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Hirko and Associates (HALO) Legal Update

Ethiopia Introduces a Comprehensive Regulatory Framework for Franco Valuta Imports

National Bank of Ethiopia Issues Import on Franco Valuta Directive No. FVD/01/2026

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Hirko & Associates Law Office wishes to inform investors, importers, business operators, trade associations, development organizations, and other stakeholders that the National Bank of Ethiopia (NBE) has issued the Import on Franco Valuta Directive No. FVD/01/2026, effective 29 May 2026.

The Directive establishes a consolidated legal framework governing the importation of goods under the Franco Valuta regime and replaces the previously dispersed regulatory provisions applicable to such transactions. The Directive applies to imports financed without recourse to foreign exchange obtained from the domestic banking system and sets out the applicable regulatory requirements, eligibility criteria, compliance obligations, documentation standards, monitoring mechanisms, and enforcement measures.

The Directive provides a legal framework governing the categories of persons eligible to undertake Franco Valuta imports, the purposes for which such imports may be permitted, and the conditions that must be satisfied by importers. It also introduces reporting and monitoring requirements intended to facilitate regulatory oversight of Franco Valuta transactions.

A notable feature of the Directive is the introduction of a digitally integrated monitoring framework through the Foreign Exchange Monitoring and Orchestration Unified System (FEMoUS). The Directive requires the recording and reporting of Franco Valuta import transactions through the relevant systems of the National Bank of Ethiopia and the Ethiopian Customs Commission, enabling enhanced transaction traceability and verification.

The Directive places significant emphasis on documentation, record keeping, and regulatory compliance. Importers utilizing the Franco Valuta regime are required to maintain relevant records and supporting documentation and to ensure compliance with applicable customs, tax, foreign exchange, and other legal requirements.

The Directive also establishes a framework for addressing non-compliance. Regulatory authorities are empowered to take administrative measures and apply sanctions in accordance with applicable laws where violations, false declarations, misuse of the Franco Valuta regime, or other contraventions are identified.

The Directive applies to a broad range of eligible persons, including investors, traders, manufacturers, development projects, diplomatic missions, international organizations, and other entities permitted under the Directive, subject to the applicable legal requirements.

The issuance of Directive No. FVD/01/2026 replaces the previous Franco Valuta provisions contained in the Foreign Exchange Directive No. FXD/01/2024 and introduces a standalone regulatory framework governing Franco Valuta imports.

KEY CONSIDERATIONS FOR BUSINESSES

Businesses and investors engaged in Franco Valuta transactions should review their existing import procedures and compliance frameworks to ensure alignment with the requirements of the Directive. Particular attention should be given to documentation practices, record retention procedures, licensing requirements, and internal controls relating to the sourcing and utilization of foreign currency for import transactions.

Stakeholders may also consider conducting a legal and regulatory review of their current Franco Valuta operations to identify any compliance gaps and implement appropriate corrective measures where necessary.

CONCLUSION

The Import on Franco Valuta Directive No. FVD/01/2026 introduces a comprehensive regulatory framework governing Franco Valuta imports in Ethiopia. Persons utilizing or intending to utilize the Franco Valuta regime should assess the implications of the Directive on their operations and take appropriate measures to ensure compliance with the applicable legal and regulatory requirements.

DISCLAIMER

This legal update has been prepared by Hirko & Associates Law Office for general informational purposes only and provides a summary of selected aspects of the Import on Franco Valuta Directive No. FVD/01/2026.

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