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NATIONAL BANK OF ETHIOPIA
 ADDIS ABABA

**Directive for Amendment of Retention and Utilization of
 Export Earnings And Inward Remittances
 (as Amended)
 Directives No. FXD /70/2021**

Whereas, it is necessary to reconsider and incentivize eligible exporter of goods and services in line with power and responsibility vested in the National Bank of Ethiopia (NBE);

Now, therefore, in accordance with Article 27 (2) of the National Bank of Ethiopia establishment as amended Proclamation No. 591/2008, these Directives are hereby issued as follows:

Article 1
Short Title

These Directives may be cited as "The Retention and Utilization of Export Earnings and Inward Remittances Directives No." FXD/ 70 /2021".

Article 2
Definitions

For the purpose of these Directives, unless the context requires otherwise:

1. "Forex Retention Accounts" shall mean foreign currency accounts maintained by eligible exporters of goods and services and recipients of inward remittances in accordance with the provisions of these Directives.
2. "Delinquent list" is a list containing names of exporters who have not settled their foreign exchange commitments with NBE.
3. "Eligible Customer" shall mean a regular recipient of foreign exchange remittances from abroad and/or an exporter of goods or services whose name does not appear on the delinquent list.
4. "Recipient of Inward Remittances" shall mean a resident company, institution or individual, government organizations, other than a diplomatic mission, who receives foreign exchange transfers from abroad.



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5. "Eligible Exporter of Goods and Services" shall mean an exporter who has fully settled his/her foreign exchange commitments with the NBE and whose name does not appear on the delinquent list.

Article 3

Opening of Forex Retention Accounts

A bank is authorized to open foreign exchange retention accounts for eligible exporters of goods, services and inward remittances.

Article 4

Retention Right

- 1) Exporters of goods and services as well as recipients of inward remittances shall have the right to retain only forty five percent (45%) of their export earnings and remittances in foreign currency indeterminately in a retention account after deduction of 30% surrender requirement from the total earnings.
- 2) The remaining fifty five percent (55%) of the export of goods and services as well as recipients of inward remittances shall be surrendered to the respective bank at the prevailing buying exchange rate immediately on the day of the receipt and the bank effect the payment of the equivalent Birr to an eligible customer.
- 3) A bank can credit funds in retention accounts only when the recipient (beneficiary) has given written authority.
- 4) A bank can credit funds in retention account for merchants and/or entities licensed by the NBE to collect credit card/debit card/prepaid card/payments for goods and service they sale;

Article 5

Utilization of Foreign Exchange Retention Accounts

- 1) The 45% foreign currency held in a retention account shall be used for import of goods and services payment without restriction provided that the account holder has the required business license to do so



- 2) The retention account holder is free to sell all or part of the foreign currency held in the retention account at any time at freely negotiating rate not exceeding the selling exchange rate of the day to their respective client bank.

Article 6

1. A bank operating foreign exchange retention accounts shall send to NBE the aggregate balances of foreign exchange held under retention account on monthly basis.
2. A bank is required to identify the foreign currency retention account number, on permits and tickets issued in case of utilizing the fund for purposes listed under article 5..

Article 7
Penalty

Any bank that violates any of the provisions of this directive shall be subject to a penalty of USD 5000 (Five Thousand USA Dollar) for each violation.

Article 8
Repeal

Retention and utilization of Export Earnings and Inward Remittances Directives No. FXD /66/2020 is repealed and replaced by these Directives.

Article 9
Effective Date

These Directives shall enter into force as of the March 09, 2021.



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Governor