

MONTHLY LEGAL UPDATE

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Top Update

Ethiopian Customs Commission Confirms Continuation of Franco Valuta Imports Under Existing Framework

The Ethiopian Customs Commission has issued a public notice confirming that Franco Valuta importation will continue to be processed under the current regulatory framework.

This month's legal update marks April 22nd, Earth Day, highlighting the essential role of legal frameworks in environmental protection and our collective responsibility towards the planet.

What's Covered this Month?

Welcome to the April 2025 edition of the TSA Legal Update! This newsletter brings you key legal developments to help you stay informed and navigate the evolving legal landscape.

In this issue, we cover:

1. Ethiopian Customs Commission Confirms Continuation of Franco Valuta Imports Under Existing Framework
2. NBE Opens Public Consultation on Draft Directives for Banking and Insurance Sector Reforms
3. Amendments to Ethiopia's Mass Media Proclamation No. 1238/2021
4. Addis Ababa Issues Directive No. 185/2025 Regulating Nighttime Commercial and Transport Operations
5. Federal Law and Justice Institute Reestablished Under New Legal Framework
6. Ethiopia and Kenya Adopt Framework for Restricted Cross-Border Trade



1. Ethiopian Customs Commission Confirms Continuation of Franco Valuta Imports Under Existing Framework



The Ethiopian Customs Commission has issued a public notice confirming that Franco Valuta importation will continue to be processed under the current regulatory framework. This follows formal communication from the National Bank of Ethiopia (NBE) in response to the enactment of the National Bank of Ethiopia Establishment Proclamation No. 1359/2025.

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NATIONAL BANK OF ETHIOPIA

Legal Basis for Continued Implementation

Although the new Proclamation repeals Proclamation No. 591/2002 and Council of Ministers Regulation No. 88/2003, which previously governs Franco Valuta imports, Article 39(5) of Proclamation No. 1359/2025 grants the NBE authority to issue new directives on such matters. In the interim, the NBE has authorized the continued application of the existing framework.

Applications must be submitted to the Deputy Director General of the relevant Customs branch office and will require final approval from the branch's Director General.

Enhanced Oversight and Reporting Obligations

To strengthen oversight, the Customs Commission has introduced a new monthly reporting obligation. All branch offices must now submit detailed reports on Franco Valuta transactions to the Commission's Operations Department.

Eligible Importers and Application Procedure

Under the maintained arrangement, Franco Valuta privileges will remain available for select categories of importers, including:

Transitional Arrangement Pending New Directive

This framework will remain in effect until the NBE issues a new directive or provides alternative guidance. Importers are advised to comply fully with all procedural requirements and remain attentive to further regulatory updates from the NBE.

- Investors in the manufacturing sector importing capital goods or production inputs;
- Governmental and non-governmental organizations importing non-commercial goods.

2. NBE Opens Public Consultation on Draft Directives for Banking and Insurance Sector Reforms



Public Consultation Process and Submission Details

The National Bank of Ethiopia (NBE) has announced the release of nine draft directives, five pertaining to the banking sector and four to the insurance sector, and has initiated a 30-day public consultation period from the date of publication on the NBE's official website. Interested stakeholders are invited to submit comments to the Insurance Supervision Directorate via email at wkelemie@yahoo.com or by mail to P.O. Box No. 5550, Addis Ababa.

Key Developments in the Banking Sector

Within the banking sector, the draft directive on licensing and renewal of banking businesses and representative offices is of particular significance. It outlines regulatory requirements applicable to domestic banks, foreign bank subsidiaries, branches, and representative offices. Other proposed directives address risk-based capital adequacy frameworks, risk assessment and early warning mechanisms, reserve requirement adjustments under the ninth replacement, and the licensing of bank branches within designated special economic zones. These developments reflect a broader trajectory toward gradual liberalization and modernization of Ethiopia's financial sector.

Governance and Regulatory Overhaul in the Insurance Sector:

In the insurance sector, the proposed Corporate Governance Directive introduces comprehensive governance standards for insurance companies. It addresses matters such as board composition, director qualifications and independence, committee mandates, whistleblower protection, oversight of sustainability risks, and accountability to stakeholders. The directive repeals Directive No. SIB/48/2019 and partially amends Directive No. SIB/46/2018. Other draft directives focus on insurance liability valuation methodologies, financial reporting standards, and risk-based capital adequacy requirements for insurers.

3. Amendments to Ethiopia's Mass Media Proclamation No. 1238/2021



On 17 April 2025, the House of Peoples' Representatives ratified an amendment to Mass Media Proclamation No. 1238/2021. The amendment introduces several structural and procedural changes to the governance of the Ethiopian Media Authority (EMA), as well as to the regulatory framework governing media operations in Ethiopia.

One of the notable changes concerns the process for appointing the Director General of the EMA. Under the amended law, the authority to nominate the Director General has been transferred from the House of Peoples' Representatives to the Prime Minister. The House retains the responsibility to confirm the appointment but no longer plays a role in the initial nomination.

The amendment also revises the legal framework for the composition of the EMA's board. Articles 9(1), 9(2), and 9(5)(a), which previously established requirements for public participation and sectoral representation in the nomination of board members, have been repealed. These provisions had mandated involvement from civil society and media-related institutions. In their place, the revised law provides that board members may be selected from "bodies relevant to the media," without prescribing specific representation or detailed eligibility criteria. Additionally, Article 11(6), which previously prohibit

individuals affiliated with political parties from serving on the board, has been removed.

In terms of content regulation, the amendment modifies the provision relating to liability for live broadcasts. Responsibility for the content of live transmissions now rests with the media organization itself, replacing the prior framework that limited liability under certain conditions. The Ethiopian Media Authority is expected to issue a directive to guide the enforcement and implementation of this change.

Further adjustments affect the internal structure of regulatory decision-making. The authority to grant, renew, suspend, and revoke licenses, as well as to impose administrative sanctions, has been reassigned from the EMA board to the Authority's administrative arm. This centralizes key regulatory powers within the institution.

The amended proclamation is now in effect. Media organizations and other stakeholders are encouraged to review the changes and monitor the issuance of any directives that may follow. Legal counsel may be sought to assess the implications of these amendments and to ensure compliance with updated requirements

4. Addis Ababa Issues Directive No. 185/2025 Regulating Nighttime Commercial and Transport Operations



The Addis Ababa City Administration has enacted Directive No. 185/2025 to regulate and enforce nighttime commercial and transportation activities along designated city corridors. Under the Directive, businesses located on these corridors are required to remain open and fully operational until 21:30 each evening. This includes maintaining the usual scope and quality of services offered during daytime operations.

In addition to extended operating hours, the Directive obliges businesses to illuminate both the interior and exterior of their premises. This includes the installation of façade lighting on building fronts and clearly visible signs indicating that the business is open, particularly for establishments that typically operate behind closed doors.

Transport service providers are also required to continue their operations until 21:30. These obligations apply equally to all designated corridors and are aimed at supporting the city's broader strategy to stimulate nighttime economic activity.

Failure to comply with the Directive will trigger a graduated enforcement process. Initial violations result in a 24-hour notice to rectify

the issue. Continued noncompliance may lead to administrative fines of up to ETB 32,000 and, in some cases, the suspension or cancellation of business or operating licenses. Transport operators are subject to similar penalties for failing to provide service during the required hours. Enforcement duties have been delegated to the relevant sectoral offices within the city administration.

Directive No. 185/2025 is issued pursuant to Article 94 of the Addis Ababa City Administration Proclamation No. 84/2024, which empowers the City Cabinet to issue directives to facilitate policy implementation and enhance public service delivery. The measure forms part of Addis Ababa's broader corridor development strategy, which seeks to encourage an extended work culture, support nighttime commerce, and improve the liveliness of key urban centers. While consistent with international efforts to boost urban economies through extended business hours, the Directive introduces new compliance requirements, including investments in lighting, staffing, and operational oversight

5. Federal Law and Justice Institute Reestablished Under New Legal Framework



The Parliament has enacted Law and Justice Institute Reestablishment Proclamation No. 1369/2025, repealing Proclamation No. 1071/2018, to reestablish the Law and Justice Institute as an autonomous federal organ. Under the new Proclamation, the Institute is granted legal personality and administrative independence, and it is now made accountable to the Federal Supreme Court.

The reestablished Institute is mandated to support the development of a coherent and transparent legal system through legal and comparative research, assessment of law implementation, legislative gap analysis, and legal reform proposals. It will also provide legislative drafting support and deliver professional training programs to justice sector professionals. These functions are intended to contribute to the strengthening of rule of law and institutional development within Ethiopia's legal framework.

The new Proclamation introduces several institutional and functional changes. It expands the Institute's mandate beyond legal training to include legislative research and drafting services for government institutions.

Additionally, the law reconfigures the Institute's reporting structure by repealing Article 98(3) of the Definition of Powers and Duties of the Executive Organs Proclamation No. 1263/2021, which had placed the Institute under the Ministry of Justice. The revised structure positions the Institute under the oversight of the Federal Supreme Court, reinforcing its institutional autonomy.

The Proclamation also streamlines the Institute's scope by removing certain functions previously assigned under the earlier law. Notably, the responsibility for developing alternative dispute resolution mechanisms is no longer part of its mandate. This shift aims to enhance specialization by focusing the Institute's efforts on legal research, legislative support, and professional training aligned with justice sector reform priorities.

6. Ethiopia and Kenya Adopt Framework for Restricted Cross-Border Trade



The agreement also aims to reduce informal and unregulated trade by offering a formalized alternative for micro-scale traders operating in border areas. According to the Ethiopian Ministry of Trade, the initiative is transitional and will serve as a preparatory step toward broader regional trade integration. The framework includes compliance mechanisms tied to transaction values, commodity types, and frequency of activity, and its implementation will be subject to ongoing regulatory oversight.

The Governments of Ethiopia and Kenya have entered into a bilateral agreement establishing a formal framework for restricted small-scale cross-border trade. The arrangement introduces a licensing system that authorizes a maximum of 100 cross-border traders, 50 from each country, to engage in limited commercial activity across the shared border.

Under this framework, licensed traders may conduct transactions valued at up to USD 1,000 per month. The geographic scope of operations is also restricted: Ethiopian license holders may operate within a 50-kilometer radius from the border, while Kenyan traders may operate within a 100-kilometer radius. The trade is limited to consumer goods and selected essential commodities, with exclusions applying to high-value and strategic goods.

Live animals are among the approved commodities, subject to specific volume and frequency limits. Each licensed trader may trade up to five heads of livestock per transaction, and may conduct a maximum of four such transactions monthly. These restrictions are designed to promote regulated market access for border communities while minimizing disruptions to national trade flows.



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