

ETHIOPIA:

Sustainable investment in agro-processing and light manufacturing



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Ethiopia: Sustainable investment in agroprocessing and light manufacturing



ABOUT THE REPORT

Set within the context of increasing Chinese investment in Africa, this guide for Chinese investors shows how to embrace sustainability along their investment journey in Ethiopia.

The guide contains mandatory requirements and additional sustainability practices for agroprocessing and light manufacturing for the country. It shows investors how to benefit from caring for the environment and local communities. It also helps them to embed sustainability in all steps of their business operations, thus contributing to sustainable development.

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For more information on the Partnership for Investment and Growth in Africa, see: <http://www.intracen.org/piga/>

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Foreword

International Trade Centre

The Partnership for Investment and Growth in Africa (PIGA) is supporting Ethiopia to attract foreign direct investment, with a high potential developmental impact in the agroprocessing and light manufacturing sectors, to contribute to job and growth creation and spillover benefits for the local economy.

Foreign investment in these two productive sectors can unlock opportunities to increase exports to regional and global markets, and better serve the local market, while contributing to the country's development agenda. To do so, investors need to implement more inclusive and sustainable social, environmental and labour practices, aligned with the United Nations Sustainable Development Goals.

With the aim to promote sustainable investment practices in Ethiopia, this handbook provides investors guidance on how to comply with legal requirements and presents additional practices concerning environmental and social sustainability to be considered throughout business operations in the country. It also provides information on the business case of sustainable investment.

The findings stem from extensive research within the country and in China, joining the insights of various ministries, investors, and other stakeholders with the trade expertise and support of the International Trade Centre. I hope that this investment guide proves a useful tool for companies and policymakers in Ethiopia.

Arancha González

Executive Director
International Trade Centre

Foreword

Ethiopian Investment Commission

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

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

There is a special focus on Chinese investment in this handbook. This has to do with the fact that Chinese investors represent close to 60% of the FDI inflow to Ethiopia, and a large number of potential and existing Chinese investors have expressed interest in receiving guidance on the issue of sustainability from the PIGA project and EIC. However, we believe all investors, both foreign and local, will benefit from the guidance this handbook provides to make their investments sustainable.

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

The handbook follows a step-by-step approach to walk the investor through social and environmental compliance requirements over the typical investment timeline, from starting a business, operationalizing and expanding/closing out. It details applicable laws in Ethiopia, and provides additional standards and best practices that investors may implement voluntarily.

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

Abebe Abebayehu

Commissioner
Ethiopian Investment Commission (EIC)

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Andreas Beavor was responsible for data collection and the initial drafting of the handbook. Ana Batalhone and Madison Wilcox (ITC) managed and prepared the final draft, under the supervision of Joseph Wozniak (ITC). Ana Batalhone coordinated the development process. Thanks are due to Véronique Rondeau and Ingrid Colonna (ITC) for their leadership and various contributions to the handbook's development and revision under the guidance of Xuejun Jiang (ITC). Anders Aeroe, Annegret Brauss, Delphine Clement, Joseph Wozniak, Tianyu Mao, Quan Zhao and Wenwen Sheng (all ITC) provided valuable comments and feedback. Alicia Rodriguez, Helen Griffin and Ha Vu provided administrative support. Natalie Domeisen and Evelyn Seltier (ITC) managed the editorial production. Cheryl Rosebush edited the report and Iva Stastny Brosig provided graphic and layout services. Serge Adeagbo and Franco Iacovino (ITC) provided digital printing services.

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About ITC

Established in 1964, the International Trade Centre (ITC) is the joint agency of the World Trade Organization and the United Nations. Its mission is to foster inclusive and sustainable economic development and contribute to achieving the United Nations Global Goals for Sustainable Development. ITC is the only development agency that is fully dedicated to supporting the internationalization of small and medium-sized enterprises (SMEs). It helps SMEs in developing and transition economies become more competitive and connected to international markets for trade and investment, thus raising incomes and creating job opportunities, especially for women, young people and poor communities. ITC works with policymakers, trade and investment support institutions, exporters and other stakeholders in the public and private sectors to enable export success of SMEs in developing countries and transition economies.

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About the Partnership for Investment and Growth in Africa

The Partnership for Investment and Growth in Africa (PIGA) is part of Invest Africa, a flagship programme of the United Kingdom Department for International Development (DFID) facilitating foreign direct investment with high development impact into selected African countries.

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

PIGA is implemented by the International Trade Centre in cooperation with the China Council for the Promotion of International Trade (CCPIT) and the China–Africa Development Fund (CADFund).

<http://www.intracen.org/piga/>

About the Ethiopian Investment Commission

The Ethiopian Investment Commission (EIC) is an autonomous government institution responsible for promoting, coordinating and facilitating private investments in Ethiopia (as defined in the

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