

# Investing in the horticultural sector of Ethiopia

## A guide for new investors



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# Foreword

The guide for new investors will meet a felt need. However, procedures are not static and they are subject to change from time to time and need updating. The guide is written in simple and intelligible language. The authors have done a commendable job.

Horticulture, in particular floriculture, is a fast developing sector. Ethiopia has ideal an agro-climatic conditions for for growing a variety of roses. There is also ample land for the development of horticulture. An array of incentives is provided by the government. Moreover, the government plays a proactive role in facilitating and supporting the development of horticulture.

The response of domestic and foreign investors has been dramatic. More investors are expected to come. It is in this respect that the guide is timely and will serve a useful purpose in providing the necessary information to new investors. It will save time and money.

Finally, the assistance provided by the Dutch Ministry of Agriculture, Nature and Food Quality for the preparation and publication of this guide is highly appreciated.

Fantaye Biftu  
Special Adviser to the Minister,  
Ministry of Trade and Industry





# Introduction

The idea for this booklet stems from a discussion between a Dutch investor and the Agricultural Counselor at the Royal Netherlands Embassy in Addis Ababa. The investor said he was impressed by the facilities and support in place for new investors in Ethiopia. At the same time he found it difficult to know the full set of requirements that needed to be fulfilled when starting a business. He felt an overview of the steps to be taken would come in very handy for new colleagues.

In consultation with and close cooperation among the Ethiopian Ministry of Trade and Industry, the Ethiopian Investment Agency, the Ethiopian Horticulture Producer-Exporters Association and the Netherlands Agricultural Counselor, a small project was initiated to come up with this booklet. Siska Leppers and Sindy Vreugdelhil did the research and writing; Camille De Stoop edited the text.

The objective of this guide is simple and straightforward: to give new investors in Ethiopia a quick and systematic overview of the steps involved in starting a horticulture enterprise, and indicate the main issues to take into consideration.

During the process of preparing the booklet, wide interest increasingly became clear from different corners. The publishing organizations have therefore taken the stand that in this case the perfect would be the enemy of the good and opted for rapid publication of a first version of the guide. The latter may therefore have some flaws. It should also be kept in mind that procedures occasionally change. Thus, we wish to stress that actual requirements and procedures in place should always be verified. The intention is to produce a second version in the course of 2007. Suggestions and comments to improve this guide will be most welcome.

Please address them to Dr. Adhanom Negasi, Advisor on horticulture to the Minister of Trade and Industry (adhanom\_negasi@yahoo.com).

Addis Ababa  
December 2006



# 1. Preparation and documents to take along

## Preparation

Before going to Addis Ababa as an investor and looking for land in the countryside, you should be 100% sure of the following points:

1. The type of business organization under which you wish to be organized.
2. The market your company wants to focus on.
3. The required environmental conditions. Altitudes in Ethiopia vary from 800 to 2700 m a.s.l. and there is a wide range of agro-climatic zones in the country. You can therefore be very specific in your application for land. This will make cooperation with the investment agency easier. Cooperation may diminish when an investor changes his/her requirements.

## Required documents

Foreign investors need to take along an *English translation of the memorandum and articles of association* of their company name.

In the company's home country, the memorandum and articles of association, and/or the minutes that show the shares of the different parties need to be translated by a certified translator and approved by:

- 1 The appropriate court. Note that this should be the same court as the one where the certified translator was sworn in.
- 2 The Ministry of Justice.
- 3 The Ministry of Foreign Affairs.
- 4 The consulate or embassy of Ethiopia.

In Ethiopia the memorandum and articles of association have to be endorsed by:

- 1 The Ministry of Foreign Affairs.
- 2 A public notary.

*A certified copy, approved by a notary, of your passport is also required.*

*The Ethiopian Investment Agency only needs a translation by a certified translator of the required documents.*



## 2. Finding the appropriate location

When starting on the investment process, you are asked to name the location of your interest on the application forms. It is advisable to first look around everywhere in the country, and link the conditions needed for the products you expect to produce with the climatic conditions and natural resources in the prospective areas. Annex 1 shows an altitude map within a 300 km radius of Addis Ababa. Good maps of the country are available at the Ethiopian Mapping Authority (EMA). For meteorological information, the Bole Meteorological Station can provide information at about 200 Birr per location.

Utilities are available in and around the towns, in contrast to remote villages where infrastructure connections are mostly deficient.

- The main **roads**, which lead to Addis Ababa and to the Bole Airport, are paved and well-maintained. Away from the main roads, gravel roads are common; they vary from all weather to seasonal (dry weather only) roads.
- For **water** supply you may have to depend on a river if there is one, or on your own bore-hole.
- Access to **electricity** is not widespread in the Ethiopian countryside. However, electric power is available in the larger villages, from where connections can be provided.



# 3. Acquisition of land

In Ethiopia, land is public property and belongs to the State. It cannot be bought but it can be leased for a certain number of years. When land is obtained via the Government, the lease time extends to 30 years (for horticulture). When it is leased directly from farmers, the lease time is negotiable but less than 30 years.

## *Ethiopia's Administrative Machinery*

Federal government

9 regional states; Addis Ababa Administration; Dire Dawa Administration

Woreda= administrative unit (district)

Kebele = basic administrative unit (municipality/neighborhood)

There are three ways to apply for land acquisition:

- 1 When you know in which area you wish to acquire land, the regional investment offices can assign locations that are already prepared for horticulture/floriculture.
- 2 When the specific location you have identified is owned by the local farmers and not yet prepared by the Government, the regional investment office can decide to negotiate with the farmers.
- 3 When the specific location you have identified as suitable for investment is not one of the future locations assigned by the Ethiopian Investment Agency, the regional investment office will write a letter to the local *kebele* about your land application. You will be the one to conduct all further negotiations and you yourself will sign the contract.

The *Facilitation and After Care Department* of the Ethiopian Investment Agency will facilitate communication if problems occur. The Facilitation and After Care Department is found on the ground floor of the Ethiopian Investment Agency room No. 9.

For investments in Oromiya, land applications should be submitted to the Oromiya Investment Office.

Although land acquisition may take from 180 to 260 days, the Oromiya Investment Office is striving to reduce this time to 10-40 days.





# 4. Steps for establishing a company in Ethiopia

## *Preliminaries*

Prior to starting your business, you need to fulfill a number of prerequisites:

### 1) **Appointing an agent**

It is advisable to appoint an agent who will be authorized to deputize on your behalf. This agent should be a person knowledgeable about the investment business in Ethiopia. With regard to fees, a lawyer, for instance, will charge US\$ 600 to arrange the documents for business registration.

### 2) **Power of Attorney**

The agent needs a power of attorney to perform his duties on behalf of the investor. The power of attorney authorizes the agent to sign documents and undertake the tasks as mentioned in the letter of power of attorney. This letter can be written by the company itself and must be signed by the manager of the company and the Public Notary. The manager has to go to the Public Notary in person.

The documents to take along to the Public Notary are:

- Passports of the company's manager and the agent given the power of attorney, and photocopies of the relevant pages of the passports.
- Memorandum and articles of association.
- Letter of power of attorney.

### 3) **Clearance of company name**

Any new company that is being established in Ethiopia needs to have its name cleared at the Ministry of Trade and Industry.

### 4) **Type of business**

You need to decide as what kind of business you will register. A business in Ethiopia can be organized as:

- Sole business person
- Business Organization: PLC
  - Share company
  - Branch of foreign company
  - General partnership
  - Limited partnership
- Public enterprise (only if jointly with the government).

### A note from the banks

The Ethiopian banks advise investors to pay more attention to available utilities before starting a project, for instance, water supply, infrastructure, power supply and telecommunications.

### Official seal/stamp

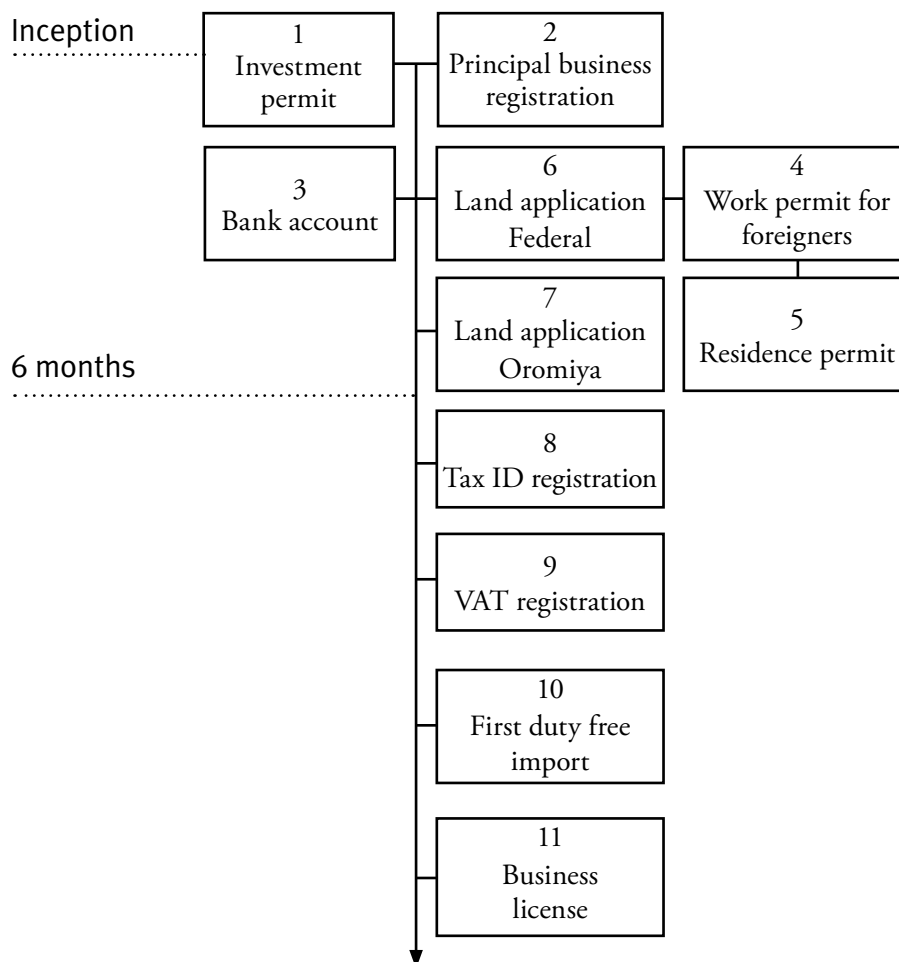
You will need the official seal (stamp) of your company in Ethiopia on your written correspondence with Government offices. Thus, it is wise to get this stamp early on.

### Many copies

Make plenty of copies of all your documents before going to any ministry, and for documents brought from outside Ethiopia, make sure they are certified by the institutions' official seals.

## Getting the required documents

### Overview of official documents required



1) **Investment permit** (Annex 2. Application Form for Investment Permit)

Agency: Ethiopian Investment Agency

Office: Information desk (room No. 8 in the lobby)

Documents required, to be submitted in two copies:

- Application form for investment permit signed by the investor/agent.
- Power of attorney, if application is made through an agent.
- Memorandum and articles of association, or similar document of the parent company.
- Relevant passport pages of each shareholder.
- Clearance letter from the Ministry of Trade and Industry for the company name.
- 3 recent passport-size photographs if the investor is an individual person.
- In the case of a joint investment with a domestic investor, the identity card evidencing domestic investor status.

Time needed: 1/2 hour inside the building, ready after 4 hours.

Service costs: 600 Birr

Remarks: The investment permit must be renewed annually until operations have started. An updated status report (annex 3) must be submitted every 6 months to the Agency.

2) **Business registration** (Annex 4. Application for Principal/Summary Trade Registration)

Agency: Ethiopian Investment Agency

Office: Information desk (room No. 8 in the lobby)

Documents required for different business organizations (to be submitted in 2 copies):

*Sole business person:*

- Application form signed by the investor or his agent.
- Power of attorney if the documents are signed by an agent.
- 3 recent passport-size photographs of the investor.

*Branch of a foreign business organization:*

- Application form signed by an agent of the business organization.
- A document that validates the registration and legal personality of the parent company.
- The memorandum and articles of association or similar documents of the parent company.
- In the case of a one-man company, letter of request for the establishment of a branch, written by the owner and authenticated by the Public Notary in both the country of origin and Ethiopia.
- Minutes of the meeting held by the authorized body of the parent company in support of the establishment of a branch in Ethiopia, authenticated by the Public Notary in both the country of origin and Ethiopia.
- Power of attorney if the documents are signed by an agent.
- Relevant pages of the agent's passport or identity card that shows his name and address.

In case the business organization is a non-share company:

- Application form signed by an agent of the business organization.
- Power of attorney if the application is made through an agent other than somebody authorized in the memorandum and articles of association.
- Memorandum and articles of association.
- Relevant pages of each individual shareholder's passport or identity card or photocopy of a certificate evidencing domestic investor status.

When the business organization is a shareholder of the company to be registered, the following documents are needed:

- Minutes showing that the business organization has a stake in the parent company, authenticated by the Public Notary in both the country of origin and Ethiopia.
- A document that certifies the registration and legal personality of the business organization (memorandum and articles of association, and registration certificate).

*Share company:*

- Completed application form signed by an agent of the company.
- Bank statement showing that one quarter of the company's capital is deposited in a blocked account.
- Minutes, and related documents, showing the commitments to buy shares.
- Power of attorney if the application is made by an agent other than a person authorized in the memorandum and articles of association.
- Report on contributions made in kind, if any, prepared and authenticated by an expert or institution designated by the Ministry of Trade and Industry.
- Copy of memorandum and articles of association.

Time needed: 4 hours

Service costs: 80.00 Birr (Application for Principal)

Remarks: The Application for Principal/Summary Trade Registration with its required documents can be handed in together with the application for the investment permit. The business registration is the identification of the company.

**3) Opening a bank account**

Bank: Any bank of your preference

Documents required:

- Memorandum and articles of association
- Investment permit
- Business registration
- ID or passport of the person who opens the bank account
- Power of attorney if opened by an agent

Time needed: 1 to 2 hours

Costs: A first deposit of 1500 Birr.

**4) Work permit**

Agency: Ethiopian Investment Agency

Office: Information desk

Documents required:

- 6 copies of the application form for work permit.
- Copy of the principal registration certificate if the employer does not have an investment permit.
- Copy of valid passport that shows the identity of the employee.
- Copy of the power of attorney in case an agent is in charge of the application.
- 6 passport-size photographs of the employee.

Time needed: 1 hour

Service costs: 600 Birr

Remarks: Once the employee has a work permit, he can apply for a residence permit at the Security, Immigration and Refugee Affairs Authority office.

### 5) **Residence permit**

Agency: Security, Immigration and Refugee Affairs Authority

Office: White building on the left side when entering the compound, ground floor.

Documents required:

- Passport of the applicant.
- Copy of the relevant pages of the passport.
- Letter of the company, signed by the employer or his authorized agent, requesting the Immigration and Refugee Affairs Authority to grant a residence permit to the applicant, with full information about the company.
- Completed application form.
- Work permit

Time needed: 4 hours in the Immigration Office; the permit will then be ready within 24 hours.

Service costs: 400 Birr

### 6) **Application for acquisition of land** (Annex 5. Application Form for Acquisition of Land)

Agency: Ethiopian Investment Agency

Office: Information desk

Documents required:

- 2 copies of the application form for acquisition of land.

Remarks: The Ethiopian Investment Agency does not grant land. You need to fill this form so the Ethiopian Investment Agency can write a letter to the regional investment office (i.e. the Oromiya Investment Office in the case of the Oromiya Regional State) about your application for land.

### 7) **Land-plan and handover of the land**

Agency: Oromiya Investment Office if the identified area is in the Oromiya region.

Office: Room No. 9, 2nd floor, Land Acquisition

Action: Deposit 100,000 Birr at a bank (any bank) as a subscription fee

Documents required:

- Copy of business plan
- Copy of memorandum of association
- Copy of business registration
- Copy of investment permit
- Copy of the relevant pages of the passport of the investor
- Copy of the power of attorney if documents signed by an agent
- Letter from of a bank confirming receipt of the 100,000 Birr subscription fee. This amount will be refunded once the company has started planting or is building a greenhouse.
- File from the Ethiopian Investment Agency with all documents submitted for the business application and investment permit.

Time needed: Variable

Remarks: • Once your application for land is submitted to the Oromiya Investment Office, you yourself should call the Office to monitor progress.

The phone numbers are: + 251 (0) 115531526 (commissioner)

+ 251 (0) 115531979 (department)

The land application process comprises four stages:

1. Signature by the commissioner of the land lease agreement.
  2. Approval of land lease agreement.
  3. Receiving the land-plan you are entitled to.
  4. Formal hand-over of the land.
- Within 6 months after the formal hand-over of the land, investing in the allocated site must begin.
  - For investments in Oromiya, the Oromiya Investment Office writes a letter

indicating the amount of land being developed. This will help you obtain tax exemptions for pick-up trucks. The original goes to the Ministry of Revenue; you as investor get a carbon copy.

### 8) **Tax Identification Number (TIN)**

Agency and office: Ministry of Inland Revenue, Mexico Square, room No. 312

Documents required—only certified copies are accepted:

- Application form for taxpayer identification number
- Identification papers of the investor or his authorized agent
- Passport size photo of the investor or his authorized agent
- Memorandum and articles of association
- Partnership agreement in case of partnership
- Principal Trade Registration Certificate and Trade License, which is the investment license or investment permit
- Trade name registration (if applicable)
- Investment permit
- Residence permit in case of foreign partnership
- Power of attorney if registration is submitted by an agent.

Time needed: 24 hours.

### **Tax Privileges**

An investor in Ethiopia has several privileges, including:

- Duty free import of capital goods for the business
- Duty free car for the manager
- Duty free import of household furniture for the manager
- Income tax holiday for 5 years when production is exported (for the horticultural/ floricultural sector)
- Duty free car for every 10 hectare of operational land.

Floriculture	Horticulture	Duty free car	Duty free motorbike
2-10 ha	30-150	1	1
11-20 ha	151-300	2	1
21-50 ha	301-500	3	1
50+	500+	3	2

### 9) **Value added tax (VAT) number**

Agency and office: Ministry of Revenue, Mexico Square, room No. 410

Documents required:

- Application form for VAT number
- Copy of Principal Trade Registration Certificate
- Copy of Investment Permit

Time needed: max. 1 hour.

### 10) **Custom exemptions on imports**

Agencies: • Ministry of Revenue and Ministry of Agriculture and Rural Development (in the case of fertilizer imports as trade goods, i.e. not as inputs for the companies)

Office: • Ministry of Revenue: Agricultural Department, on the ground floor  
 • Ministry of Agriculture and Rural Development: Food Security Bureau, 2nd floor, end of the hall, for permit to import fertilizers for trade

Documents required:

- Letter of request
- Business license/investment permit
- Import permit for crop protection supplies, fertilizers, plant material and soil.

- Bill of loading/airway bill
- Copy of packing list
- Certificate of origin (delivered by the chamber of commerce in your home country)
- A phytosanitary certificate for plant material.
- Bank permit if payment through bank
- 10 copies of the imports' invoices.

Time needed: 4 hours (at the Ministry of Revenue).

For importing a duty free car, you need a confirmation from the investment office of the region where you will be investing. Staff of that office has to go to your site and check whether construction work or land preparation has started.

Once custom exemption on imports is granted, you will be given a letter of duty free. This letter, together with the required documents listed above, must be handed over to a customs clearing agency which will then handle and finalize the customs part.

### **Overview of steps in duty free imports – Note that this is usually done by a customs clearing agent.**

Your first step is to go to the Ethiopian Customs Authority (for example in Addis Ababa, Djibouti or Nazareth) and declare all materials. The customs authorities will approve the letter of duty free. It will then take them some 10 days to prepare a declaration. Once everything is verified, you will be given a transit approval on the declaration.

When importing a container, you or your agent will have to go to Djibouti (for sea freight) or to customs at the Bole Airport in Addis Ababa (for air freight). Submit the original declaration with the transit approval and the copies of the bill of loading, invoice, packing list, certificate of origin and, if necessary, a phytosanitary certificate to the customs authorities in the harbor or airport, collect a delivery order of the container and pay all expenses for the container (storage, rent, insurance). Next, the customs authorities will open the container and check its content as per the packing list.

Provided that everything is as it should be, customs will give you a removal note.

The truck is now ready to drive to the farm. Rented containers should be emptied and returned to the harbor as soon as possible.

#### **11) *Business license, before exporting***

Agency: Ethiopian Investment Agency

Office: Information desk

Documents required, to be submitted in 2 copies:

- Application form for business license (Annex 6)
- Investment permit
- Principal business registration
- Copy of memorandum and articles of association.

Time needed: 4 hours

Service costs: 80.00 Birr

Remarks: The business license replaces the investment permit.

#### **12) *Other***

An environmental impact assessment (EIA) is also required before starting a horticultural farm. The Ethiopian Horticulture Producer-Exporters Association (EHPEA) can advise you on the most efficient way to proceed. You may also consult the website of the Environmental Protection Authority ([www.epa.gov.et](http://www.epa.gov.et)) for more details on actual requirements, or check with their Environmental Impact Department, tel. 011-646 48 78.





# 5. Indicative investment costs

The minimum lease price of land varies according to different cities and regions. The indications below are for lease prices in the Oromiya region. In this region, towns are classified in 4 categories. Land lease costs are highest in the first category, lowest in the fourth one. This is based on the location of the town. Each town is divided into 3 grades, depending on the location and development level of the specific sites.

Minimum and maximum lease prices/m<sup>2</sup>/year

First grade: Sebeta, Nazareth, Modjo, Alemgena: Birr 1.23 and Birr 4.01

Second grade: Ziway, Sendafa, Fiche, Asela: Birr 1.03 and Birr 3.01

For more detailed information please contact the Ethiopian Investment Agency.

The costs of buildings vary with type of construction materials used, type of foundation, wall height and location. For a simple masonry storage building you will pay 900-1200 Birr/m<sup>2</sup>.

The above prices are indicative. The intention is to give you an order of magnitude for expected costs. You will need to check actual prices to base your decisions.



# 6. Loan facilities in Ethiopia

## **Bank requirements**

Different financial institutions in Ethiopia provide short, medium and long-term development credits.

**Short-term loans** are advanced for the purpose of working capital. They are payable within a year, with an interest rate of 7.5-8%.

**Medium-term loans** are given for the purpose of building, construction, machinery, equipment, furniture and vehicles, with an interest rate of 8-9%. They are paid back within 1 to 5 years.

**Long-term loans** are given for the purpose of construction of factory buildings, acquisition of machinery, irrigation facilities and plantation crops, transport vehicles and communication equipment, and for any other infrastructure relating to the project to be financed. These loans are payable within 5 to 15 years and have an interest rate of 9-10%.

Borrowers are required to provide an initial cash equity contribution of at least 30% of the total project cost, but this is highly depending on the actual qualifications of the manager/investor, the set-up of the project and the risk level. Although in some circumstances banks approve equity contributions of 30%, in most cases they require contribution of up to 40-50%. Most banks want to be sure that the investor is committed to the project, and require an initial investment with the investor's own funds before they make their first payment.

## **Required documents**

Most banks require the following documents from applicants planning to establish a new project:

1. *Completed application form* (ask for the bank's form)
2. *Business plan/feasibility study*  
The feasibility study or business plan must be prepared by a licensed and known consultancy firm. A copy of the consultant's current license must be included.

The feasibility study shall contain the following:

- Project summary
- Background information: brief history and details of the enterprise/promoter, type of project, scope and objective, legal form of business
- Numbers and certificates: registration number and date, license number and date, TIN, VAT Registration Certificate
- Updated market study and marketing arrangements

- Technical study: location, project design and engineering
- Organization and management study
- Financial statements (balance sheet, income statement, cash flow)
- Financial analysis
- Social and economic aspects of the project
- Conclusion and recommendations
- Implementation program
- Any other relevant documents.

### 3. *Licenses*

- Work permit
- Principal Registration Certificate
- Investment Permit
- Certificate of the commercial register
- Taxpayer Identification Number (TIN)
- Any other license you have obtained.

### 4. *Land lease agreement*

- For land leased via the Government, the contractual lease agreement (or Land Holding Certificate – LHC) entered into with the proper Government authority.
- For projects located in rural areas with land leased from farmers, the contractual land use agreement contracted with the local farmers (approved by the appropriate Government authority).

### 5. *Engineering plan*

Construction plan (blue print) designed by a licensed consulting firm. The construction plan must be sealed and signed, and include:

- Architectural plan
- Structural plan
- Electrical plan
- Sanitary plan
- Plan of farm roads
- Plan for canals diversion weirs if the project site is to be irrigated
- Land development
- Soil and water analyses for the project area by certified professional personnel and/or a licensed institution
- Construction permit
- Bill of quantity (in both hard and soft copies).

### 6. *Utility availability*

Written confirmation by the responsible authorities of the availability of power, water, telephone, Internet and fax access at the project site.

### 7. *Marriage certificate/sole proprietorship*

For married applicants only: a marriage certificate, authenticated by the Ministry of Foreign Affairs of the country where the marriage took place.

### 8. *Credit information*

Credit information will be sought; credit ratings and other background checks will be conducted. You will be required to provide personal and business references and authorize the bank to conduct credit ratings and other checks. Bank guarantees from outside Ethiopia may also be asked for.

#### 9. *Power of Attorney*

A power of attorney is required for all loan applications submitted through an agent or any other third party.

Business organizations (PLCs and share companies) are required to submit the following documents in addition to those listed here above:

#### 10. *Copy of memorandum and articles of association*

#### 11. *Other*

- Copy of the relevant pages of the passport of the applicant.
- Investors must write a letter of request for all loan disbursements, indicating the specific purpose of the disbursement.
- Borrowers shall open a letter of credit with the bank for procuring all items to be imported as well as for exporting products.
- A current account must be opened.
- To disburse loans, the bank will assess the value of the building(s) so as to ensure that pre-conditions for disbursement are fulfilled. If the property does not belong to the investor/applicant, the bank will require the mortgagor's consent. All fixed assets of the project will be used as collateral.

#### ***Development banks***

The **FMO** (*Financiële Maatschappij Ontwikkelingslanden*) is the development bank of the Netherlands. It provides loans within half a year but requires a security and a guarantor in the Netherlands.

The **Development Bank of Ethiopia** extends loans with a repayment starting after 3 years. The interest rate is approximately 7%. Initial cash equity contribution is 30% of the estimated needed loan. In practice the Development Bank provides 45 to 50% of the requested loan. Duties to be paid include a commitment charge of 0.75% of the total loan amount and a service charge of 0.75%.

It may take up to one year for your loan application to be complied with. Pro-actively following up progress does help speeding up the process.

#### ***Required documents***

In addition to the documents described in the section here above, the Development Bank of Ethiopia requires the following papers:

- Proforma invoices: Proforma invoices, with specifications and catalog, from three different suppliers are required for: machinery and equipment, raw materials and packing material, vehicles, office equipment, furniture and fixtures, greenhouses, plant material, chemicals and fertilizers, irrigation systems, farm tools..
- Environmental impact assessment (EIA): Written confirmation from the Ethiopian Environmental Protection Authority regarding compliance with provisions of the EIA Proclamation as to the project's impact on the surrounding environment.



# 7. Obtaining utility connections and recruiting labor force

## **Ethiopian Electric Power Corporation - EEPCo**

EEPCo provides electric power and supplies transformers and meters.

To get electricity supply you need to contact the local EEPCo office and submit the following documents:

- A copy of the investment license
- A blueprint of the electricity layout of the project prepared by a certified electrician
- A letter addressed to the local EEPCo office indicating the power needed for the business.

The procedure can take a long time. It is advised to apply for power supply at an early stage as it can take up to 6 months before EEPCo installs the equipment. Regularly visiting the EEPCo office does help speed up the process.

**Note:** Check the voltage before connecting your machines to the electric grid. In many cases a 380 voltage is needed, and only 340 is supplied. This low voltage can damage your machines.

The Ethiopian Electric Power Agency (EEPA) situated in Addis Ababa will intervene when you need their support to resolve unsettled problems with EEPCo.

## **Water well drilling**

There are several water well-drilling companies in and around Addis Ababa. Two major ones are:

- EADCO (East Africa Drillers PLC)
- Ethio Drillers & Water Engineering.

The cost per meter of drilling is 1500-2000 Birr, depending on the soil type and depth of drilling.

## **Telecommunications**

The Ethiopian Telecommunication Corporation (ETC) is the national telecommunication provider, providing fixed as well as mobile lines. Telephone bills need to be paid every month at your local ETC office. If you rent a house, the initial telephone bill will be provided to you by your landlord.



Telecommunication costs (without VAT) are:

Fixed line:	0.20 Birr/6 minutes
Public line:	0.40 Birr/6 minutes
Mobile line:	0.72 Birr/minute
Satellite:	10.00 Birr/minute

## **Recruiting labor force**

### *Unskilled labor*

When land is leased from farmers, the unwritten rule is to employ them. Generally, when rumor has it that there is a need for more employees, many people will show up and apply for a job.

### *Skilled labor*

The Ambo College and Jimma University respectively deliver 2-year diplomas and a 3-year BSc in horticulture.

Different agricultural universities nowadays attract (foreign) teachers who are familiar with the way new investors manage floriculture and horticulture companies. Hence, it will be useful to visit agricultural universities for recruiting skilled employees.

There are 3 ways to employ people:

- on a daily contract basis;
- on a fixed contract basis;
- on a per diem basis, which is done when you hire people from another company, e.g. when using a bulldozer with a driver.

One full time working week counts 48 hours, with 6 days of 8 hours.

Overtime on working days is paid 150%.

Overtime on Sundays and holidays is paid 200%

(Source: Labour Law)

## **Wages**

The mean wage in the agricultural sector is 293.00 Birr/month

The following list gives you an idea of the wages in the countryside:

Daily worker:	6-9 Birr/day
Worker with a fixed contract:	8-12 Birr/day
Supervisor:	300-400 Birr/month
Foreman:	700-1500 Birr/month
Guard:	400 Birr/month
Cleaner:	250 Birr/month

## **Do's and don'ts**

- Know what you stand for as a company.
- Have good secondary conditions of employment, such as, for instance, a good policy on leave at the time of weddings and death in the employees' families.
- For people to do good work, the most important is to train them well. Make sure people know what they have to do and know how they should do it. Give them clear job descriptions and be there to teach them.
- When you are not satisfied with an employee, give him/her a warning first.

# 8. Driving license

You will need an Ethiopian driving license to drive a car in Ethiopia. To obtain this, you need to go through the following steps:

1. Translation of foreign driving license:

Where: Your country's embassy  
Documents required: Foreign driving license; passport  
Costs: Embassies have different prices

2. Approval of the translation:

Where: Ministry of Foreign Affairs, room No. 4  
Documents needed: Foreign driving license  
Translation by the Embassy  
Costs: 320.00 Birr

3. Applying for a driving license:

Where: Roads Authority (at Megezenya)  
Documents needed: Translation with approval stamp  
Passport-size photograph  
Photocopy of the foreign driving license  
Photocopy of passport  
Foreign driving license  
Costs: 100.00 Birr + 5.00 Birr stamp (to be bought at Office No.1)



# 9. Addresses in Addis Ababa and the Netherlands

<b>Addresses of banks in Addis Ababa</b>					
<b>Name</b>	<b>Phone</b>	<b>Fax</b>	<b>P.O. Box</b>	<b>City</b>	<b>E-mail</b>
National Bank of Ethiopia	011-5517430	011-5514588	5550	A.A.	nbe.excd@ethionet.et
Commercial Bank of Ethiopia	011-5511271 011-5156350	011-5514522	255	A.A.	cbe.president@ethionet.et
Development Bank of Ethiopia	011-5511188 011-5151526 011-5513120	011-5511606	1900	A.A.	dbe@ethionet.et
Construction & Business Bank	011-5512300	011-5515103	3480	A.A.	
Awash International Bank S. Co.	011-6614482 011-6612919	011-6614477	12638	A.A.	
Bank of Abyssinia	011-5514130 011-5159966	011-5511575	12947	A.A.	abyssina@ethionet.et
Dashen Bank S. Co.	011-4661380	011-4653037	12752	A.A.	dashen.bank@ethionet.et
Wegagen Bank S. Co.	011-4655015 011-4654842	011-4654870	1018	A.A.	wegagen@ethionet.et
Nib International Bank S.Co	011-6622693 011-5503288	011-4655015	622694	A.A.	nibbank@ethionet.et
United Bank	011-4655284 011-4655273	011-4655243 011-4655245	19963	A.A.	hibretbank@ethionet.et

Figure 1. Map of Addis Ababa



## Legend, with address direction

- 1 **Ministry of Trade and Industry**
  - Opposite the back entrance of the Hilton Hotel
- 2 **Development Bank of Ethiopia**
  - Next to the Ministry of Trade and Industry
- 3 **Ethiopian Horticulture Producer-Exporters Association EHPEA** ☎ 0911 213921
  - Coming from Meskel Square on Haile Gebre Selassie Avenue, opposite to WARYT building, Gelila building, 2nd floor.
- 4 **Ministry of Revenue** ☎ 0114 667326
  - Down the Debre Zeit Road, on the left side after Global Hotel
- 5 **Oromiya Investment Office** ☎ 0911 640977/ 0115 531526/ 0115 531979
  - On Bole Road/Africa Avenue in front of Dembel City Centre
- 6 **Ethiopian Investment Agency:**
  - ☎ Information desk: Abiyot, 0911 484844
  - On Bole Road/Africa Avenue in front of Dembel City centre
- 7 **Export Promotion Department** ☎ 0115 502844
  - On Bole Road/Africa Avenue, 3rd floor of the building at the backside of the Commercial Bank next to Peacock Restaurant
- 8 **Ethiopian Mapping Authority (EMA)**
  - In front of the Hilton Hotel
- 9 **Department of Inland Revenue**
  - At Mexico Square
- 10 **Ethiopian Airlines** ☎ 0116 656666
  - In the Hilton Hotel
- 11 **KLM**
  - In the Hilton Hotel ☎ 0115 5254495, 0115 518400 extension 231
- 12 **Roads Authority - driving license**

From Meskel Square to Megananya, on the right side just before Megananya
- 13 **Roads Authority - road construction**
- 14 **Immigration**
  - Opposite the right-hand side entrance of Black Lion Hospital; coming from the Municipality on the Churchill Road, turn right at the lights and then immediately right again.
- 15 **Ministry of Foreign Affairs**
  - In front of the Hilton Hotel, but the entrance is around the right side corner.
- 16 **Public Notary**
  - At Sidist Kilo in front of the Lion Zoo
- 17 **Royal Netherlands Embassy** ☎ 0113 711100
  - Old Airport zone, on the ring road from the Military Hospital towards Wingate school
- 18 **Ethiopian Electric Power Agency (EEPA)**
  - About 300 m down Mexico Square towards African Union (AU)/Makanissa, across the Shell station.
- 19 **Ministry of Agriculture and Rural Development,**
  - From Meskel Square, passing ECA, first street on the right.

# Useful Addresses in Ethiopia

## **Ministry of Trade and Industry**

P.O.Box 704  
Addis Ababa  
Ethiopia  
Tel: 00 251-011-551-39-90  
Fax: 00 251-011-551-54-11

## **Ethiopian Investment Agency**

P.O.Box: 2313  
Addis Ababa  
Ethiopia  
Tel: 00 251-011-553-00-33  
Fax: 00 251-011-551-43-96  
E-mail: [ethiopian.invest@ethionet.et](mailto:ethiopian.invest@ethionet.et)  
Website: [www.invest.org](http://www.invest.org)

## **Oromiya Investment Commission**

P.O.Box: 8787  
Addis Ababa  
Ethiopia  
Tel: 00 251-011-553-15-26  
Fax: 00 251-011-553-15-20  
Website: [www.oromiainvestment.org](http://www.oromiainvestment.org)

## **Ethiopian Customs Authority**

P.O.Box: 3248  
Addis Ababa  
Ethiopia  
Tel: 00 251- 011- 551-31-00  
Fax: 00 251- 011- 551-83-55  
E-mail: [customs@ethionet.et](mailto:customs@ethionet.et)  
Website: [www.mor.gov.et](http://www.mor.gov.et)

## **Federal Inland Revenue Authority**

P.O.Box: 3087  
Addis Ababa  
Ethiopia  
Tel: 00 251-011-466-94-27  
Fax: 00 251-011-466-93-18  
E-mail: [fira@ethionet.et](mailto:fira@ethionet.et)  
Website: [www.mor.gov.et](http://www.mor.gov.et)

## **Ethiopian Horticulture Producer-Exporters Association (EHPEA)**

P.O. Box 22241 code 1000  
Addis Ababa  
Ethiopia  
Tel. +251 (0)11 6636750/51  
Fax: +251 (0)11 6636753  
[ehpea@ethionet.et](mailto:ehpea@ethionet.et)  
[www.ehpea.net.et](http://www.ehpea.net.et)

**Ethiopian Airlines-** ☎ 0031 (0) 20 642 9515

**Ethiopian Privatization Agency**

P.O.Box: 11813  
Addis Ababa  
Ethiopia  
Tel: 00 251-011- 552-73-22  
Fax: 00 251-011-515-38-50  
E-mail: epa@ethionet.et  
Website: www.ethionet.et/~epa

**Ministry of Culture and Tourism**

P.O.Box: 1907  
Addis Ababa  
Ethiopia  
Tel: 00 251-011-551-70-20  
Fax: 00 251-011-551-28-29  
E-mail: MYSC@ethionet.et  
Website: www.mysc.gov.et

**Ethiopia Chamber of Commerce**

P.O.Box: 517  
Addis Ababa  
Ethiopia  
Tel: 00 251-011-551-82-40  
Fax: 00 251-011-551-76-99  
E-mail: ethchamb@ethionet.et  
Website: www.ethiopianchamber.com

**Addis Ababa Chamber of Commerce and Sectoral Associations**

P.O.Box: 2458  
Addis Ababa  
Ethiopia  
Tel: 00 251-011-551-80-55  
Fax: 00 251-011-551-14-79  
Email: aachamber1@ethionet.et  
aachamber2@ethionet.et  
Website: www.addischamber.com

**National Bank of Ethiopia**

P.O.Box: 5550  
Addis Ababa  
Ethiopia  
Tel: 00 251-011-551-38-59  
Fax: 00 251-011-551-45-88

**Environmental Protection Authority**

tel. 011-646 48 78.  
www.epa.gov.et

**Jimma University College of Agriculture and Veterinary Medicine**

Tel 251- 0917 80 0914, Fax 251- 047-111-09-34

**Office of the Counsellor for Agriculture  
Nature and Food Quality**

Royal Netherlands Embassy  
Old Airport Zone  
P.O. Box 1241  
Addis Ababa  
Ethiopia  
Tel.: +251 (0)11 3711100  
Fax: +251 (0)11 3711577  
add-inv@minbuza.nl

## In The Netherlands

**Embassy of the FDR of Ethiopia in Belgium**

Tervurenlaan, 231  
Brussels  
Belgium  
Tel: 00 322-771- 32 - 94  
Fax: 00 322-771- 49 - 14  
E-mail: etebru@brutele.be

**Ministry of Agriculture, Nature and Food Quality**

Department of Trade and Industry  
Bezuidenhoutseweg 73  
P.O. Box 20401, 2500 EK The Hague  
The Netherlands  
www.minlnv.nl

**Belastingdienst** (Dutch tax authority)  
www.belastingdienst.nl

**EVD, International Business and Cooperation,**

Ministry of Economic Affairs  
Juliana van Stolbergaalan148  
P.O.Box 20105, 2500 EC The Hague  
The Netherlands  
www.evd.nl

**FMO** - Financiële Maatschappij Ontwikkelingslanden  
www.fmo.nl

**KLM** - www.klm.com

**PUM, Netherlands Senior experts**

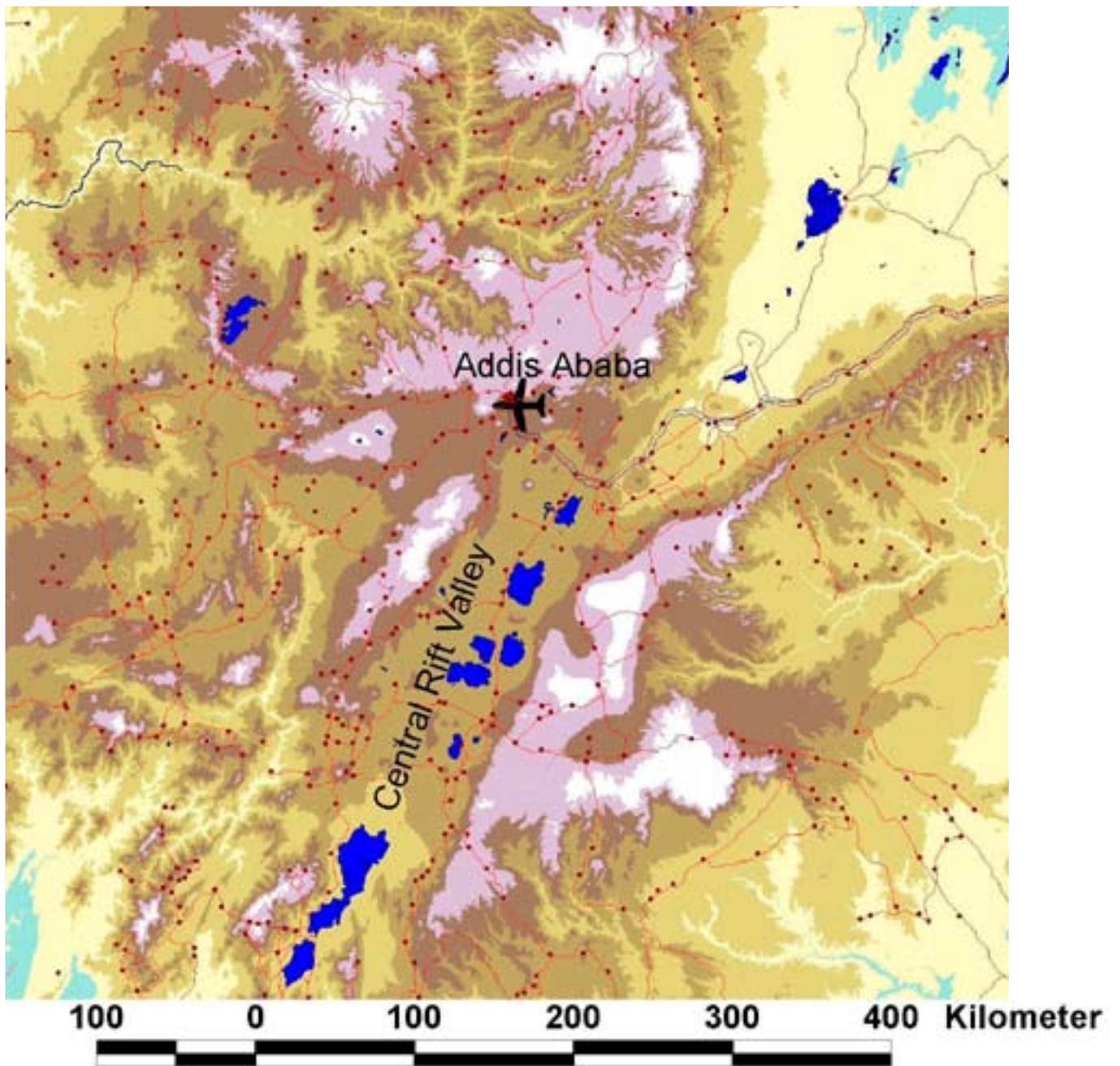
Bezuidenhoutseweg 12  
2594 AV The Hague  
P.O.Box: 93078  
2509 AB The Hague  
The Netherlands  
www.pum.nl



# 10. Dutch translation of specific words

Memorandum of Association	-	Akte van Oprichting
Articles of association	-	Statuten
Guarantor	-	Persoon die garant staat
Security	-	onderpand
Sworn translator	-	beedigd vertaler
Repayment	-	aflossing

# Annex 1



## LEGEND:



# Annex 2

## ETHIOPIAN INVESTMENT AGENCY

### NOTES ON INVESTMENT PERMIT APPLICATION FORM

1. A completed application form in one of the documents required for an investment permit. It is therefore necessary to complete the form as fully carefully and accurately as possible. If the space provided on the form is not sufficient, use supplementary sheet of paper.
2. Convert foreign currencies to local currency (Birr) at current exchange rates.
3. Any investor is obliged to confirm to laws and regulations of the Country. An investor who submits an application for investment permit will therefore be automatically taken for unconditional commitment to all laws, regulations, directives and specifically those related to that specific investment area.
4. The investment permit should be used only for the purpose of the approved investment.
5. The application form should be submitted together with other required documents.
6. For further information kindly contact the Agency.

*Provision of efficient and fair services at the best satisfaction of  
Our Customers is our Core value.*

#### Contact Address

Ethiopian Investment Agency (EIA) P.O.Box 2313, Tel. 251 – 011 – 551 00 33, Fax 251 – 011 – 552 43 96,  
Addis Ababa, Ethiopia

# APPLICATION FORM FOR INVESTMENT PERMIT

## I. Details of the Applicant

1.1 Name of Applicant \_\_\_\_\_

1.2 Nationality /Country of incorporation, if company \_\_\_\_\_

1.3 Address

- Address in Ethiopia

Region/City ----- Sub-city ----- Kebele ----- House No -----

Telephone ----- Fax ----- P.O. Box ----- E-mail -----

- Home addresses (if different from the above)

-----  
-----  
-----

1.4 Authorized Representative (if any)

Name \_\_\_\_\_

Address

Region/City ----- Sub-city ----- Kebele ----- House No -----

Telephone: ----- Fax ----- P.O. Box ----- E-mail -----

## 2. Profile of Proposed Investment

2.1 Project Title \_\_\_\_\_

2.2 Project Type  New  Expansion/upgrading

2.3 Project Location \_\_\_\_\_

2.4 Form of Ownership

- . Domestic investment
- . Wholly foreign owned investment
- . Joint foreign and local investment

2.5 Brief description of the project, focusing on main project components and production process as appropriate.

-----  
-----  
-----  
-----  
-----  
-----

2.6 Estimated Total Investment Cost (Birr)

- . Land \_\_\_\_\_
- . Building and Civil works \_\_\_\_\_
- . Machinery /Equipment \_\_\_\_\_
- . Other Fixed Capital cost \_\_\_\_\_
- . Initial Working Capital \_\_\_\_\_
- Total \_\_\_\_\_

2.7 Source of Finance (Birr)

- . Equity \_\_\_\_\_
- . Loan \_\_\_\_\_
- . Total \_\_\_\_\_

**2.8 Estimated Employment Opportunity of the Investment**

- Permanent employees \_\_\_\_\_
- Temporary employees \_\_\_\_\_
- Total \_\_\_\_\_

**2.9 Estimated Annual production/ service at full capacity (if expansion /upgrading, indicate incremental capacity only)**

No	Type of Product/service	Production/ Service Capacity		
		Unit	Quantity	Value (Birr)

**2.10 For expansion/ upgrading projects, annual value of production/ service of existing enterprise (Birr) -----**

**2.11 Estimated Annual sales program at full capacity (if expansion/upgradation indicate incremental quantity and value only)**

No	Type of Product/service	Sales				
		Unit	Quantity	Value (Birr)	Domestic market share (%)	Export market share (%)

**2.12 Annual raw material requirements at full capacity (if expansion/upgradation, indicate incremental requirements only)\***

No	Type of Raw Material	Unit	Quantity Required	Value	Source of supply	
					Local	Foreign

**2.13 Utility Requirements at full capacity (if expansion/upgrading, indicate incremental requirement only)**

- Electric Power ----- kW
- Water ----- m<sup>3</sup>/year
- Others (if any) -----

2.14 Land requirement ----- sq. meter or ----- Ha

2.15 Expected date of commencement of operation of the project -----

---

\* Applicable to manufacturing and agriculture

**3. Declaration and signature of applicant**

I hereby declare that all the information provided are true and correct.

Name of applicant \_\_\_\_\_

Designation \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

---

For official use only

Remark: -----  
-----  
-----

Reviewed by:

Name of Expert: ----- Signature ----- Date -----

Name of Team Leader: ----- Signature ----- Date -----

Remark: -----  
-----  
-----

Approved by:

Name of Department Head ----- Signature ----- Date -----



# Annex 3

## ETHIOPIAN INVESTMENT AGENCY

### Project Status Reporting Form

(To be filled in and forwarded to EIA every six months)

1. Name of investor: \_\_\_\_\_  
Contact Address:  
Region/City: \_\_\_\_\_ Sub-city \_\_\_\_\_  
Kebele: \_\_\_\_\_ House No. \_\_\_\_\_ Postal Address: \_\_\_\_\_  
Tel: \_\_\_\_\_ Fax \_\_\_\_\_ E-mail: \_\_\_\_\_
2. Project Title: \_\_\_\_\_ Location: \_\_\_\_\_
3. Please state the current status of the project: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
4. Is the project progressing as scheduled:  Yes  No  
If not, what are the major causes of delay? \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
5. Please indicate any support that you would like to have from EIA to expedite  
Implementation of the project: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
6. Report prepared by: \_\_\_\_\_ Position: \_\_\_\_\_  
Signature: \_\_\_\_\_ Date: \_\_\_\_\_

# Annex 4

**ETHIOPIAN INVESTMENT AGENCY**  
**APPLICATION FOR PRINCIPAL/SUMMARY TRADE REGISTRATION**  
(To be completed in two copies)

**PARTICULARS OF THE APPLICATION**

**The Applicant's (Company's)**

1.1. Name .....

1.2. Nationality (Country of incorporation, if company) .....

1.3. Address

1.3.1. Local: Region/City ..... Woreda/Sub-city ..... Kebele ..... House No. ....

Tel. .... P.O. Box ..... Fax ..... e-mail .....

1.3.2. Foreign (if any): .....

1.4 Form of ownership Domestic Investor  Foreign Investor  Joint venture

2. Investment permit number issued by the Organization to the applicant .....

3. Type of application Principal Registration  Summary Registration

4. If it is summary registration

4.1. Place of principal registration .....

4.2. Principal registration number .....

4.3. Business license number .....

5. Capital

5.1. For sole proprietorship, amount of capital allocated for business Birr .....

5.2. For business organization or public enterprise, paid-up capital Birr ..... And  
subscribed capital Birr .....

6. Is there a lawful decision prohibiting the applicant to carry on commercial activity?

Yes  No.

**B. DECLARATION**

I hereby declare that all the statements I made herein and in the additional ..... page/s  
attached hereto are complete, true and correct.

*Applicant's name* .....

*Position* .....

*Signature* .....

*Date* .....

Price Birr 2.00

For office use only

1. Comment and decision by head of registry (If the request is not accepted, describe the reasons)

.....  
.....  
.....

Name .....

Position .....

Signature .....

Date .....

2. Declaration by central commercial registry

2.1. The applicant is registered under central commercial registration number .....

2.2. Date of registration .....

Name .....

Position .....

Signature .....

Date .....

# Annex 5

## ETHIOPIAN INVESTMENT AGENCY

### Application form for acquisition of land

1. Name of Investor (Company/Individual)
2. Contact Address
  - Telephone -----
  - Fax -----
  - Postal Code -----
  - E-mail -----
3. Project Title -----
4. Project Location and Site -----
5. Land Requirement (m<sup>2</sup> or Ha) -----
6. Utility Requirement, if known -----
7. Other Requirements, if any -----
  - Climate -----
  - Soil -----
  - Topography -----
  - Other (please specify) -----
8. Documents

Please attach a copy of the site layout of your project. In the case of industrial (manufacturing) projects, please attach also a copy of the preliminary machinery layout.
9. Undertaking

I hereby confirm that the area of land requested has been determined on the basis of technical requirements of the project, and as such is not in excess of what is needed for the project. Moreover, I agree to

start project construction and development work within six months after the date of acquisition of land, and

accept also the condition that failure to meet the requirement would lead to termination of the lease contract.

Name -----

Signature -----

Date -----

(For official use only)

Remark -----

-----

-----

-----

-----

-----

Reviewed by:

Name ----- Signature ----- Date -----

Approved by:

Name ----- Signature ----- Date -----

# Annex 6

**ETHIOPIAN INVESTMENT AGENCY**  
**APPLICATION FOR BUSINESS LICENCE**

(To be completed in two copies)

**A. PARTICULARS OF THE APPLICATION**

**1. Applicant's (Person/Company)**

1.1 Name .....

1.2 Nationality (Country of incorporation, if company) .....

1.3 Address

1.3.1 Local: Region/City ..... Woreda/Sub-city ..... Kebele ..... House No. ....

Tel. .... P.O. Box ..... Fax. .... E-mail .....

1.3.2 Foreign (if any): .....

1.4 Form of

Ownership: Domestic Investor's share ..... % Foreign Investor's share ..... %

2. Investment permit number issued to the applicant .....

3. Principal registration number issued to the applicant .....

4. Type of business .....

5. Address of the business:

Region/City ..... Woreda/Sub-city ..... Kebele ..... House No. ....

Tel. .... P.O. Box ..... Fax. .... e-mail .....

6. Capital invested in the business

<i>Expenditure</i>	<i>Local Currency (000 Birr)</i>	<i>Foreign Currency (000 Birr)</i>	<i>Total (000 Birr)</i>
Land			
Civil Works			
Machinery & quipment			
Other fixed cost			
Initial working capital			
<b>Total</b>			

Price Birr 2.00

Date of commencement of production or service rendering .....

7. Employment opportunity created by the business:

Ethiopians: Permanent .....  
Temporary .....

Expatriates: Permanent .....  
Temporary .....

8. Type and quantity of annual production/service of the business:

No.	Products/Service type	Unit	Quantity

B. DECLARATION

I hereby declare that

1. The requirements set by the relevant government institution for the business, complies with safety measures, environmental protection, health and sanitary conditions are fulfilled, and
2. All the statements I made herein and in the additional ..... page/s attached hereto are complete, true and correct.

Applicant's name .....

Position .....

Signature .....

Date .....

For office use only

Comment and decision of the official (Specify the reason if the request is not accepted)

.....  
.....  
.....

Name .....

Position .....

Signature .....

Date .....

DATE.....

**ETHIOPIAN INVESTMENT AGENCY**  
**ADDIS ABABA**

**Subject: Undertaking for the Business License**

As per the requirements set by the Investment Proclamation (as amended) I, the undersigned,.....  
who applied to get business licence for .....  
project located at Region..... Woreda/Sub city  
/..... Kebele..... Ho.No....., hereby undertake to  
respect the relevant laws of the land and in particular,

1. The Investment Law,
2. The Commercial Code and, Commercial Registration and Business Licensing Proclamation, and
3. The requirements set by relevant government institutions for the commercial activity for which the license is applied for, pertaining to:
  - Professional qualification/Certificate of competence
  - Health and sanitary conditions
  - Environmental protection
  - Safety measure, and
  - Other requirements.

With regards,

Name of Applicant .....

Designation .....

Signature .....

Date.....



