ETHIOPIA'S INDUSTRIAL PARKS: KEY HIGHLIGHTS
Ethiopia’s Industrialization Strategy

Ethiopia is implementing phase II of its Growth and Transformation Plan that is anchored on building a solid and vibrant industrial base which will engender in structural economic transformation and inclusive growth. The government of Ethiopia’s overarching plan is to make the country the leading manufacturing hub in Africa by 2025 – with a focus on light manufacturing. Ethiopia’s industrialization approach includes developing specialized industrial parks, maintaining social and environmental sustainability, building vertically integrated industries, and enhancing skills development – and achieving all these through strong collaboration with the private sector including global players in the value chain.

Ethiopia’s Investment Climate

Ethiopia has become a preferred investment destination owing to:

- Sustained economic growth with an average of about 11% annual GDP growth for the past 14 years;
- Governments commitment and broad based support to investors;
- Large scale investments on infrastructure – energy (largest hydroelectric dam in Africa), electric-driven railways (connecting cities to the Port of Djibouti), Africa’s aviation hub (Ethiopian Airlines flies to over 100 international destinations & 45 dedicated cargo destinations), etc;
- Strategic location with proximity to major global markets including the EU, Middle East and USA. The country further enjoys duty free market access to the USA and EU through the AGOA and EBA initiatives. Large supply of trainable industrial workforce available at globally competitive rates,
- Abundant supply of high quality industrial inputs, and globally competitive utility rates such as electricity and water.
Ethiopia’s Industrial Park Overview

The Government of Ethiopia places high importance to industrial parks development and is establishing over 20 state-of-the-art industrial parks located along key development corridors – each with distinct specialty in priority sectors.

These industrial parks will be developed and financed through different mechanisms ensuring a sustainable and inclusive partnership between the Government and private industrial park developers.

Furthermore, investors planning on entering the industrial parks are meticulously selected to ensure cohesive and cordial relationships among them with a shared vision of ensuring higher productivity and competitiveness in the park.

Key Anchor Principles

- **Specialized parks**: Enhancing economy of scale and efficiency through the development of specialized/clustered industrial parks that are dedicated to priority sectors such as apparel and textile, leather and leather products, pharmaceuticals, agro-processing etc;
- **Export-oriented**: Government provision of industrial park incentives and support measures targeted at increased export performance and competitiveness;
- **Skills development and competitiveness**: Creating and developing a pool of trained industrial workforce & enabling environment for skills attraction & retention which will lead to enterprise competitiveness;
- **Vertical integration**: Enhancing backward and forward linkages in the economy;
- **Sustainability**: Maintaining high environmental standards by applying cutting edge environment friendly technologies (zero liquid discharge systems) and other social sustainability standards.

Quick facts on Industrial Parks

- Located along strategic economic corridors, connected to ports by electric driven railway lines and asphalted roads;
- Close proximity to high labor force pool;
- Ready for plug-and-play, equipped with all the necessary infrastructures; and
- Tailored fiscal and non-fiscal incentives;

Industrial Park Facilities

- One stop services including processing & issuance of permits, licenses, registration certificates, agreements, tax identification number, customs clearance, banking services;
- Dedicated power sub-station;
- Waste treatment facilities;
- Health stations;
- Fire brigade;
- 24 x 7 security services;
- Housing facilities;
- Commercial buildings.

Supporting Institutions

Industrial parks receive support from key governmental institutions that are actively playing various roles in targeting, attracting and supporting investors enter and operate in Ethiopia. These institutions include...
HAWASSA INDUSTRIAL PARK

The first and largest sustainable apparel & textile park in Africa;

Inaugurated in 2016 with state-of-the-art technology and world-class infrastructures (features a zero liquid discharge technology (ZLD), adheres to global quality/audit certification including Customs-Trade Partnership Against Terrorism (C-TPAT));


Products: Woven shirts, woven bottoms, sportswear, casual and motor cycle wears, underwear garments, synthetic tops, socks & tights, women wears (blouse, dress, skirts, etc)

Quick facts about Hawassa Industrial Park (HIP)

Location
- It is situated at the heart of the city of Hawassa – capital of the SNNPR

Population & employment
- 5 million people within 50 km radius
- Employing – 20,000 workers

Industrial Park area
- Total land area of 3 million m² (300ha)
- Total built-up area of 1.4 million m² (140ha)
- 410,000 m² factory shed built up area

Sheds
- A total of 52 factory sheds
- 11 sheds of 11,000 m², 35 sheds of 5,500 m², and 6 specialized sheds (tailored to the needs of investors)

Park Specialization
- HIP host investors leading apparel and textile manufacturers
BOLE-LEMI INDUSTRIAL PARK

Quick facts about Bole-lemi Industrial Park (BLIP)

Location:
- Located in the South Eastern part of Addis Ababa

Population & employment
- 25 million people within 25 km radius
- Employing ~ 14,000 workers

Industrial Park area:
- Total area of 3.27 million m² (327 hectares)
- Phase one: 1.56 million m² (156 hectares)
- Phase two: 1.71 million m² (171 hectares)

Sheds
- A total of 20 sheds
- 10 sheds of 5,500m² and 10,000m² each

Park Specialization:
- BLP hosts leading investors in apparel & textile and leather products manufacturing

BOLE-LEMI INDUSTRIAL PARK

- The park is 15 minutes drive from Bole-international airport;
- It has a access to 756km electric driven railway that connects Addis Ababa to Djibouti;
- Companies: Hosts leading manufacturers including George Shoe, Shints ETP Garment PLC, Evertop Sportswear, etc.
- Products: Women shoes, sandals, Sportswear, Shirts, trousers, Gloves, jacket and shorts
Quick facts about Mekelle Industrial Park (MIP)

Location:
- Located at the heart of the capital city of Tigray Regional State, Mekelle

Population & employment:
- 1 million people in & around the city
- Expected to generate employment opportunity for about 20,000 employees

Industrial Park area:
- Total land area of 10 million m²
- 1st phase: 1 million m²
- Phase 1 - 100,000 m² factory shed built up area

Sheds:
- A total of 15 sheds
- 5 sheds of 11,000 m², 6 sheds of 5,500 m² & 4 sheds of 3,000 m²

Park Specialization:
- Hosts leading manufacturers in the apparel & textile and leather products sector

MEKELLE INDUSTRIAL PARK
- MIP was inaugurated in July, 2017;
- The city of Mekelle has an international airport with 8 daily flights from Addis Ababa;
- A new electric-powered railway is under construction and will soon connect the city to the Port of Djibouti. The railway will guarantee efficient and eco-friendly cargo and passenger transport service between the park and the Port of Djibouti reducing travel time by more than 50%;
- A 40 meters wide road will link MIP to the railway line located 18 km from the park. The railway will guarantee efficient and eco-friendly cargo and passenger transport service between the park and the Port of Djibouti reducing travel time by more than 50%;
- Currently the park hosts leading manufacturers such as Ananta Group (Two companies Calistoga & Strathmore), SCM Garment Knit Tex plc, Pretty Industries plc, Pooja International India and Laguz Stylish Garment manufacturing plc;
- Products: Wearing apparel, Denim Composite, Knit Composite, Sweaters, Apparel, Knit & ready made garments.
Quick facts of Kombolcha Industrial Park (KIP)

Location:
- Located in Amhara regional state, north central part of the country

Population and employment:
- 1.5 million people within 50 km radius of the city
- It is expected to generate employment opportunity for about 20,000 employees when it is fully operational.

Industrial Park area:
- Total land area of 10 million m²
- Phase one: Total area of 75 hectare
- Factory built up area: 60,500 m²

Sheds:
- A total of 9 sheds
- 2 sheds of 11,000 m² and 7 sheds of 5,500 m²

Park Specialization
- KIP is designed to host investors in the Apparel & Textile and Leather & leather products secto

- KIP was inaugurated in July, 2017;
- KIP is located next to the Kombolcha airport, and is walking distance from the railway line that connects the City to Port of Djibouti;
- KIP is located at 480 km distance from the Port of Djibouti;
- The Kombolcha airport has regular flights to the capital city;
- Companies: The park hosts leading textile & apparel companies including Carvico S.p.A, an Italian company globally known for its knit fabrics used in swimwear and sportswear; Trybus a US-company engaged in the production of men’s suits and Pungkook Corporation;
- Products: Synthetic fabrics, men’s clothing, leather bags, cotton yarn.
DIRE DAWA INDUSTRIAL PARK

Quick facts of Dire Dawa Industrial Park (DDIP)

Location:
- It is situated in the Eastern part of the country, at a proximity distance from the Port of Djibouti - 348 Km.

Population and employment:
- 1 million people in & around the city
- Expected to generate employment opportunity for about 20,000 employees when it is fully operational

Industrial Park area:
- Total size: 10 million m²
- 1st phase: 1.5 million m²
- Factory built up area of 92,000 m²

Sheds:
- A total of 15 sheds
- 5 sheds of 11,000 m², 6 sheds of 5,500 m² & 4 sheds of 3,000 m²

Park Specialization:
- DDIP is designed to host investors in the Apparel & Textile, Machinery, Chemical, Equipment, sector

Park Status:
- Under construction

DDIP is located 318 km away from the Port of Djibouti and is a few minutes away from the railway line;

Dire Dawa has an international airport, having regular flights from Addis Ababa and Djibouti;

Dire Dawa Industrial Park is placed on the railway line that connects Addis Ababa to Djibouti.

Companies: The park hosts leading textile & apparel companies including Wuxi No1 (one of the leading textile manufacturers in China);

ADAMA INDUSTRIAL PARK

- AIP lies on the Addis Ababa-Djibouti railway at an approximate distance of 678 km from Djibouti and has an expressway connection of 74 km from the country’s capital, Addis Ababa.
- Companies: The park has garnered the interests of worldly renowned apparel and textile companies such as Jiangsu Sunshine, Kingdom, Youngone, Antex, Iber cotton, Jiangsu Changfeng Group etc.
- Products: Wool textile, linen yarn, fiber flax, sports wears, and packaging

KILINTO INDUSTRIAL PARK

- Location: It is located in Addis Ababa
- KIP is the one of closest park to Africa’s largest international airport
- Population and employment:
  - Over 4 million people in the capital city
  - Easy access to skilled manpower
- Industrial park area:
  - Total land area of 2.79 million m²
  - Factory built up area of 1.66 million m²
- Park specialization:
  - KIP is designed to host investors in pharmaceutical manufacturing sector
### INDUSTRIAL PARKS INVESTMENT INCENTIVES

Industrial park developers and enterprises benefit from fiscal and non-fiscal incentives protections.

**Income tax exemption period:** Any industrial park enterprise is eligible for income tax exemption period averaging 8-10 years, where IP developers will receive up to 15 years.

**Loss carry forward:** If an investor incurs a loss during the income tax exemption period, he/she is allowed to carry the loss forward for half of the income tax exemption period after the period expires.

**Export tax exemption:** With the exception of hides and skins, all export products are exempt from export tax.

**Exemption from customs duty:** Capital goods, construction materials, spare parts, vehicles, raw materials for export and personal effects can be imported free of customs duty.

**Repatriation of income:** A foreign investor has the right to make remittances out of Ethiopia in convertible foreign currency.

**Foreign currency retention:** Exporters are allowed to indefinitely retain and deposit in a bank account up to 30% of their foreign exchange earnings. They can also make use of the remaining 70% balance within 27 days as it is.

**No export price control:** No export price control is imposed by the National Bank of Ethiopia.

**Franco valuta:** Franco valuta import of raw materials is allowed to enterprises engaged in export processing.

**Export credit guarantee scheme:** Exporters can benefit from the export credit guarantee scheme, which is presently in place in order to ensure an exporter receives payment for goods shipped overseas in the event the customer defaults, reducing the risk of exporters’ business and allowing it to keep its price competitive.

**Streamlined and expedited procedures:** Enterprises entering parks receive expedited procedures in terms of licensing, permits, registration certificates, tax identification number, customs clearance etc.

### PRIVATE INDUSTRIAL PARKS

<table>
<thead>
<tr>
<th>No</th>
<th>Industrial Park</th>
<th>Location</th>
<th>Distance from Addis Ababa (km)</th>
<th>Distance from Djibouti (Km)</th>
<th>Size (ha)</th>
<th>Cluster/Specialization</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Addis Ababa</td>
<td>400</td>
<td>120</td>
<td>128</td>
<td>86</td>
<td>Mixed Heavy machines</td>
</tr>
<tr>
<td>2</td>
<td>Adama</td>
<td>731</td>
<td>645</td>
<td>769</td>
<td>90</td>
<td>Mixed</td>
</tr>
<tr>
<td>3</td>
<td>Dukem, South East of Addis Ababa</td>
<td>74</td>
<td>678</td>
<td>90</td>
<td>Mixed</td>
<td>22</td>
</tr>
<tr>
<td>4</td>
<td>Adama, South-East of Addis Ababa</td>
<td>90</td>
<td>629</td>
<td>90</td>
<td>Mixed</td>
<td>346</td>
</tr>
<tr>
<td>5</td>
<td>Adama, North-East of Addis Ababa</td>
<td>134</td>
<td>685</td>
<td>100</td>
<td>Apparel and Textile</td>
<td>701</td>
</tr>
<tr>
<td>6</td>
<td>Adama, North-East of Addis Ababa</td>
<td>78.5</td>
<td>451</td>
<td>78.5</td>
<td>Apparel and Textile</td>
<td>78.5</td>
</tr>
<tr>
<td>7</td>
<td>Adama, North-East of Addis Ababa</td>
<td>671</td>
<td>451</td>
<td>671</td>
<td>Apparel and Textile</td>
<td>671</td>
</tr>
<tr>
<td>8</td>
<td>Addis Ababa</td>
<td>701</td>
<td>451</td>
<td>701</td>
<td>451</td>
<td>Apparel and Textile</td>
</tr>
<tr>
<td>9</td>
<td>Adama</td>
<td>761</td>
<td>451</td>
<td>761</td>
<td>451</td>
<td>Apparel and Textile</td>
</tr>
<tr>
<td>10</td>
<td>Adama</td>
<td>701</td>
<td>451</td>
<td>701</td>
<td>451</td>
<td>Apparel and Textile</td>
</tr>
</tbody>
</table>
INDUSTRIAL PARK INVESTMENT APPLICATIONS

1. Procedures to apply for an investment permit to get into an Industrial Park

Any foreign or domestic investor that would like to set up a company which will be engaged in an eligible investment activity must meet the following requirements:

- Company profile
- An investment application form filled and signed by the general manager, if it is an agent, authenticated copy of power of attorney
- Draft memorandum and articles of association
- Copy of passport
- Detailed project proposal
- Export or Import substitution plan depending on the type of the project
- Declaration of a financial standing and a ten-year forecast; and
- Impact assessment report

N.B: The person in charge of completing and signing the application form must have investment/Business visa

2. Investment Process for a developer, operator and enterprise

For an IP Developer

- Application to EIC
- Approval by the Ethiopian Investment Board
- Sign an MoU with EIC
- Registration and licensing at EIC

For an IP Operator

- Application to EIC
- Sign a tripartite MoU with IP Developer and EIC
- Registration and licensing at EIC
- Sign operations management agreement with IP Develop

For an IP Enterprise

- Application to EIC
- Sign an MoU with EIC
- Deposit commitment fee of USD 200,000 in IP Developer’s account (To be accounted as part of initial capital on licensing)
- Registration and licensing at EIC
- Shed rental/sub-lease agreement with IP Developer
- Handover by IP developer

3. Investment application to develop an Industrial Park

Any domestic or foreign investor shall apply to the Commission and secure an investment permit in order to become an Industrial park developer. An investment permit to develop an Industrial park shall be issued where:

- An undertaking is made to develop a park for use by industrial park enterprises that will engage in the sectors identified by the government as priority sectors
- The applicant shows the availability of sufficient capital for the project and
- Other requirements stipulated in the investment law

4. Investment application to operate an Industrial Park

Any foreign or domestic investor shall apply to be an industrial park operator to the Commission and secure a permit to be an IP operator when the investor meets the following requirements:

- Submission of detailed declaration demonstrating the availability of professionals and possession of experience in rendering similar or related service;
- Submission of administrative and financial plan revealing availability of funds and capacity to set up sufficient experienced professionals and
- Other requirements for the issuance of investment permit stated under the investment law.
ACCOLADES & TESTIMONIALS

Winner of the World Bank Group's 2017 Global Star Reformer Award for its outstanding performance on FDI policy reform, promotion, and facilitation

The 2017 United Nations Award Winner for excellence in promoting investment on Sustainable Development Goals

“We are targeting East Africa to represent in five years 25% of our production. To put that into perspective, Asia, led by China, Bangladesh and India, represent about 75% of our production today. We would like to diversify that and move a third of that production overtime into East Africa, and really use that as a base. We believe it will give us a competitive advantage if it is built appropriately; it will give us speed to market capability that doesn't exist in Asia today.”

Manny Chirico, the CEO of PVH, in an interview with CNN, Marketplace Africa

“We begin a new chapter in TAL’s 70 year history by operating our first Garment Manufacturing factory in Africa. We strongly believe in the future success of Ethiopia and Ethiopia’s determination to be the leading Apparel exporter in Africa. We look forward to our continual partnership with the government and related organizations to make Ethiopia a major hub for the world’s apparel industry.”

Roger Lee, CEO of TAL Apparel

“We firmly believe that Ethiopia has all the ingredients to be a future star in the apparel supply chain. The Hawassa Industrial Park in collaboration with Phillip Van Heusen has been planned very meticulously and we are immensely grateful to all involved. We look forward to Ethiopia being our newest hub and it will be our endeavor to set up a world class manufacturing organization while creating employment for thousands of people. We thank the Ethiopian government for all their efforts.”

Ranjan Mahtani, Chairman & CEO, EPIC GROUP