



RENEWABLE ENERGY SOLUTIONS
FOR THE MEDITERRANEAN

5th ANNIVERSARY
of RES4MED

RES4MED ANNUAL CONFERENCE

**Innovation as the key
enabler to power Africa**

Rome, May 22nd 2017



Green Power

Ethiopian Industrial Parks Project presentation

H.E. Dr. Mebrahtu Meles (Ethiopian State Minister for Industry)





I. : Vision & Targets



Ethiopia aims to achieve **Middle-Income Status by 2025** while Developing **CRGE**

Leading country in **light manufacturing sector** in Africa by 2025

- Rapid Economic Growth - annually by **11% till 2025**
- Increased contribution of industrial sector to GDP: from **15%** in 2015 to **28%** by 2025
- Manufacturing (%GDP) - **5%** (2015) to **18%** (2025)



❖ Ethiopia Land size:

- 1,140,331 sq. km
- World Rank 27th
- Africa Rank 8th
- 45%(513,000 sq.km of the Total Land) is arable and suitable for Agriculture
- 10 million hectares of irrigable land(only 3% utilised)
- 18 major agro-ecological zones and 49 agro-ecological sub-zones

❖ Population : 90+ million+

- World Rank: 13th
- Africa Rank : 2nd

❖ Ethiopia & Nigeria account for 25% of total African population.



1.Ethiopia at Glance





3.5 billion people live within 8 hours of flight from Addis Ababa

Ministry of Industry



1.1 Geographic Location Advantage

Ethiopia is geographically well-positioned and accessible to wide & growing markets. Ethiopia also enjoys Duty Free and Quota Free (DFQF) privilege extended by international markets of USA(AGOA), EU(EBA), China, India, Japan & Korea. COMESA Market about 19 countries, 450 M Pop. Middle East and International markets



Source: UNCTAD



1.2 The biggest Passenger & Cargo Airline in Africa >90 Destination in z world 50 in Africa

**EAL has Created Investment Opportunities in Perishable items like Flowers, Fruits,
Meat etc**





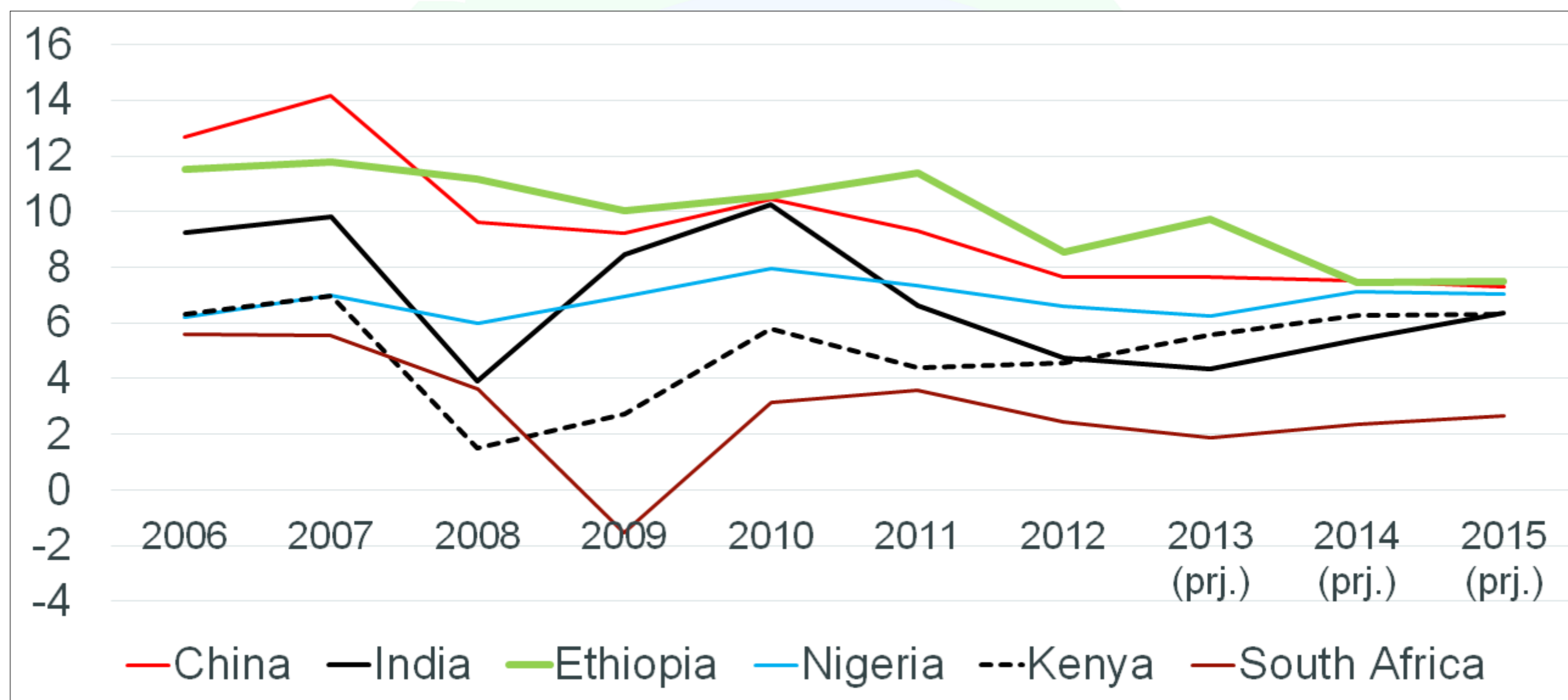
1.3 Major Important Facts about Ethiopia

- Political ,Social and Macro-economic Stability
- Fast Economic Growth
- Good Governance & Attractive Investment Law
- Zero Tolerance for Corruption
- Lowest Crime Rate in Africa
- Commitment to Support Private Sector Development & FDI
- Competitive Incentive Packages
- Simple and Transparency Investment Approval Procedures



2. Macro-economic trends ...

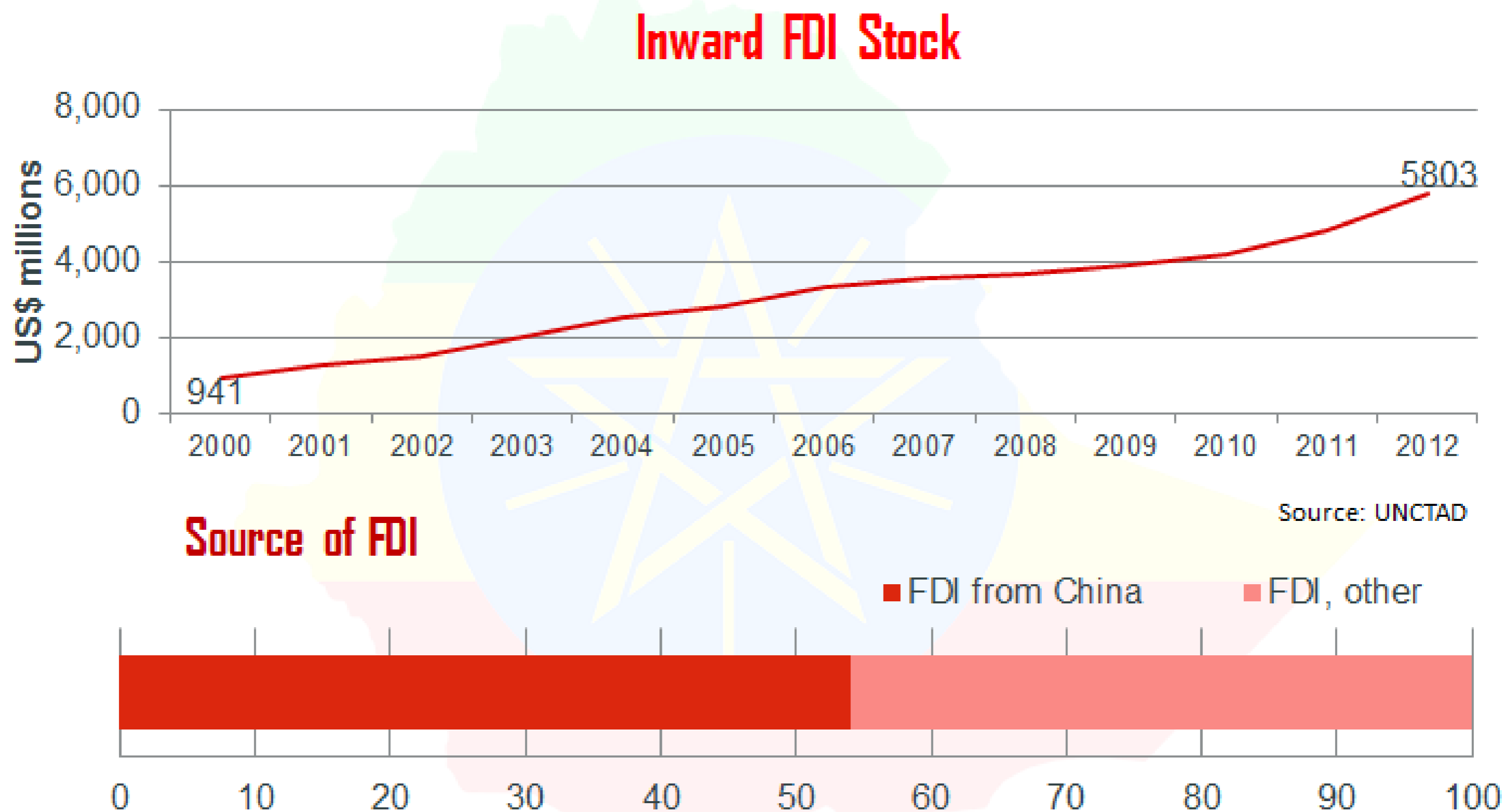
Consistently Outperformed Most other Countries



Source: IMF Economic Outlook



3. Investment Opportunities ...





Some of Multinationals Operating in Ethiopia...



George's Shoe Corporation



Shoemaker
Huajian





Some of Multinationals Operating in Ethiopia...

DIAGEO



★ **Heineken®**

TULLOW
OA PLC



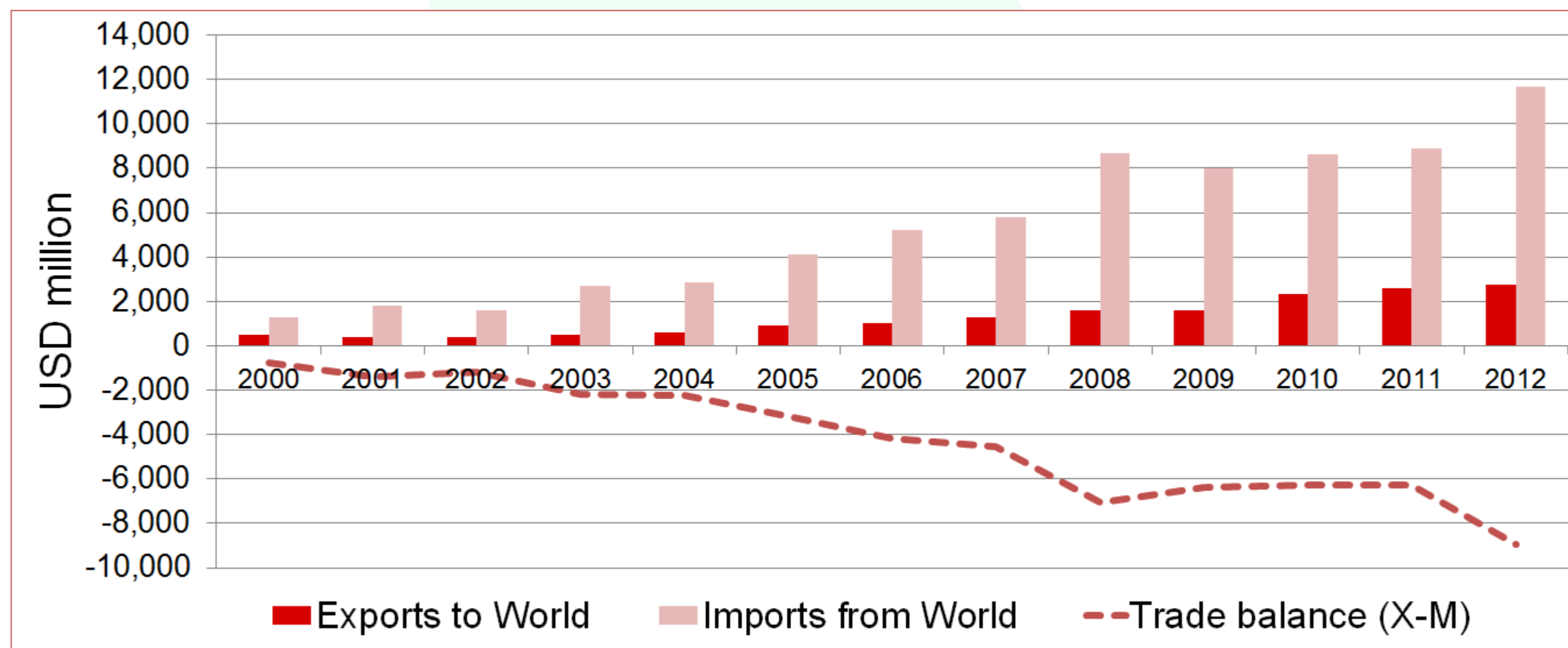
NewAge





2. Macro-economic trends ...

Trade is growing fast



Source: IMF Economic Outlook



3. Investment Opportunities ...

Attractive Investment Policies and Incentives

- No restrictions on equity ownership in joint venture investment with domestic investors
- One incentive policy for domestic & foreign investors
- **Generous incentive**
 - Income tax exemption (2 to 8 years)
 - Exemption from the payment of customs duty
 - Carry forward of losses: half of the tax holiday period
 - Export Incentive Schemes: Duty Draw-Back scheme, Voucher scheme, Bonded Manufacturing Warehouse scheme and Export Credit Guarantee scheme
 - Hand holding Support through the Sector Supporting Gov. Institutes



3. Investment Opportunities ...

Cont...Attractive Investment Policies and Incentives

- Guarantee against expropriation or nationalization (Constitution & Investment Law, MIGA & BITs)
- Full repatriation of profits, dividends, principal and interest payments on external loans
- The right to employ expatriate experts and management staff
- Bilateral Investment Promotion & Protection Treaties with more than 30 countries
- Double taxation avoidance treaties with 18 countries



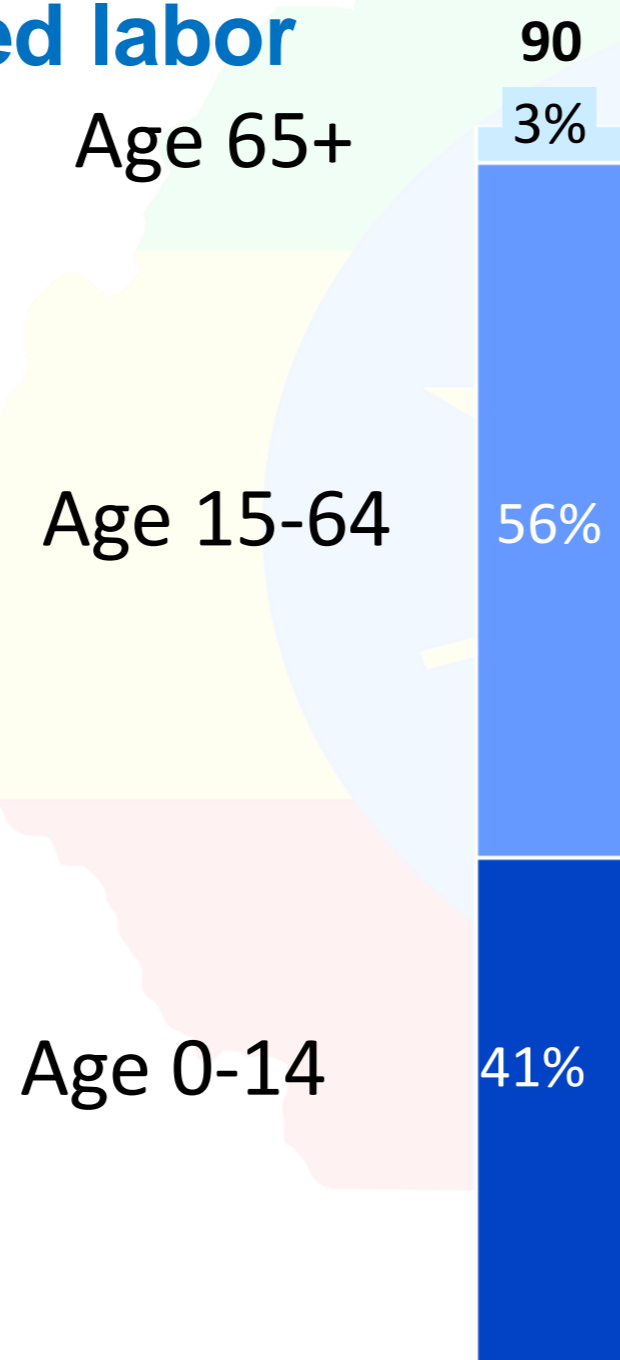
3. Investment Opportunities ...

Attractive Business Climate

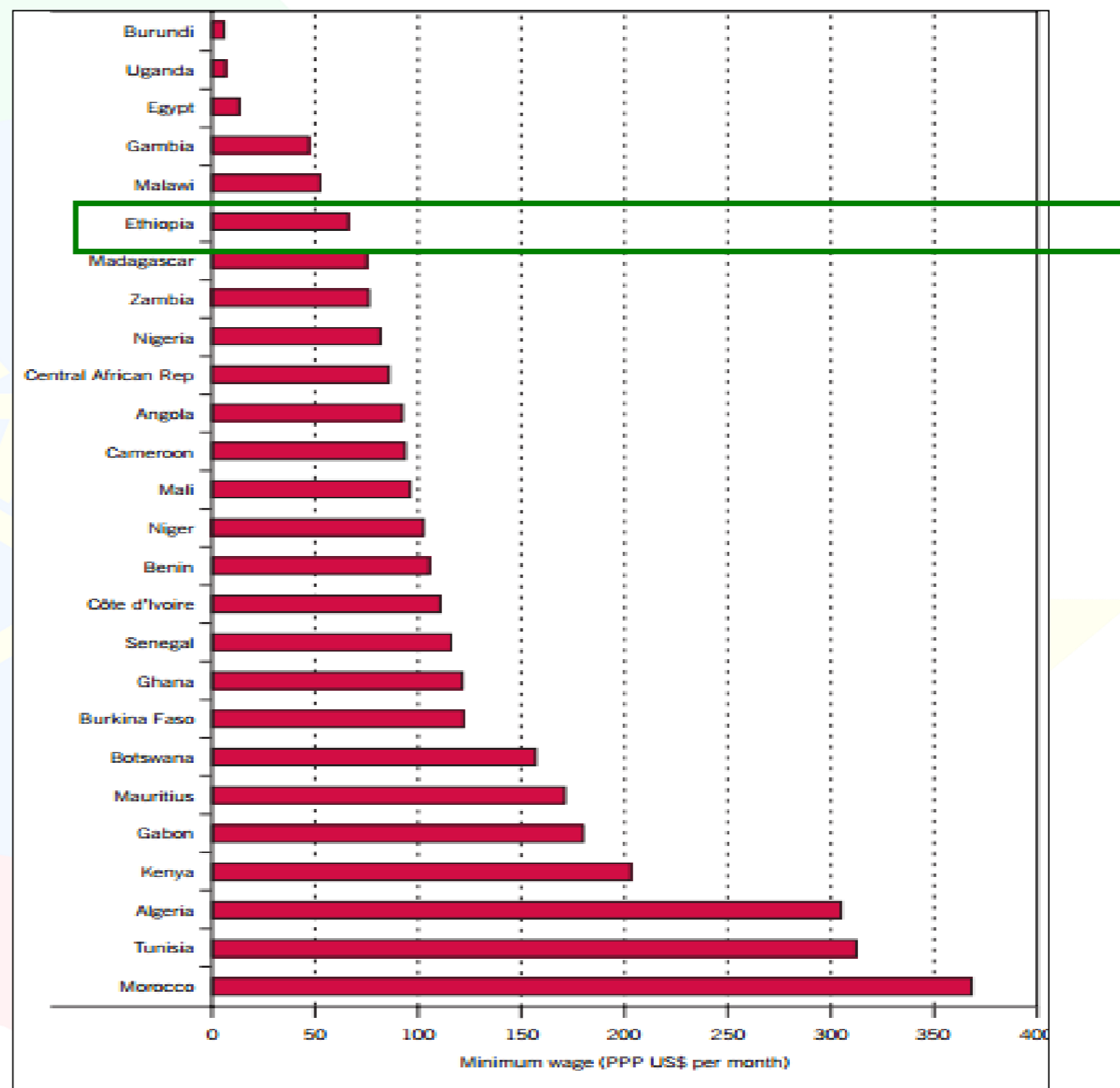
- Availability of inexpensive skilled and semi-skilled labor

❖ Salaries of fresh university graduates \$100-200/month

❖ English is the medium of instruction



Monthly wage in select African countries
PPP USD





Ethiopia is capitalizing its electric power potential to enhance investment opportunities



- Electricity tariff is one of the lowest electricity in the world
 - Current rate: 3 cents/kwh

Energy potential

- Hydro : More than 45,000 MW
 - Number one hydro electric dam is under construction on Nile river with 6250MW capacity
- Wind: More than 10,000 MW
- Geothermal: More than 5,000 MW
- Supply chain opportunities
- Engineering & tech. consultancies

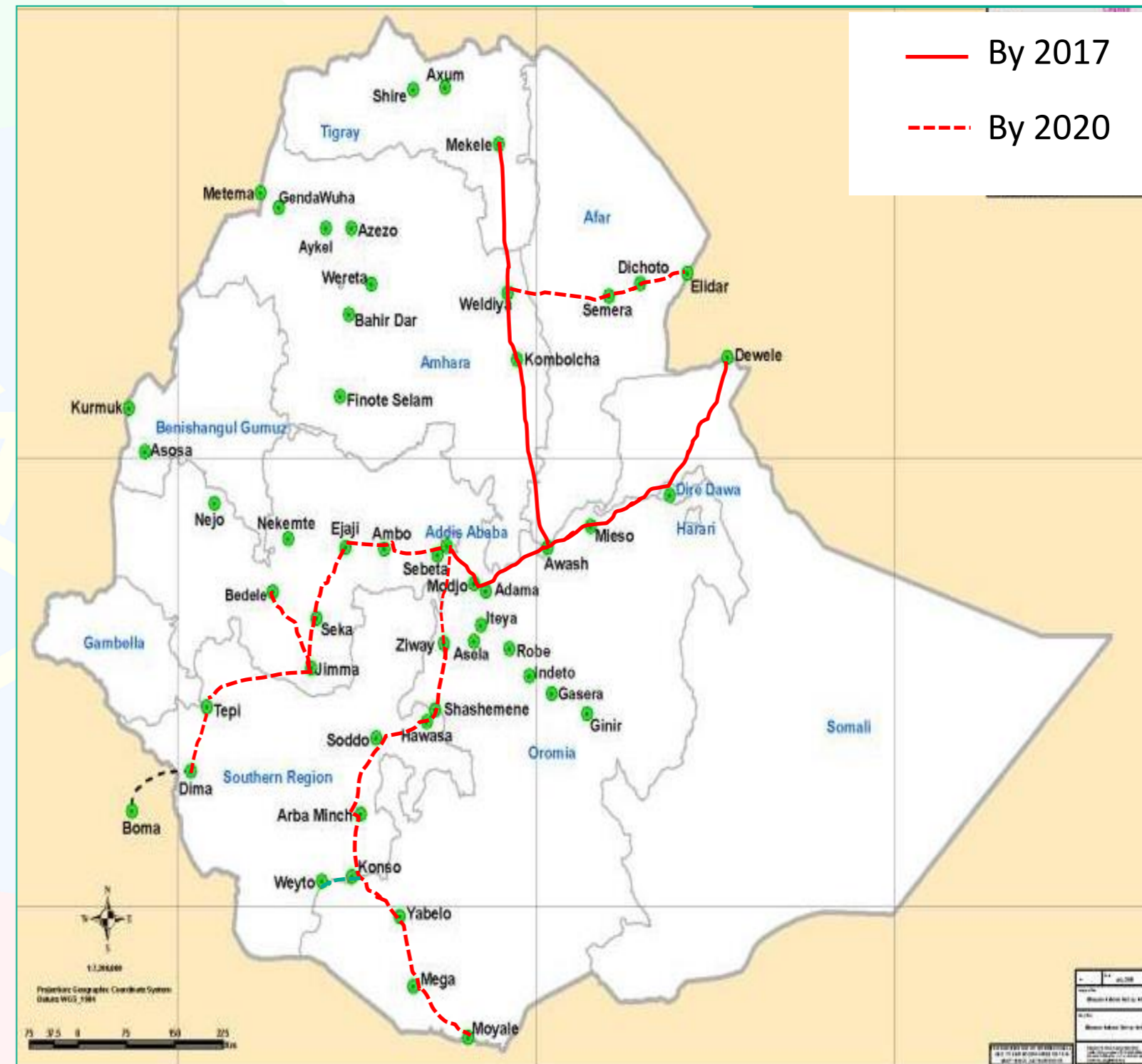


Railway networks will connect important corridors of the country



- New electric railway connecting industrial parks to Djibouti port
— 4-12 hour travel time

Planned railway networks





3. Investment Opportunities ...

Massive investment in infrastructure

- Building **72,000 km of new roads(URRAP)**, virtually all kebele administrations is underway. 39094 km i.e 55% is finished
- Expressway linking Addis Ababa-Adama (key to import-export) become operational
- Construction of **> 2300 km Railway line** in progress
- More than **10,000 km Fiber Optics** are constructed. 47 million mobile subscribers. 50% country coverage.



**Addis-Djibuti Rail Way
Ready**



**Addis-
Adam
Express
Way**



4. Priority Sectors

a) MANUFACTURING OPPORTUNITIES



1. Textiles & Garments/Apparel
2. Leather & Leather Products
3. Agro-processing,
4. Chemical and Construction Material Products
5. Pharmaceutical Products
6. Metal Fabricated Products
7. Chemical and Construction materials products



4. Priority Sectors

b) AGRICULTURAL OPPORTUNITIES

- 3 million hectares suitable for cotton plantation
- Sugarcane plantation
- Tea Plantation
- Horticulture
- Floriculture
- Aquaculture
- Rubber tree plantation
- Fibre crops : Cotton, jutes, etc



Industrialization in Ethiopia

Through development of Industrial Parks



unding Agency



III. Enabling Environment

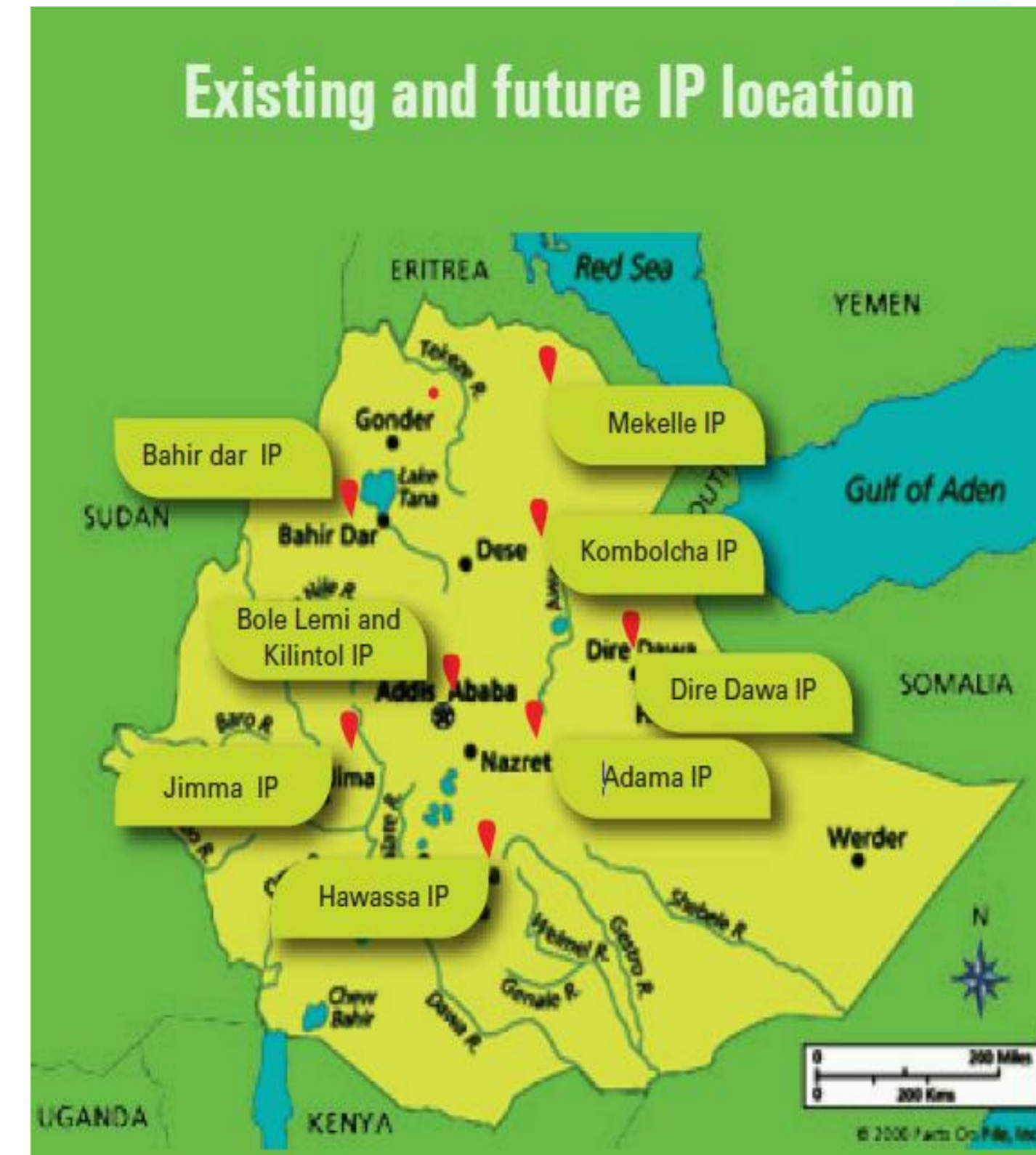
2. Growing Capacity in Park Development

Public

1. Hawassa phase 1 inaugurated on July 13, 2016
2. Hawassa phase 2
3. Mekelle = construction just begun
4. Kombolcha= construction just begun
5. Adama= a contractor has been selected
6. Dire Dawa = soon contractor will be selected
7. Bole Lemi II = contractor selection is taking place
8. Kilinto = is in Akaki, its status is same as Bole Lemi II (Need to finish Bole Lemi I)
9. Jima= feasibility & other studies has been conducted
10. Debre Birhan= feasibility study will commence soon
11. Bahir Dar= feasibility & other studies will soon be conducted
12. Aysha= soon all the studies will be commenced

Private

1. Expansion of Eastern (*Dukem*) China
2. George Shoe (*Mojo*), Taiwan – China
3. Huajian (A.A), China
4. Arerti (*Minjar*), China
5. CCECC (*Dire Dawa*), China
6. Yangone Corp. (*Adama*), South Korea
7. Hunan Prov. (*Adama*), China



- **World-class parks , ready for ‘plug and play’**
- **Specialized on priority sector**
- **Sustainable (eco-parks)**
- **Strategically located along the new railway corridors**

By 2017	Specialisation
Hawassa I & II	Apparel & Textile Phase I Operational
Mekelle	Apparel & Textile Completed
Adama	Apparel & Textile , Machinery & Equipment
Dire Dawa	Apparel & Textile
Kombolcha	Apparel & Textile Completed
Kilinto	Pharmaceuticals under construction
Bole Lemi I & II	Apparel and Textile Phase I Operational



A flagship industrial park, Hawassa Eco-Industrial Park phase has been constructed in 2016

Overview

- 1.4 million m² land
- 400,000m² factory buildings
- Specialized in **Apparel and Textile**
- Eco-industrial park (ZLD)

Advantages

- One Stop Shop services
- Abundant labor with competitive wage
- Proximity to Airport, railway
- Anchor and leading firms
- Attractive incentives



Phase 1 was inaugurated on July 13th , 2016



BOLE LEMI INDUSTRIAL PARK



- Phase 1 of 156 Ha already operational; Phase 2 of 186 Ha in design stage;
- Conventional common effluent treatment plant in construction (primary to tertiary;
- Residential area for workers currently being designed –it is under development
- Agreeable environment: greening of Park on-going;
- Focus solely on exports;
- On-site custom clearance (at each factory)



Federal Democratic Republic of Ethiopia

Ministry of Industry



Six Standard Workshops with 10000M²/each for light Industry



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III. The Integrated Agro Industrial Parks ...

Some of the focused commodities ...

1. Coffee

- Ethiopia is home of coffee Arabica & leading producer
- Globally, 5th - 8th top producer for 2009 - 2012 (FAOSTAT)
- But 99% of the exports is raw coffee
- Receives low price





III. The Integrated Agro Industrial Parks ...

Some of the focused commodities ...

2. *Sesame*

- World's 3rd largest producer
- Accounts 18% of global export share
- 95% of the exports volume is in raw form





III. The Integrated Agro Industrial Parks ...

Some of the focused commodities in the IAIPs

2. Livestock

- Ethiopia is 1st in Africa and 10th in the world
- However, meat export is very limited
- Export of *live animal* represents 49% of total livestock export value
- Constitutes only **15%** while Namibia 40% of **African market.**





ETHIOPIA IS 1st in Africa and 10th in the world in Livestock Population

- 53.99 million cattle
- 25.51 million sheep
- 24.06 million goats
- 0.92 million camels
- 50.38 million poultry
- 9.01 million Equine
- 10 million bee colonies with
Potential 550000 ton of honey





III. The Integrated Agro Industrial Parks ...

Some of the focused commodities ...

4. *Fruits & Veg.*

Has a comparative advantage due to its

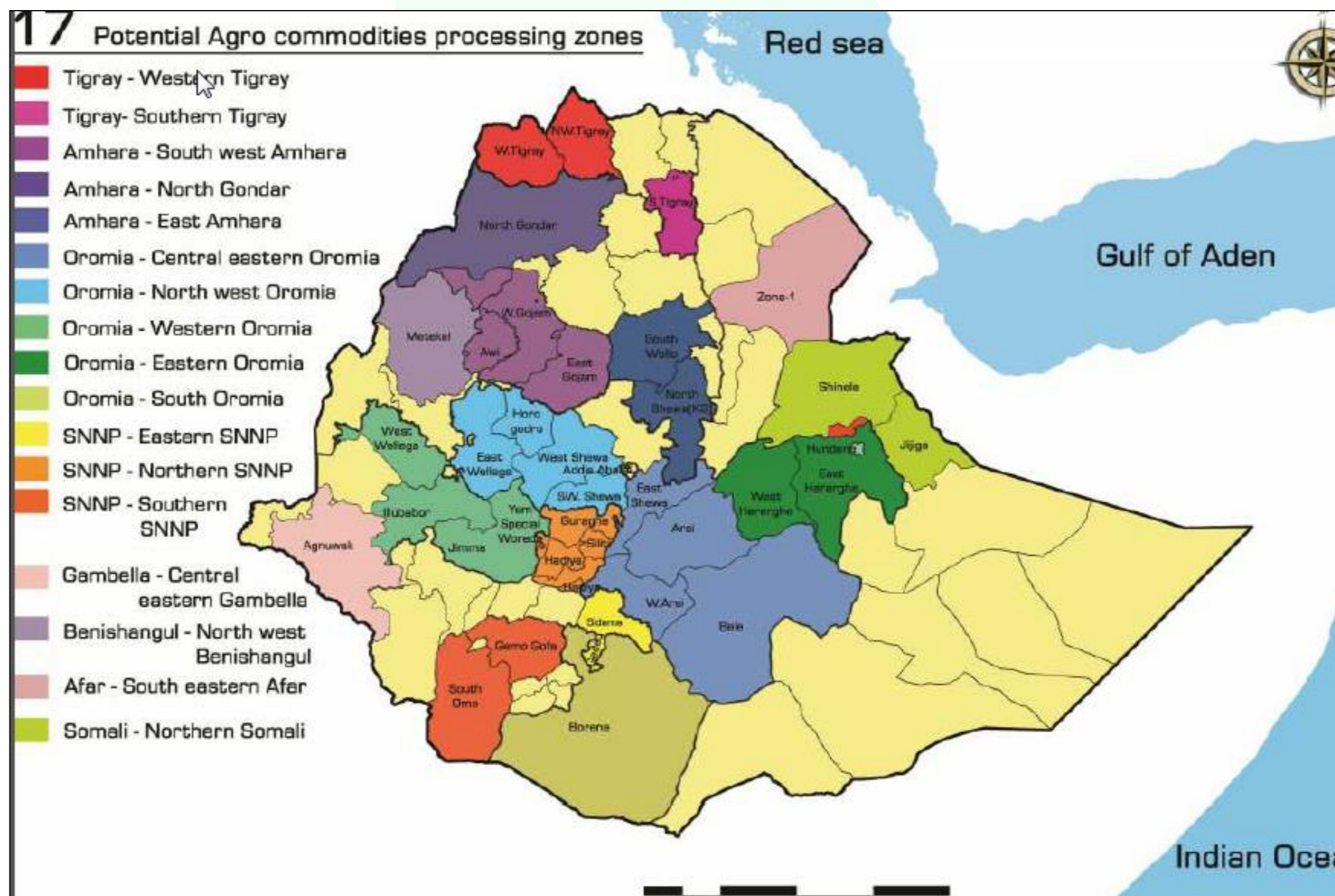
- favorable climate,
- proximity to Europe & Middle East markets
- cheap labor.





III. The Integrated Agro Industrial Parks ...

17 Agro Industry Growth Corridors selected



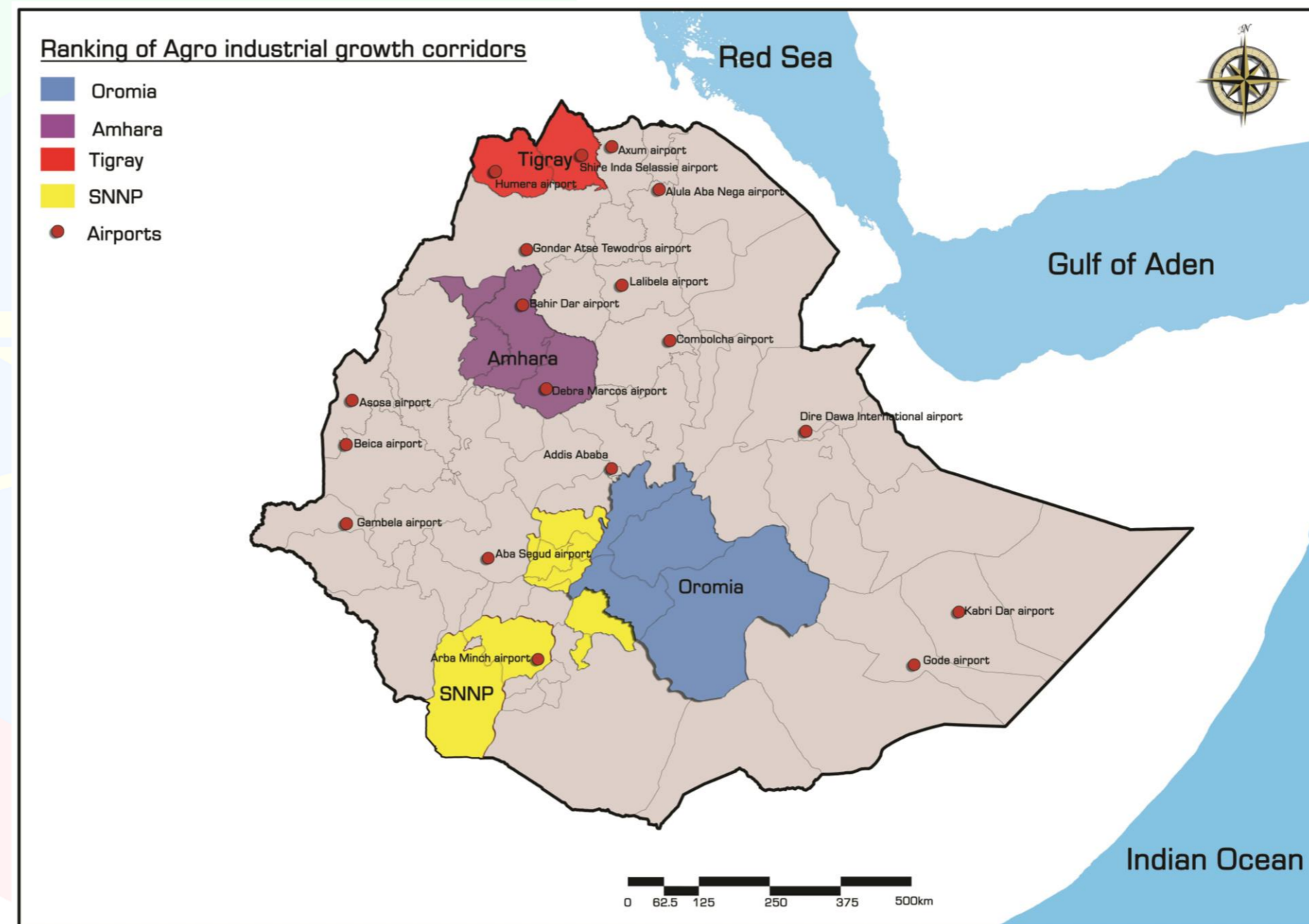


III. The Integrated Agro Industrial Parks ...

Four ACPZs selected for piloting IAIPs

Selection Criteria:

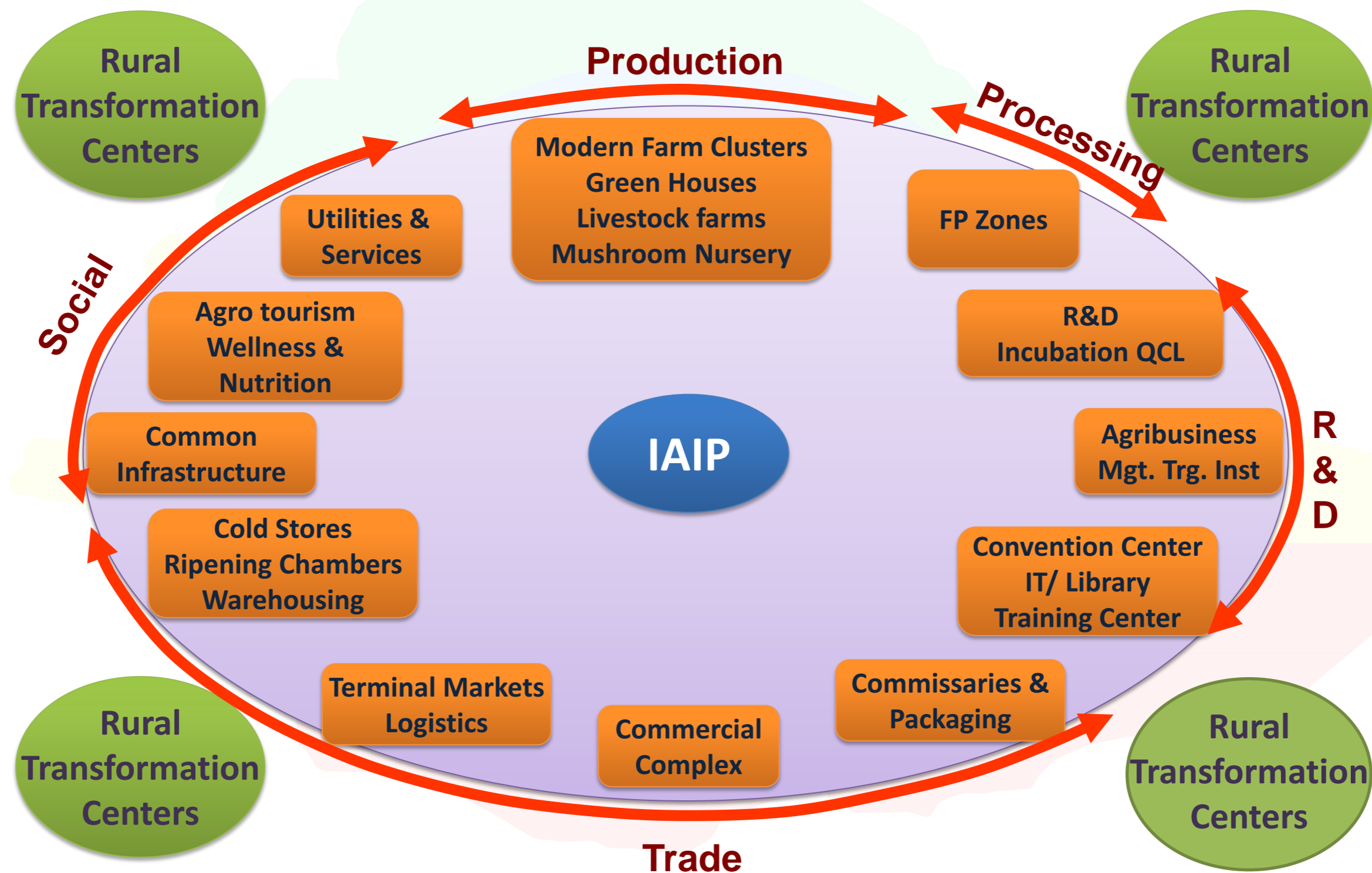
1. Production potential
2. Triggering Effect
3. Infrastructure
4. Market potential
5. Access to support services
6. Attractiveness for investors





III. The Integrated Agro Industrial Parks

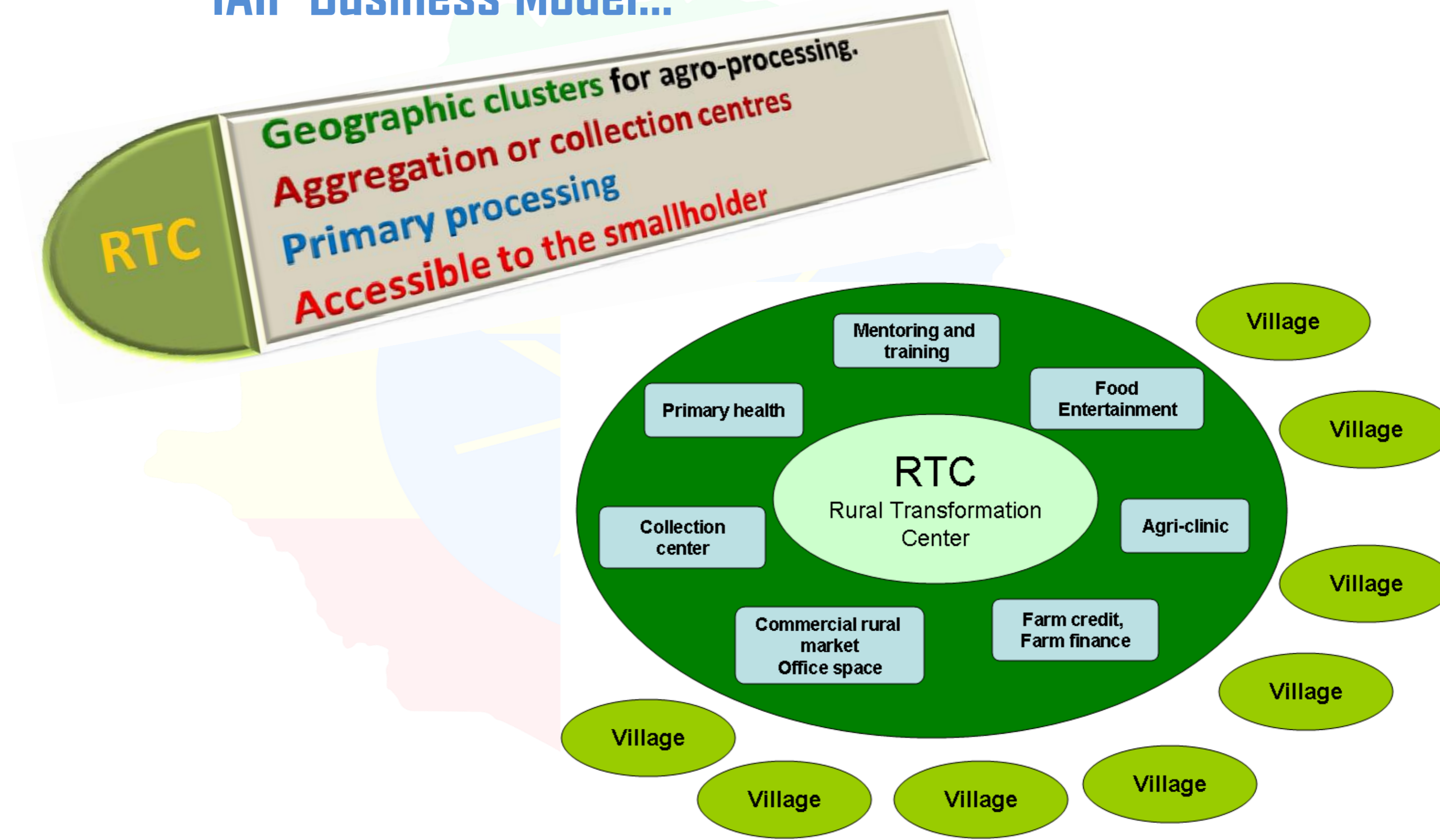
IAIP Business Model





III. The Integrated Agro Industrial Parks ...

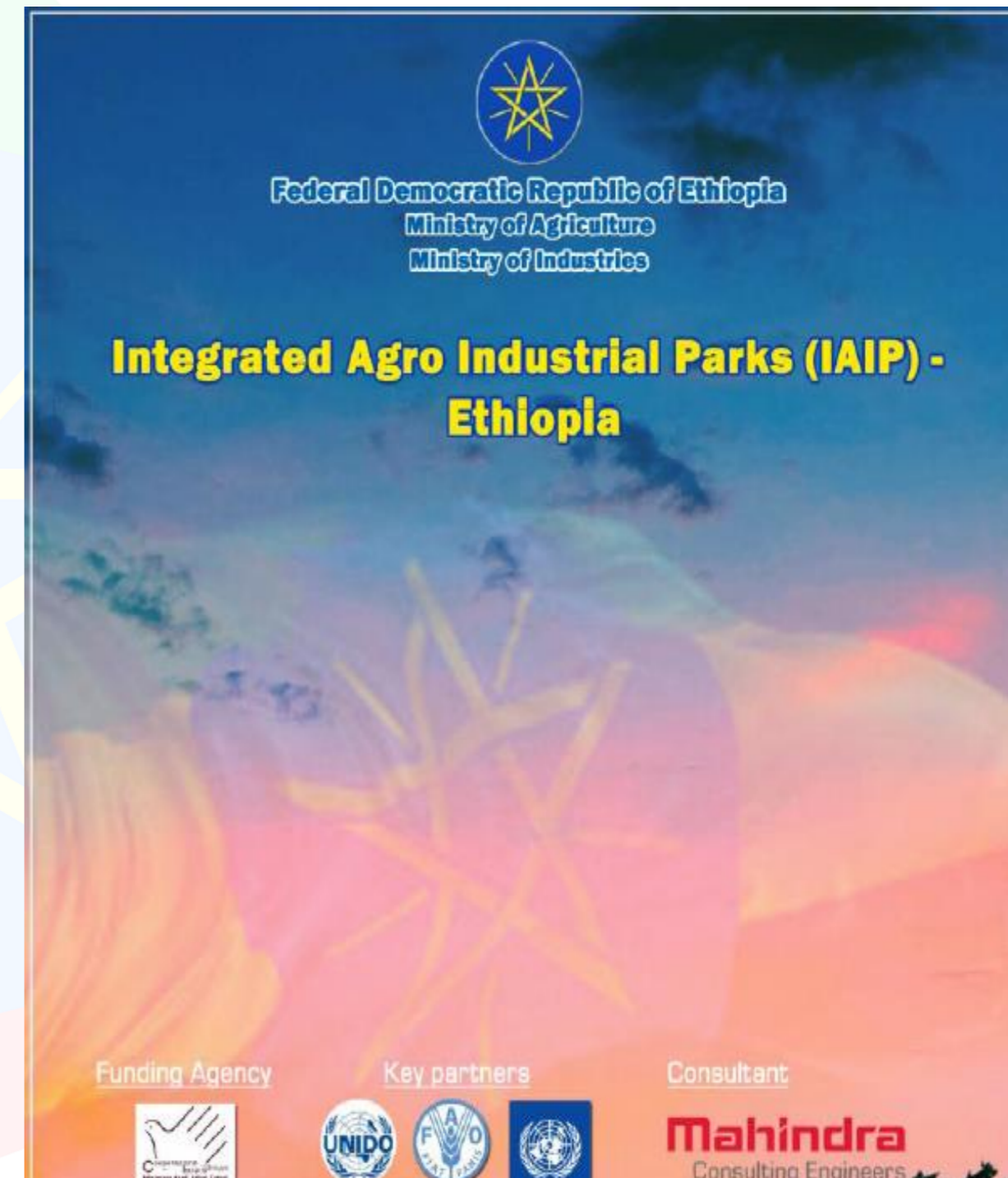
IAIP Business Model...





III. The Integrated Agro Industrial Parks ...

- Master plan developed for the 4 IAIPs
- The studies show the projects are feasible & bankable
- Specific sites are identified for the IAIPs and RTCs
 - 1000 ha. each for the four IAIPs
 - 28 RTCs sites are delineated with average of 10 ha each.





Federal Democratic Republic of Ethiopia

Ministry of Industry



Bird Eye View for IALP





Federal Democratic Republic of Ethiopia

Ministry of Industry

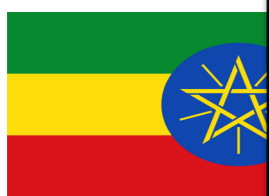


Bird Eye View for RTC



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BAEKER IAIPS MASTER PLAN - WESTERN TIGRAY

Description	Location - Western Tigray
Crops	Sorghum and sesame, fruits and vegetables, honey, dairy, meat and other animal products
Growing area available	524,706 hectares
Total area of IAIP	258.62 hectares

Tigray Region

Baeker

IAIP Total area
258.62 ha



IAIP Internal Infrastructure Details

Water provision	6777m ³ /day
MSW generation	55.08 TPD
Power demand	45.47 MVA
Initial Investment	USD 72.67 million
Investment over four years	USD 181.18 million
Profit after tax	Year 1: USD 122.48 million Year 2: USD 54.49 million Year 3: USD 6.04 million
IRR	17.09% (13 years of operation)
Payback period	3 years





III. The Integrated Agro Industrial Parks ...

Processing opportunities

<ul style="list-style-type: none">❖ Baby food❖ Canned fruits❖ Canned jackfruits❖ Corn flakes❖ Maize popcorn❖ Avocado oil (industrial use)❖ Bakers yeast❖ Biscuits❖ Corn/maize oil❖ Edible avocado oil❖ Red meat processing plant❖ Milk powder (dairy product)❖ Pineapple jam / marmalade❖ Poultry feed❖ Soya milk❖ TEJ drink❖ Margarine from vegetable oil❖ Milk processing & dairy❖ Potato chips❖ Poultry processing	<ul style="list-style-type: none">❖ Ready to eat vegetables❖ Sesame oil❖ Soya bean flour, defatted soya flour (DSF)❖ Tomato ketchup❖ Tomato soup (ready to cook)❖ Turmeric polishing❖ Vegetable oil refinery❖ Vegetable wax (CARNAUBA WAX)❖ Beeswax❖ Cattle meat processing❖ Confectionary❖ Egg albumen flakes❖ Egg powder❖ Fruit squash❖ Leather sole❖ Honey❖ Macaroni & pasta❖ Maize flour❖ Malt❖ Mango processing
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Source: MACE analysis



III. The Integrated Agro Industrial Parks ...

Expected Business Opportunities & Benefits

- **Agri inputs:** bio energy, green house cultivation, agri chemicals, agri Hi-tech, renewable energy
- **Agri infrastructure:** energy management, mechanization and transport, storage facilities, field handling, transport, bulk material handling
- **Agri Industry:** food technology, processing industry
- **Capacity building:** agri research, education hub, agri lab and clinic, extension service
- **Others:** agri tourism, rural financing, crop insurance



IV. Incentives & Success Factors for IALPs



IV. Incentives & Success Factors for IALPs

Solid Fiscal and Regulatory Incentive Package

- Duty-free import of capital goods, construction materials, machines etc.
- Up to 15 Yrs for IP developer & up to 10 years for IP enterprise tax-holiday periods
- Access to loans from the EDB at low interest rates for up to 50% of the total investment
- Easy access to pre-built factory sheds & Serviced Land in IPs;
- Access to common facilities & Zero Liquid Discharge technology
- One-stop-shop service



IV. Incentives & Success Factors ...

Competitive Cost Of Doing Business:-

- Competitive labour cost
- Availability for skilled and unskilled labour,
- with excellent vocational training centres we **>1350 TVET Centers**
- **35 universities Plus Additional >10 by 2020 total will be 50. Ratio of 1 UNIVERSITY PER 2 MILLION**
- Lowest costs of electricity in Africa/world **0.3 US Cents per KWH**
- Real estate costs at par with comparable countries



IV. Incentives & Success Factors ...

5. Institutional Support

- Government is dedicated to provide hand holding support to the private sector
- At Federal - Investment Board is under the Chairmanship of the PM
- At Regions - Investment Board is chaired by the Regional Presidents
- Under the Mol there are different sectorial supporting institutions such as:
 1. Textile Industry Development Institute
 2. Leather Industry Development Institute
 3. Metal Industry Development Institute
 4. Chemical and Construction Input Industry Development Institute
 5. Meat & Dairy Industry Development Institute
 6. Food Beverage and Pharmaceutical Industry Development Institute
 7. National Kaizen Institute
 8. Industrial Park Development Corporation (Federal and Regional Levels)
 9. Industrial Input Development Enterprise



IV. Incentives & Success Factors ...

5. Ethiopia is selected as Pilot country for ISID - PCP

- Following the Lima Declaration, **Ethiopia & Senegal** selected to pilot implementation of PCP.
- PCP is a model of partnership for achieving ISID
- The **PCP-ETH was developed** under the leadership of the Government of Ethiopia.



SDG 9: Building Resilient Infrastructure, **Ensuring Inclusive and Sustainable Industrial Development** and Fostering Innovation



IV. Current Status of the Project

**Six sub - programs are designed for
successful implantation of the project**



IV. Current Status of the Project

1. Agricultural Productivity Enhancement & Commercialization

- This sub program is aiming to **ensure adequate supply of raw agricultural commodities to the IAIPs.**
- Lead institutions are are MoANR and MoLF and interfaced with Mol
- **Task Force established comprising state ministers and high level professionals from MoANR, MoLF, Mol/UNIDO, ATA, FAO** to monitor, evaluate, and advise on productivity enhancement and commercialization
- Extensive forums held on April 2017 to raise awareness of Regional stakeholders and design special programs to increase productivity in the four IAIPs catchment areas
- FAO is also undertaking agricultural value chain study in E. Oromia ACPZ
- Chinese government funded project on meat and dairy value chain upgrading is also underway



IV. Current Status ...

2. Community Mobilization, Rehabilitation & Reintegration

- Regions have started community mobilization activities to raise level of awareness of host communities
- Communication strategy document is developed
- Different rehabilitation programs for the affected households are in progress
 - Compensation is paying out
 - Trainings on entrepreneurship is given for the affected households
 - Heavy engagement with the community is on the move
 - Social Impact Assessment study is conducted by UNOPS



IV. Current Status ...

3. Construction of the IAIP

- MACE is commissioned to carry out detail engineering designs, BoQ, and bid documents
- UNOPS commissioned to carry out designs review and supervision
- The design review has been completed by UNOPS.
- MACE is working on final designs as per the comments
- Environmental Impact Assessment study is conducted by UNOPS
- IAIP cornerstone laying ceremony was held on three parks with the presence of H.E. PM Hailmariam Desalegn





IV. Current Status ...

4. Institutional Setup & Capacity Building

- ✓ Board of Directors for all the Regional industrial Parks Corporations (RIPDCs) are established and started operational activities,
- ✓ The RIPDCs have established offices and employee are employed
- ✓ Various trainings on value chain, project proposal ... were arranged for the RIPDCs
- ✓ **Industry, university and TVET linkage** established to ensure skill capacity building, technology transfer, Entrepreneurship development, Research and Development, incubation center etc.



IV. Current Status ...

5. Investment Promotion



FIRST INTERNATIONAL
AGRO-INDUSTRY
INVESTMENT FORUM
ETHIOPIA (Oct 5 - 7, 2016)



More than 1200

- domestic & foreign companies;
- international financial institutions &
- development partners attended the forum



IV. Current Status ...

5. Investment Promotion ...

- The GoE decided the forum to be conducted every year
- Preparations are already in progress for the second one.
- Different road shows are underway locally and abroad to promote IALP investment opportunities
- Preparation is underway to register interested companies to invest in the IALPs



IV. Current Status ...

6. Resource Mobilization

- Government has decided to allocate SDG budget for IAIP
- Accordingly, MoFEC has issued letter to allocate the following budget from SDG
 - Amhara ETB 250, 588,500
 - SNNP – 185, 034, 000
 - Tigray – ETB 256.099,000
 - Oromia – ETB 253,126,500
- EDB allocated 7 bn. ETB
- Efforts have been exerted to mobilize resources from development partners
 - UNIDO, UNDP, AfDB, WB, IFC, IFAD, FAO & Italian Government pledged to support the development



We look forward to seeing you in Addis Ababa **March, 2017**

Thank you