style="list-style-type: none"> <li>Hotel, tourism and horticulture sectors received 2.5 percentage point reduction</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Effective for 3 months starting end of May 2020</li> </ul>
<b>Dashen Bank</b>	<ul style="list-style-type: none"> <li>Lending interest rate cuts to equal 7% (deposit rate) for businesses in horticulture, hospitality and export sectors</li> </ul>	
<b>Dejub Global Bank</b>	<ul style="list-style-type: none"> <li>Term loans interest rate cuts:               <ul style="list-style-type: none"> <li>2.0 – 2.7 percentage point cut for hotels</li> <li>1.9 – 2.4 percentage point cut for horticulture sector</li> </ul> </li> <li>Overdraft facilities interest rate cuts:               <ul style="list-style-type: none"> <li>2.6 percentage point cut for hotels</li> <li>1.6 percentage point cut for horticulture sector</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Effective for 3 months starting April 2020</li> </ul>
<b>Enat Bank</b>	<ul style="list-style-type: none"> <li>Commercial loan interest rate waiver for borrowers in the hotel and tourism industries</li> </ul>	<ul style="list-style-type: none"> <li>Effective for 3 months starting May 2020</li> </ul>
<b>Lion Bank</b>	<ul style="list-style-type: none"> <li>Interest rate cuts ranging from 0.5 – 5 percentage points for export businesses as well as businesses in hotel and tourism, agriculture, trade, transport, and construction sectors</li> </ul>	
<b>Nib Bank</b>	<ul style="list-style-type: none"> <li>Interest rate cuts for hotel and tourism, and horticulture sectors</li> </ul>	<ul style="list-style-type: none"> <li>Effective for 3 months starting June 2020</li> </ul>
<b>United Bank</b>	<ul style="list-style-type: none"> <li>Interest rate cuts               <ul style="list-style-type: none"> <li>25% interest rate reduction for floriculture, hotel and tour operators</li> <li>5% interest rate reduction for other sectors</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Effective for 3 months starting May 16, 2020</li> </ul>
<b>Wegagen Bank</b>	<ul style="list-style-type: none"> <li>Interest rate cuts               <ul style="list-style-type: none"> <li>53% for borrowers for hotel and tourism borrowers</li> <li>39% for borrowers for horticulture industry</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Effective for 3 months, starting June 2020</li> </ul>
<b>Zemen Bank</b>	<ul style="list-style-type: none"> <li>Interest rate cuts on commercial loans for borrowers in the hotel, tourism and manufacturing industry ranging from 0.5 to 3 percentage points</li> </ul>	<ul style="list-style-type: none"> <li>Effective for 2 months starting May 11, 2020</li> </ul>

In addition, a number of banks have announced commission and service fee waivers, loan rescheduling, and payment relief measures.

1. Based on available public information. Interest rates are subject to eligibility criteria specific to banks. Please contact individual banks for details on implementation.



# EIC Investment Proclamation

## The Government of Ethiopia published a new investment proclamation, replacing Investment Proclamation No. 769/2012, on January 2020

Key changes in the new investment proclamation are covered in the below four sections:

### 1. Investment definition, scope and screening

- **Investment** - expands definition to include acquisition of enterprises, in whole or in part
- **Capital** – expands definition to include intellectual property rights and other tangible or intangible business asset
- **Areas for investment** – opens a number of sectors to foreign investment, but some remain reserved for joint investment with government, domestic investors and joint investment with domestic investors
- **Domestic investor status** - expands definition to include foreign nationals or enterprises previously accorded a domestic investors status and their descendants, provided the investment is operational at the time of the proclamation
- **Minimum capital requirement** - waives the minimum capital requirement for (1) existing investors re-investing their profits or dividends to engage in any investment area open to foreign nationals; (2) individuals elected as members of board of directors (BOD) following change from private limited company (PLC) to a Share Company (SC), and (3) foreign investors buying the entirety of an existing enterprise owned by a foreign investor or the shares therein
- **Jurisdiction** – extends delegation to the Ethiopian Communications Authority (ECA). ECA is granted mandate to issue, renew, amend, substitute, replace, and cancel investment permits for the provision of communication services

### 2. Investment facilitation

- **One Stop Service (OSS)** - expands OSS from to regional promotion agencies. Also extends eligibility of OSS from FDI to domestic investments at all stages of the transaction cycle
- **Visa services** - defines EIC's facilitation role for the processing of visa applications for foreign nationals coming into Ethiopia for investment purposes and that of families; for entry into Ethiopia for investment purposes, gives the right to apply for visa from 3<sup>rd</sup> countries (different from home country); allows 5-year multiple entry investment visa for owners and shareholders; and allows 3-year multiple entry investment visa for general managers, board members and top managements
- **Employment of expats and work permits** - allows the hiring of qualified foreign nationals in positions of higher management, supervision, trainer and other technical professions after ascertaining that Ethiopians possessing similar qualification are not available (this requirement is waved for top management positions such as CEO, COO, and CFO); gives right to work permit for co-habiting spouses of an investor and expat employees

### 3. Investment administration

- **Investment permit issuance, renewal and cancellation** - implements an online processing system and clearly defines timeline for permit approval, grounds and process for suspension and revocation
- **Grievance handling process** - outlines grievance handling against final decision of EIC and other federal agencies. Also puts in place grievance escalation mechanism to EIB
- **Settlement of investment disputes** – provides a detailed grievance handling process with alternative options and clear timelines

### 4. Investment organs

- **Ethiopian Investment Commission** – reinforces the ability of the EIC to meet its objective of establishing a conducive investment climate; attracting and retaining investments; and implementing a transparent and efficient investment administration system
- **Ethiopian Investment Board** – reconstitutes the board with 13 members, including two non-voting private sector representatives to increase transparency. Among other powers, mandates the board to initiate policies on matters pertaining to investments and to decide, in consultation with relevant public and private sector stakeholders, to open and/or close investment sectors
- **Federal Government and Regional State Administrations Investment Council** - establishes a council for the cooperative and coordinated administration of investment between the Federal Government and Regional State Administration

#### CONTACT

Send us your feedback or questions: [covid-19.response@ethio-invest.com](mailto:covid-19.response@ethio-invest.com)

#### UNSUBSCRIBE

If you would like to unsubscribe from this newsletter, please reply to this email

For further details, please refer to [Investment Proclamation 1180/2020](#)