

ESG and Sustainability Update 2025



Ethiopia

January 2026



Content

Executive Summary	1
Introduction	2
Environmental Pillar	3
Social Pillar	8
Governance Pillar	12
Cross Cutting Initiatives	16
Corporate Leadership	22
Looking Ahead	25
Limitations	26
References	27

Executive Summary

ESG and Sustainability Update 2025 – Ethiopia

In 2025, Ethiopia took meaningful steps toward embedding environmental, social, and governance principles into its development journey. While ESG practices are still evolving, the year marked a clear move away from isolated sustainability actions toward more connected and practical implementation across government, cities, financial institutions, and businesses.

Progress was visible in areas that directly affect people's daily lives. Investments in renewable energy, climate-resilient agriculture, urban corridors, digital services, and inclusive finance began translating sustainability goals into tangible outcomes. Public institutions strengthened policies and programs, development partners expanded technical and financial support, and private companies increasingly aligned operations with ESG considerations.

Challenges remain. Ethiopia still lacks a unified national ESG framework, systematic monitoring, and sufficient skilled professionals. However, growing awareness, stronger collaboration, and rising corporate engagement in 2025 suggest that the foundations for long-term ESG integration are steadily taking shape.

Introduction

Although ESG practices in Ethiopia remain at an early stage of maturity, 2025 represented a year of increased momentum and institutional engagement. Environmental, social, and governance considerations gained greater visibility across policy formulation, urban development initiatives, financial sector reforms, and private sector investment decisions. ESG principles increasingly moved beyond policy statements and began to influence project planning, financing structures, and implementation approaches.

Developments during the year demonstrated a gradual shift toward more integrated sustainability action. Progress in areas such as climate-smart agriculture, renewable energy expansion, digital public services, and coordinated urban corridor development illustrated how environmental protection, social inclusion, and governance reform can be pursued concurrently to address national development priorities and structural challenges.

This Update has been prepared as a high-level highlights publication. Its purpose is to provide an overview of selected ESG and sustainability developments observed during 2025, rather than a comprehensive assessment or benchmarking exercise. The analysis is based on publicly reported policies, programs, institutional reforms, and corporate initiatives available during the year. While care has been taken to reflect key developments, the update is subject to information availability, and additional ESG-related initiatives may exist that were not publicly disclosed or identified during preparation.

The Update is structured around five core sections. The Environmental Pillar section outlines developments related to climate resilience, renewable energy, sustainable agriculture, water and irrigation management, ecosystem restoration, and environmentally responsible tourism. These initiatives reflect Ethiopia's efforts to strengthen environmental stewardship while supporting long-term, low-carbon economic growth.

The Social Pillar section highlights progress in skills development, employment, health, education, gender inclusion, and social protection. It focuses on initiatives aimed at strengthening human capital, improving livelihoods, and delivering measurable social outcomes for communities, women, youth, and vulnerable groups. The Governance Pillar section presents reforms that enhanced institutional capacity, urban infrastructure governance, transport and logistics systems, digitalization, and financial sector oversight. These developments represent early steps toward improved transparency, accountability, and alignment with international ESG and sustainability practices.

Finally, the Cross-Cutting Initiatives and Corporate Leadership section captures initiatives that span multiple ESG dimensions, including digital transformation, capacity building, sustainable finance, and private sector leadership. It highlights the role of development partners, financial institutions, and corporate entities in supporting ESG integration and translating policy objectives into operational practice.

Environmental Pillar

From Policy Reform to Climate Action and Green Growth

Environmental performance is a core component of ESG frameworks, focusing on how organizations and economies manage natural resources, address climate risks, reduce environmental impacts, and support long-term ecological sustainability. Key environmental considerations include climate resilience, energy transition, biodiversity protection, water management, pollution control, and responsible land use.

In 2025, Ethiopia recorded encouraging progress under the Environmental Pillar, marked by strengthened regulatory reforms, expanded renewable energy development, large-scale ecosystem restoration initiatives, and increased climate leadership at the continental level. Environmental considerations increasingly moved from policy intent toward practical implementation, supporting climate resilience, sustainable resource management, and the country's transition toward low-carbon growth pathways.





Environmental and Social Impact Assessment Reform

Ethiopia enacted Proclamation No. 1371/2025 on Environmental and Social Impact Assessment, strengthening environmental governance by integrating social safeguards, expanding public consultation, and embedding sustainability requirements at the project approval stage. The reform marked a significant step toward more responsible and transparent development.



Africa Climate Summit II and Continental Climate Leadership

By hosting the Second Africa Climate Summit, Ethiopia positioned itself at the center of continental climate dialogue. The Addis Ababa Declaration reinforced commitments to renewable energy, climate finance, nature-based solutions, and climate-resilient growth, strengthening Africa's collective response to climate risks and sustainable development challenges.



Renewable Energy Expansion and GERD Inauguration

The full inauguration of the Grand Ethiopian Renaissance Dam in 2025 marked a milestone in renewable energy development. The project expanded clean power generation, enhanced national energy security, reduced carbon intensity, and reinforced Ethiopia's strategic transition toward sustainable, low-carbon economic growth pathways.



National Green Legacy and Ecosystem Restoration

The national Green Legacy campaign aimed to plant 700 million tree seedlings in a single day in 2025, mobilizing millions of citizens to support reforestation, ecosystem restoration, improved soil health, and climate resilience as part of Ethiopia's environmental stewardship efforts.

Environmental Pillar



Clean Energy Transition and Power Sector Transparency

In 2025 Ethiopia updates its biofuel strategy strengthened renewable energy integration within the national energy mix. Directive 1067/2025 expected to improv power sector transparency, cost efficiency, and governance, supporting sustainable energy transformation while enhancing accountability and long-term financial viability across electricity generation and distribution systems.



Urban Air Quality Improvement and Emission Standards

Addis Ababa implemented national vehicle emission standards starting October 2025, reducing urban air pollution and supporting cleaner transport solutions. The measures accelerated electric mobility adoption, promoted non-motorized transport, and improved public health outcomes in rapidly urbanizing environments.



Climate-Resilient Agriculture and Sustainable Land Management

Through the Participatory Agriculture and Climate Transformation (PACT) Programme, the Ministry of Agriculture advanced climate-resilient land management and sustainable farming practices. The initiative strengthened food security, improved natural resource stewardship, and enhanced livelihood resilience for rural communities.



Green Finance and Climate-Aligned Banking Partnerships

Partnerships between European Investment Bank and Ethiopian banks supported integration of climate risk assessment, green lending frameworks, and climate-aligned financing strategies. These collaborations expected to strengthen the financial sector's role in mobilizing capital for environmental sustainability, climate adaptation, and resilient economic development initiatives.

Environmental Pillar



Equitable and climate aligned sustainable energy

The World Bank's ASCENT Ethiopia Program for Results (PforR) was approved in 2025 to expand electricity access to nearly six million people, strengthening equitable, climate-aligned energy services and supporting broader sustainability and inclusion goals.



Expanding Renewable Energy Access and Regional Power Trade

Ethiopia expanded renewable energy development in 2025 and increased electricity exports to neighboring nations, advancing regional cooperation, reducing emissions, and promoting sustainable, clean energy grids that support economic growth and climate resilience beyond national borders.



Climate-Resilient Green Growth Partnerships

Ethiopia signed a strategic partnership with the Global Green Growth Institute (GGGI) in 2025 to support climate-resilient green economic growth, mobilize climate finance, and build institutional capacity for sustainable development.



Advancing Sustainable Transport and Green Mobility

Ethio Green Mobility Week 2025 showcased electric vehicles, sustainable transport products, and clean mobility solutions. Government, private sector, and multilateral partners discussed policy, investment, charging infrastructure, and low-emission transport systems to advance cleaner cities and climate-friendly mobility transition.

Environmental Pillar



Climate-Resilient Water and Energy Systems

In 2025, the Ministry of Water and Energy advanced climate-resilient water supply, sanitation, and renewable energy programs, strengthening sustainable resource management, expanding service access, improving efficiency, and supporting Ethiopia's transition toward low-carbon development and climate adaptation objectives nationwide.



Sustainable Agriculture and Food Security

During 2025, the Ministry of Agriculture expanded climate-smart agriculture, irrigation development, and sustainable land management initiatives, enhancing food security, improving rural livelihoods, restoring degraded landscapes, and strengthening resilience against climate variability, drought risks, and environmental degradation across agricultural regions.



Irrigation and Lowland Resilience Development

In 2025, the Ministry of Irrigation and Lowland Areas Development advanced sustainable irrigation and water management projects, supporting year-round agricultural production, climate resilience, improved water governance, and inclusive economic opportunities for lowland, pastoral, and agro-pastoral communities nationwide.



Sustainable Tourism and Natural Heritage Protection

In 2025, the Ministry of Tourism promoted sustainable tourism frameworks integrating environmental conservation, cultural heritage protection, community participation, and responsible destination management, supporting long-term tourism growth, ecosystem protection, local employment creation, and inclusive socio-economic benefits across diverse regions.

Social Pillar

Inclusion, Resilience, and Shared Development Outcomes

The social dimension of ESG focuses on how policies, institutions, and organizations impact people and communities. It encompasses labor practices, health and safety, education, skills development, gender equality, social protection, and inclusive economic participation, all of which contribute to social stability and long-term development outcomes.

In 2025, Ethiopia made measurable progress under the Social Pillar through expanded skills development, employment programs, health system strengthening, education reforms, and enhanced social protection initiatives. Sustainability efforts increasingly prioritized inclusion, resilience, and equitable access, ensuring that economic and environmental reforms delivered tangible benefits for communities, women, youth, and vulnerable groups.





Skills Development and Inclusive Employment

The Ministry of Labour and Skills strengthened workforce development in 2025 through expanded technical training, youth employment initiatives, and labor inclusion programs, supporting decent work, employability, social protection coverage, and inclusive economic participation aligned with national development priorities.



Gender Equality and Social Protection Initiatives

In 2025, the Ministry of Women and Social Affairs reinforced gender mainstreaming, social protection systems, and inclusive policy frameworks, strengthening women's economic participation, access to services, social inclusion, protection of vulnerable groups, and resilience within national development programs.



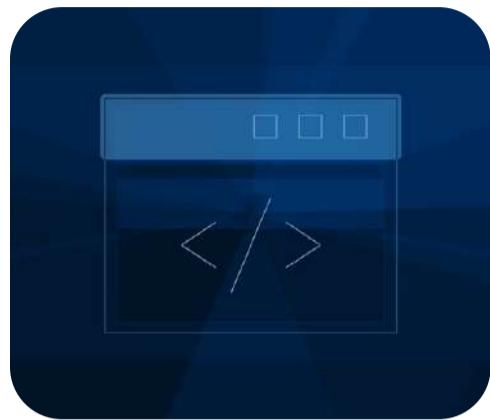
Health System Strengthening and Access

During 2025, the Ministry of Health advanced preventive and primary healthcare reforms, improving access to essential services, strengthening maternal and child health outcomes, enhancing system resilience, and supporting equitable health delivery aligned with national social development objectives.



Inclusive Education and Human Capital Development

In 2025, the Ministry of Education progressed education reforms by strengthening learning infrastructure, expanding school WASH facilities, improving access, and advancing inclusive education programs that support long-term human capital development, equity, and national productivity growth.



Digital Skills Development and Youth Empowerment

The Five Million Ethiopian Coders Initiative continued equipping youth nationwide with programming and digital skills in 2025, strengthening workforce readiness, supporting innovation ecosystems, and expanding technology capacity as part of broader national digital transformation goals.



Digital Financial Inclusion for SMEs and Smallholder Farmers

In 2025 the International Financial Corporation and Kifiya Financial Technology partnered to expand digital financial services for smallholder farmers, enabling mobile payments, deposits, and credit access, thereby strengthening rural inclusion and economic participation through technology-driven solutions.



Financial Market Development and Inclusion

FSD Ethiopia advanced inclusive financial market development in 2025 by facilitating partnerships, technical assistance, and research that strengthen financial systems, deepen inclusion, and support sustainable economic growth aligned with public and private sector priorities.



Clean Cooking, Health, and Gender Empowerment

Ethiopia launched a Clean Cooking Roadmap in 2025 to expand access to clean cooking solutions, reduce indoor air pollution, improve public health, empower women, protect forests, and create economic opportunities in partnership with private sector and development partners.



Climate Justice and Social Inclusion in Climate Policy

Climate justice and social inclusion were central themes at the Africa Climate Summit 2 in 2025. Discussions emphasized community participation, gender equity, and equitable access to climate finance, reinforcing the importance of fairness and social protection within Africa's collective climate transition strategies.



Inclusive Climate Finance and Social Impact Investment

Ethiopian financial institutions, working with international partners, expanded climate finance products incorporating social impact objectives. These initiatives improved access to capital for women-led enterprises, youth entrepreneurs, and underserved communities, linking climate resilience investments with inclusive economic opportunity and employment creation.



Strengthening Rural Finance and Agricultural Insurance Systems

The establishment of the Rural Finance Service Unit in 2025 expanded access to rural credit and agricultural insurance. Supported by development partners, the initiative expected to reduce financial exclusion, strengthened farmer resilience, and improved risk management for climate-sensitive agricultural livelihoods.



Agricultural Risk Protection and Climate Resilience

A national partnership with UNDP and the Association of Ethiopian Insurers in 2025 strengthened agricultural insurance systems. The initiative improved climate risk protection for farmers, reduced income volatility, and supported long-term resilience within Ethiopia's agriculture-dependent rural economy.

Governance Pillar

Strengthening Institutions, Transparency, and Sustainable Finance

Governance within ESG frameworks relates to the structures, policies, and processes that guide decision-making, accountability, transparency, and risk management. Strong governance underpins effective ESG implementation by enabling regulatory oversight, institutional coordination, and alignment with international standards.

During 2025, Ethiopia advanced governance-related reforms through strengthened institutional capacity, improved urban infrastructure governance, transport and logistics reforms, financial sector oversight, and expanded digitalization of public services. These developments supported greater transparency, accountability, and early alignment with international ESG and sustainability practices.



Governance Pillar



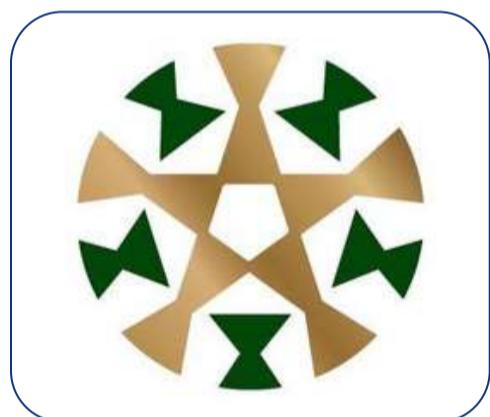
Climate-Aware Financial Supervision and Risk Management

In 2025, the National Bank of Ethiopia joined the Network for Greening the Financial System, integrating climate-related financial risks into supervisory frameworks. This alignment strengthened sustainable finance governance and positioned Ethiopia's financial system alongside international climate risk management practices.



Legal Frameworks Supporting Innovation and Startups

In 2025 the Startup Proclamation enacted and established a structured legal framework supporting innovation and entrepreneurship. The law enabled technology-driven solutions, encouraged investment, and promoted green growth, digital inclusion, and employment creation aligned with Ethiopia's broader ESG and development objectives.



Capital Market Development with ESG Integration

Ethiopia's emerging capital markets embedded ESG considerations at early design stages. This approach promoted stronger governance expectations, enhanced investor confidence, and created opportunities for sustainable investment aligned with long-term economic resilience and responsible market development.



Sustainability Reporting and Disclosure Readiness

The Accounting and Auditing Board of Ethiopia (AABE) and professional bodies advanced preparatory work toward alignment with IFRS S1 and S2 Sustainability Disclosure Standards. These efforts laid foundations for future ESG reporting, assurance frameworks, and improved transparency for investors and stakeholders.



International Climate Governance Engagement and Leadership- COP32

During the year Ethiopia selected to host COP32. This marked a significant milestone in climate diplomacy, reflecting growing international confidence in its climate leadership. The decision positions Ethiopia as a key African voice in global climate negotiations and showcases national commitments to sustainable development.



Green Finance Policy Dialogue and Mobilization

In 2025, Ethiopia convened a green finance policy dialogue bringing together regulators, policymakers, and development partners to discuss climate finance frameworks, green taxonomies, supervisory approaches, and regulatory alignment needed to integrate sustainability considerations into national financial systems and policy decision-making processes.



Democratic Governance and Institutional Capacity Building

The UNDP-managed EDGE project in 2025 supported Ethiopia in strengthening democratic governance, enhancing accountability, transparency, and gender-responsive legislative systems, while building capacities of elected representatives and public institutions to deliver more inclusive governance outcomes.



Green Finance Mobilization at Annual Conference

In 2025, Ethiopia hosted an annual development conference focused on mobilizing green finance for energy and environmental priorities, highlighting practical financing instruments such as green bonds, climate funds, blended finance structures, and payment-for-ecosystem-services mechanisms to support sustainable economic transformation initiatives.



National Digital Governance Transformation

In December 2025, Ethiopia officially launched the Digital Ethiopia 2030 national strategy to advance digital transformation, expand infrastructure, improve access, strengthen inclusion, build trust between citizens and institutions, and elevate technological capacity nationwide as a successor to Digital Ethiopia 2025.



Sustainable Urban Development and Infrastructure Governance

The Ministry of Urban Development and Infrastructure expanded corridor development and urban renewal programs in 2025, improving urban livability, climate-resilient infrastructure, inclusive public spaces, service delivery efficiency, and governance of sustainable urban development across Ethiopian cities.



Sustainable Transport and Logistics Governance

In 2025, the Ministry of Transportation and Logistics advanced integrated transport and logistics reforms, supporting efficient mobility systems, climate-aware infrastructure planning, improved connectivity, regulatory coordination, and strengthened governance of national transport and logistics networks.

Cross Cutting Initiatives

Embedding ESG Across Policy, Infrastructure, and Digital Transformation

Cross-cutting initiatives address ESG issues that span environmental, social, and governance dimensions simultaneously. These initiatives often act as enablers, supporting integration, coordination, and scalability across sectors through policy alignment, financing mechanisms, and institutional capacity building.

In 2025, Ethiopia advanced several cross-cutting initiatives, including digital transformation, sustainable finance, ESG capacity building, and development partner-supported programs. These efforts strengthened coordination across sectors and supported the translation of ESG principles into practical implementation.



Cross Cutting Initiatives



United Nations Sustainable Development Cooperation Framework 2025–2030

In 2025, a renewed cooperation framework signed with the United Nations and expected to align Ethiopia's national priorities with sustainable development goals. The framework strengthened coordinated policy implementation, enhanced development effectiveness, and supported integrated progress across environmental, social, and governance dimensions.

Integrated Urban ESG Delivery

The Addis Ababa Riverside Development Project continued to demonstrate integrated urban ESG delivery in 2025. The initiative combined environmental restoration, flood resilience, inclusive public spaces, and sustainable urban governance, serving as a flagship model for climate-resilient and people-centered urban transformation.

Digitalization as an ESG Enabler

Digital ID systems, Fayda, e-tax platforms, e-licensing, and digital payments expanded in 2025 and expected to improve transparency, efficiency, and governance. Digitalization expanded inclusive economic participation, reduced administrative barriers, and supported accountable public and private sector service delivery nationwide.

Climate-Resilient Urban Corridor Development

Urban corridor projects transformed Addis Ababa and other major cities infrastructure into connected, climate-resilient, and socially inclusive spaces. In 2025, these initiatives embedded ESG principles into urban planning, improved mobility, enhanced public spaces, and supported sustainable growth in rapidly expanding cities.

Cross Cutting Initiatives



Multilateral Support for Sustainable and Inclusive Growth

The World Bank continued supporting Ethiopia's sustainable and inclusive growth reforms through financing and policy engagement, strengthening fiscal transparency, climate resilience, and social protection systems while aligning economic reform with long-term sustainability objectives and inclusive development priorities across key sectors.



Digital Infrastructure and Rural Connectivity

Digital infrastructure programs expanded rural connectivity in 2025 through broadband and mobile inclusion efforts, enabling improved access to digital services, financial systems, and transparent public data, aligning with nationwide digital economy and inclusion goals supported by multilateral partners.



Building a National Culture of Sustainability

Public awareness, media engagement, and corporate dialogue on sustainability increased significantly during 2025. These shifts reinforced ESG as a national development priority, encouraging broader stakeholder participation and fostering a culture that increasingly values responsible growth, environmental stewardship, and social accountability.



ESG Capacity Building and Professional Development

In 2025, Universities, regulators, professional bodies, and consulting firms expanded ESG training and professional development programs. These initiatives strengthened national capacity for sustainability reporting, assurance, risk management, and governance, supporting institutional readiness for evolving ESG standards and regulatory expectations.

Cross Cutting Initiatives



Advancing Inclusive and Sustainable Finance

In 2025, FSD Ethiopia advanced inclusive and sustainable finance by supporting SMEs and women-led enterprises, promoting green finance dialogue, strengthening environmental and social risk management practices, funding market research, and piloting blended finance solutions to mobilize climate-aligned private investment.



Strengthening Capital Markets and ESG Integration

In 2025, FSD Africa supported Ethiopia's ESG progress through capital market development, ESG integration frameworks, green bond and blended finance discussions, regulatory capacity building, and regional knowledge sharing, strengthening access to long-term, inclusive, and climate-aligned investment capital.



Africa Climate Week 2025 held in Addis Ababa

Africa Climate Week 2025 convened policymakers, development partners, private sector actors, and civil society in Addis Ababa to accelerate climate implementation, strengthen partnerships, share technical solutions, and align African priorities ahead of global climate negotiations.



International Sustainability Summit 2025 held in Addis Ababa

The International Sustainability Summit hosted in Addis Ababa in 2025 brought together academic, policy, and development leaders to discuss geopolitics, energy security, climate transitions, and sustainability pathways supporting resilient and inclusive growth across African economies.

Cross Cutting Initiatives



Greening Ethiopia's Capital Markets Forum

Held alongside major climate events in 2025, the Greening Ethiopia's Capital Markets forum examined ESG integration, governance expectations, sustainable investment products, and reporting readiness within Ethiopia's emerging capital market ecosystem, supporting long-term market credibility and investor confidence.



Green Finance and Energy Conference

In 2025, UNDP convened a green finance and energy conference in Addis Ababa, bringing together policymakers, financiers, and development partners to examine sustainable finance instruments, renewable energy investment, and policy measures supporting Ethiopia's transition toward climate-resilient and inclusive economic growth.



Climate and Sustainability Dialogues at Africa Climate Week

During Africa Climate Week 2025, UNDP facilitated structured sustainability dialogues in Addis Ababa focused on climate adaptation, inclusive development, digital solutions, and financing mechanisms aimed at strengthening implementation of climate commitments within national and sectoral development frameworks.



FSD Ethiopia Climate Finance Summit

FSD Ethiopia hosted a Climate Finance Summit in 2025 to support development of climate-aligned financial markets. Discussions focused on blended finance, risk-sharing mechanisms, ESG integration in financial institutions, and mobilization of private capital for sustainable investment priorities.

Cross Cutting Initiatives



UN Food Systems Sustainability Dialogue

A UN-led food systems sustainability dialogue held in Addis Ababa in 2025 addressed climate-smart agriculture, food security, and inclusive value chains, emphasizing policy coordination and investment approaches that support resilient livelihoods and environmental sustainability.



Operationalization of Legacy Eco-Tourism Assets

In 2025, Ethiopia focused on operationalizing legacy eco-lodges including Halala Kella, Wonchi Eco Lodge, Gorgora and Chebera Churchura Lodges under Ethiopian Airlines' Skylight Hotel management, strengthening service quality, sustainable tourism operations, employment creation, and destination positioning.



Car-Free Sundays and Urban Livability in Addis Ababa

In 2025, Addis Ababa continued its Car-Free Sunday initiative, temporarily opening selected roads to pedestrians, cyclists, and children. The program promoted cleaner air, healthier lifestyles, community engagement, and public awareness of sustainable urban mobility and inclusive city planning.

Corporate Leadership

Operationalizing ESG Through Business Leadership

Corporate leadership plays a critical role in advancing ESG outcomes by translating sustainability principles into operational practices, investment decisions, and value-chain management. Private sector engagement strengthens accountability, innovation, and the scaling of sustainable solutions.

In 2025, corporate entities in Ethiopia increasingly integrated ESG considerations into operations through climate-aligned investments, resource efficiency measures, workforce development, community engagement, and governance improvements. Corporate leadership complemented public sector reforms and contributed to the practical advancement of ESG implementation.



Corporate Leadership



Integrated ESG Leadership in Manufacturing

In 2025, Heineken Ethiopia continued to demonstrate integrated ESG leadership through watershed restoration, energy efficiency initiatives, inclusive agricultural sourcing, responsible consumption programs, and strong governance practices aligned with global sustainability commitments and long-term value creation.



Water Stewardship and Circular Economy Leadership

Coca-Cola advanced water stewardship, circular economy initiatives, community resilience programs, and governance practices aligned with global sustainability frameworks, supporting responsible resource use and positive social impact within Ethiopia's operating communities.



Renewable Power Infrastructure and Inclusive Economic Participation

Safaricom Ethiopia expanded renewable-powered infrastructure, digital inclusion initiatives, youth empowerment programs, and governance aligned with group ESG standards, supporting sustainable connectivity, innovation, and inclusive economic participation across the country.



Climate-Smart Supply Chains

Private sector participation in climate-smart agriculture strengthened environmental sustainability, improved rural livelihoods, and promoted responsible sourcing practices. Companies integrated resilience into supply chains, supported smallholder farmers, reduced environmental impact, and enhanced long-term value creation through sustainable procurement and production models.



ESG Policy Development and Sustainable Finance

Local banks are preparing for ESG integration by developing ESG policies and guidelines, strengthening governance and risk management, and introducing ESG products including climate finance, gender bond and inclusive financing that support SMEs, women entrepreneurs, resilience, and regulatory readiness across financial sector.



Digital Inclusion and Responsible Connectivity

Ethio Telecom contributed to ESG outcomes in 2025 through digital inclusion, expansion of nationwide connectivity, renewable-powered infrastructure, e-services, data protection initiatives, and support for Digital Ethiopia 2030 digital inclusion goals. Other initiatives include tree planting and environmental protection.



Sustainable Aviation and Operational Excellence

In 2025, Ethiopian Airlines continued advanced sustainability through fleet modernization, fuel efficiency improvements, carbon reduction initiatives, operational efficiency, workforce development, and governance practices aligned with international aviation safety and compliance standards.

Looking Ahead

Overall developments in 2025 suggest that Ethiopia is entering an early but important transition phase in its ESG journey. While implementation remains uneven and largely driven by sectoral initiatives, the increasing convergence of environmental, social, and governance considerations across policy, finance, and infrastructure signals a positive shift toward system-wide integration.

Progress observed during the year was supported by rising awareness, stronger institutional engagement, and growing private sector participation. However, the lack of a nationally coordinated ESG framework, consistent data collection, and standardized reporting continues to limit comparability, accountability, and measurement of impact.

Addressing these structural gaps, alongside sustained investment in human capital and institutional capacity, will be critical to translating early momentum into durable, scalable ESG outcomes in the years ahead.

Limitations

This Update has been prepared as a high-level overview of selected ESG and sustainability developments observed during 2025. It is based primarily on publicly available information, including government announcements, institutional publications, development partner reports, and corporate disclosures available at the time of preparation.

The Update does not represent a comprehensive assessment of all ESG activities in Ethiopia, nor does it evaluate the effectiveness, outcomes, or impacts of individual initiatives. Variations in data availability, reporting practices, and disclosure quality may limit comparability across sectors and institutions.

No independent verification or assurance procedures were performed in connection with this Update. Accordingly, the update should be interpreted as indicative rather than exhaustive, and users are encouraged to supplement this information with additional sources where appropriate.

References

This Update draws on publicly available information from the following sources, accessed during 2025:

- Federal Democratic Republic of Ethiopia government proclamations, policies, and official communications,
- Ministry publications and reports from relevant sector institutions, including environment, energy, agriculture, finance, transport, health, education, and urban development authorities,
- National Bank of Ethiopia releases and financial sector regulatory guidance,
- Development partner publications and program updates, including those from the World Bank, UN agencies, FSD Africa, FSD Ethiopia, and other multilateral and bilateral partners,
- Public disclosures, sustainability communications, and official announcements from Ethiopian and multinational corporate entities operating in Ethiopia,
- Media coverage and official statements from recognized national and international news agencies,
- Conference communiqués, summit declarations, and event summaries related to ESG, climate, and sustainability initiatives held in Ethiopia during 2025.

References are indicative and reflect information available at the time of preparation. The absence of specific initiatives or institutions does not imply a lack of ESG activity.

Our Services for ESG and Sustainability

We support organizations in integrating ESG and sustainability into strategy, operations, and reporting through advisory, risk assessment, policy development, sustainability reporting, assurance, and capacity building, helping clients meet expectations, strengthen governance, and create long-term sustainable value.

PKF Ethiopia

Liberia Street, Capstone Building 3rd Dloor
+251 11 557 4753 | +251 11 854 5765
www.feyselandassociates.com

PKF Ethiopia is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separate and independent legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s).