

# NATIONAL BANK OF ETHIOPIA FOREIGN EXCHANGE DIRECTIVE NO. FXD/01/2024

**JULY 2024**

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## FOREIGN EXCHANGE DIRECTIVE NO. FXD/01/2024

**WHEREAS**, a well-functioning foreign exchange market with clearly specified rules, roles, and responsibilities is critical to promote trade, financial stability, and economic growth;

**WHEREAS**, a more open and competitive foreign exchange market can attract substantial foreign exchange inflows, ensure efficient resource allocation, and foster greater transparency in foreign exchange transaction activity; and

**WHEREAS**, it has become necessary to revise and consolidate various Directives related to the regulation and operation of Ethiopia’s foreign exchange markets;

**NOW, THEREFORE**; in accordance with Article 18(6), Article 20, Article 21(5) and Article 27(2) of the National Bank of Ethiopia Establishment (as Amended) Proclamation No. 591/2008, the National Bank of Ethiopia has issued this Directive as follow:

### PART ONE: GENERAL PROVISIONS

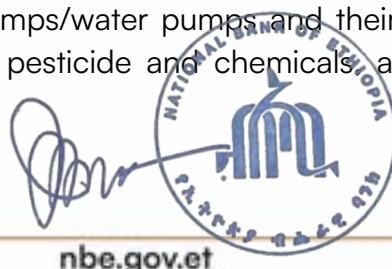
#### 1. SHORT TITLE

This Directive may be cited as “The Foreign Exchange Directive No. FXD/01/2024”.

#### 2. DEFINITIONS

For the purpose of this Directive, unless the context requires otherwise:

- 2.1. **“A person residing in Ethiopia”** refers to an Ethiopian National Residing in Ethiopia or a foreigner registered with a permanent or temporary residence permit to be an Ethiopian resident by the relevant government authority;
- 2.2. **“Acquiring bank/acquirer” means** a bank or a **member** bank of international payment card network that enters into agreements with local merchants to accept card initiated payments for goods and services; or offers cash advance and disbursement services to cardholders via automated teller machines (ATMs), Point of Sale terminals (POS), or branches;
- 2.3. **“Agriculture machines/inputs importers”** means importers engaged in importing of agricultural machineries such as tractors, harvesting machineries, combiners, irrigation pumps/water pumps and their spare parts, and inputs such as fertilizer, seed, pesticide and chemicals, animal feeds, and animal hybrids;





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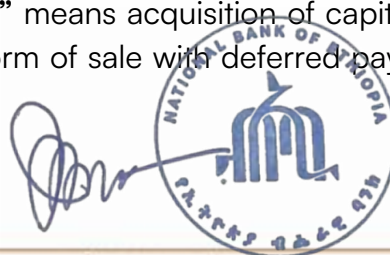
- 2.4. **“Airway Bill”** means a document issued by an airline or its agent evidencing the receipt of cargo for conveyance by air to a specific destination and bearing a title document to the goods airlifted;
- 2.5. **“All-in-cost”** means rate of interest, other fees and expenses in foreign currency excluding commitment fee and pre-payment fee;
- 2.6. **“Authorized Bank”** means any bank established in accordance with the law and authorized by the National Bank of Ethiopia to undertake banking business and foreign exchange transactions;
- 2.7. **“Authorized foreign exchange dealers”** means a business entity in whatever legal form authorized to engage in selected segments of the foreign exchange market with NBE permission;
- 2.8. **“Bank”** means a company licensed by the National Bank to undertake banking business, or a bank owned by the Government;
- 2.9. **“Bank Identifier Code (BIC)”** means a unique address which, in a telecommunication message, identifies the bank or financial institution;
- 2.10. **“Board”** means board of directors of an Authorized bank;
- 2.11. **“Capital Account transactions”** means inflows and outflows of capital that directly affect a resident’s foreign assets and/or liabilities position;
- 2.12. **“Capital Goods”** means any equipment or machine that may be used to produce products or to provide services and includes accessories;
- 2.13. **“Cash Against Document (CAD)”** means mode of payment for goods in which a bank transfer title document to the buyer upon payment in cash;
- 2.14. **“CIP”** stands for “Carriage and Insurance Paid to (...named place of destination).” It means that the seller must pay the cost and freight necessary to ship the goods to the named place of destination and has also to procure cargo insurance against the buyer’s risk of loss or damage to goods during the carriage. This term can be used for all modes of transport;
- 2.15. **“Convertibility Guarantee”**: This is a guarantee providing assurance that local currency funds can be converted into foreign currency funds at the prevailing exchange rate;
- 2.16. **“Current account transactions”** means transactions involving visible trade (exports and imports of goods), invisibles trade (export and imports of services), transfers (either private or public) and factor income related flows (from labor or capital);
- 2.17. **“Counterfeits”** means a note printed illegally and which does not bear all the original characteristics and security features of legal tender issued by countries;
- 2.18. **“Customs Declaration”** means a valid document issued by the Ethiopian Customs Commission;





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- 2.19. “CPT” stands for “Carriage Paid to (...named place of destination)”** means that the seller must pay the cost and freight necessary to ship the goods to the named place of destination. Risks of loss or damage to the goods pass from the seller to the buyer from the time the goods are delivered at the named place of shipment or custody of the carrier. The seller has to contract at his own expense, for carriage of the goods from the named place of shipment. This term can be used for all modes of transport;
- 2.20. “Debt Service Reserve Account”** means a reserve account specifically set aside to make debt payments in the event of a disruption of cash flows to the extent that debt cannot be serviced;
- 2.21. “Delinquent list”** is a list containing names of exporters and importers who have not settled their foreign exchange commitments with National Bank of Ethiopia;
- 2.22. “Delivery Point”** means the final destination at which the goods purchase are to be delivered;
- 2.23. “Deposits”** means foreign currency deposits received by the opening bank and it may include cash certificate, cheque or other deposits of similar nature;
- 2.24. “Domestic Investor”** has the same meaning as provided for under the Investment Proclamation No 1180/2020 and means an Ethiopian national or a foreign national treated as a domestic investor and includes the government, public enterprises as well as cooperative societies established as per the relevant law;
- 2.25. “Domestic Manufacturer”** means sectors that consist of Ethiopian investors who produce goods for domestic market for consumption and/or as inputs for manufacturing, agriculture, and other economic activities;
- 2.26. “E-commerce”** has the same meaning as provided for under the Electronic Transaction Proclamation No 1205/2020 and means the exchange of goods and services, including the associated payments for such goods and services, undertaken via online and web-based market platforms;
- 2.27. “Ethiopian Customs Commission”** means the Ethiopian Customs Commission or a government organ for the time being responsible for matters related to Customs;
- 2.28. “Exporter”** means a person having a valid foreign trade license from the appropriate government body to engage in the export of goods or services abroad and in the associated generation of foreign currency;
- 2.29. “External loan”** means a loan acquired from an eligible foreign lender and approved and registered by the National Bank of Ethiopia;
- 2.30. “External loan in kind”** means acquisition of capital goods from an eligible foreign lender in the form of sale with deferred payments, lease agreement,





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- or any other legal arrangement that may be approved by the National Bank of Ethiopia;
- 2.31. **“EXW”** stands for “Ex Works (...named place)” and means that the seller fulfills his obligation to deliver when he has made the goods available at his premises (i.e. works, factory, warehouse etc.). The buyer is responsible for clearing the goods for export and bears all the costs and risks involved in taking the goods from the seller’s premises to the destination;
- 2.32. **“Final Invoice”** means an invoice that indicates the type of commodity, unit price total value, shipment terms and payment terms generally indicating the sales of the items to a named buyer specified in the invoice for the given amount certified to be true and correct;
- 2.33. **“FOB”** stands for “Free on Board (named port of shipment)” it means that the seller fulfils his obligation to deliver when the goods have passed over the ship’s rail at the named port of shipment. This means that, from this point onwards, all the costs and risks of loss or damage to the goods are borne by the buyer. This term can only be used for sea or inland waterway transport;
- 2.34. **“Foreign capital”** means paid up capital obtained from foreign sources, and includes the re-invested profits and dividends of a foreign investor and registered by pertinent government body;
- 2.35. **“Foreign currency”** means any currency other than Ethiopian legal tender which is legal tender in any country outside Ethiopia and which the National Bank of Ethiopia has declared to be acceptable for payment in Ethiopia;
- 2.36. **“Foreign Currency Cash Notes”** means currencies, which are acceptable by banks and authorized foreign exchange dealers as listed by the National Bank of Ethiopia from time to time;
- 2.37. **“Foreign Exchange”** means any foreign currency notes, cheques, bills of exchange, promissory notes, drafts, securities, and other negotiable instruments, expressed in foreign currency as well as bank balances in account held in foreign currency or assets in the form of foreign account crediting or set-off arrangements, expressed or payable in foreign currencies provided they are acceptable by the National Bank;
- 2.38. **“Foreign exchange market”** means a market where spot foreign exchange transactions are conducted at either the retail level (between bank and client or between forex bureau and client) or wholesale level (among banks) ;
- 2.39. **“Forex Bureau”** means a window of an authorized bank where the purchase and sale of foreign currency cash notes from and to the public is conducted, or an independent (non-bank) company authorized by NBE to conduct specific foreign exchange transactions similar to that of a banks’ forex bureau;





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- 2.40. **"Forex Retention Accounts"**, also expressed as "Retention Accounts," means foreign currency accounts maintained by eligible exporters of goods and services in accordance with the provisions of this Directive;
- 2.41. **"Foreign Investor"** has the same meaning as provided for under the Investment Proclamation No 1180/2020 and means a foreigner or an enterprise wholly owned by foreign nationals, having invested foreign capital in Ethiopia or a foreigner or an Ethiopian incorporated enterprise owned by foreign nationals jointly investing with domestic investor, and includes an Ethiopian permanently residing abroad and preferring treatment as a foreign investor;
- 2.42. **"Foreign service payments"** shall have the same definition as that used in IMF balance of payments conventions, and covers foreign payments for travel, transportation, education, medical treatment, government services, and business services;
- 2.43. **"Franco-valuta imports"** means the importation of goods for which foreign exchange from the domestic banking system is not payable;
- 2.44. **"Guarantee"** means any signed undertaking, however named or described, providing for payment on presentation of a complying demand;
- 2.45. **"Harmonized System of Commodity Description and coding system or (HS code)"** means an internationally standardized system of names and numbers for classifying traded product issued by Ethiopian Customs Commission;
- 2.46. **"Importer"** means a legal entity or a physical person having a valid trade license for foreign trade, investment or industry from appropriate government body to engage in the importation of goods and services from abroad;
- 2.47. **"Import Documents"** means original documents of airway bill, final invoices and other relevant certificates which have been forwarded through a negotiating bank confirming the handling of the documents in compliance with a letter of credit term specified by the issuing bank or documents sent by remitting bank with collection instructions;
- 2.48. **"Indicative Daily Exchange Rate"** means the exchange rate computed by the NBE at the end of every business day on the basis of the weighted average of exchanges utilized by banks that day in their foreign exchange transactions;
- 2.49. **"Industrial Park"** means an area with distinct boundary designated by the appropriate organ to develop comprehensive, integrated, multiple or selected functions of industries, and includes special economic zones, technology parks, export processing zones, agro-processing zone, free trade zones and the like designated by the Investment Board or other pertinent authority;







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- 2.50. **“Inland Port”** means a Dry Port Place or customs warehouse named to serve as an arrival or dispatch center for import and export cargos as may be designated by the Dry Port Service Enterprise or pertinent authority;
- 2.51. **“Inland Transport”** means the transport of goods from the seaport areas to the named place at the Inland Port and/or the vice-versa. In the case of export where the movement of goods is from an inland port or customs boundary to the seaport where the goods are to be shipped;
- 2.52. **Interbank foreign exchange market** or equivalently the ‘wholesale foreign exchange market’ means a market where spot foreign exchange transactions are conducted among banks.
- 2.53. **“International Remittance Service Provider (IRSP)”** means a licensed business organization that provides money-transferring services in association with Representatives;
- 2.54. **“Issuing bank or Issuer”** means a bank and/or a member bank of international payment card network that holds contractual agreements with and issues cards to the cardholder;
- 2.55. **“Lease agreement”** means hire-purchase agreement as regulated by pertinent lease law;
- 2.56. **“Local merchants or entities”** means business, establishments or organizations authorized by the Bank to accept foreign currency for goods and services they sell and that enter into contract with acquirer banks to originate transactions and accept cards for payment;
- 2.57. **“Multi-modal Transport Contract”** means a contract whereby a multi-modal transport operator undertakes in writing and against payment of freight to perform, or to procure the performance of, international multi-modal transport activities;
- 2.58. **“Multi-modal Transport documents”** means the document evidencing a multi-modal transport contract and establishing that the multi-modal transport operators have taken the goods in charge and have undertaken the obligation to deliver it in conformity with the clauses of the contract;
- 2.59. **“Multi-modal Transport Operator”** shall have the same meaning as provided in the Multi-modal Transport of Goods Proclamation No 548/2007 and means the Ethiopian Shipping and Logistics Service Enterprise (ESLSE) or any other authorized entity able to conclude a multi modal transport contract and act as a principal not as an agent on behalf of the consignor or of the carriers participating in the multi-modal transport operations and who assumes the responsibility for the performance of the contract;
- 2.60. **“National Bank”** means the National Bank of Ethiopia (NBE);





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- 2.61. “Non-resident Ethiopians”** means:
- a) All Ethiopian nationals who have already been living and working abroad for more than one year
  - b) Business entities owned by non-resident Ethiopians and located outside the Ethiopian territory for more than one year
  - c) Ethiopian nationals in due process of leaving abroad for work for more than one year and who can produce authenticated documents to this effect.
- 2.62. “Non-resident Foreign Nationals of Ethiopian Origin”** means: (1) A non-resident and holder of a valid identification card, obtained pursuant to Proclamation No. 270/2002 or amendment thereto, attesting that he/she is a foreign national of Ethiopian Origin; (2) A business entity owned by non-resident foreign nationals of Ethiopian origin and located outside the Ethiopian territory.
- 2.63. “Not-for-profit establishments”** means entities that are not established for profit purposes and includes, for example, local NGOs, religious establishments, public and government institutions;
- 2.64. “Other foreign currency”** means foreign currency other than those listed as acceptable foreign currency by NBE;
- 2.65. “Payment Card Network”** means a network that works with banks that issue cards (card issuers) and/or signs up with local merchants to accept cards for payment of goods and services (acquirers);
- 2.66. “Pay point”** means a location such as bank branch, post office, where remittance services are provided;
- 2.67. “Person”** means any natural or juridical person;
- 2.68. “Portfolio flows”** means cross-border transactions involving debt or equity securities, other than those included in foreign direct investment or a central bank’s reserve assets;
- 2.69. “Proforma invoice”** means a document issued by a manufacturer or supplier which shows the price of goods;
- 2.70. “Public Private Partnerships” or “PPP”** has the meaning assigned to it under the Public Private Partnership Proclamation No. 1076/2018 or the amendment thereto;
- 2.71. “Purchase Order”** means a document that a seller issues to a vendor to place an order for products and that outlines all of the details of the sale, including quantity of product, sales price, delivery date, terms, and requirements for the order to be fulfilled;
- 2.72. “Remittance Service”** means a service that enables customers to send and/or receive fund transfers;





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- 2.73. **“Residents of Ethiopia”** means Ethiopian Nationals or Resident Foreigners living and/or working in Ethiopia;
- 2.74. **“Retail foreign exchange market”** refers to the market where spot foreign exchange transactions are conducted between banks and their clients and also between foreign exchange bureaus (either bank-based or independent) and their clients;
- 2.75. **“RORO Items”** means cargo or goods comprising of vehicles or the like;
- 2.76. **“Representative”**, in the context of remittance inflows, means a bank or the Ethiopian Postal Service or any other institution to be determined by the National Bank of Ethiopia;
- 2.77. **“Sales Point”** means the place or site where goods are purchased.
- 2.78. **“Same legal entity”** means the legal entity that generated the incoming foreign exchange inflow;
- 2.79. **“Sea Port”** means areas where there are facilities for berthing or anchoring ships and where there is equipment for the transfer of goods from ship to shore or from shore to ship or ship to ship and which is a maritime inter-modal interface as may be designated by the pertinent government authority;
- 2.80. **“Special Economic Zone”** shall have the same meaning as provided for in the Special Economic Zone Proclamation No 1322/2024;
- 2.81. **“Start-Up Companies”** means those companies whose specific characteristics and eligibility criteria are as designated by the pertinent national authorities;
- 2.82. **“Strategic Foreign Direct Investment Projects”** means PPP projects in power generation and infrastructure, large Mining Sector Projects with substantial export- earning potential, or other Foreign Direct Investment Projects as designated by the NBE’s Executive Management;
- 2.83. **“Supplier’s Credit”** means a source of financing provided by an foreign supplier with a future repayment date;
- 2.84. **“Supplier’s Invoice”** means an invoice issued by the foreign supplier of goods;
- 2.85. **“Territory of Ethiopia”** refers to the territory of the Federal Democratic Republic of Ethiopia;
- 2.86. **“Trading Margin”** means the difference between the face value of the notes delivered and the discounted value offered by the overseas buyer of the cash notes and agreed by the National Bank of Ethiopia;
- 2.87. **“Transit and Forwarding Agents”** means a company which has a valid license to engage in the business of transit and forwarding of goods in Ethiopia;





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- 2.88. **“Transit passenger”** means passengers who stay for 24 hours or less in Ethiopia and continues his or her flight to the next destination on a same or different aircraft or airline;
- 2.89. **“Travel Document”** means any passport or other travel document, issued by the relevant government organ or by a foreign state recognized by the Government of Ethiopia or international or regional organization, bearing the identity and nationality of the holder;
- 2.90. **“Truck voyage Permit”** means a permit given for the voyage of the truck by the relevant government organ;
- 2.91. **“Truck Way Bill”** means a valid document issued by truck owners of a neighboring country as prescribed by the Ethiopian Road Transport Authority;
- 2.92. **“Usance Letter of credit”** means a deferred payment letter of credit payable at a determined future date after presentation of conforming documents;
- 2.93. **“Weighted average exchange rate”** means the effective exchange rate for a given set of transactions whereby the exchange rate for each transaction is weighted by the share of that transaction in the total volume of transactions;
- 2.94. **“Wholesale foreign exchange market”**, or equivalently the ‘inter-bank foreign exchange market’ means a market where spot foreign exchange transactions are conducted among banks;
- 2.95. Any expression in the masculine gender includes the feminine.

### 3. SCOPE OF APPLICATION

- 3.1. This Directive shall apply to all transactions related to foreign exchange and covers:
  - 3.1.1. the purchase, sale, transfer, borrowing, lending, assignment, exchange, receipt, payment or crediting of foreign exchange; and
  - 3.1.2. the conclusion of any contract, agreement, arrangement or understanding, as a result of which any foreign exchange is purchased, sold, transferred, borrowed, lent, assigned, exchanged, received, paid or credited within or outside Ethiopia.
- 3.2. This Directive authorizes all foreign exchange purchases and cross-border payments for current account transactions unless explicitly stated otherwise.
- 3.3. This Directive restricts all capital account transactions unless explicitly exempted otherwise.





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## PART TWO : FOREIGN EXCHANGE MARKET PARTICIPANTS AND OPERATIONS

### **4. ROLE OF BANKS AND AUTHORIZED FOREIGN EXCHANGE DEALERS**

#### **4.1. Banks**

Banks shall play a central role in the foreign exchange market and:

- 4.1.1 may open and operate correspondent bank accounts abroad after obtaining authorization from National Bank.
- 4.1.2 may hold foreign exchange cash and other instruments subject to the limits laid out in this Directive;
- 4.1.3 shall provide permits for the exports and imports of goods and services in a manner consistent with this Directive;
- 4.1.4 may enter into forward exchange transactions only in cases approved by the National Bank.
- 4.1.5 may accept, purchase and hold in their accounts with correspondent banks abroad only foreign exchange that are easily convertible unless specifically authorized or directed by the National Bank.
- 4.1.6 shall export or transmit negotiable or non-negotiable instruments to credit in their correspondent bank account abroad.
- 4.1.7 may not acquire shares, stocks and bonds denominated in foreign exchange unless authorized by the National Bank.
- 4.1.8 may not enter into a loan or a guarantee agreement with banks or other lenders abroad unless authorized by the National Bank.
- 4.1.9 shall prepare an Internal Foreign Exchange Policy Manual that clearly specifies and governs the Bank's foreign exchange operational procedures and that shall be subject to review by the Bank's Internal Audit functions.

#### **4.2. Authorized Foreign Exchange Dealers**

- 4.2.1 The NBE may allow non-bank companies, including independent foreign exchange bureaus, to participate in selected segments of the foreign exchange market such as the purchase and sale of foreign currency notes or other designated activities.
- 4.2.2 The rules governing the operations of Independent Foreign Exchange Bureaus, including their roles, responsibilities and requirements are as provided in Annex Five of this Directive.





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### 4.3. Inter-bank Foreign Exchange Market

- 4.3.1 An inter-bank foreign exchange market (or ‘wholesale foreign exchange market’) shall serve as the primary market for the sale and purchase of foreign exchange among banks.
- 4.3.2 Buying and selling of foreign currency in the inter-bank foreign exchange market is allowed only by and among parties that are authorized by the NBE.
- 4.3.3 The inter-bank foreign exchange market shall be governed by a “Foreign Exchange Market Operation Guideline” as well as by a “Foreign Exchange Market Code of Conduct” to be adhered by all banks and authorized foreign exchange dealers.

## 5. FOREIGN EXCHANGE RATE DETERMINATION:

The determination of the exchange rate applicable to foreign exchange transactions shall be governed by the following principles:

- 5.1. Banks and authorized foreign exchange dealers are allowed to buy and sell foreign currencies from/to their clients and among themselves at freely negotiated rates.
- 5.2. Banks shall report to the NBE the exchange rate used in their daily foreign exchange transactions by the end of the day, in a format specified in the “Foreign Exchange Market Operations Guideline.”
- 5.3. The NBE shall compile the exchange rates used by all banks and authorized foreign exchange dealers in their daily transactions and publicly communicate an Indicative Daily Exchange Rate, calculated on the basis of these submissions, to the market by the start of the following business day. This Indicative Daily Exchange Rate shall constitute the accounting exchange rate for that business day.
- 5.4. The Indicative Daily Exchange Rate shall serve as a reference price, but not a mandatory transaction price, for banks and authorized foreign exchange dealers in their foreign exchange transactions at the start of the business day.

## 6. FOREIGN EXCHANGE REPATRIATION AND RETENTION:

- 6.1 No person may export or enter into any commitment to export goods without the prior approval of an Authorized Bank and unless there are payment instruments which secure the payment to be expected or the exporter





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- undertakes to repatriate the resultant sales proceeds in foreign exchange to an authorized bank either before the actual export, at the time of export, or within a period of not later than three months or within such other period that the National Bank may from time to time prescribe for any class of exports or for any particular export.
- 6.2 After fulfilling the repatriation requirement set out in sub-article 6.1, exporters of goods and services shall immediately convert into Birr, at a freely negotiated rate, 50 percent (50%) of their export proceeds to the Bank used in processing their foreign exchange transaction, while keeping the remaining 50 percent (50%) in their Foreign Exchange Retention Account.
  - 6.3 Foreign exchange earners as specified in sub-article 6.2 above shall be entitled to utilize—only for own use by the same legal entity—the foreign exchange balance in their Foreign Exchange Retention Account. Such utilization shall be allowed for all current account payments of the same legal entity, including payments for imports of goods, services, and (if applicable) dividends and external debt service repayments.
  - 6.4 As a temporary measure to support the development of an interbank foreign exchange market, foreign exchange earnings in a Retention Account shall be sold to the transacting bank used for that fx inflow after a period of no more than 30 calendar days. Funds in an exporter’s Retention Account may also be converted into Birr at any time prior to the 30-day limit, if the account holder so wishes.
  - 6.5 Exporters selling any unutilized foreign exchange earnings in their Retention Account shall do so at a freely negotiated exchange rate.
  - 6.6 The percent share of foreign exchange proceeds to be converted immediately, as specified in sub-article 6.2, may be modified from time to time by the NBE.
  - 6.7 The period within which foreign exchange earnings in a Retention Account must be used may also be modified from time to time by the NBE.
  - 6.8 The conversion requirement noted in sub-article 6.2 shall not apply to foreign exchange inflows related to foreign direct investment (FDI), foreign grants, all FCY accounts, external loans, and portfolio inflows.





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## PART THREE : EXPORTS, IMPORTS, AND SERVICES

### 7. EXPORT OF GOODS

#### 7.1 General

- 7.1.1 Authorized Banks are mandated to provide export permits for the export of goods of any value, except Gold, against submission of the required documents by the exporter.
- 7.1.2 National Bank shall allow exports of Gold for any value against submission of the required documents by the exporter.
- 7.1.3 Banks bear the responsibility for ensuring that export proceed from all approved exports are repatriated into Ethiopia.
- 7.1.4 The export of goods shall be subject to a number of foreign exchange related requirements regarding the conduct of banks and exporters. The main elements of these requirements are presented in sub-article 7.2 below, while their full details are provided in Annex One, which forms an integral part of the FX Directive.
- 7.1.5 The acceptable Mode of Payments for export of goods shall include: (1) Letters of Credits at sight and on acceptance; (2) Cash Against Documents at sight and on acceptance; (3) Advance payments (via bank transfers, debit/credit cards, or cash notes declared at customs); (4) consignment sales; and (5) Open Accounts in the case of e-commerce and other export transactions explicitly granted permission by the NBE. The terms and conditions as well as any applicable restrictions for the use of each of these modes of payments is provided in Annex One.
- 7.1.6 The export applications shall be valid for 30 calendar days from the date of issue, unless otherwise specified.
- 7.1.7 The operations of E-Commerce exports and exports by Start-Up Companies, as defined in the relevant laws, shall be consistent with the special guidance to be prepared and published by NBE.







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## 7.2 Export-Related Requirements:

The requirements applicable for exports are specified in Annex One and cover the following key areas:

1. Applicable Mode of Payment:
2. Documentation Requirements
3. Applicable Terms of Payment
4. Special Treatment for Flower Exports
5. Special Treatment for Small Export items
6. Special Treatment for Temporary Exports
7. Granting of Provisional Export Permits
8. Change of Basis of export shipments
9. Cancellation of export applications
10. Settlement of commitments
11. Submission of returns

## 8. IMPORT OF GOODS

### 8.1 General:

- 8.1.1 Authorized Banks are mandated to provide import permits for the import of goods of any value, against submission of the required documents by the importer.
- 8.1.2 Banks bear responsibility for ensuring that payments for imports are effected fully in line with commitments under the applicable mode of payments.
- 8.1.3 Any imports of goods that do not utilize foreign exchange resources from the banking system (widely known as franco-valuta imports and not requiring the use of L/C, CAD, Advance payment or other payment modalities) shall be permitted to enter the country subject to all the customary customs, tax, health, or other pertinent regulatory standards set by the relevant authorities.
- 8.1.4 The importation of goods shall be subject to a number of foreign exchange related requirements regarding the conduct of banks and importers. The main elements of these requirements are presented in sub-article 8.2 below, while their full details are provided in Annex Two, which forms an integral part of the FX Directive.





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## 8.2 Import-Related Requirements:

The requirements applicable for imports are specified in Annex Two and cover the following key areas:

1. Registration of Import application and approval
2. Applicable mode of payment for imports
3. Document Requirement and Payment Term Arrangement
4. Imports Destined to Inland Dry Port
5. Imports of Used Goods
6. Imports through Suppliers Credits
7. Imports of Diplomatic Bodies, International Organizations, and NGOs
8. Commodity Classification of Imports
9. Actions required before and after receipt of import documents
10. Validity of import application.
11. Amendment of import applications
12. Cancellation of imports
13. Settlement of import-related commitments
14. Submission of import-related returns

## 9. SERVICE PAYMENT AND RECEIPTS

### 9.1 General

- 9.1.1 Banks are authorized to effect all foreign service payments for their clients subject to the presentation of bona fide invoices and other supporting documents or requirements as laid out in this Directive.
- 9.1.2 The main elements of these requirements are presented in sub-article 9.2 below, while their full details are provided in Annex Three, which is an integral part of this FX Directive.





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## 9.2 Service Related Requirements:

The requirements applicable for service payments are specified in Annex Three and cover the following key areas:

1. Import Transit payments
2. Export Transit payments
3. Import Freight payments
4. Export Freight payments
5. Import-related other charges
6. Export-related other charges
7. Reinsurance premium
8. Foreigners' Salary Remittances
9. Medical Expenses
10. Educational Expenses
11. Other Service Payments
12. Documents required for service payments
13. Validity of service payment permits
14. Freight expenses for foreign nationals
15. Treatment of Foreign Airlines transactions





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## PART FOUR : FOREX BUREAU OPERATIONS, REMITTANCES, AND PAYMENT INSTRUMENTS

### 10. FOREX BUREAU OPERATIONS

#### 10.1 General

- 10.1.1 Foreign exchange bureau shall operate only following authorization by the National Bank.
- 10.1.2 Foreign exchange bureaus may operate either as a specialized window of banks or as independent (non-bank) foreign exchange bureau.
- 10.1.3 Bank-based foreign exchange bureaus shall undertake foreign exchange transactions subject to a number of requirements that cover the areas presented in sub-article 10.2 below and that are further detailed in Annex Four, which forms an integral part of the FX Directive.
- 10.1.4 Independent (non-bank) foreign exchange bureaus shall undertake foreign exchange transactions subject to a number of requirements that cover the areas presented in sub-article 10.2 below and that are further detailed in Annex Five, which forms an integral part of the FX Directive.

#### 10.2 Forex Bureau Related Requirements:

- 1. Conditions for issuance of license
- 2. Security requirements
- 3. Processing requirements
- 4. Nomenclature
- 5. Obligations of staff
- 6. FX Bureau Transactions
- 7. Determination of exchange rates
- 8. Displaying Exchange Rates and Notices
- 9. Authority to sell foreign exchange





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## 11. INTERNATIONAL REMITTANCES

### 11.1 Eligibility to Provide International Remittance Services

- 11.1.1 Banks and other Authorized Remittance Service Representatives are eligible to provide remittance service in association with International Remittance Service Providers.
- 11.1.2 Authorized Remittance Service Representatives (other than banks) may include companies whose payment systems, platforms, gateways, or physical branch network can be used for effecting remittance payments to beneficiaries. Such entities may include the Ethiopian Postal Service, telecom companies, Payment System Operators, Payment Instrument Issuers, or other similar entities designated and approved by the NBE.
- 11.1.3 Authorized Remittance Service Representatives are eligible to provide remittance service by making use of the correspondent account of one or more partner Banks. To this effect, the Authorized Remittance Service Representative shall furnish National Bank with a draft remittance service contract with each of its partner banks for approval.

### 11.2 Obligations of Representative

In addition to other obligations provided under this Directive, a Representative shall have the following obligations in providing international remittance service.

- 11.2.1 A Representative may provide its service from one or more locations and all the locations shall be notified beforehand to the National Bank.
- 11.2.2 A Representative shall open work units to facilitate the service and provide payment within 24 hours to the beneficiary.
- 11.2.3 A Representative shall undertake customer identification and due diligence as defined under Prevention and Suppression of Money Laundering and the Countering Financing of Terrorism laws.
- 11.2.4 Any Representative shall be fully liable for improperly disbursed funds by its Sub-Representatives such as its branches, sub-branches, or other designated agents acting on behalf of the representative.





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- 11.2.5 Any Representative shall be responsible to ensure the terms and conditions of remittance service agreements are in conformity with pertinent Laws of The Federal Democratic Republic of Ethiopia.
- 11.2.6 A Representative shall get prior approval from National Bank before entering into Representative agreement with IRSP.

### **11.3 Remittance Service Representation Agreement**

- 11.3.1 Representatives shall make remittance service contract agreement only with licensed International Remittance Service Providers.
- 11.3.2 A Representative shall gather sufficient information about the Remittance Service Providers to understand fully the nature of their business and to determine from publicly available information, the reputation of IRSP and the quality of supervision, including whether it has been subject to a money laundering or terrorist financing investigation or regulatory action.
- 11.3.3 Contractual agreement between Representative and Remittance Service Provider shall not be for more than four years provided that a Representative is responsible in following-up the validity of Remittance Service Provider's license within the contract period.
- 11.3.4 Any intended alteration in provisions of remittance contract, within a validity period, should be notified to the National Bank for approval at least ten days before the alteration or amendment takes place.
- 11.3.5 Representative and IRSP shall incorporate in their agreement appropriate procedure for the prevention of money laundering and terrorist financing activities.
- 11.3.6 The Remittance Service Agreement may not be renewed without prior consent of National Bank.

### **11.4 Application**

To provide remittance service, a Representative shall submit the following documents to National Bank.

- 11.4.1 Application letter to provide International Remittance Service;





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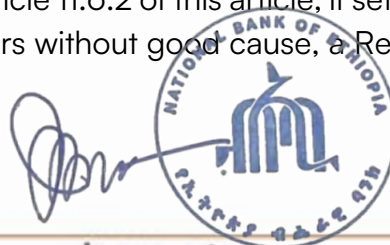
- 11.4.2 Copy of Remittance Service Provider's valid business license and required documents which are authenticated by Ethiopian Embassies abroad or other pertinent organizations;
- 11.4.3 Copy of draft Remittance service agreement which governs the business relation between the representative and the Remittance Service Provider;
- 11.4.4 The address of each Pay Point in Ethiopia;
- 11.4.5 A document showing the intention to prevent money laundering activities in accordance with the Prevention and Suppression of Money Laundering and the Financing of Terrorism Law; and
- 11.4.6 For non-banks, agreement with a partner bank whose correspondent bank is being utilized to process the payments.
- 11.4.7 For the purpose of sub-article 11.6.2 of this article, valid evidence which shows the IRSP is operating remittance services in 50(fifty) or more countries.

## 11.5 Prohibition

- 11.5.1 Representative may not provide remittance service without having a valid remittance service contract approved by National Bank.
- 11.5.2 An International Remittance Service Providers is not allowed to assign its employee as a liaison officer or interpreter at the premises of a representative or at a pay point.
- 11.5.3 Remittance Service Agreement may not be subject to exclusivity conditions.

## 11.6 Settlement of Account

- 11.6.1 A Representative shall effect payment to the beneficiary when the IRSP credited sufficient amount of foreign currency in advance to its correspondent account.
- 11.6.2 Notwithstanding, sub-article 11.6.1 of this article, settlement between a Representative and International Remittance service provider may be made within 24 hours when the latter submit a valid evidence confirming the operation of remittance services in 50 (fifty) or more countries.
- 11.6.3 Under sub-article 11.6.2 of this article, if settlement is not effected within 24 hours without good cause, a Representative stop next





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day payment and report the matter with explanation to National Bank.

- 11.6.4 The beneficiary to be paid in Birr at the prevailing exchange rate, or credited in foreign exchange in cases where the beneficiary maintains a foreign currency account.
- 11.6.5 A Representative shall charge zero or minimum fee on remittance transfer services and shall disclose same including any change thereof to National Bank. The fee in any case cannot exceed 1% of the transferred money.

## 11.7 Transparency

Remittance services Providers should provide a transparent service to their customers. To this end, Representative shall clearly disclose and/or post:

- 11.7.1 The terms and all applicable fees and charges.
- 11.7.2 A Representative Identifier Code (BICs) and International Representative Account Numbers (IBANs) in their correspondent banks, only for a bank.

## 11.8 Promotion of Remittance Service

Representative shall advertise its remittance services, BICs and IBANs through Brochures, Websites and Ethiopian embassies, consulates abroad and through other similar means.

## 11.9 Keeping Records

Representative shall keep complete records and registers of all remittance service transactions and shall produce such books to National Bank upon written request.

## 12. PAYMENT INSTRUMENTS: FOREIGN CARDS, CASH NOTES, AND OTHERS

### 12.1 General

The provisions of this article shall apply to all Authorized Banks, local merchants or businesses, and foreign exchange bureaus in Ethiopia







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## 12.2 Eligibility to Issue International Debit or Pre-paid Cards

- 12.2.1 Any authorized bank operating in Ethiopia may secure a membership license or agreement from one or more international payment card networks specified under sub-article 12.4.1(d) of this directive.
- 12.2.2 Authorized banks who have entered into agreements with or secured an issuing license from international payment card network are authorized to issue international debit/prepaid cards for travelers abroad subject to sub-article 12.3 of this directive.

## 12.3 Conditions to be fulfilled to Issue International Debit/Prepaid Cards

- 12.3.1 Only bank-affiliated forex bureaus are authorized to provide international debit/prepaid cards unless explicitly authorized by NBE.
- 12.3.2 Authorized banks are required to fulfill the under listed conditions to issue International debit/prepaid card;
- Install card personalization machine or terminal, or produce valid outsourcing contractual agreement for card personalization;
  - Produce membership agreement and /or license granted by international payment card networks;
  - Establish central payment system for clearing; and
  - Put in place secured telecommunication infrastructures.
- 12.3.3 An authorized bank and its forex bureau shall have the following obligations in issuing, acquiring and settling international prepaid/debit cards.

### A. Bank-affiliated Forex Bureaus

- Forex bureaus shall issue travel allowance in debit/prepaid card and cash notes herein under to travelers abroad upon presentation of:





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- a. valid passport with entry visa abroad (except for countries that issue visa on arrival) and air ticket;
  - b. application form duly filled and signed indicating the amount needed in cash notes and to be loaded on payment cards; and
  - c. duly filled and signed card holder agreement to get prepaid/ debit card.
2. Forex bureaus shall check the authenticity of travel documents presented and shall explain to travelers or their delegates the use and conditions of the debit/prepaid cards issued to them.
  3. Forex bureaus shall provide the travel allowance in cash notes and the balance in debit/prepaid card by entering the permit number as per Annex Four.
  4. The foreign currency allowed for travel allowance shall be any of the convertible currencies accepted by NBE.
  5. Forex bureaus shall refund to the cardholder unused balance in a prepaid/debit card in Birr after checking the details of the transactions and account statement.
  6. Forex bureaus shall check the validity of the card while issuing subsequent travel allowance for the cardholder.

## **B. Authorized Banks**

1. Authorized banks have the responsibility to expedite issuance of prepaid/debit card for travelers abroad after receiving all required documents from the traveler.
2. Authorized banks shall notify to the travelers the fees and service payment required for one-time card issuance/renewal and optional issuer fees (conversion fees) on each transaction.
3. Authorized banks shall make strict follow up and ensure that the debit/prepaid card is not over drawn under any circumstance.
4. Authorized banks shall immediately block card related transactions upon receipt of report on missed or lost cards by the cardholder.

### 12.3.4 Validity





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The validity of debit/prepaid card shall not exceed two years from the date of issuance and may be renewed upon request.

### 12.3.5 Acceptance of International Payment Cards

Eligibility to Accept International Credit Cards/Debit Cards;

- a. Authorized banks are required to have membership and or license from International payment card networks to sign up with local merchants and provide ATM acquiring and cash advance services.
- b. Authorized banks which have entered into agreements with the international payment card networks can provide encashment services via branches and ATMs.
- c. Types of acceptable international cards shall include the following but not limited to:
  - i) American Express,
  - ii) Visa Card,
  - iii) Mastercard,
  - iv) Diners Club Card,
  - v) Union Pay,
  - vi) JCB, and
  - vii) Discover.

### 12.3.6 Local Merchants or Entities

To accept international credit/debit card for payments local merchants or businesses shall have an agreement with authorized banks (which have a membership agreement or license from an international payment card network) to accept international cards as mode of payment for goods and services.

## 12.4 Conditions for Licensing Local Merchants or Entities to Accept Credit/Debit Card

- 12.4.1 The following conditions must be fulfilled by local merchants or entities to get license to accept international credit/debit card for card brands that are not acquired by authorized banks:





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- a. License from the appropriate Government Authority to conduct a business at a specified location and address;
  - b. trained personnel capable to examine, authenticate and book credit card/debit card sales, lodge proper claim on the transactions through the international acquiring bank, and follow up collection of payments processed on line; and
  - c. a contractual agreement concluded with international card acquirer or card network clearly stating payment collecting methods.
- 12.4.2 Local merchants or entities, who have made arrangements for collecting payments via payments online, shall clearly indicate the card brand and the acquiring bank designated to collect the payments on their behalf and shall possess the POS terminal.
- 12.4.3 Local merchants or entities shall undertake the responsibility to collect payments using credit card/debit card through vouchers or in case of payments processed online, through Authorized Banks in Ethiopia delegated by them.

## 12.5 Online Credit Card/Debit Card Payments

Local merchants or entities operating through online credit card/debit card payments for card brands shall fulfill the following:

- 12.5.1 shall have clear settlement arrangement with authorized acquiring banks regarding collection of payments via payment system; and
- 12.5.2 Submit to the Bank agreement documents signed with the authorized international acquirers to collect payments on their behalf, via payment system.

## 12.6 Settlement of Credit Card/Debit Card Proceeds by Banks

- 12.6.1 Authorized banks that take-up vouchers of credit card/debit card from local merchants or entities and those who are providing settlement services are required to dispatch the vouchers for collections to the credit card/debit card network or international acquirer, as the case may be, seeking payment redemption.
- 12.6.2 The authorized banks shall institute the most expeditious means of settlement with credit card/debit card issuers or banks.
- 12.6.3 Authorized Banks that have signed up with local merchants or entities to accept international cards by using their payment





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system shall facilitate immediate receipt of funds through their correspondent banks (settlement bank) and settle the equivalent local currency amount to the beneficiary local merchant or entity.

- 12.6.4 Upon receipt of payment for services delivered using vouchers or direct payment through the online (POS) system, banks shall credit the account of their customers or transfer the amount to the account of the local merchants or entity with any bank the equivalent amount in Birr at the prevailing exchange rate. National Banks should send information on prescribed format of such advice to the Bank for further follow-up and recording.

## 12.7 Claims Returned Unpaid

Claims returned unpaid shall be handled as follows:

- 12.7.1 In the event that claims presented by any Authorized Bank to the credit card/debit card issuer or banks are not honored and settled, the bank shall immediately inform the client the reason for non-payment and advise same to the National Bank; and
- 12.7.2 The local merchants or entities shall have the responsibility to take a close follow-up and make efforts to settle the payments based on agreements concluded and service rendered. They shall also report the follow up made and results obtained to the National Bank.

## 12.8 Acceptance of Foreign Currency Cash Notes

- 12.8.1 The following local merchants or entities are eligible to accept payments in foreign cash notes:
- a. Hotels that serve tourists including those below three stars that are identified and confirmed by the Ministry of Culture and Tourism;
  - b. Duty free shop operators;
  - c. Immigration Office;
  - d. Civil Aviation Authority;
  - e. Airline ticket offices and travel agents only for air ticket sales services;
  - f. Tour operators;





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- g. Shops operating at the airport on the air side (shops operating passed immigration line).
- h. Telecom Service within Airport to sale SIM card and airtime for tourists;
- i. Fuel station placed inside the airport collecting foreign currency cash notes in lieu of fuel lift-up from different foreign airline not operating in Ethiopia;
- j. Guest houses that are registered and secured License from Ethiopian Tourism Commission;
- k. Private airways operating in Ethiopia and give charter service for tourists and
- l. Specialized hospitals and clinics that give service to foreigners.

#### 12.8.2 Submission of Application

Local merchants or entities that intend to accept foreign currency cash notes shall fill the form prepared for the purpose and submit same to the NBE for approval.

### 12.9 Condition for Issuance of License to Accept Foreign Cash Notes

Local merchants or entities may obtain a license from the NBE to accept cash notes upon fulfilling the following requirements:

- a. should have knowledgeable personnel who can handle the transactions and provide the appropriate service to the segmented customers;
- b. should have currency validating machine or/and appropriate instruments to verify notes and travelers' cheques;
- c. Local merchants or entities shall accept convertible currencies only in foreign currencies acceptable by NBE.

### 12.10 Issuance of License to Local Merchants or Entities

- a. Local merchants or entities may obtain a license from the National Bank for accepting foreign currency cash notes, and travelers' cheques and to use credit/debit card in settlement of payments under one permit or separately, as the case may be.





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- b. The license granted by the National Bank shall strictly be applicable for the permitted activities only.

### 12.11 Obligation of Local Merchants or Entities

In accepting credit/debit card, cash notes and payments local merchants or entities:

- 12.11.1 shall use appropriate instruments to verify and validate the authenticity of the currency and payment instrument;
- 12.11.2 shall identify the customer and retain copies of documents in case a need arises for tracing back and a recourse action is needed;
- 12.11.3 shall keep the proper details of the customer like passport number, homeland address, telephone number etc. and require customs declaration form issued by Ethiopian Customs Commission on arrival at the time of collecting payments from their client;
- 12.11.4 are required to convert all foreign currencies collected during one business day at forex bureaus within two working days, except for petty cash notes of up to USD 3,000 or its equivalent in other acceptable foreign currency as defined by NBE that may be held at any given time to facilitate transactions with their customers;
- 12.11.5 are required to keep all supporting documents with copies of their reports in a proper file for onsite inspection.

### 12.12 Requirement to Post the Applicable Exchange Rate

- 12.12.1 Local merchants or entities are required to post the applicable exchange rate of their chosen partner bank that shall be used for collecting payments via foreign currency cash notes or via credit/debit cards.
- 12.12.2 Local merchants or entities shall estimate the prices for buying different currencies and consider processing costs that may be involved should they charge separate processing fees for the exchange transactions.
- 12.12.3 The rates fixed for different types of currencies shall be clearly shown and placed in a visible position on a display panel.
- 12.12.4 Local merchants or entities shall only quote one way buying rate and must not be involved in currency trading.





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12.12.5 Local merchants or entities authorized to accept payments using credit card/debit card and cash notes shall clearly post the rate at which they buy major currencies.

### 12.13 Retention Rights

Local merchants or entities may apply to be included in the Retention Accounts Scheme and shall be allowed to retain foreign exchange as provided for in Article 6. In this case, the Authorized Banks shall credit the retention account of the local merchant or entity with the proceeds from receipts of cash notes and transactions.







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## PART FIVE: FOREIGN CURRENCY ACCOUNTS

Foreign currency accounts may be established by eligible individuals and entities upon the fulfillment of the requirements applicable for specific accounts. The following three categories of Foreign Currency Accounts are authorized by the NBE and additional types of accounts may be permitted from time to time.

1. **FCY Accounts for Foreign Entities**, including FDI Companies, International Organizations, Embassies, and Foreign NGOs;
2. **FCY Accounts for Resident and Non-Resident Ethiopians**, including for Non-Resident Foreign Nationals of Ethiopian Origin;
3. **Retention Accounts** for exporters of goods and services.

### **13. FOREIGN CURRENCY ACCOUNTS FOR FOREIGN ENTITIES: FDI COMPANIES, INTERNATIONAL ORGANIZATIONS, EMBASSIES, and FOREIGN NGOs.**

#### **13.1 Eligibility to open Foreign Currency Accounts for FDI Companies, International Organizations, Embassies, and Foreign NGOs.**

13.1.1 Authorized Banks may open and maintain Non-Resident Foreign Currency Accounts in the name of persons, corporate bodies, institutions and diplomatic organizations falling within the following categories:

- a. FDI Companies;
- b. International Organizations;
- c. Foreign Embassies and consulates;
- d. Foreign Non-Government Organizations

13.1.2 Foreign individual employees of the above companies are entitled to open Foreign Currency Accounts as per Article 14 of this Directive.

#### **13.2 General conditions:**

All funds credited to these Non-Resident Foreign Currency Accounts may be transferred without the necessity of obtaining National Bank's Permit approval.





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- 13.2.1 Foreign Currency Accounts can be maintained at more than one bank.
- 13.2.2 Overdrawing of transferable accounts is prohibited.
- 13.2.3 Application letter to open a Foreign Currency or Birr account in the name of persons under sub-article 13.1.1 shall be accompanied by a supporting letter issued by the appropriate organization certifying that the applicant is an official member of the organization with a passport or its equivalent.
- 13.2.4 Foreign currency accounts can be opened in any tradeable currencies acceptable by NBE

### **13.3 Entries to Non-Resident Foreign Currency Accounts**

Non-Resident Foreign currency accounts shall be credited with the following items

- a. Foreign exchange incoming from abroad;
- b. Payments from residents of Ethiopia effected under specific authorization of National Bank; and
- c. Payments from other Non-Resident foreign currency Accounts.

### **13.4 Eligibility to Open Birr Accounts**

- 13.4.1 Foreign Entities qualified to open FCY accounts are also permitted to open Birr accounts at any bank of their choice.

### **13.5 Documentation needed to open FCY Accounts for Foreign Entities:**

- 13.5.1 Foreign Companies (FDI): Application letter, foreign investment License, TIN Certificate, NBE approval letter and other requirements as requested by the opening bank.
- 13.5.2 International Organizations: Application letter and other requirements as requested by the opening bank.
- 13.5.3 Embassies: Application letter and other requirements as requested by the opening bank.
- 13.5.4 Foreign NGOs: Application letter, supporting letter from pertinent authority, other requirements requested by other relevant laws and the opening bank.





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### 13.6 Uses of the Account:

Holders of FCY Accounts for Foreign Companies, International Organizations, Embassies and Foreign NGOs may use the account for all foreign payments without any restriction.

### 13.7 Treatment of Existing Non-Resident Transferable Birr Accounts (NR-T) and Non-Resident Non-Transferable Birr (NR-NT) Accounts:

- 13.7.1 NR-T Birr Accounts and NR-NT Birr Accounts shall no longer be offered by banks following the enactment of this Directive.
- 13.7.2 Existing NR-T Birr Accounts and NR-NT Birr Accounts already in place as of the effective date of this Directive shall be guided by the previous utilization rules applicable on such accounts.
- 13.7.3 Existing NR-T and NR-NT Accounts shall no longer be credited with new inflows following the date of this Directive and shall be closed upon the full usage of any balances.

## 14. FCY ACCOUNTS FOR RESIDENT AND NON-RESIDENT ETHIOPIANS, INCLUDING FOREIGN NATIONALS OF ETHIOPIAN ORIGIN

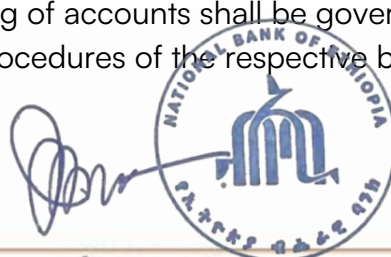
### 14.1 Eligibility Criteria

The following individuals and/or entities may open a foreign currency account in any Authorized Bank in Ethiopia:

1. **Residents of Ethiopia:**
  - a. Individuals
  - b. Not-for-profit organizations are entitled to open Resident FCY Accounts for inflows of foreign exchange received from sources such as grants, awards or other similar sources.
2. **Non-Resident Ethiopian Individuals; and**
3. **Persons of Ethiopian Origin**, i.e. Non-Resident Foreign Nationals of Ethiopian Origin.

### 14.2 Account Opening Requirements and Conditions

- 14.2.1 The opening of accounts shall be governed by the account opening procedures of the respective banks, but shall include at minimum:





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1. Completion of an Application forms properly filled and signed by the account holder; digital submissions with sufficient identification verification procedures shall be acceptable.
2. For individuals, valid passport and/or identification cards.
3. For businesses or other entities, formal registration documents establishing legal identity including Article and/or Memorandum of Association, or any other similar document by whatsoever name it may be referred, authenticated and registered by the pertinent authority,
4. Minimum account required for opening an FCY account shall be USD 100 or its equivalent in other acceptable currencies as defined by the National Bank.
5. Two or more depositors may together open a single account.

14.2.2 CY Accounts for Resident and Non-Resident Ethiopians may be opened at more than one bank.

### 14.3 Types of Permitted Account

A bank may open Foreign Currency Accounts that take the form of current accounts, savings accounts, or time deposit accounts. The terms and conditions of each of these accounts, including applicable interest rates, are to be based on the agreement between the depositor and the opening Bank.

### 14.4 Types of Currency

14.4.1 Authorized bank is required to maintain Foreign Currency accounts in the following types of currency:

- i. The US dollar
- ii. Pound Sterling
- iii. Euro
- iv. Other tradeable currencies acceptable by NBE

14.4.2 Authorized Bank may accept deposits in other convertible currencies that include Chinese Yuan, Canadian Dollar, Saudi Riyal, Japanese Yen, Australian Dollar and UAE Dirham; these





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other currencies shall be converted to the currency used for account opening at the spot exchange rate.

## 14.5 Crediting the Account

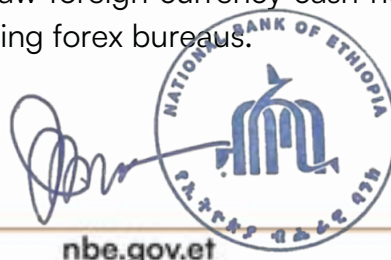
14.5.1 A FCY Account for Resident and Non-Resident Ethiopians may be credited by:

1. Transfers from accounts abroad effected through the banking system;
2. Foreign currency transferred through International Remittance Service Providers and retained by the beneficiary to be held in foreign currency terms.
3. Transfers to a Resident of Ethiopia in foreign currency terms on account of salary, rental, or other income earned by the Resident in foreign currency;
4. A transfer from any foreign currency account within Ethiopia.
5. Foreign currency cash notes. For cash notes exceeding USD 10,000 (USD ten thousand) or equivalent in any other convertible foreign currency, the depositor shall present a signed and sealed foreign currency. declaration form from Ethiopian Custom Authority.
6. Check deposits originated from abroad or issued in foreign currency terms by a local FCY Account holder.
7. Receipt through international payment cards, including credit or debit cards.

## 14.6 Use of the Account

14.6.1 Funds in a FCY Account for Resident and Non-Resident Ethiopians may be used to:

1. Make conversions into a Birr account or into Birr cash notes at the prevailing exchange rate.
2. Make foreign service payments based on the presentation of underlying invoices;
3. Withdraw foreign currency cash notes in line with the rules governing forex bureaus.





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4. Top up debit cards upon presentation of valid travel document from their account in line with forex bureau rules.
5. Persons of Ethiopian origin (Foreign Nationals) who have deposited funds in their FCY Accounts are entitled to effect transfers abroad as long as this amount does not exceed the initial balance plus any interest received on the deposited amount.

#### **14.7 Provision of Incentives**

- 14.7.1 The deposit account can serve as collateral to get credit in local currency form domestic Authorized Banks in line with the opening authorized bank's credit policy.

### **15. RETENTION ACCOUNTS ON EXPORTS OF GOODS AND SERVICES:**

#### **15.1 Opening of Forex Retention Accounts**

An Authorized Bank is allowed to open foreign exchange retention accounts for eligible exporters of goods and services.

#### **15.2 Retention Rights**

- i. An exporter of goods and services shall have retention rights as specified in article 6 of this Directive.
- ii. A bank can credit funds in retention accounts only when the recipient (beneficiary) has given written authority.
- iii. A bank can credit funds in retention account for merchants and/or entities licensed by the NBE to collect cash notes and credit card/debit card/prepaid card/payments for goods and services they sell;

#### **15.3 Utilization of Foreign Exchange Retention Accounts**

- 15.3.1 The utilization of funds in the Retention Account shall be as specified in article 6 of this Directive.





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## PART SIX: CAPITAL ACCOUNT

### 16. CAPITAL REPATRIATION

#### 16.1 General

Unless explicitly authorized by NBE, capital account transactions by residents shall not be permitted and banks shall not effect such capital transfers except under the specific exceptions and requirements stipulated below.

#### 16.2 Remittance of Registered Foreign Investments

16.2.1 Foreign investments which are registered by the National Bank or Ethiopia Investment Commission and other pertinent Government Organ may repatriate the following upon National Bank's approval:-

- a. Profit and Dividends accruing from investment;
- b. Proceeds from the sale of liquidation of an enterprise and
- c. Proceeds from the transfer of shares or ownership of an enterprise.
- d. Return back of investment if unable to start operation
- e. Profits from portfolio investment in equity securities or debt securities

#### 16.3 Transfers of Profits and Dividends

16.3.1 Investors who earn profits or dividends from recognized and registered foreign investments shall be entitled to remit net profit/dividend abroad on condition that the following documents are submitted to National Bank;

- a. Authenticated minutes of the Board of Directors or an equivalent body distributing the profit or declaring dividend duly signed by the chairman or secretary of the Board
- b. Copy of the usual closing financial documents duly audited by an independent third party auditing institution permitted to operate in Ethiopia.





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- c. Capital registration letter issued by National Bank or Investment Authority;
- d. Tax receipts evidencing the payment of all taxes due to the government (Business and Dividend tax receipts);
- e. Memorandum & Article of Association or any other similar document by whatsoever name it may be referred;
- f. Valid business License;
- g. Application letter; and
- h. Any other document of evidence that the NBE may require.

16.3.2 Branch Offices of foreign companies operating in Ethiopia desirous of repatriating foreign exchange shall fulfill the requirements enumerated under (b-h) in sub-article 16.3.1.

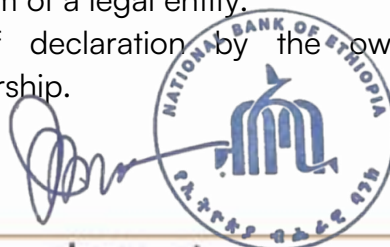
16.3.3 The NBE shall not deny the repatriation of profits of dividends subject to the fulfillment of the above documentary requirements.

16.3.4 As an exceptional treatment for any profit and dividend amounts that may be outstanding as of the issuance of this Directive (involving dividend repatriations approved by NBE but for which payment has not been effected by banks), the NBE shall stipulate a special repayment schedule to be applied to address the backlog of such dividend cases. Such a repayment schedule will not apply to any new dividend repatriation requests that are initiated after the issuance of this Directive, which shall—for such new cases—be accepted and settled by banks upon demand.

16.3.5 Remittance of proceeds from liquidation

If an investor ceased operation or closes his/her business, which is recognized and registered by the National Bank/Investment Authority, the following documents will be required to transfer the capital.

- a. Minutes of the decisions of shareholders/partners, if organized in the form of a legal entity.
- b. Letter of declaration by the owner, in case of sole proprietorship.







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- c. Liquidation report authenticated by the competent authority court and letter from ministry of trade confirming the revoke/strike out of the license.
- d. Audited Balance sheet & income statement.
- e. Foreign Capital registration letter
- f. Tax clearance from pertinent Government Authority.
- g. Any other document that may be required by the National Bank.

#### 16.3.6 Remittance of proceeds from sales of share

Foreign investor who transfer his/her share-holdings partially or wholly to the Ethiopian National and/or foreign investor can apply for remittance of sale of shares value by presenting the following documents.

- a. Updated foreign capital registration certificate and document.
- b. Bank credit advice confirming the receipt of the corresponding value in foreign currency, if sold to a foreigner.
- c. Sales agreement authenticated by document registration and authentication
- d. Tax Clearance from pertinent Government Organization.

#### 16.3.7 Fund transfer for investment if unable to start operation

Foreign Investor who have registered its foreign investment but unable to start operation may made foreign exchange remittance upon presentation of confirmation letter from Ethiopian Investment Commission. The fund to be transferred should not exceed the registered capital.

### 16.4 Accounts abroad:

Unless explicitly authorized by NBE, no Ethiopian national, natural or juridical person, residing in Ethiopia is permitted to own, possess or operate a foreign currency account abroad.





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## 17. EXTERNAL LOAN AND SUPPLIER'S CREDITS

### 17.1 General

#### 17.1.1 Borrowings from abroad and repayments

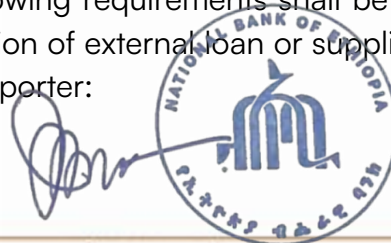
No person may enter into a foreign loan contract without the prior consultation with the National Bank in the case of the Government and approval by the National Bank in all other cases. Where a loan contract is entered in to without fulfilling the requirements of this article foreign exchange for the repayment of the loan may be denied

- a. External loan guaranteed by Federal Government of Ethiopia shall be registered by the National Bank through presenting the agreement and the guarantee issued there to.
- b. An eligible borrower except stated under sub-article 17.1.1(a) shall first get approval from the National Bank before entering to external loan and supplier's credit agreement with the lender/supplier.
- c. An eligible borrower shall register the foreign loan remitted in cash or in kind by producing the necessary documents.
- d. No repayment in foreign currency may be allowed for the purpose of payment of external loan or supplier's credit unless registered by the National Bank.
- e. Authorized Bank is allowed to open usance letter of credit for an exporter who imports equipment, raw materials, Machineries and accessories for his export business against future export proceed.

### 17.2 Eligible Borrowers and Requirements

#### 17.2.1 Exporter

- a. An exporter is eligible to acquire an external loan or supplier's credit provided that the acquired loan is going to finance an export - oriented investment that generates foreign currency.
- b. A domestic investor who is engaged in projects that generate foreign currency is eligible to acquire external loan.
- c. The following requirements shall be fulfilled for approval and registration of external loan or supplier's credit to be acquired by an exporter:





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1. Application letter;
2. Valid export license given by pertinent licensing authority;
3. For External loan, the draft loan agreement with detailed terms showing interest rates and applicable charges, loan disbursement schedule, repayment schedule, borrower lender relationship, purpose of the loan and other particulars as may be deemed necessary by the NBE;
4. For suppliers credit, pro forma invoice with repayment period and term of payment;
5. Document justifying the capacity to repay the loan

#### 17.2.2 Foreign Investor

- a. A foreign investor is eligible to acquire external loan when it fulfills all requirements provided under sub-article 17.2.2(b) and (c) of this provision.
- b. The debt to equity ratio may not exceed 60:40 of the foreign capital.
- c. The following requirements shall be fulfilled for approval of external loan and /or supplier's credit to be acquired by foreign investor:
  1. Application letter;
  2. Valid investment or any other valid business license given by pertinent licensing authority as the case may be applicable.
  3. Foreign capital registration certificate issued by pertinent government body
  4. For external loan: the draft loan agreement with detailed terms showing interest rates and applicable charges, loan disbursement schedule, repayment schedule, borrower lender relationship, purpose of the loan and other particulars as may be deemed necessary by the National Bank;
  5. For suppliers credit, at least 180 days pro-forma invoice with repayment period and term.





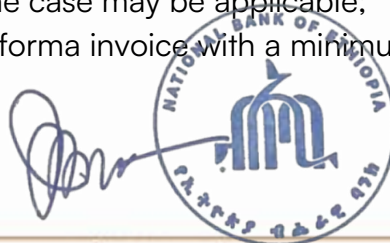
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### 17.2.3 Domestic Manufacturer (Non-exporters)

- a. A domestic manufacturer is eligible to acquire external loan when it fulfills all requirements of sub-article 17.2.3 (b) and (c) of this directive.
- b. The debt to equity ratio may not exceed 60:40 of registered capital.
- c. The following requirements shall be fulfilled for approval of external loan and/or supplier's credit to be acquired by a domestic manufacturer.
  1. Application letter;
  2. Valid Manufacturing business license given by pertinent licensing authority as the case may be applicable;
  3. Capital registration certificate issued by pertinent government body
  4. For external loan, the draft loan agreement with detailed terms showing interest rates and applicable charges, loan disbursement schedule. repayment schedule, borrower-lender relationship, purpose of the loan and other particulars as may be deemed necessary by the National Bank;
  5. For suppliers credit, Pro-forma invoice with a minimum 1year credit period and a minimum of 1 year for external loan repayment period.

### 17.2.4 Agricultural Machines/Inputs Imports and LPG Gas import

- a. An importer of agricultural machines/inputs and LPG Gas is eligible to acquire suppliers' credit when it fulfills all requirements of sub-article 17.2.4 (b) and (c) of this directive.
- b. The debt to equity ratio may not exceed 60:40 of registered capital in business license
- c. The following requirements shall be fulfilled for approval of supplier's credit to be acquired by eligible importer.
  1. Application letter;
  2. Valid business license to import items stated under article 17.2.4(a) and LPG Gas given by pertinent licensing authority as the case may be applicable;
  3. Pro-forma invoice with a minimum 1year credit period





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#### 17.2.5 Construction Sector

- a. A construction sector company is eligible to acquire suppliers credit when it fulfills all requirements of sub-article 17.2.5 (b), (c) and (d) of this directive.
- b. The debt to equity ratio may not exceed 60:40 of registered capital in business license
- c. The following requirements shall be fulfilled for approval of supplier's credit:
  1. Application letter;
  2. Valid business license;
  3. Pro-forma invoice with a minimum 1 year credit period and a minimum of 1 year for external loan repayment period.
- d. Construction sector imports that may be financed via suppliers credit are:
  1. Construction machinery such as graders, loaders, excavators and road-construction related machinery;
  2. Bitumen used for construction projects;

### 17.3 Approval and Registration of External loan

- a. The National Bank shall issue approval letter for external loan and suppliers credit if all conditions provided under sub-article 17.2 of this directive are fulfilled.
- b. The National Bank shall register external loan up on presentation of the following documents:
  1. Application letter;
  2. A bank advise (if the loan is in cash)
  3. Customs declaration and all relevant shipping documents (if the loan is in kind)
  4. Copy of external loan approval letters

### 17.4 All-in Cost

- 17.4.1 The Borrower shall present and transparently disclose the all-in cost of an external loan when submitting an application to the NBE.





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17.4.2 For the purpose of the “all in cost” calculation, costs such as front-end fee, supervision fee etc. shall be dispersed over the repayment period of the loan.

## 17.5 Guarantees

Any form of guarantee may not be issued by government and Bank for private loan.

## 17.6 Repayment of External loan

17.6.1 The National Bank shall approve repayment of external loan provided that the loan is approved and registered in the way provided under sub-article 17.3 of this directive.

17.6.2 The following documents should be presented to the National Bank for approval of external loan repayment.

- a. Application letter;
- b. Copy of external loan registration letter and
- c. Loan repayment schedule showing the computation of principal, interest and other charges as may deemed necessary by the National Bank.

## 18. EXTERNAL LOANS IN KIND

### 18.1 General

18.1.1 External loan in kind guaranteed by Federal Government of Ethiopia shall be registered by the National Bank by presenting the agreement and the guarantee issued there to.

18.1.2 An eligible borrower except stated under sub-article 18.1.1 of this provision shall first get approval from the National Bank before entering to external loan in kind agreement with the lender.

18.1.3 An eligible borrower shall register the foreign loan in kind by producing the necessary documents.

18.1.4 No repayment in convertible foreign currency may be allowed for the purpose of repayment of external loan in kind unless registered by the National Bank.





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## 18.2 Eligible Borrowers and Requirements

### 18.2.1 Export

An exporter is eligible to acquire capital good through an external loan in kind arrangement, provided that the capital good is going to be utilized in export oriented investment that generates foreign currency.

### 18.2.2 Domestic investor who is engaged in projects that generate foreign currency is also eligible to use the external loan in kind arrangement to acquire capital goods.

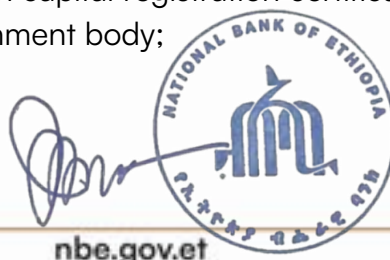
### 18.2.3 The following requirements shall be fulfilled for approval of external loan in kind to be acquired by an exporter:

- a. Application letter;
- b. Valid export license given by pertinent licensing authority;
- c. The draft loan in kind agreement with detailed terms showing the type of agreement, interest rates and applicable charges, repayment method and schedule, borrower-lender relationship, purpose of the loan and other particulars as may be deemed necessary by the National Bank;
- d. Proforma Invoice;
- e. The document justifying the capacity to repay the loan; and
- f. Supporting letter from relevant government body to attest the capital goods shall have used for the initial intended purpose of acquiring external loan in kind.

### 18.2.4 Foreign Investor

A foreign investor is also eligible to use the external loan in kind arrangement to acquire capital goods when it fulfills all requirements of sub-article (a) and (b) below.

- a. The debt to equity ratio may not exceed 60:40 of the foreign capital.
- b. The following requirements shall be fulfilled for approval of external loan in kind to be acquired by foreign investor:
  1. Application letter;
  2. Valid investment or any other valid business license given by pertinent licensing authority as the case may be applicable;
  3. Foreign capital registration certificate issued by pertinent government body;





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4. The draft loan agreement with detailed terms showing the type of agreement, interest rates and applicable charges, repayment method and schedule, borrower-lender relationship, purpose of the loan and other particulars as may be deemed necessary by the National Bank;
5. Proforma Invoice; and
6. Supporting letter from relevant government body to attest the capital goods shall have used for the initial intended purpose of acquiring external loan in kind.

### **18.3 Approval and Registration of External Loan in Kind**

- 18.3.1 The National Bank shall issue approval letter for external loan in kind if all conditions provided under sub-article 18.2 of this directive are fulfilled.
- 18.3.2 The National Bank shall register up on presentation of the following documents:
  - a. Application letter;
  - b. Customs declaration and all relevant shipping documents; and
  - c. Copy of external loan in kind approval letters.
- 18.3.3 In registering the external loan in kind when the National Bank has found a discrepancy of price for the capital good as recorded between the external loan in kind approval letters and the customs declaration and all relevant shipping documents, it shall register the lesser prices of the capital good as external loan in kind.
- 18.3.4 Notwithstanding the provision of sub-article 18.3.3 of this directive, if the external loan in kind was acquired through lease agreement, the National Bank shall support or cause to be registered the lease agreement at relevant registering organ of the government.

### **18.4 All- in- Cost**

- 18.4.1 The Borrower shall present and transparently disclose the all-in cost of an external loan in kind when submitting an application to the NBE.
- 18.4.2 For the purpose of the “all in cost” calculation, costs such as front-end fee, supervision fee etc. shall be dispersed over the repayment period of the loan.







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## 18.5 Guarantees

Any form of guarantee may not be issued by government and bank for private loan in-kind.

## 18.6 Repayment of External Loan in Kind

18.6.1 The National Bank shall approve repayment of external loan in kind provided that the repayment request is as per the conditions mentioned in sub-article 18.3 of this Directive.

18.6.2 The following documents should be presented to the National Bank for approval of an external loan in kind repayment:

- a. Application letter;
- b. Copy of external loan in kind registration letter; and
- c. Loan repayment schedule showing the computation of principal, interest, and other charges in accordance with approved arrangement and as may deemed necessary by the National Bank.

## 19. SPECIAL ALLOWANCES FOR OFFSHORE ACCOUNTS

### 19.1 Eligible Strategic Sectors

19.1.1 The following Strategic Foreign Direct Investment Projects are eligible to open an Off-shore account to deposit the proceeds from their equity and loan financing sources:

- a. A PPP project in the power generation and infrastructure sector that has large capital investment needs;
- b. A large mining project with a substantial export-earning potential; and
- c. Any other Strategic Foreign Direct Investment Project deemed eligible to qualify for such treatment by the NBE's Executive Management, considering among others their special significance and contribution in terms of size, job creation, import substitute, foreign exchange inflows, technology transfer, or sector specific impact.





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## 19.2 Eligible Payments

- 19.2.1 The eligible payments that can be covered from the Offshore Account are:
- External debt service, including any debt service reserve accounts;
  - Insurance, contractor, and other warranty claims in foreign exchange;
  - Capital or investment expenses; and
  - Maintenance and operation expenses.

## 19.3 Debt-to-Equity Ratio

- 19.3.1 The debt to equity ratio may not exceed 80:20 of the foreign capital
- 19.3.2 Notwithstanding sub-article 19.3.1 of this directive, the NBE Board may give special approval in a case by case basis if the case is found to be acceptable.

## 19.4 Foreign Currency Convertibility Guarantee

- 19.4.1 The Foreign Currency Convertibility guarantee shall only apply to strategic PPP energy and mining sector projects for loan repayment and dividend repatriation, and only after the project owner has exhausted all means to purchase foreign exchange from banks.
- 19.4.2 Any foreign currency conversion shall be done at the prevailing official rate, and will never take precedence over the servicing of sovereign external debt.





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## 19.5 Transparency Requirements

The National Bank shall have the right to monitor any contracts associated with offshore accounts to ensure there are no malpractices involved.

## 19.6 Reporting Requirements

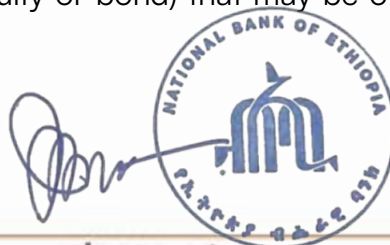
- 19.6.1 Financial statements of the strategic foreign direct investment project shall be provided to the National Bank on a quarterly basis, clearly showing the inflows and outflows of the Offshore Account;
- 19.6.2 The Strategic Foreign Direct Investment Project shall provide annual projections of expected foreign exchange inflows and outflows for National Bank's foreign exchange monitoring purposes.

## 19.7 Applicability of Other Articles

The relevant provisions of article 17 on External Loan and Supplier's Credit shall be applicable with respect to matters not covered under article 19.

## 20. FOREIGN PORTFOLIO FLOWS

- 20.1 Foreign portfolio inflows seeking to participate in Ethiopia's capital markets shall be permitted to do so subject to specific regulatory requirements that shall be set by the National Bank and the Ethiopian Capital Markets Authority (ECMA).
  - 20.1.1 Participation in capital markets shall only be through the formally established Ethiopian Securities Exchange (ESX) or other such securities markets that are licensed to operate by the ECMA.
  - 20.1.2 The NBE shall set requirements on the types of foreign portfolio inflows that are eligible and qualified to participate in the capital markets, including limits that may apply based on type of institution, source of funding, track record of investor, or other pertinent criteria.
  - 20.1.3 The NBE shall also set maximum ownership shares of any given security (equity or bond) that may be owned by foreign portfolio investors.





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- 20.1.4 The NBE may also set minimum mandatory periods for which a given foreign portfolio investor needs to be invested before seeking to exit and/or unwind its portfolio position.
- 20.1.5 The NBE may also put in place specific modalities for the treatment of foreign portfolio inflows and outflows, including if deemed necessary escrow type arrangements for the placement of the initial foreign portfolio flows and the subsequent handling of outbound portfolio flows.





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## PART SEVEN: MISCELLANEOUS ITEMS

### **21. SPECIAL ALLOWANCE FOR INDUSTRIAL PARKS AND SPECIAL ECONOMIC ZONES (SEZs)**

#### **21.1 General**

The provisions of this article shall apply to Industrial Parks not designated as SEZs as well as to Special Economic Zones per the relevant Proclamations.

#### **21.2 Industrial Parks not designated as SEZs: Purchasing and Selling of Raw Materials with Foreign Currency**

- 21.2.1 An investor may buy, in foreign currency, raw materials or inputs manufactured by another investor within the same industrial park or across another industrial park from its foreign currency and/or retention account.
- 21.2.2 An investor may sell its manufactured product within the industrial park as an input to another investor within same industrial park or across another industrial park in foreign currency via credits to its retention account.
- 21.2.3 Opening of Foreign Currency Account to Foreign Employee of Industrial Park
- An investor may pay the salary of its foreign employee in foreign currency from its retention account or foreign currency account.
  - A foreign employee of an industrial park is allowed to open foreign currency account within a bank located in the industrial park by submitting application letter, work permit, resident ID and employment contract showing monthly salary which is payable in foreign currency.
  - The foreign currency account of the foreign employee shall be credited to the maximum of his net monthly salary.
  - A foreign employee may transfer abroad or reconvert into Birr at any time from his/her foreign currency account, per Annex Three, article 8.
- 21.2.4 Export and import Permit issuance for trade within and between industrial parks





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- a. Authorized Banks may issue interim export permit to an investor upon submission of all relevant export documents to sell its product as a raw material to another investor within an industrial park or another investor in other industrial park.
- b. A bank may issue interim import permit to an investor upon submission of all relevant import documents to buy a raw material from another investor within industrial park or another investor in other industrial park.
- c. The permit issued under sub articles (a) and (b) of this article shall be coded with specific code given by the Bank.

### **21.3 Special Economic Zones (including Industrial Parks designated as SEZs)**

Consistent with the Special Economic Zone Proclamation No 1322/2024 or amendment thereof, the following special treatment shall apply for companies operating in SEZs.

- 21.3.1 Companies in SEZs are required to repatriate the full value of their foreign exchange earnings.
- 21.3.2 Companies in Special Economic Zones that generate exports and receive foreign currency earnings shall be free of any retention rules specified under article 6 of this Directive, and are thus entitled to retain 100% of their foreign exchange earnings.
- 21.3.3 Companies in SEZs may effect foreign currency transfers abroad for any current account transactions or capital account transactions.
- 21.3.4 Companies in SEZs may effect payments in foreign currency terms for goods and services purchased from the customs territory of Ethiopia; such purchases by SEZ entities shall be considered exports of the customs territory of Ethiopia.
- 21.3.5 Companies operating in Special Economic Zones may receive payments in foreign currency terms for goods and services sold to the customs territory of Ethiopia; such sales by SEZ entities shall be considered imports of the customs territory of Ethiopia
- 21.3.6 Companies in SEZs may conduct transactions in foreign currency basis within the confines and territory of the Special Economic Zone.





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- 21.3.7 The National Bank shall issue guidelines governing the selection criteria, standards, and operating and licensing requirements of banks or financial institutions operating in SEZs.

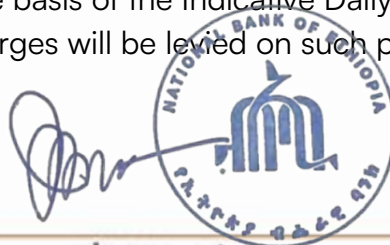
## 22. CASH LIMITS

### 22.1 Limits on Cash Note Holdings by Authorized Banks

- 22.1.1 Authorized Banks can only hold up to 10 percent of their paid-up capital in foreign currency cash notes as working balance at the close of each calendar month. Any excess holding shall be surrendered to the National Bank within 5 working days from the end of the calendar month.
- 22.1.2 Notwithstanding the provisions of sub-article 22.1.1 herein above, Authorized Banks have the right to sell part of their foreign currency holding at any time if they wish to do so.
- 22.1.3 Authorized Banks are allowed to trade and hold currencies which have a reasonable turnover and advantageous to them but limited to the list provided by National Bank.

### 22.2 Conversion Requirement

- 22.2.1 Authorized Banks shall furnish National Bank along with the cash note stocks delivered, the list of currencies identified by type of currencies, serial numbers and denominations when presented for conversion.
- 22.2.2 If the Authorized Bank surrendering the cash notes opts to credit the proceeds into its correspondent bank account, the National Bank will value of the cash notes delivered. However, the authorized banks shall pay to National Bank a service charge of 0.5% on the total.
- 22.2.3 Trading margin cost is for the account of authorized banks to which they will be required to submit a standing authorization to debit their Reserve Account with National Bank after the completion of the trade abroad.
- 22.2.4 In the event the Authorized Banks wish to sell their foreign currency notes to National Bank in Birr, the Bank will purchase the notes on the basis of the Indicative Daily Exchange Rate for that day. No charges will be levied on such purchases.





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## 22.3 Responsibility of Authorized Banks

- 22.3.1 Authorized Banks shall take due care to verify and check the cash notes purchased are not counterfeit using reliable detecting machines and necessary skills.
- 22.3.2 Authorized Banks shall register the full identity of the seller while buying the notes.
- 22.3.3 Authorized Bank shall be responsible for the counterfeits in case found in the process of trading and the equivalent in Birr shall be debited to their reserve account with National Bank. Reports of counterfeits and the price at which the trade is concluded shall be delivered to Authorized Banks by National Bank for their documentations.

## 22.4 Supply of Foreign Currency Cash Notes

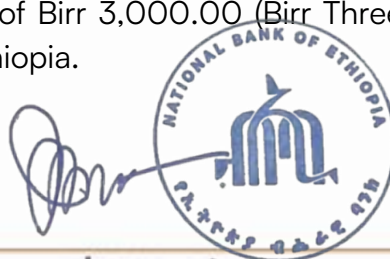
- 22.4.1 Authorized Banks that are in need of foreign currency cash notes might be supplied from the stocks of the National Bank upon written request
- 22.4.2 Authorized bank shall credit the National Bank's account in equivalent foreign currency cash notes supplied. The rates applicable for cash deal and delivery shall be linked to the Indicative Daily Exchange Rate.
- 22.4.3 In case the Authorized Bank wish to buy foreign currency cash notes against birr the rate applicable for cash deal and delivery shall be the Indicative Daily Exchange Rate. The selling price shall be the prevailing selling rate of the day.

## 22.5 Prohibitions

Authorized Banks are neither allowed to engage in the shipment of foreign currency cash notes abroad nor can they either order or receive a consignment of foreign currency cash notes.

## 22.6 Birr Holding Limit for Persons Entering or Departing Ethiopia

- 22.6.1 A person entering into and departing from Ethiopia may hold up to a maximum of Birr 3,000.00 (Birr Three Thousand) per travel to and from Ethiopia.







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22.6.2 Notwithstanding the limit set under sub-article 22.6.1 of this article, a person travelling to Djibouti or other port cities in neighboring countries may hold up to a maximum amount of Birr 10,000 (Birr Ten Thousand) per travel.

## 22.7 Time Limit for holding and conversion of Foreign Currency

22.7.1 a person residing in Ethiopia enters into the territory of Ethiopia carrying a foreign currency shall convert all foreign currency at an authorized forex bureau for the equivalent sum in Birr or deposit to his/her foreign currency account within 30 days (thirty days) from date of entry stamped on the travel document by the Immigration and Citizenship Service. However, he/she has to present customs declaration if the foreign currency amount exceeds USD 10,000 (USD Ten Thousand) or equivalent in any other convertible foreign currency while depositing into foreign currency account.

22.7.2 Notwithstanding sub-article 22.7.1 of this Directive, the Foreign National of Ethiopian Origin or Ethiopian National not residing in Ethiopia who enters Ethiopia carrying foreign currency and intends to stay for more than 90 days (ninety days), shall deposit such a foreign currency into his/her Non-resident (NR) Foreign Currency Account within ninety days from date of entry stamped on the travel document by the Immigration and Citizenship Service. However, if the foreign currency amount exceeds USD 10,000 (USD Ten Thousand) or equivalent in any other convertible foreign currency, he/she has to present a customs declaration while depositing into a foreign currency account or converting the foreign currency at an authorized forex bureau for the equivalent sum in Birr.

22.7.3 A foreigner not residing in Ethiopia enters into the country carrying foreign currency may hold the foreign currency in his/her possession up to the visa validity period.

22.7.4 a person residing in Ethiopia who purchase foreign currency from a bank, may carry such foreign currency for a period of thirty (30) days from the date of a bank advice and has to convert it at an authorized forex bureau for the equivalent sum in Birr within thirty (30) days.

## 22.8 Customs Declaration of Foreign Currency

22.8.1 Customs Declaration of Foreign Currency



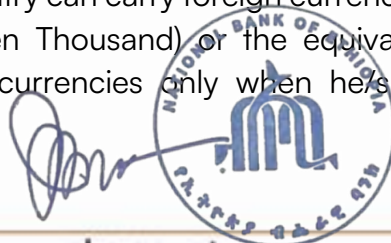


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- a. A person residing in Ethiopia, Foreign national of Ethiopian Origin, Ethiopian National or foreigner not resident in Ethiopia entering into the country from abroad carrying foreign currency exceeding USD 10,000 (Ten Thousand) or equivalent in any other convertible foreign currency shall declare by using foreign currency Customs Declaration Form prepared for this purpose on arrival at Airport or any other entry point in to the country.
- b. Entering passengers carrying foreign currency not exceeding USD 10,000 or equivalent shall not be expected to declare such currency holdings to customs authorities upon entry.
- c. Transit passengers are exempted from any foreign currency declaration requirement and shall not be expected to declare such currency holdings to customs authorities upon entry.

#### 22.8.2 Permissible amount of Foreign Currency for Travel Abroad

- a. Person residing in Ethiopia is allowed to travel abroad by carrying a foreign currency if he/she present a bank advice issued for the purchase of the foreign currency within a period of thirty (30) days from the date of a bank advice.
- b. Non-resident Foreign National of Ethiopian Origin and Ethiopian National not residing in Ethiopia is allowed to travel abroad by carrying a foreign currency
  - i. if he /she present a bank advice issued for the purchase of the foreign currency within a period of thirty (30) days from the date of a bank advice.
  - ii. if he/she enters into the territory of Ethiopia carrying a foreign currency from abroad and travel back within 90 days from date of entry stamped on the travel document by the Immigration and Citizenship Service, however he/she has to present customs declaration if the foreign currency amount exceeds USD 10,000 (USD Ten Thousand) or equivalent in any other convertible foreign currency.
- c. Embassy Employee, Temporary Worker of different foreign institution or workshop participant or trainer who entered into the country can carry foreign currency exceeding USD 10,000 (USD Ten Thousand) or the equivalent in other convertible foreign currencies only when he/she can produce a bank





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advice or employer's letter or a supporting letter from workshop coordinator which justifies the acquisition of the foreign currency is from a legal source.

### 22.8.3 Other Foreign Currency Holding

A person entering into the territory of Ethiopia from a neighboring country using land transport carrying other foreign currency having value more than or equivalent of USD 500 (USD Five Hundred) in conversion shall declare at the border customs' branches or stations and may travel abroad by carrying such declared amount by presenting customs declaration.

### 22.8.4 Reporting Requirement

- a. The Ethiopian Customs Commission is required to send a copy of every foreign currency customs declaration to the National Bank every month within the first five working days of the next month.
- b. The Ethiopian Customs Commission is also required to submit any other report related to foreign currency customs declaration when requested by the National Bank.

### 22.8.5 Prohibition

- a. Unless otherwise provided by this directive or pertinent laws or without authorization of the National Bank, a person may not transfer or pay foreign currency in cash to a third party either as donation or gift or to discharge any obligation.
- b. Unless otherwise provided by this directive or pertinent laws or without authorization of the National Bank, a person may not hold or carry foreign currency.
- c. It is prohibited to undertake any cash transactions in foreign currency in Ethiopia, unless for the specific cases authorized by NBE.





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## 23. REPORTING REQUIREMENTS

### 23.1 Per the specific provisions laid out in this Directive, the following reporting requirements shall apply and be enforceable:

- 23.1.1 Exchange Rates used for Banks' Daily FX Transactions.
- 23.1.2 Foreign Exchange Cashflow on a monthly basis.
- 23.1.3 Remittance Report on a monthly basis .
- 23.1.4 Data related to foreign exchange transactions by local merchants and entities on a monthly basis with details of credit/debit card, cash notes, and related transactions.
- 23.1.5 FCY Account Opening Report on a monthly basis, for all categories of FCY Accounts;
- 23.1.6 FX Transaction Report of Forex Bureaus on a monthly basis and in the prescribed form;
- 23.1.7 Monthly Reports on permits granted for exports, imports, and services.
- 23.1.8 Monthly reports in prescribed forms indicating foreign exchange transactions for Import and Export transit, for Import and Export freight, insurance and salary expenses.
- 23.1.9 Monthly transfers of air ticket sales proceeds by foreign airlines (if applicable) in the prescribed format.
- 23.1.10 The reporting deadlines for the above data shall be specified by the National Bank.

### 23.2 The NBE shall advise banks and authorized foreign exchange dealers of additional reporting requirements that may be needed beyond the data to be collected through the online and automated FEMOUS reporting system.





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## 24. PENALTIES AND INSPECTIONS

### 24.1 Penalties

- 24.1.1 Any bank or other licensed entities that fail to comply with the requirements of any provision of this Directive shall be subject to fines and other penalties consistent with Article 26 of the National Bank of Ethiopia Establishment (as Amended) Proclamation No. 591/2008”.
- 24.1.2 Penalties applied shall be in the amount of USD 2,500 (USD Two-thousand five-hundred) per violation of this Directive.
- 24.1.3 The NBE will have the discretion to impose additional financial and administrative penalties, including license revocation, temporary service suspension or any others as appropriate. In addition, consistent with the NBE Establishment Proclamation, further legal and criminal penalties may apply.
- 24.1.4 The NBE’s Governor or Vice Governor (Monetary Stability Cluster) shall have the discretion to decide on the specific penalties applicable for particular violations of this Directive.

### 24.2 Inspection

- 24.2.1 The NBE may undertake an inspection of any Authorized Bank or NBE licensed entities at any time to verify compliance with this Directive:
- 24.2.2 Inspectors of the NBE are authorized to request the personnel of Authorized Bank such documents, information or explanations or the records or transactions that deemed necessary.
- 24.2.3 With respect to merchants authorized to accept prepaid/credit/debit cards, cash notes, and travelers’ cheques, the NBE may conduct inspection at any time on the premises of such merchants. The inspection may include reviewing of books of accounts, request for information or explanations of the records of transactions, and examination of records related to payments received against prepaid/credit/debit cards, cash notes, and travelers’ cheques.
- 24.2.4 Any form of examination can be conducted by an NBE inspection team at any time.





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## 25. OTHER MISCELLANEOUS

### 25.1 Revisions to Articles in this Directive

25.1.1 The National Bank may amend the provisions of this Directive from time to time by issuing a Directive.

### 25.2 Repealed Directives

25.2.1 All foreign exchange directives and circulars hitherto issued by the National Bank are hereby repealed and replaced by this Directive.

### 25.3 Effective Date of this Directive

25.3.1 This Directive shall be effective as of July 29, 2024.

  
**Mamo Esmelealem Mihretu**  
Governor





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# ANNEXES





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## ANNEX ONE: EXPORT-RELATED REQUIREMENTS

### 1. Applicable Mode of Payment for Export:

#### 1.1 Authorized banks shall use the under listed mode of payments for export of goods.

- 1.1.1 Letter of credit at sight and on acceptance
- 1.1.2 Cash Against Document at sight and on acceptance
- 1.1.3 Advance payment received in the form of:-
  - a. Bank transfers
  - b. Debit card/Credit card
  - c. Cash notes declared at customs and deposited at forex-bureau
- 1.1.4 Consignment sales which is applicable to perishable items such as fruits, cut flowers, meat, molasses and others as may be approved by the National Bank.
- 1.1.5 Open account basis which shall be applicable for e-commerce exports and any other export transactions explicitly granted permission by NBE.

#### 1.2 Document Requirement for Exports

Authorized Banks shall allow Export of goods, other than gold, against submission of the following documents through the Electronic Single Window System as applicable:

- 1.2.1 Export by Letter of Credit
  - Authorized Banks shall allow exports for goods to be exported abroad on against verification of the following documents
    - a. Valid foreign trade license for export,
    - b. Authenticated irrevocable and/or confirmed letter of credit basis advised through the local bank
    - c. Export application form duly completed
    - d. Invoice duly completed. The invoices could be chamberized as the case may be.
    - e. Sales contract
- 1.2.2 Export by Cash Against document
  - All documents under sub-article 1.2.1 above except (b)
- 1.2.3 Exports under advance payment







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- a. Exporters who wish to obtain export applications under advance payments are required to submit the documents indicated under sub-article 1.2.1 above excluding (b) and
- b. bank transfer advices.
- c. Advance payments shall be valid only for a period of one year.

#### 1.2.4 Exports on Consignment Basis

Exporters who wish to obtain export applications on consignment basis are required to submit the following documents:-

- a. All documents indicated under sub-article 1.2.1 above excluding (b) are required;
- b. Undertaking letter in writing for repatriation of Export proceeds.

#### 1.2.5 Exports on Open Account Basis

Exporters who utilize Open Account means of payment shall be required to present:

- a. Undertaking letter in writing for repatriation of Export proceeds.
- b. Other requirements as shall be specified by NBE at a future date.

### 1.3 Applicable Terms of payment

#### 1.3.1 Letter of Credit

Authorized Banks shall allow exports for goods to be exported abroad on:

- a. *L/C payment at sight under irrevocable and/or confirmed letter of credit basis.*
- b. *L/C acceptance basis* provided that :
  - i. The payment shall be secured by irrevocable confirmed Letter of Credit advised through a local bank.
  - ii. The acceptance period shall be contained within the L/C validity date and is consistent with the 90 days repatriation time allowed.
  - iii. The maximum allowable time for the L/C acceptance shall be 60 days.





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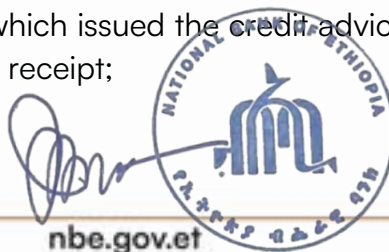
### 1.3.2 Cash Against Document

Authorized Banks shall allow export of goods on CAD at sight or on acceptance basis, except chat and live animals, provided:

- a. The repatriation of the foreign exchange value is to be secured within 90 days from the date of the issue of export permit.
- b. The exporter shall take a full undertaking in writing stating to repatriate its obligation the amount involved in the permit issued and that S/He does not apply to other banks and the bank its branches for CAD payment.
- c. The maximum allowable amount for any export under CAD mode of payment for a single permit shall not exceed USD 500,000 (USD Five-Hundred Thousand). Subsequent permits shall only be issued upon full repatriation of the allowable amount.
- d. With the ceiling of USD 500,000 (USD Five Hundred Thousand),—exporters shall have access to the remaining balance if permits already issued for a less value
- e. National Bank shall give approval for export permit for value exceeding USD 500,000.00 (USD Five-Hundred Thousand) on a case by case basis.

### 1.3.3 Advance Payment

- a. Authorized Banks are required to check their records to confirm that the export amount do not exceed the foreign exchange amount receipt in advance and also has not been utilized before.
- b. The export permit issued under advance payment shall be in the name of the remitter only. However, National Bank may give special waiver based on the nature of trade.
- c. Foreign currency receipts can be considered as an advance payment for future export if and only if:-
  - i. Marked as “Advance payment for future export” or “Advance payment for future import” if the intention is to show the buyer
  - ii. State the type of commodity to be exported or the invoice no. or the contract no. of the transaction, as the case may be, using the money transferred in advance if and only if NBE provides approval.
  - iii. Export permit shall be issued only through an Authorized Bank branch which issued the credit advice as evidence of foreign currency receipt;





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- iv. Foreign currency credit advice issued for future export shall be valid for export or refund for the period of one year only; However National Bank may give extension based on the nature of the problem faced by the exporter.

#### 1.3.4 Exports on Consignment Basis

- a. Exporters who wish to obtain export permits on a consignment basis shall repatriate funds upon receipt of payment for export goods delivered.
- b. The repatriation of the foreign exchange value is to be secured within 90 days from the date of the issue of export permit made under consignment basis.

#### 1.3.5 Open account

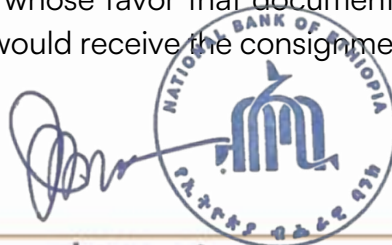
The repatriation of the foreign exchange received under Open Account shall be applicable for e-commerce exports and any other export types that NBE may designate from time to time.

#### 1.3.6 Export Delivered at EX-Works (EXW)

Exporters may agree for sales and delivery of goods at a price calculated on the basis of costs at Ex-Factory or at inland dry port named where the buyer preferred the purchase point to be fixed as prescribed under annex six, sub-article 1.1.2 of this directive.

#### 1.3.7 Way Bills for exports to be issued in the name of a Local Bank

- a. Notwithstanding any agreement to the contrary, bills of lading, airway bill or any other document evidencing shipment of goods from Ethiopia to any destination abroad shall be made out to the order of a bank duly licensed to operate in Ethiopia or the opening bank abroad for payments arrangement on letter of credit and cash against document. However, bill of lading can be issued in the name of the buyer or his/her agent for the following payment arrangements.
  - i. Advance payment
  - ii. Consignment
- b. Exporters or forwarding Agents shall indicate in their shipping instruction to the shipping companies or ship agents the name of the bank in whose favor that documents to be made out or the buyer who would receive the consignment in whose name the bill





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- of lading, airway bill or any other equivalent document shall be issued in respect of the valuable goods to be shipped.
- c. Upon receipt of the bills of lading or the equivalent documents issued in respect of the shipment of goods entrusted to them for export, forwarding or shipping agents shall, under their responsibility, deliver them to the Authorized Bank in Ethiopia to whose order the shipping documents were issued.
  - d. Authorized Banks bear the responsibility for ensuring that export proceeds for all export permits approved are repatriated into the country within 90 days, except flower from the date of issue of export permits for all modes of payments applicable and within Banks have to make follow-ups and exercise a reasonable care and take measures to insure timely repatriation of proceed.

#### **1.4 Special Mode of Payment Rules for certain products and destinations**

- 1.4.1 Exports of chat, livestock, and injera are only permitted with L/C and Advance mode of payments.
- 1.4.2 Exports to Sudan and to Somalia are only permitted with L/C or Advance mode of payments.
- 1.4.3 Exports to Somalia and Djibouti can be effected through advance payments via a money transfer service company authorized by NBE. In cases of such advance payments for exports, this should mention the purpose of the advance as being for future export payment and the type of commodity.

#### **1.5 Special Case of Flower Exports**

- 1.5.1 Sales arrangement shall be carried out in the following two forms:-
  - a. Direct Sales
    - i. Contract base sales
    - ii. Consignment sales
    - iii. Negotiated sales
  - b. Sales at the Auction Market
- 1.5.2 The Mode of Payments Applicable for Flower Exports are all mode of payment stated under :
  - a. Consignment sales (open accounts);
  - b. Letter of Credit (sight, acceptance up to 20 days for roses and summer flowers); and 50 days for cuttings;





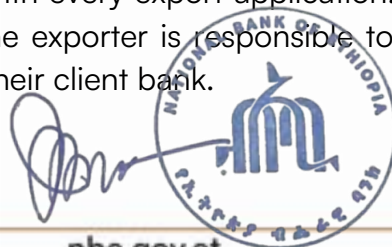
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- c. Cash Against Document (sight, acceptance up to 20 days for rose and summer flowers); and 50 days for cuttings;
- d. Advance payment (transferred through banking system).

### 1.5.3 Flower Export Permit Processing by Banks

The following shall apply for processing flower export permits.

- a. All requirements indicated under annex one of this directive for processing export permits, monitoring the foreign exchange repatriation and documentation requirements shall be applicable for the export of flower as well.
- b. In addition to sub-article 1.5.3 (a) of this directive:
  - i. Exporters are required to indicate on the export application the market where the flower is intended to be sold (Auction Market/Direct Market) and the type of currency and the delegated agent. In addition, they shall indicate the types of flowers, unit of measurement, unit price, volume /gross and net weight / and value.
  - ii. Applicable currency for all types of flower export shall be in USD, Euro, Pound Sterling or Yen or other convertible currencies as determined by National Bank and repatriation shall be in same currency as in the permit.
  - iii. Exporters are also required to submit the following documents along with the application:
    - Registration certificate or acceptance letter to participate at the specified auction center;
    - Agreement signed with the intermediary agent authorized for handling the sales of the flower at the auction center;
    - Purchase contract or requisition for supply of flower from the buyer (not applicable for auction sales); and
    - Evidence that shows the applicant is properly performing or has already performed its obligation in relation to a royalty agreement in which the applicant is a party.
  - iv. If exporters are using a specific bank and branch to process their export permits, items required under the above sub-article 1.5.3 (b (iii)) of bullet number 2 and 3 of this directive can be placed in permanent file and may not be necessary to attach with every export application. However, if changes are made the exporter is responsible to update the file and duly inform their client bank.





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- v. On the export application to be presented, the quantity and type of flower to be exported shall be expressed in number of stems for cuttings and kg in case of roses and summer flowers, including the total estimated value in foreign currency and the estimated price per stem and kg respectively. Partial shipment scheduled should aggregate and tally to the quantity and value expressed in the original application.
- vi. Any partial shipment effected should bear the original permit number issued by its bank and partial shipment reference to which the quantity shipped is supposed to be consistent to the balance remaining under permit. Exporters should, therefore, carefully check the balance and process the export, provided sufficient balance in terms of quantity is available under the export permit.
- vii. The maximum validity of flower export permit shall be up to last day of the month in which the permit is issued. And there will be no extension.

#### 1.5.4 Minimum Net Selling Price of Flowers, FOB Basis

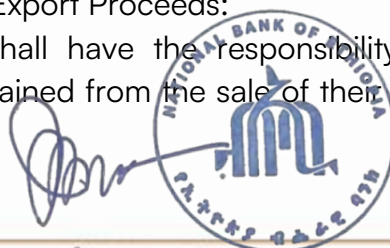
- a. High land
  - i. Roses: USD 4.2612/kg
  - ii. Summer flower: USD 4.7822/kg
- b. Mid-Land
  - i. Roses: USD 4.3340/kg
  - ii. Summer flower: USD 4.5475/kg
- c. Low land
  - i. Roses: USD 4.6602/kg
  - ii. Summer flower: USD 6.3699/kg

1.5.5 Authorized Banks shall have the responsibility to ensure that the export permits they issue duly reflect the broad categories of flower as stated under sub-article 1.5.4 and at least the minimum net prices as stated under the above sub articles.

1.5.6 The Ethiopian Customs Commission shall check and record flower export in accordance with the price measurement as stated under a to c of the above sub-article 1.5.4.

1.5.7 Repatriation of Export Proceeds:

- a. Exporters shall have the responsibility to repatriate fully the amount obtained from the sale of their rose and summer flower





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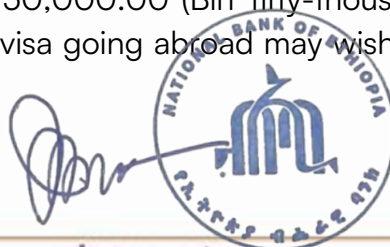
- exports within 30 days and cutting flower export within 60 days from the date of shipment. However, National Bank may for good cause grant reasonable extension of time beyond the respective stated repatriation dates set above
- b. Transfer of payments by the auction agent or the direct buyers shall clearly identify the bank permit or partial shipment reference and the appropriate references from the exporter. This requirement shall also be included on each invoice issued by the exporter in order to draw the awareness of buyers or the processing agents.
  - c. For documentation purpose any deductions retained out of the export proceeds for the purposes of covering agents' fees and processing costs should clearly be stated in the transfer documents by providing details regarding the client Bank permit number or partial shipment reference number and others.
  - d. Notwithstanding sub-article 1.5.7.(a) of this article banks might extend the time for repatriation up to a maximum of 15 (Fifteen) days for request on reasonable ground and report the extension to NBE and the pertinent government agency.

## 1.6 Small Export Items

Authorized Banks shall allow small export items to tourists, foreign residents or Ethiopian Nationals who wish to take souvenirs. The small export items shall be sent abroad for sample, gift, repair, replacement, exhibition and trade fair and personal effects and belongings etc. Authorized Banks shall allow small export items for the following, subject to meeting the relevant quality or standards requirements set by the regulatory body

- a. Limited quantity of souvenir items for value not exceeding USD 5,000.00 (USD five-thousand) which a tourist (Non-Resident) has purchased with local currency. If the value exceeds USD 5,000.00 (USD five-thousand) or equivalent in any other convertible currency provided that the person present signed and sealed declaration and Forex Bureau ticket.
- b. Household goods, personal effects and souvenirs of an emigrant authorized by authorized Banks to be taken out of Ethiopia.

Souvenirs, products or manufactures of Ethiopia that do not exceed the aggregate value of Birr 50,000.00 (Birr fifty-thousand) which a resident of Ethiopia with a re-entry visa going abroad may wish to take with him as gifts





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for friends but not for business purpose. Additional value may be allowed against foreign currency receipt in the banking system.

- a. Samples of Ethiopian products or manufactures for promoting exports not exceeding 5 kilos and incase of semi-processed hides and skins not exceeding 1 dozen, leather and leather products and textile products 1 pc each respectively as per pertinent Government institutions approval. In case of coffee, the weight to be taken out shall not exceed two kilos per adult passenger. If the value and volume exceeds Additional samples may be allowed against payment of foreign exchange.
- b. Machinery or equivalent or spare parts thereof sent abroad for repair or replacement and to be subsequently re-imported subject to a guarantee deposit of 100% of the invoice value in a blocked bank account, in case of private sector or a letter of undertaking from the exporting department in the case of the public sector to be released upon presentation of evidence to authorized Banks proving the re-importation of the item.
- c. Machinery, technical equipment or any other item and spare parts thereof to be exported from Ethiopia having been originally imported temporarily for specific use.
- d. Items imported into Ethiopia, under whatever modality, for repair purposes, provided the repair cost has been paid in foreign exchange
- e. Samples of Ethiopian products sent for promoting exports of agricultural products, semi-processed or processed hides and skins, others of manufactured articles and mine products whose value not exceeding USD 1,000.00 (USD one thousand). Additional samples may be allowed against payment of the value in foreign exchange from outside source or foreign currency account maintained in the country.
- f. Non-returnable sample sent abroad for testing purpose, such as packing materials (bottles, carts etc and others
- g. Spare parts imported but not salable to be sent abroad based on the buy-back agreement against blocking birr equivalent until repatriation the sales value in foreign currency.
- h. Other exceptional cases not provided for above and where the NBE grants approval.

  
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## 1.7 Export of Goods on Temporary Basis

Authorized banks shall allow temporary export permit for the following goods:-

- a. Machinery equipment or specialized products thereof, sent abroad for repair, replacement and to be subsequently re-imported will be subject to a guarantee deposit of the equivalent to 50% invoice value in birr in a blocked bank account or submission of bank guarantee acceptable from abroad at local bank. However National Bank may lower the guarantee deposit rate based on the nature and value of the item and credibility of the applicant.
- b. In case temporary export permit requested for part of the machineries or equipment whereby price cannot be produced by invoice, the authorized bank shall take the estimated value declared by the exporter. The exporter has to issue letter undertaking to confirm the declared estimated value is genuine and also to return the goods in due time after maintenance or replacement.
- c. Items having been originally imported temporarily into Ethiopia for repair/maintenance provided the repair cost has been paid in foreign exchange.
- d. Goods exported by institutions or individual organizations who have scheduled programs to participate on exhibition/trade fair to be held abroad upon submission of:
  - i. application letter confirming the place and town of exhibition/trade fair to be conducted;
  - ii. the recommendation letter obtained from the pertinent government office(s) stating the value and quantity of goods to be exported;
  - iii. Three copies of list of item stating, the quantity and value of the goods to be exported;
  - iv. If the goods exported for the purpose of trade fair or exhibition are sold abroad or returned (partially/fully), the institution/individual shall submit the following documents for their undertaking settlement.
  - v. A written undertaking is submitted by the applicant to repatriate proceeds if the goods are sold abroad or to return the goods.





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- vi. Report to National Bank for the return of goods fully or the repatriation of the value declared for goods sent to exhibition or trade fair by attaching the following documents:
- Bank credit advice for the repatriation of foreign exchange of the sales proceeds (for sold items).
  - Custom declaration showing the re-entry of items sent for promotion or exhibition
  - Contractors who have taken up contractual agreements abroad to perform a task against foreign currency payments and who require to take with them instruments, vehicles and equipment provided they submit a guarantee or equivalent instrument which would secure the return of the property.
  - Authorized Banks are responsible to follow-up, the return of goods sent abroad on temporary export base, after accomplishment of task, and report to National Bank accordingly.

## 1.8 Granting Provisional Export Permit

1.8.1 National Bank shall issue procedure, as deemed necessary, for the type of goods to be transported temporarily and keep stock of the product in neighboring countries so that the export of the product may not be disrupted in the rainy season.

1.8.2 Authorized Banks shall issue a provisional export permit and follow-up repatriation of export proceeds and report using standard format based

## 1.9 Change of basis of shipment

Approval of individual export applications under sales contract originally concluded on FOB basis shall be subject to the signing of an undertaking by the exporter to surrender to Authorized Banks the foreign exchange from payment of freight and /or insurance as the case may be in local currency in the event the basis of shipment subsequently amended to that of C&F and CIF

## 1.10 Cancellation of Export Applications

Approved export applications may be cancelled if shipment is not made within 30 calendar days from the date of issue.





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## 1.11 Settlement of Commitments

- a. Exporters are required to repatriate their export proceeds in foreign exchange within 90 days from the date of issue of export applications. However, National Bank may for good cause grant reasonable extension of time beyond 90 days.
- b. The National Bank will provide a list of delinquent exporters to all Authorized Banks.
- c. No Authorized Banks shall give an export permit to a prospective exporter whose name appears on the delinquent list.
- d. Any exporter whose names appear on the delinquent list shall first clear his/her outstanding commitments at the National Bank. Once he has cleared his commitments a clearance will be issued by the National Bank.
- e. Temporary clearance certificate may be issued by National Bank on case by case basis.





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## ANNEX TWO: IMPORT-RELATED REQUIREMENTS

### 1. Import Authorization

- 1.1 Authorized Banks are mandated to allow import of goods for any value, against submission (including via electronic methods) of required documents by the importer.
- 1.2 Notwithstanding sub-article 1.1.1, any imports of goods that do not utilize foreign exchange resources from the banking system (and that do not consequently require the use of L/C, CAD, Advance payments, or other payment modalities) shall be permitted to enter the country subject to all the customary customs, tax, health, or other regulatory standards set by the relevant authorities.

### 1.3 Applicable Mode of Payment for Import

Authorized banks shall use the under listed mode of payments for import of goods into the country:

- 1.3.1 Letter of credit at sight;
- 1.3.2 Letter of credit on acceptance with prior approval of NBE
- 1.3.3 Cash against document at sight;
- 1.3.4 Cash against document on acceptance with prior approval of NBE and
- 1.3.5 Advance payment.

### 1.4 Documents requirement and Payment Term Arrangements

Authorized Banks shall allow Import of goods against submission of the following documents through the Electronic Single Window System, as applicable. The documentary requirements below may be waived by the National Bank on a case by case basis.

- 1.4.1 Imports by Letter of Credit (L/C)
- Import application form duly completed, signed & sealed and clearly showing HS codes, TIN number, Exchange rate and Importer account No. issued by National Bank;
  - Pro-forma invoices showing clearly full description of goods, HS code including quantity, grade, quality, volume, measurement, weight, mode of shipment, terms of payment,





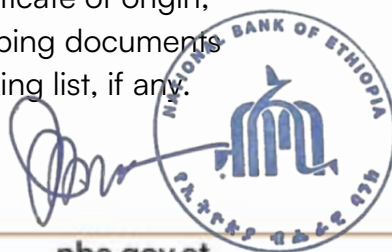
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unit price and total amount of the goods to be paid at a named place of delivery;

- c. Valid trade licenses for foreign trade, investment or industry.
- d. Insurance certificate issued by local insurance company. However, in the case of donor/lender financed imports and import made from Non Resident Foreign currency accounts and foreign currency account of Foreign Direct Investors account this certificate may not be required.
- e. Certificate of competence from the pertinent government institution in order to prevent damage to public health, safety and the national economy as deemed necessary by the relevant authority.
- f. NBE's prior approval letter in case of L/C on acceptance basis.
- g. Delinquent waiver letter from NBE

#### 1.4.2 Cash Against Document (CAD) at sight

- a. Authorized Banks shall approve purchase order for import of goods on Cash Against Documents (CAD) at sight basis upon fulfilling the following conditions and submission of documents:
  - i. Purchase order, pro-forma invoice and valid trade licenses for foreign trade, investment or industry and local insurance certificate
  - ii. Authorized Banks shall confirm that the importer is not on the delinquent list before approval of purchase order, or should have a waiver from delinquent letter from NBE.
  - iii. Importers are required to obtain prior purchase order approval from Authorized Bank before shipment of goods;
- b. Authorized Banks shall issue import permit on Cash Against Documents (CAD) at sight basis upon receipt of shipment documents and submission of the following documents:
  - i. Import application form duly completed, signed and sealed that clearly shows HS code and National Bank import account number;
  - ii. the purchase order approved by the client bank or NBE's approval letter in case of CAD acceptance;
  - iii. Chamberized invoices;
  - iv. Certificate of origin;
  - v. Shipping documents
  - vi. Packing list, if any.





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#### 1.4.3 Advance payment

Authorized Banks shall issue import permit on advance payment basis upon fulfilling the following conditions and submission of documents:

- a. Importers who wish to import goods by advance payment are required to submit a letter of undertaking for the entry of the goods into the country in addition to the documents indicated under sub-article 1.3.1 above.
- b. The amount to be approved for advance payment from one supplier shall not exceed USD 5,000.00 (USD Five Thousand). In case of value exceeding USD 5,000.00 (USD Five Thousand), an importer should submit foreign bank guarantee confirmed by local Authorized Banks.
- c. Notwithstanding sub-article 1.3.3 (b) of this directive, Bank guarantee requirement is not applicable if transactions are to be debited from a non-resident accounts, except from retention account.
- d. NBE may provide special authorization to waive the above requirements under (b) and (c).

### 1.5 Other Requirements

In addition to the provisions stipulated under the requirements above, the following are also required:-

- 1.5.1 Ministry of Health certificate if the import of goods are medicines and other related medical equipment;
- 1.5.2 Ministry of Agriculture certificate for the import of agricultural chemical and veterinary medicines.
- 1.5.3 Quality and Standard Authority Certificate for import of goods such as food, matches, nails, galvanized corrugated sheets, scales etc which require standardization.
- 1.5.4 Road Transport Authority (Ethiopian Roads Authority) approval as per "Road Transport Regulation Proclamation No. 14/1992" Article 7(3).
- 1.5.5 Loan or grant agreement concluded between Government Agencies & foreign financing organizations and a letter from the Ministry of Finance (MOF) showing that the government agency is the user of the credit or/grant. However, in the case of the private

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sector, a letter of National Bank is required if the import is covered from external loan.

- 1.5.6 Certificate of the pertinent government authority for the importation of explosives & security related instruments.
- 1.5.7 Ethiopian Telecommunications Agency certificate for importation of radio communications equipment, fax machines, telephone apparatus, cell phones etc.
- 1.5.8 Other goods for which a certificate of competence must be obtained from the pertinent government institution, in order to prevent damage to public health, safety and the national economy

## 1.6 Import destined to Inland dry port

Document requirement and payment arrangement for Goods ordered to be stuffed in containers and/or RORO items and destined to "Inland Port" shall be processed as prescribed under Annex six of this directive.

## 1.7 Importation of used goods

Authorized Banks shall avail foreign exchange for importation of used goods except for those on the customs negative list upon submission of the following documents in addition to the requirements stipulated under sub-article 1.3 :

- 1.7.1 Valid trade licenses for import, investment or industry, as the case may be;
- 1.7.2 Duly signed Pro-forma invoice from overseas suppliers showing full description of the goods including type, model and date of manufacture, FOB value and freight cost separately, terms of payment and validity date.
- 1.7.3 Chamberized documents showing full description of the goods including type, model, date of manufacture, and original purchase price from parties other than the seller. The FOB value of used vehicles, machineries, equipment's, etc to be imported shall not exceed the maximum value indicated with respect of service year.





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### **1.9 Imports through Supplier's Credit**

Authorized Bank shall, on the basis of approval of National Bank, allow eligible applicants to import goods under suppliers' credit in accordance with Article 17 of this Directive.

### **1.10 Imports through External loans**

Authorized Banks shall, on the basis of National Bank's directive governing external loans, allow eligible applicants to import goods in accordance with Article 17 of this Directive.

### **1.11 Imports by diplomatic bodies, other international organizations and their officials and NGO's**

- a. Imports for their own consumption by diplomatic and other international organizations of equal status and their officials may be paid by the debit of their Non-resident Foreign Currency Account
- b. Where they do not maintain Non-Resident Foreign Currency account they shall be treated in the same way as other importers.

### **1.12 Commodity Classification**

Authorized Banks shall give import permits on Harmonization system (HS) commodity classification bases for different categories of goods.

### **1.13 Ex-post Verification of Documents**

Authorized Banks shall ensure that all documents processed with regard to import transactions are kept in order so that National Bank can undertake ex-post verification of the documents in compliance with the existing trade and exchange regulations.

### **1.14 Actions to be taken before and after receipt of documents under L/C and CAD**

- 1.14.1 Upon arrival of goods but before receipt of documents  
Authorized Banks may facilitate in issuing delivery order to clear the goods against payments or other facilities at the







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request of importers who wish to expedite the clearance of their goods.

#### 1.14.2 After arrival of documents

- a. Upon receipt of documents, the Authorized bank shall advise immediately to the customer about the receipt of documents and instruct to collect against payment (customer advice should be sent within five days from the date of receipt of documents)
- b. If the documents have not been collected the banks shall send a second reminder within fifteen days from the date of the first reminder and inform the client that the bank would be obliged to take the appropriate action unless there is response within five days.
- c. If the importer does not take up the documents within five days after the expiry of the 2nd reminder, banks shall send a final reminder informing the customer the seriousness of the issue and the implications on future dealing with banks. The bank advice should be sent to the National Bank. In the case of CAD, the bank shall send a final reminder informing the customer that it will return back the documents to the Remitter Bank unless the importer takes action within the next five days.
- d. Upon failure to pick up the documents after the last reminder is served, the Authorized bank should notify to the National Bank and the Customs Commission, stating the reluctance of the importer to collect the documents.
- e. After all the above steps have been taken and the documents remained uncollected for the goods that are consigned to the order of Authorized Banks and have lien on the documents received, the banks shall take appropriate action based on the financial interest it may have and legal ownership they possess.

### 1.15 Validity of Import Applications

Import Applications: Import application shall be valid for 120 calendar days from the date of issue. The Authorized Bank may extend the validity, for good cause, by a maximum of 30 calendar days.





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## 1.16 Amendments of Import Applications

Authorized Banks may for good cause amend import applications allowed at their end and report to National Bank.

## 1.17 Cancellation of Imports

If a payment is not effected within the validity period of an import application, the associated permit shall be considered cancelled.

1.17.1 Importers are required to submit evidence for the entry of goods into the country within 120 days from the date payment is effected.

1.17.2 The National Bank will provide a list of non-delinquent importers to all Authorized Banks. No Authorized Banks shall give an import permit to a prospective importer whose name appears on the delinquent list.

1.17.3 Any importer whose names appear on the delinquent list shall first clear his/her outstanding commitments at the National Bank. Once he has cleared his commitments a clearance certificate will be issued by the National Bank. However, temporary clearance may be issued by National Bank on case by case basis.





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## ANNEX THREE: SERVICES RELATED REQUIREMENTS

Banks are authorized to effect all foreign service payments subject to the presentation of bona fide invoices and/or other supporting documents. The main categories of service payments and associated documentary requirements are listed below.

### 1. Import Transit

The transit and forwarding agents shall request for payment of such expenses on behalf of their customers by attaching the document specifying the item of goods delivered, including the transit charge payable.

- 1.1 Foreign Exchange to meet transit expenses incurred outside Ethiopia effected on C & F CFR, CPT, CIP and C.I.F. shall be availed provided that the application for foreign exchange is accompanied
  - a. Application forms duly completed, signed and sealed,
  - b. Transit invoice,
  - c. Final supplier's invoice,
  - d. Customs declaration except for payment request in advance for goods not entered into Ethiopia,
  - e. Customs receipt, and
  - f. Railway bill, truck manifest, and airway bill.

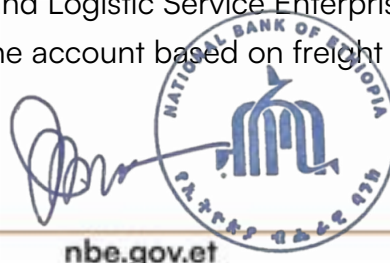
### 2. Export Transit

Authorized Banks shall allow foreign exchange for export transit to exporters upon submission of the following documents:-

- a. Application form duly completed
- b. Transit invoice
- c. Bill of lading, if exported on CFR, CPT, CIP and C.I.F basis
- d. Insurance policy or cover note, if exported on CIP & CIF basis;
- e. Original sales contract;
- f. Authorized Bank's credit advice.

### 3. Import Freight

- 3.1. Authorized banks shall open special foreign currency account in the name of Ethiopian Shipping and Logistic Service Enterprise (ESLSE) and deposit the freight amount in the account based on freight bill issued by ESLSE.





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- Authorized banks may also effect such import freight payments into ESLSE's retention account.
- 3.2. Authorized banks shall transfer the month end balance from the account to the foreign currency account of Ethiopian Shipping Lines held abroad on monthly basis.
  - 3.3. Authorized banks are required to submit a report detail of foreign authorized bank account of Ethiopian Shipping and logistic service enterprise such as name, account no. and foreign currency transfer amount within 10 days from the end of each month to National Bank.
  - 3.4. Authorized banks shall make foreign exchange available for freight expenses associated with goods imported in the form of donations.
  - 3.5. Authorized Banks shall allow foreign exchange for freight expense for import freight for carriers other than Ethiopian Shipping and logistic service enterprise, which is justified by adequate reasons, upon submission of the following documents.
    - a. Application forms duly completed signed and sealed,
    - b. Freight invoices,
    - c. Supplier's invoice,
    - d. Bill of lading or airway bill
    - e. Import permit.

#### 4. Export Freight

Authorized Bank shall allow foreign exchange for export freight to exporters upon submission of the following documents:-

- i. Application form duly completed
- ii. Bill of lading
- iii. Freight invoices
- iv. Original sales contract
- v. Authorized Bank credit advice.

#### 5. Import-Related Other Charges

Authorized Bank shall avail foreign exchange for imports to cover other charges such as port dues, port handling fee, storage and demurrage charges upon submission of the following documents.

- i. Letter of request duly completed, signed and sealed by the applicant.





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- ii. Invoice which state the purpose of payment.
- iii. Import permit
- iv. In case of demurrage charges, the documents indicated under sub-article i to iii above, and the "lay time calculation sheet" are required.

## 6. Export-related other Charges

Authorized Banks shall allow foreign exchange for exporters to cover super-intendance or survey fee, demurrage charge upon submission of the following documents.

- i. An application form duly completed, signed and sealed
- ii. sales contract
- iii. Authorized Bank advice
- iv. Invoice

In addition to the above quality certificate in case of quality claim, weight certificate in case of loss in weight, bill of lading in case of demurrage charges.

## 7. Re-insurance Premium

Authorized Banks shall avail foreign exchange to authorized insurance companies for payment of re-insurance premium upon submission of the following documents.

- i. a letter of request together with an agreement signed between the insurance company and the re-insurer in two copies,
- ii. insurance license approved by National Bank,
- iii. Debit note or statement of account, as the case may be.

## 8. Foreigners Salary Remittances

### 8.1 Salary Remittances by Foreign Employees

Authorized Banks shall allow foreign exchange to a foreign employee for payment of net salary and benefits, as specified in the employment contract, upon submission of the following documents:

- a. Application form duly completed;
- b. Resident permit and Work permit
- c. Valid contractual agreement





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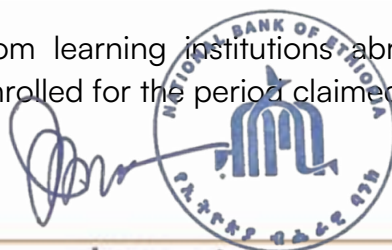
- d. Confirmation letter from the employer which states the amount for every month's salary and benefits transfer.
  - e. In case of transferring arrears confirmation letter from the employer that the applicant didn't transfer the salary for the months' requested.
- 8.2 The amount of salary remittance shall reflect net earnings as well as other specific benefits itemized in the employment contract such as pension contributions, bonus, accumulated leave pay, and the like that are to be included for remittance purposes.
- 8.3 Exemptions: Foreign Employees of foreign Embassies, Legations, Consulates, E.C.A, A.U., U.N., etc., whose salaries are fully paid in foreign exchange from sources outside Ethiopia can take out and/or transfer their net earnings to extent of the balance in their Non-Resident foreign Currency Account.

## 9. Medical Expenses

- a. Payments for medical services may be effected upon presentation of bona fide invoice from foreign medical provider, passport, valid entry visa, if applicable, and air ticket.
- b. Banks shall effect such transfers directly to the beneficiary medical provider based on the presented invoice.
- c. Additional foreign exchange may be approved to a patient being treated abroad provided his application is supported by a bona-fide medical bills or hospital accounts showing how the foreign exchange initially sold was expended. The application should be reviewed based on the medical certificate issued and signed by the attending foreign specialist or medical center, giving estimate of the medication fee that is needed in the immediate future.
- d. Patient who travel abroad on a chartered plane will not be required to submit air ticket instead a charter arrangement letter or receipt are proposed for acceptance.

## 10. Educational Expenses

- 1. Banks may provide foreign exchange for a bona-fide educational expenses including tuition fee and other associated educational expenses (room and board):
  - i. Admission letter from learning institutions abroad evidencing that the student has been enrolled for the period claimed;





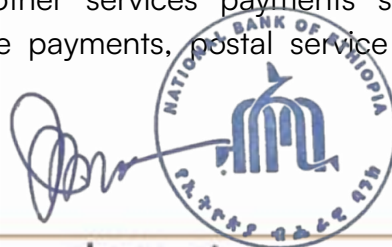
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- ii. In the case of a continuing student, evidence that the student is still enrolled and attending the institution and;
  - iii. The relevant statement and letters from the educational institutions signed by the principal or the appropriate officer of the educational institution concerned that shows details of the various costs needed for a given academic period.
2. Banks shall effect such transfers directly to the beneficiary education provider based on the presented invoice.
  3. In case of Distance Education Expenses, the payment shall be effected in the name of the concerned foreign institution by direct transfer subject to the presentation of the following documents.
    - i. Admission letter from learning institution evidencing that the student has been enrolled for the period claimed.
    - ii. In the case of a continuing student, evidence that the student is still enrolled and pursuing his studies through correspondence.
    - iii. The relevant statement and letter from the educational institutions signed by the principal or top executive of the education institution concerned showing details of various costs involved, for a given academic period.
  4. Payments to recognized foreign learning institutions working in collaboration with locally accredited educational institutions.

## 11. Other Service Payments

Other service payments supported by bona-fide invoices shall also be effected by banks, including for example (and for removal of any doubt) the following items:

- a. Bona-fide seminar, workshop, symposium, conference, and training fees. Payment of same shall be made to institutions abroad through Authorized Banks.
- b. Membership contributions by government, international organizations and NGOs.
- c. Consultancy fee, commissioning, installation/erection fee, attendance and maintenance fee.
- d. Royalty and leasing fee.
- e. Film rental charges imported by licensed entities on a temporary importation basis.
- f. Area commissions for refueling jet oil-by-oil companies.
- g. Communications and other services payments such as telecom circuit charges, satellite service payments, postal service charges, TV and radio





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- channel service payments, including external television service and subscription fee.
- h. Aviation service payments and associated costs.
  - i. Salary, allowances and administrative expenses of Ethiopian diplomatic missions abroad, Representatives of Ethiopian companies in other countries.
  - j. Travel allowances for religious institutions and local NGOs.
  - k. Cargo handling, freight and other associated costs like container service, port dues incurred on goods handled in transit by shipping and forwarding firms licensed to handle such service.
  - l. Courier service payments and acceptable service charges in the event the outbound service exceeds inbound ones;
  - m. Legal service, court charges and attorney fees payable in foreign currencies by organizations who are taking their cases at international court or arbitration tribunal.
  - n. Payment for Items imported on duty-free basis or for trade fair and exhibition for temporary period when sold to a resident organizations or individual upon presentation of relevant documents.
  - o. Re-conversion of a foreign exchange received fully or partially on confirmation of the recipient individual/organization justifying that the purposes under which the transfers are not partially or fully utilized.
  - p. Fees for publications, periodicals, journals, books, membership fee, advertisement, examination fee, registration fee, admission fee, visa fee, if the Embassy not resident/located in Ethiopia etc.

## 12. Documents Required for Service Payment

- i. An application form duly completed, signed and sealed and a letter stating the purpose of the payment for all transactions mentioned under article 11 of this Directive.
- ii. Invoice showing the nature of payment required and the amount due for payment with exception of transactions mentioned under Article 11 of this Directive.
- iii. If payments are for consultancy, service, professionals, etc, contractual agreement concluded between the parties, payment schedule or performance report and Ethiopian Customs Commission tax payment receipts if the agreement mentions about the payment of tax by the applicant.
- iv. If payments are for royalty and leasing fees, contract agreement.







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- v. Letter from pertinent government organization for establishment of branches of Ethiopian companies abroad for payments mentioned under sub-article 11(i) of this Directive.
- vi. Payment for temporary entry of films, machinery and equipment temporarily imported in the country in the case of transaction mentioned under sub-article 11(d) and (n) of this Directive.
- vii. Valid transit and forwarding license in the case of transaction mentioned under sub-article 11 (k) of this Directive.
- viii. In the case of courier service payment:
  - a. Agency agreement concluded between the foreign postal delivery Courier Company and local agent.
  - b. Valid license from Ministry of Trade or the appropriate government authority.
  - c. List of services provided for outgoing and incoming deliveries showing the amount of revenue realized on a monthly basis and attested by certified external auditors.
  - d. Terms and tariffs for outgoing and incoming shipments as well as the appropriation of revenues between the foreign courier company and the agents.
  - e. Invoice or claim letter from the counterpart expecting the payment

### 13. Validity of service payment Permit

The permit is valid for payment of 30 calendar days only and may extend for good cause for 10 days

### 14. Freight Expenses for Foreign Nationals

#### 14.1. Approval of Foreign Exchange by Authorized Banks to Cover Truck Freight Expenses

Authorized Banks shall avail foreign exchange to cover freight expenses for goods transported by trucks owned by foreign nationals to and from neighboring countries upon submission of the following documents by licensed Transit and Forwarding Agents in Ethiopia.

##### a. For Imports

- i. Import transit and freight expenses application forms duly completed signed and sealed.
- ii. Import permit issued by Authorized Banks





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- iii. Truck Way Bill
- iv. Supplier's invoice
- v. Customs Declaration or Notice of Goods Arrival
- vi. Original Truck voyage permit issued by the pertinent government authority.
- vii. Document evidencing neighboring countries foreign Nationality of the Truck owner

**b. For Exports**

- i. Export permit issued by Authorized Banks and
- ii. Export transit and freight expenses application forms duly completed signed and sealed.
- iii. Customs declaration or notice of goods departure.
- iv. Original invoice issued by transit and forwarding agents in Ethiopia.
- v. Truck Way Bill.
- vi. Truck voyage permit issued by the pertinent government authority.
- vii. Document evidencing neighboring countries foreign Nationality of the Truck owner.

**15. Treatment of Foreign Airlines Transactions**

**15.1 Sale of Air Tickets to Residents and Non-Residents**

- 15.1.1 Air carriers of foreign countries operating in Ethiopia may sell passenger and/or cargo air tickets to Ethiopians or to foreign nationals (be it residents or non-residents) and may also transfer funds generated from the sales, provided they satisfy requirements set hereunder.
- 15.1.2 Foreign airlines and their agents shall get a license from National Bank to collect foreign currency cash notes and credit/debit card payments from passenger or cargo sales.
- 15.1.3 Foreign airlines shall open special foreign currency account which can only be used to deposit foreign currency collected from air ticket sales. Foreign currency from this account can be transferred upon fulfillment of the necessary requirements as specified under sub-article 15.2 of this directive.





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## 15.2 Condition of Sale of Tickets to Resident Foreigners

Foreign carriers' representatives' office may sell air tickets to resident foreigners in Birr when the latter declares that their earnings are in local currency. The declaration of such earnings shall be supported by one or a combination of the following documents.

1. Valid resident permits or I.D card for foreign nationals of Ethiopian origin.
2. Valid trading licenses (if engaged in business).
3. Valid employment letters or acceptable identification cards.
4. Resident foreigners with a diplomatic status or in similar categories who maintain (NR) Non-Resident accounts shall pay in checks drawn on Non-Resident Foreign Currency Accounts.

## 15.3 Sale of Tickets to Non-Resident Foreigners

Foreign carriers may also sell tickets to non-residents, but only in foreign exchange or upon the presentation to the airlines of lawfully exchanged receipts of amounts at least equal to the maintenance and cost of tickets from authorized banks, or against the debit of a non-resident account if the holder of the account may deem necessary to buy the ticket.

## 15.4 Air Tickets Credit Sales

Where sales are made on credit by foreign airlines or their agent, the proceeds from the credit of sales, for purposes of transfer, shall be declared and reported only at the time of collection of the proceeds.

## 15.5 Sales of Prepaid Ticket Advices (PTAs)

- 15.5.1 Air tickets may be sold in advance to nationals residing abroad through their family or sponsors who intend to invite or bring friends or family member to come home or having an urging need and circumstances like termination of job, acquitting studies, health reasons for continued research.





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- 15.5.2 Based on the approval issued, foreign airlines or their agents may issue PTAs in advance to Ethiopian and resident foreigners or to the following general categories.
- i. Students of Ethiopian nationality studying abroad (whether purchases are requested by parents, relatives or the students themselves).
  - ii. Nationals who went abroad on medical grounds and whose valid tickets expire due to prolonged stays.
  - iii. Nationals residing abroad who are dependents on others and can't afford to purchase air tickets in forex, for example: maids, housewives, refugees or other dependents or those subsisting on odd jobs, etc.
  - iv. Foreigners who are residents and are described based on sub-article iii above with earnings in birr and whose children study abroad and where parents or close relatives request purchases of tickets for homecoming.
  - v. Resident businessmen, whether nationals or foreigners with earnings in the local currency, who may be interested to invite partners, affiliates or business counter parts and who want to purchase air tickets or book hotels for their incoming guests.
  - vi. All applications for PTAs shall be supported by valid documentary evidences or sufficient justifications to cover the requests.
  - vii. Supporting documents should be attached for sales or PTAs while lodging the transfer application.

## 15.6 Issuance of Virtual Multiple Purpose Document (VMPD)

- 15.6.1 VMPD are special coupons issued to cover collections for such services as listed below, whose sales shall be considered along with air ticket proceeds for remittance provided that it is collected in foreign currency only and is evidenced by:
- a. Air or surface transportation.
  - b. Excess-baggage charges (whether rated as baggage or cargo).
  - c. Land arrangements for ITS (where IT means inclusive tours).
  - d. Car hires.
  - e. Extra fares.





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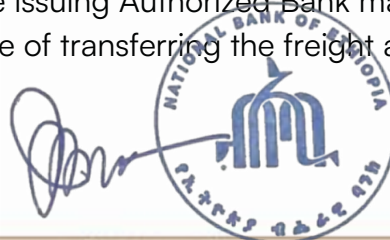
- f. Charges collected for services for incapacitated passengers (oxygen, ambulance, special equipment, etc.).
  - g. Hotel accommodation.
  - h. Collection for PTAs.
  - i. Collection of sundry, charges, e.g., routing charge etc.
- 15.6.2 VMPD are either specified or unspecified:
- a. Specified VMPD are issued for specified air, surface, sea, rail, bus, or ground transportation of passengers when the following conditions are complied.
    - 1. When it is drawn on a specified carrier, tour operator.
    - 2. If it is limited to one type of service (air, rail, or bus).
    - 3. When it is drawn on a PTA on a specific carrier or service.
  - b. Unspecified VMPD (miscellaneous charge order) are considered to have been issued for unspecified transportation or other services if issued for purposes other than specified transportation or service.
- 15.6.3 VMPD may be issued to cover collections for:
- a. Specified transportation and/or land arrangements of a specified IT not to exceed the value of the transportation and/or land arrangements.
  - b. Unspecified transportation and other services must not exceed USD 350.00 (USD three hundred fifty) or the equivalent at the authorized bank's selling rate at the time of issuance or re-issuance of the VMPD.

## 15.7 Air Freight Charges Payable in Forex

Foreign airlines or their agents shall accept shipment of goods or conveyance of cargo for exports on FOB basis, or freight prepaid basis as the case may be on the contract of sale of goods concluded between the buyer and seller.

## 15.8 Authorized bank Permits References

Foreign airlines or their agents shall quote the corresponding Authorized Bank export permit numbers and the name of exporter on the airway bills for all exports and the issuing Authorized Bank may issue an additional permit for the purpose of transferring the freight amount involved.





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## 15.9 Amendment of Shipping Terms

Prior to obtaining approval from issuing authorized bank, any amendment of shipping terms from FOB to C & F, CIF etc. is prohibited. Airline offices shall strictly stick to the mode of delivery stated under export permit and collect their freight charges accordingly.

## 15.10 Sales Through Agents

15.10.1 If sales are made through agents, the discounts currently applied on passenger and cargo sales shall respectively be deducted as service charges from the sales returns of air tickets.

15.10.2 Foreign airlines, in their capacity as principals, shall check the authenticity of transactions concluded by their agents throughout the process of sales of air tickets.

## 15.11 Documents Requires

Resident foreign airlines shall keep their sales statements duly audited by licensed accountants or external auditors who must ascertain that such statements are in accordance with the existing Foreign Exchange laws and that all collections were made as prescribed by this Directive.

## 15.12 Sales Statements

Sales statements shall consist of:

15.12.1 A separate report of normal sales and PTA sales separately and then the total turnover on monthly basis; a report of expenses of each class of sales and then total expenses within the same period;

15.12.2 A report of refunds made within the same period;

15.12.3 A report of the discounts given to agents on sales of tickets within the period, for which the application covers; and

15.12.4 A summary of sales and expenses statements and the resulting net remittable amounts, after deducting all administrative and other local expenses expected.





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### 15.13 Appointment of External Auditors by Foreign Airlines

Foreign Airlines shall be allowed to appoint external auditors for ensuring correctness of their financial statements pertinent to their tickets sales revenues and expenses.

- 15.13.1 The Authorized Bank shall effect the transfer of 100% of excess sales in advance based on audited statements and sales summary report provided by the foreign airlines.
- 15.13.2 Any discrepancy detected in the process of verification by the Authorized Bank shall be notified to the foreign airline and deducted automatically from the next remittances requested, until such time the discrepancies are justified for transfer.
- 15.13.3 Foreign airlines shall ensure that tour operators, travel or commission agents, packing and forwarding agents comply with this Directive, pay ticket price or freight charge in foreign exchange as may be appropriate and any item of goods dispatched through forwarding agents using foreign airline carrier should have permits issued by Authorized Banks.





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## ANNEX FOUR: BANK-AFFILIATED FOREIGN EXCHANGE BUREAU OPERATIONS

### 1. Conditions for issuance of Forex Bureau License

National Bank shall issue forex bureau license for the Authorized Bank if it fulfills the following requirements:-

1. Suitable premise in all respects to carry on the business of a forex bureau and that meets safety and security standards set out by the Authorized bank;
2. Name plate indicating the physical address of the forex bureau(x);
3. Necessary device/equipment to detect counterfeit notes
4. Provide list of names and designations of the forex bureau staff; and
5. Ensure that the staffs of the forex bureau are people of integrity, credibility and competence, with no record of fraud, dishonesty, and corruption;

### 2. Security Requirements

Forex bureaus shall have the responsibility to meet the following security requirements;

1. A forex bureau shall be situated in a separate and secure place of business but accessible to customers.
2. A forex bureau situated outside the premises of the Authorized Bank must have:
  - a. a security arrangement strong enough to properly protect its premise, staff and property;
  - b. use of CCTV camera monitoring systems;
  - c. fire extinguishers installed at vantage points within the premises;
  - d. A fireproof safe/vault under the control of more than one person.
  - e. The duplicate keys should be stored off the premise.

### 3. Requirements for Processing Details Using Computer

A forex bureau must ensure that:-

1. proper controls are built into the system to eliminate the occurrence of irregularities which would adversely affect data processing;
2. adequate back-up system;
3. all inputs in the system are properly checked on daily basis; and







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4. Access to the system is restricted only to authorized personnel.

#### 4. Nomenclature

A forex bureau must observe the following with its nomenclature.

1. A forex bureau shall bear the name of the Authorized Bank where it is situated in the same premise or in a branch thereof.
2. A forex bureau shall have a name of its own when situated outside the premises of the Authorized Bank's head office or its branches.

#### 5. Obligations of Staff

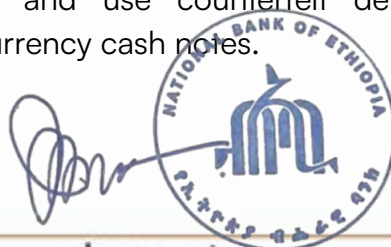
Forex bureau staff shall have the following obligations.

1. All staff members shall sign a letter pledging not to disclose any confidential information revealed to them in connection with the forex bureau or its customers to third party.
2. All staff members of a forex bureau shall be bound to strictly adhere to a code of conduct, which must be prepared by the authorized bank.
3. Neither the staff of a forex bureau nor the Authorized Bank shall disclose information to any person other than in the discharge of their duties and through official channels, duties or otherwise, unless such information is generally known.

#### 6. Forex Bureau Transactions

A forex bureau shall conduct its transactions as follows.

1. A forex bureau shall engage in the buying and selling of major convertible currencies on the basis of freely negotiated rates with its customers.
2. A forex bureau shall engage in spot transactions only, with immediate delivery of currencies bought or sold.
3. All forex bureau are required to sell and/or buy cash notes at displayed exchange rates before any subsequent change.
4. All foreign exchange buying and selling transactions by a forex bureau shall be done using forms authorized by the National Bank.
5. All forex bureau shall exercise every care to check the authenticity of currencies they buy and use counterfeit detecting machines when exchanging foreign currency cash notes.





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## 7. Determination of Exchange Rates

A forex bureau shall determine the applicable exchange rate for its transactions based on freely negotiated rates and shall post the applicable rates at its premises for its clients.

## 8. Displaying Exchange Rates and

A forex bureau shall display in a prominent manner:-

1. its buying and selling rates for cash notes;
2. business hours, a forex bureau can establish its service hours based on the customer requirements and appropriateness to the business;
3. post a notice to the effect that all customers are entitled to get a receipt for all transactions to proof the legality of exchange.

## 9. Authority to Sell Foreign Exchange

The National Bank shall issue licenses for Authorized Banks to effect through their forex bureau sales of foreign currency for services specified hereunder.

### 9.1. Personal Travel Forex Sales

A Forex Bureau may sell foreign exchange for a personal travel outside Ethiopia, (such as holiday, education, medical, and other personal reasons) to an individual Ethiopian national or a foreign resident upon presentation of passport, valid entry visa, if applicable, and air ticket.

1. Travelers are entitled to USD 5,000 (Five-thousand USD) or its equivalent in other convertible currencies, which may be provided as cash notes or via a debit card.
2. For FCY Account holders, up to USD 10,000 (Ten-thousand USD) or its equivalent in other convertible currencies, may be taken in cash notes or via a debit card. In addition, the account holder can take up to 10% of their outstanding FCY Account balance via a debit card.
3. Unless otherwise authorized by the NBE, any Ethiopian resident may not carry cash notes more than USD 10,000 (Ten-thousand USD) or equivalent per travel.





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## 9.2. Business Travel Allowance

1. A Forex Bureau may sell foreign exchange for a bona-fide business travel to representatives of business organization, upon presentation of valid licenses together with passport, if applicable, and air ticket.
2. A Forex Bureau may also sell foreign exchange for a bona-fide business travel to business associations, welfare institutions, and religious associations, organizers of trade exhibitions, tourism, cultural show and sports.
3. For Government travelers as per the Council of Ministers Directive in relation to Government Institutions per diem, accommodation and other related expenses. However, the total cash notes shall not exceed USD 10,000.00 (USD ten thousand) or in equivalent other convertible currencies, which may be provided as cash notes or via a debit card.
4. For FCY Account holders, up to USD 10,000 (Ten-thousand USD) or its equivalent in other convertible currencies may be taken in cash notes or via a debit card. In addition, the account holder can take up to 10% of their outstanding FCY Account balance via a debit card.
5. Withdrawals of cash notes for the purpose of convening conferences, workshops, meeting and per-diem payments by Embassies, International Organizations and regional organization can be released based on the request submitted and requirements of the program to be carried out.
6. If the trip is arranged by chartered plane, amount approved shall be on the basis of the related documents presented for the trip and charter arrangement to an airline.
7. Travelers who are going to neighboring countries using their own transport means or surface transport in lieu of air ticket may be accepted to purchase foreign currency upon presentation of car passage certificate or letter from the concerned government organization or companies.
8. Unless otherwise authorized by the NBE, any Ethiopian resident may not carry cash notes more than USD 10,000 (Ten-thousand) or equivalent per Business travel.

## 10. Reconversion of Birr into Foreign Currency

A Forex Bureau may reconvert Birr into Foreign currency for non-resident foreigners and tourists:

- a. Up to USD 500 (USD five hundred) without evidence, upon presentation of passport, valid visa, and air ticket.





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- b. In excess of USD 500 (USD five hundred) with the presentation of passport, valid visa, air ticket and authenticated bank advice indicating that equivalent amount of foreign exchange is lawfully converted into local currency.
- c. For purposes of Immigration related payments, resident foreigners, non-resident foreigners and tourists may convert Birr of up to the required Immigration fees upon presentation of supporting documents.





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## ANNEX FIVE: INDEPENDENT FOREIGN EXCHANGE BUREAU OPERATIONS

### 1. General

- 1.1 The National Bank shall license Independent Foreign Exchange Bureaus that operate as separate businesses without any bank affiliation.
- 1.2 Such foreign exchange bureaus shall be referred to as “Independent Foreign Exchange Bureaus” (or “Independent Forex Bureaus”) as opposed to the “Bank-affiliated Foreign Exchange Bureau” that have so far been in operation as sub-units or windows of banks.
- 1.3 Independent Foreign Exchange Bureau are to engage solely in the business of buying and selling foreign exchange cash notes and are not to engage in any other area of banking activity.

### 2. Conditions for issuance of Forex Bureau License

National Bank shall issue an “Independent Forex Bureau License” for a legally established business entity that fulfils the following requirements:

- 2.1 An established business entity, set up in whatever legal form, that is owned by an Ethiopian national, Non-Resident Ethiopian, and/or Foreign Citizen of Ethiopian Origin;
- 2.2 Fulfills the minimum capital requirement of Birr 15 million and is able to provide a Security Deposit of Birr 30 million to be placed in a blocked account (which can be interest-earning) at any bank;
- 2.3 The face value of the Security Deposit shall be released after two years of continued service by the Independent Forex Bureau.
- 2.4 Suitable premise in all respects to carry on the business of a forex bureau and that meets safety and security standards set out by NBE for bank-based foreign exchange bureaus;
- 2.5 Name plate indicating the physical address of the forex bureau(x);
- 2.6 Necessary device/equipment to detect counterfeit notes
- 2.7 Provide list of names and designations of the forex bureau staff;
- 2.8 Ensure that the staffs of the forex bureau are people of integrity, credibility and competence, with no record of fraud, dishonesty, and corruption; and
- 2.9 Ensure that sufficient insurance is procured to fully cover the maximum cash holdings that will be at the forex bureau site at any given time.





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### 3. Other conditions and requirements

- 3.1 Independent Foreign Exchange Bureaus shall adhere to all other requirements governing bank-based forex bureau, including with respect to security requirements, operational procedures and obligations, as well as reporting requirements.





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## ANNEX SIX: DRY PORT IMPORT AND EXPORT PROCEDURES

### 1. Imports

#### 1.1 Imports by Letter of Credit

##### 1.1.1. Documents Required

The required documents to be submitted by an importer under L/C are:

- a. Import application from duly completed, signed, sealed and clearly showing NBE importer number, HS codes, TIN No.
- b. Proforma invoices showing clearly full description of goods, HS code including quantity, grade, quality, volume, measurement, weight, mode of shipment, terms of payment, unit price and total amount of the goods to be paid at a named place of delivery.
- c. Valid license for foreign trade, investment or industry, or exemption letter from pertinent government authority.
- d. Insurance certificate issued by local insurance company.
- e. Settled outstanding commitment confirmation if the name appears on delinquent list maintained and reported by the National Bank.
- f. Goods ordered against payment of foreign exchange and are to be stuffed in containers and/or RORO items can be destined to “Inland Port”. The proforma invoices submitted by importers to banks seeking payment arrangements to place the order of goods at dry port should specifically state the named Inland Port in Ethiopia as the final destinations have to be incorporated in the L/C instrument.
- g. In establishing the letter of credits, banks shall require supplier to ship the goods under an arrangement of conveyance through Bill of Loading. The delivery condition must indicate the Inland Port in Ethiopia as a final destination with multi-modal transport documents acceptable. The issuer of the Bill of Loading or acting as agent of the carrier will be responsible for the goods transported through out the voyage and for the delivery of the goods at the specified place.
- h. In the even where the goods are to be delivered against payment terms on FOB basis, the carriers shall arrange for direct transit of the goods to the final destination. i.e. up to the Inland Port named. This instruction shall clearly be stipulated as one of the L/C essential conditions calling for the performances.



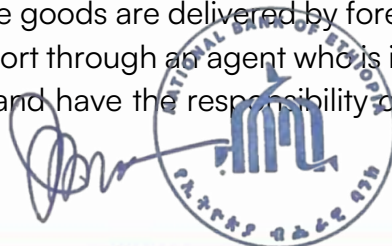


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- i. If the contract/purchase agreement is on CIP or CPT basis, the terms of payment applicable and documents to be presented shall be determined by taking into account the followings points:
  - j. The condition of payment agreed
  - k. Partial payment can be allowed depending on the arrangement of the delivery of the goods at the final destination and the availability of documents implying to the delivery of the items shipped.
  - l. If the purchase agreement calls for delivery of goods at a Dry Port for containerized goods and RORO items (vehicles) is a mandatory requirement for the lists provided to banks upon receipt of written instruction from the relevant government organization all payment arrangements and documentations must be structured in such a way to ensure that goods ordered are delivered at the Inland Port and/or Customs Warehouse in Ethiopia.
- 1.1.2 Payment Term Arrangements and Documentation Required for Goods Destined at the Inland Port or Customs Warehouse

For good purchased under FOB, CPT or CIP terms of payment and delivered at a named dry port, withdrawals or payments can be arranged as follows, using the L/C as mode of payment:

- a. Chamberized invoices
- b. Certificate of origin.
- c. Multi-modal/Combined transport document
- d. Multi-modal/Combined transport documents and Carrier/freight invoice which indicates the actual freight charges paid covering ocean, inland transport and other related charges up to the named dry port in the case of CPT and CIP terms.
- e. Packing list if any.
- f. Partial payments may be effected if the condition of payment and shipment terms allows and the required documents stated above from (a)-(e) are presented.
- g. For delivery of the goods arranged on FOB basis, the foreign port charges through which the cargo passes freight to the inland point and the related expenses for deliver up to the Inland Port shall be paid to the Multi-modal Transport Operator in Birr. However, if the goods are delivered by foreign vessels and trucks to the inland port through an agent who is involved in the delivery of the goods and have the responsibility of transiting the cargos







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to the Inland Port stated, the related freight charge and transit expenses required in moving the consignment up to the named place shall be paid in foreign exchange and shall be treated on the basis of this Directive.

- h. If the term of agreement is on CPT and CIP terms of deliver the goods up to the dry port named, the Multi-modal Transport Operator shall have the responsibility to arrange the dispatch of the goods the logistics pertaining to the transit service and delivery of goods at the Inland Port or Customs Warehouse in Ethiopia. The L/C should state the terms of payment and the documents to be produced requirements.

## 1.2 Imports by Cash Against Documents (CAD) at sight

1.2.1 Importers who wish to import goods on Cash Against Documents are required to obtain a prior approval from banks before ordering goods for shipment and fulfill the following conditions:

- a. Produce documents such as purchase order, proforma invoice and valid trade licenses for foreign trade, investment or industry and one copy or local insurance certificate to the bank.
- b. Settle outstanding commitment confirmation if the name appears on delinquent list reported by NBE.
- c. Purchase Order (PO) presented for prior approval by importers, among others the details should clearly state the name of sea port through which the cargo passes and the final place of delivery at inland port (Dry Port), that is applicable to containerized and RORO goods.
- d. Purchase Orders approved should be sent to NBE along with other returns dispatched.
- e. A Purchase Order (PO) sent to a supplier should clearly state the requirements for delivery of documents through banks only.





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## 1.2.1 Import Payments Process on CAD Basis

1.2.2.1 To process import applications, upon shipment of the goods by the sellers and receipt of documents by banks, importers are required to submit the following documents.

- a. Import application form duly completed signed and sealed that clearly show NBE's importer account number and HS code number.
- b. The purchase order approved by the client bank.
- c. Copies of chamberized invoices.
- d. Copies of certificate of origin.
- e. Multi-modal/combined transport document that indicates the ultimate destination and delivery point stating the name of the dry port and carrier/freight invoice if prepaid.
- f. Packing list, if any.

1.2.2.1 Payment for imports on CAD basis shall be released when:-

- a. the importer present the approved purchase order prior to sending shipping orders and
- b. Fulfilled and presented as per the instruction of remitting bank

## 1.3 List of Inland Port and Sea Ports Accessible

### 1.3.1 Inland Port

- a. Modjo Branch Customs Warehouse, Modjo.
- b. Semera Customs Warehouse, Semera.
- c. Others as may be designated by Dry Port Service Enterprise.

### 1.3.2. Sea Port

For the purpose of this Directive the seaport that services the outgoing and incoming cargos is the port of Djibouti and others designated as eligible ports by the pertinent authority.





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## 2. Exports

### 2.1 Exports by Letter of Credit

#### 2.1.1. Documents required

Banks shall allow exports for goods to be exported abroad against submission of the following documents.

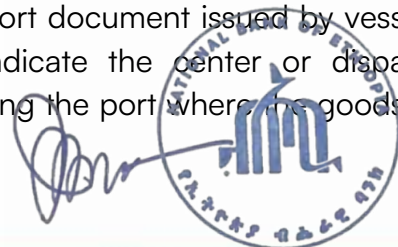
- a. Valid foreign trade license for export
- b. Authenticated L/C
- c. Customs Declaration duly completed, signed and sealed
- d. Banks declarations duly completed, signed and sealed.
- e. Invoices duly completed.
- f. Sales contract.
- g. Waiver from NBE if exporter is delinquent.

#### 2.1.2. Exports Delivered at Ex Works (EXW)

- a. Exporters may agree for sales and delivery of goods at a price calculated on the basis of costs at Ex-Factory or at Inland Dry Port named where the buyer preferred the purchase point to be fixed. The contract agreement should clearly state the place of delivery and the terms of payment and price to be paid.
- b. Exporters shall be responsible for the repatriation of the foreign exchange based on the sales agreement and documentation established as per the mode of payment agreed. The payment of inland freight to the port and transit expenses will be subject to the delivery terms and agreed sales point.
- c. Banks shall issue export permits and register the sales contracts taking into account the delivery terms to take place at one of the different sale points as stated under (a) and on the strength of instrument of payments that can be made available.

#### 2.1.3. Documentation Required for Delivery of Export Goods at Ex Works

Notwithstanding all other documentation required which are subject for presentation in the usual manner as stated under 5.1.1, in multimodal transport document issued by vessel owners or agents, exporters shall indicate the center or dispatch point and final destination including the port where the goods are to be loaded on





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NATIONAL BANK OF ETHIOPIA

board a vessel to substantiate full compliance and adherence to this Directive. If necessary, it should also include the route and voyage that it passes through.

### 3. Exports under Advance Payments

Exporters who wish to obtain export application under advance payments are required to submit the documents indicated under items sub-article 2.1.1 a, c, d, e, f and g, sub-article 2.1.3 and bank transfer advices.

### 4. Directive for Implementation

All banks are hereby required to process import and export applications which are to be delivered in a containerized packing system and incoming RORO items by taking the specific inland port of the choice of their customers. Accordingly, it is necessary that banks incorporate the system of delivery and documentation by synchronizing the related payment mechanisms in accordance with the issued amendments for making the delivery of import and export goods at the named Inland Port in Ethiopia.

