



**MINISTRY OF HEALTH**

***INVESTMENT  
PROCESS IN  
ETHIOPIA'S HEALTH  
SECTOR***

Ministry of Health, Addis Ababa  
2016

***Introduction***

- Ethiopia has made a considerable progress in economic and social development since 1992 because of the implementation of favorable policies and strategies in various development sectors
- Health sector is one investment potential area in Ethiopia today. Investors can take full advantage of this opportunity through direct investment or joint ventures with local investors

**Why invest in Ethiopia?**

- Stable economic environment
- Liberalized economy
- Save investment environment
- Significant tax incentives
- Conducive tax environment
- Investment opportunities
- Strong market with excellent access
- Strong natural resource base
- Trained labor force
- Excellent infrastructure

## Legal system

The commercial code of 1960 provides the legal framework for understanding business activities in Ethiopia.

The constitution in accordance with article 40, ensures the right of every citizen to the ownership of private property, including the right to acquire, use and dispose of such property.

The investment proclamation (769/2012) gives also a foreign investors the right to own a dwelling house and other immovable property necessary for their investment.

The investment proclamation (769/2012) guarantees investors against measures of expropriation or nationalization and specifies advance payment of compensation corresponding to the prevailing market value of a private property earmarked for expropriation or nationalization for public interest.

## Investment framework

The investment proclamation of 2012, the regulations on investment incentives and investment areas reserved for domestic investors of 2012 are the main legal framework for both foreign and domestic investment in Ethiopia.

The Ethiopia Investment Commission (EIC) is an autonomous government institution accountable to the investment board.

The prime minister chairs the board.

A commissioner who is also a member of the board heads the EIC.

## Major activities of the EIC for foreign investors

- Promoting the country's investment opportunities and conditions to foreign and domestic investors
- Issuing investment permits, business licenses and construction permits
- Notarizing memorandum and articles of association and amendment
- Issuing commercial registration certificates and effecting renewal, amendment, replacement or cancellation
- Effecting registration of trade or firm name and amendment, replacement or cancellation
- Issuing work permit, renewal, replacement, suspension or cancellation
- Grading first grade construction contractors
- Registering technology transfer agreements and export-oriented non-equity-based foreign enterprise collaborations with domestic investors
- Negotiating and, upon government approval, signing bilateral investment promotion and protection treaties with other countries
- Advising the Government on policy measures needed to create an attractive investment climate for investors
- The EIC also provides additional services on behalf of investors' request to facilitate the acquisition of land and utilities (water, electrical power and telecom services), to process loan and residence permit applications, to get approval of environmental impact assessment (EIA) studies for their investment projects as well as for the issuance of tax identification number (TIN)

## Registration requirements

- The minimum capital required of a foreign investor per project is US\$ 200,000
- If a foreign investor invests in partnership with domestic investor(s), the minimum capital required of him is US\$ 150,000 per project
- The minimum entry capital required of engineering works or related technical consultancy services, technical testing and analysis and publishing work is US\$ 100,000 where the ownership is fully foreign owned. Where the investment is to be made jointly with domestic partner(s) the minimum capital required for the foreign investor is US\$ 50,000.

## Investment incentives

- Tax holidays: a period when a new business is exempted from paying tax temporarily (for selected business).
- Duty free privileges: incentive given by government for imported materials for the business with no duty to be paid for an eligible investor.
- Loan services: a potential investor can get a loan privilege of three-fourth of its project capital loan from development bank.

## Investment process

### 1. Sole proprietorship in health investment

- Collect information from EIC Information and Investment Promotion Department about requirements, incentives, to invest in health sector etc.
- Collect application form from Information Desk.
- Submit application with passport and visa to start new investment permit application in Licensing and Registration Department.
- Collect bank letter from Licensing and Registration Department to open an account at National Bank of Ethiopia.
- Transfer/deposit cash in an opened bank account.
- Collect confirmation letter from bank which states the bank account is already opened and money is transferred/ deposited.
- Collect investment permit certificate from Licensing and Registration Department.

### 2. Private Limited Company (PLC) in health

- Collect information from Information and Investment Promotion Directorate about requirements, incentives, etc.
- Collect application form memorandum and article of association from Information Desk.

## *Investment process*

### **2. Private Limited Company (PLC) in health (continued)**

- Submit draft memorandum and article of association in Licensing and Registration Department
- Check uniqueness of the company name from Ministry of Trade database
- Collect letter of clearance for unique company name from Licensing and Registration Department
- Edit and authenticate memorandum and article of association in Licensing and Registration Department.
- Collect letter to the National Bank of Ethiopia from Licensing and Registration Department to open an account at the bank.
- Open an account in the bank and transfer/deposit money with 25/75 proportion initial deposit of 200,000 USD for foreign investor & 150,000 USD for an Ethiopian investor in partnership.
- Collect confirmation letter from the bank which states the bank account is already opened and money transferred, authenticated lease agreement from documentation and authentication office and TIN number from Custom and Revenue office.
- Fill application form /profile/ available at EIC Information Desk.
- Collect investment permit certificate and principal registration from Licensing and Registration Department
- The Ministry of Health will initiate /support to invest in selected priority areas of health sector, if the above requirements are fulfilled

## *Investment process*

### **3. Branch Multinational Company**

- Collect information from Information and Investment Promotion Directorate about requirements, incentives, etc
- Collect application form from EIC Information Desk
- Submit application, authenticated parent (mother) company document, new company general manager's passport and visa in Licensing and Registration Department to start new investment permit
- Collect a letter to the National Bank of Ethiopia from Licensing and Registration Department of EIC to open an account in a bank
- Open an account at the bank and transfer/deposit cash
- Collect confirmation letter from bank which states the bank account is already opened and money is transferred/ deposited
- Collect investment permit certificate from Licensing and Registration Department

## *Areas of investment for Ethiopian Diaspora and foreign direct investors in the health sector*

1. Basic Pharmaceutical Products and Pharmaceutical Preparations
2. Chemical and chemical products industry
3. Knowledge and technology transfer
4. High end tertiary health services
5. Manufacturing of medical equipment

## 1. Basic pharmaceutical products

Items to be produced	Tax exemption period
Manufacture of inputs of basic pharmaceutical products & pharmaceutical preparations	Eligible for income tax exemption in Addis Ababa for 5 years & in the regions 6 years
Manufacture or formulation of pharmaceuticals	Eligible for income tax exemption in Addis Ababa for 4 years & in the regions 5 years

## 2. Chemical and chemical products industry

Items to be produced	Tax exemption period
Manufacture of basic chemicals (including ethanol)	Eligible for income tax exemption in Addis Ababa for 5 years & in the regions 6 years

## 3. Knowledge & technology transfer

The diaspora can share their knowledge, skill, experience and relevant technologies acquired in their stay abroad which will benefit the countries development by transferring essential services in health sector by experts of health professionals.

## 4. High end health services

Services	Tax exemption period
Provision of high end tertiary <b>clinical services</b> such as hemodialysis, radiotherapy, neurosurgery, rehabilitation medical services, orthopedic cardiac, ophthalmic care and comprehensive health services for federal and regional health market	Not eligible for income tax exemption in Addis Ababa & in the regions
Provision of advanced diagnostic center including laboratory and imaging services	

## 5. Manufacturing of medical equipment

Items to be produced	Tax exemption period
Manufacture of medical equipment (irradiation, electro-medical or electrotherapeutic equipment)	Eligible for income tax exemption in Addis Ababa for 3 years & in the regions 4 years

## Contact offices addresses

Name of the organization	Address
<b>Ethiopian Investment Commission</b>	P.O. Box 2313, AA Tel: +251-11-551 0033 Fax: +251-11-551 4396 E-mail: <a href="mailto:ethioinvest@eia.gov.et">ethioinvest@eia.gov.et</a> Website: <a href="http://investethiopia.gov.et">investethiopia.gov.et</a>
<b>Ministry of Industry</b>	P.O. Box 5641, AA Tel: +251-11-551 8025-29 Fax:+ 251-11-551 4288
<b>Ministry of Foreign Affairs</b>	P.O. Box 393, AA Tel: +251-11-551 7345 Fax: +251-11-551 4300/ 551 1244 E-mail: <a href="mailto:mfa.addis@telecom.net.et">mfa.addis@telecom.net.et</a>
<b>Ministry of Trade</b>	P.O. Box 704, AA Tel: +251-11-551 8025 Fax:+ 251-11-551 5411
<b>Ethiopian Revenues and Customs Authority</b>	<a href="http://www.erca.gov.et/">http://www.erca.gov.et/</a>
<b>Ministry of Finance and Economic Cooperation</b>	P.O. Box 1905, AA Tel: +251-11-155 2400 Fax: +251-11-156 0124
<b>National Bank of Ethiopia</b>	P.O. Box 5550, AA Tel: +251-11-551 7430 Fax: +251-1-551 4588 E-mail: <a href="mailto:nbe.excd@ethionet.et">nbe.excd@ethionet.et</a>
<b>Development Bank of Ethiopia</b>	P.O.Box 1900, AA Website: <a href="http://www.dbe.com.et">www.dbe.com.et</a>
<b>Food, Medicine and Health Care Administration and Control Authority</b>	P.O.Box 5681, AA Tel: 011-5-524122 Fax: 011-5-540477 E-mail: <a href="mailto:regulatory@fmhaca.gov.et">regulatory@fmhaca.gov.et</a> Website: <a href="http://www.fmhaca.gov.et">www.fmhaca.gov.et</a>



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