Investment Opportunities in Integrated Agro-industrial Parks

Presented By
Mebrahtu Meles (PhD)
State Minister, MoI
Addis Ababa, Ethiopia

March 6, 2018
Content

1. IAIP Background
2. Implantation Phases
3. Current Status
4. Expectations
I. IAIP Background: objectives and intention

- To attract private investors to set up food processing plants
- To reduce post-harvest losses, to add value to local content of foods
- To link farmers in clusters to food manufacturing plants
- To give forward linkages for the processed produce
- To create jobs and drive rural economic growth in Ethiopia

Source: MACE analysis
I. IAIP Background: Business Model

Federal Democratic Republic of Ethiopia
Ministry of Industry

I. IAIP Background: Business Model

1. **Production**
   - Modern Farm Clusters
   - Green Houses
   - Livestock farms
   - Mushroom Nursery

2. **Processing**
   - FP Zones
   - R&D Incubation QCL
   - Agribusiness Mgt. Trg. Inst

3. **Trade**
   - Convention Center
   - IT/ Library Training Center
   - Commissaries & Packaging

4. **Social**
   - Agro tourism
   - Wellness & Nutrition
   - Common Infrastructure

5. **Rural Transformation Centers**
   - Cold Stores
   - Ripening Chambers
   - Warehousing
   - Terminal Markets
   - Logistics
   - Commercial Complex
   - R&D
   - Trade

IAIP
I. IAIP Background: Business Model

Schematic overview

Source: MACE analysis
Establishment of the IAIP is divided into four phases:

Phase 1: Create a short list of potential locations for the IAIP

Phase 2: Preparation of Feasibility Study and Business Plan

Phase 3: Construction

Phase 4: Operational
Phase I: Identification of potential IAIP locations

✓ Selection criteria
  - Agricultural production potential
  - Agricultural production mix
  - Infrastructure facilities
  - Access to commercial & support institutions
  - Market potential
  - Current experience on agro industry

✓ Aligned with
  - Regional Corridor development
  - ATA’s ACC/corridor development
  - Sugar development corridors
  - Horticulture corridors
## Phase I: Identification of potential IAIP locations

### List of the Potential Agro-Industry Growth Corridors

<table>
<thead>
<tr>
<th>S.N</th>
<th>Region</th>
<th>Corridor Name</th>
<th>Zones</th>
<th>Zones #</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tigray</td>
<td>Western Tigray</td>
<td>W. Tigray, NW Tigray</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>Tigray</td>
<td>Southern Tigray</td>
<td>Southern Tigray</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Amhara</td>
<td>SW. Amhara</td>
<td>W. Gojam, E. Gojam, Awi</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Amhara</td>
<td>North Gondar</td>
<td>North Gondar</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>Amhara</td>
<td>Eastern Amhara</td>
<td>N. Shewa, S. Wollo</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>Oromia</td>
<td>C. Eastern Oromia</td>
<td>E. Shewa, Arsi, W. Arsi, Bale</td>
<td>4</td>
</tr>
<tr>
<td>7</td>
<td>Oromia</td>
<td>NW. Oromia</td>
<td>SW Shewa, W. Shewa, Horo Gudru, E. Wollega</td>
<td>3</td>
</tr>
<tr>
<td>8</td>
<td>Oromia</td>
<td>Western Oromia</td>
<td>Jimma, Illubabor, W. Wollega</td>
<td>3</td>
</tr>
<tr>
<td>9</td>
<td>Oromia</td>
<td>Eastern Oromia</td>
<td>W. Harerghe, E. Harerghe</td>
<td>2</td>
</tr>
<tr>
<td>10</td>
<td>Oromia</td>
<td>South Oromia</td>
<td>Borena</td>
<td>2</td>
</tr>
<tr>
<td>11</td>
<td>SNNP</td>
<td>Eastern SNNP</td>
<td>Sidama, Gedeo</td>
<td>2</td>
</tr>
<tr>
<td>12</td>
<td>SNNP</td>
<td>Northern SNNP</td>
<td>Yem, Hadiya, Gurage, Siliti, Kembata Tembaro</td>
<td>4</td>
</tr>
<tr>
<td>13</td>
<td>SNNP</td>
<td>Southern SNNP</td>
<td>Gamo Gofa, South Omo</td>
<td>2</td>
</tr>
<tr>
<td>14</td>
<td>Benishangul</td>
<td>NW Benishangul</td>
<td>Metekel</td>
<td>1</td>
</tr>
<tr>
<td>15</td>
<td>Gambela</td>
<td>Agnwak</td>
<td>Agnwak</td>
<td>1</td>
</tr>
<tr>
<td>16</td>
<td>Afar</td>
<td>S.E Afar</td>
<td>Zone 1</td>
<td>1</td>
</tr>
<tr>
<td>17</td>
<td>Somali</td>
<td>North Somale</td>
<td>Shinele and Jijiga</td>
<td>2</td>
</tr>
</tbody>
</table>
Identified potential Agro Industrial Growth Corridors (AIGC’s)
Phase I. Four ACPZs selected for piloting

Selection Criteria:
1. Production potential
2. Triggering Effect
3. Infrastructure
4. Market potential
5. Access to support services
6. Attractiveness for investors
Phase II. Feasibility Study and Business Plan

- Master plan developed for the 4 IAIPs by MACE
- The studies show the projects are feasible bankable
Phase II. Feasibility Study …

- Value chain analysis – FAO consultant
- Location analysis
- Environmental and social assessment
- Development strategy, project implementation structure,
- Benefits and contribution etc
<table>
<thead>
<tr>
<th>Basic information</th>
<th>Central Eastern Oromia</th>
<th>Southwest Amhara</th>
<th>Eastern SNNP</th>
<th>Western Tigray</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total processing area (hectares)</td>
<td>239.73</td>
<td>245.11</td>
<td>197.25</td>
<td>233.18</td>
</tr>
<tr>
<td>Total non-processing area (hectares)</td>
<td>23.36</td>
<td>15.24</td>
<td>17.61</td>
<td>25.44</td>
</tr>
<tr>
<td>Total area (hectares)</td>
<td>263.09</td>
<td>260.35</td>
<td>214.86</td>
<td>258.62</td>
</tr>
<tr>
<td>Total average water demand (m³/day)</td>
<td>6660</td>
<td>7381</td>
<td>4634</td>
<td>6777.10</td>
</tr>
<tr>
<td>Power demand (MVA)</td>
<td>45.951</td>
<td>46.82</td>
<td>34.46</td>
<td>45.473</td>
</tr>
</tbody>
</table>
## Finance Requirement

Summary of investment outlay - IAIP, specialised agri infrastructure and external connectivity

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Regions</th>
<th>IAIP</th>
<th>Specialized agri infrastructure</th>
<th>External connectivity</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Western Tigray</td>
<td>181.18</td>
<td>42.51</td>
<td>9.14</td>
<td>232.83</td>
</tr>
<tr>
<td>2.</td>
<td>Central Eastern Oromia</td>
<td>179.88</td>
<td>44.67</td>
<td>8.57</td>
<td>233.12</td>
</tr>
<tr>
<td>3.</td>
<td>Southwest Amhara</td>
<td>173.81</td>
<td>43.51</td>
<td>10.26</td>
<td>227.58</td>
</tr>
<tr>
<td>4.</td>
<td>Eastern SNNP</td>
<td>128.53</td>
<td>40.46</td>
<td>7.22</td>
<td>176.21</td>
</tr>
</tbody>
</table>
# Phase II. Opportunities in the IAIPs

<table>
<thead>
<tr>
<th>Agriculture and farm sector</th>
<th>Agri engineering</th>
<th>Agri infrastructure</th>
<th>Agri industry and food processing</th>
<th>Capacity building, skill development &amp; training</th>
<th>Agri logistics</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agri input, agri chemicals, organic fertilizers and organic pesticides</td>
<td>Green house manufacturing</td>
<td>Post harvest infrastructure</td>
<td>Agro based industry</td>
<td>Hi-tech and biotechnology based agriculture and research</td>
<td>Handling of perishable and non-perishable commodities</td>
<td>Agri and rural financing</td>
</tr>
<tr>
<td>Irrigation sector – micro irrigation</td>
<td>Energy management in agriculture and processing</td>
<td>Mechanized handling facilities</td>
<td>Tissue culture</td>
<td>Agri education &amp; knowledge hub</td>
<td>Transportation and warehousing solutions</td>
<td>Agri tourism</td>
</tr>
<tr>
<td>Hi-tech and precision agriculture and horticulture</td>
<td>Farm mechanization, conveying, transport and storage facilities</td>
<td>Modern silo storage system</td>
<td>Food technology &amp; food engineering, food processing</td>
<td>Soil, water and nutrient testing</td>
<td>Bulk material handling and conveyor systems</td>
<td>Renewable energy</td>
</tr>
<tr>
<td>Bio energy, soil conservation, plant growth regulators and micro nutrients</td>
<td>Field handling and storage systems</td>
<td>Mechanization of the harvest operation</td>
<td>Fruits and vegetables processing</td>
<td>Dissemination of market information data</td>
<td>People transportation from and within development nodes</td>
<td>IT application in water resources, irrigation, agriculture</td>
</tr>
<tr>
<td>Seeds, greenhouse cultivation</td>
<td>Grain processing</td>
<td></td>
<td>Agri portal, agri clinics</td>
<td></td>
<td></td>
<td>Crop insurance</td>
</tr>
</tbody>
</table>
Federal Democratic Republic of Ethiopia  
Ministry of Industry

### Phase II. Opportunities in the IAIPs

<table>
<thead>
<tr>
<th>Baby food</th>
<th>Ready to eat vegetables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canned fruits</td>
<td>Sesame oil</td>
</tr>
<tr>
<td>Canned jackfruits</td>
<td>Soya bean flour, defatted soya flour (DSF)</td>
</tr>
<tr>
<td>Corn flakes</td>
<td>Tomato ketchup</td>
</tr>
<tr>
<td>Maize popcorn</td>
<td>Tomato soup (ready to cook)</td>
</tr>
<tr>
<td>Avocado oil (industrial use)</td>
<td>Turmeric polishing</td>
</tr>
<tr>
<td>Bakers yeast</td>
<td>Vegetable oil refinery</td>
</tr>
<tr>
<td>Biscuits</td>
<td>Vegetable wax (CARNAUBA WAX)</td>
</tr>
<tr>
<td>Corn/maize oil</td>
<td>Beeswax</td>
</tr>
<tr>
<td>Edible avocado oil</td>
<td>Cattle meat processing</td>
</tr>
<tr>
<td>Red meat processing plant</td>
<td>Confectionary</td>
</tr>
<tr>
<td>Milk powder (dairy product)</td>
<td>Egg albumen flakes</td>
</tr>
<tr>
<td>Pineapple jam / marmalade</td>
<td>Egg powder</td>
</tr>
<tr>
<td>Poultry feed</td>
<td>Fruit squash</td>
</tr>
<tr>
<td>Soya milk</td>
<td>Leather sole</td>
</tr>
<tr>
<td>TEJ drink</td>
<td>Honey</td>
</tr>
<tr>
<td>Margarine from vegetable oil</td>
<td>Macaroni &amp; pasta</td>
</tr>
<tr>
<td>Milk processing &amp; dairy</td>
<td>Maize flour</td>
</tr>
<tr>
<td>Potato chips</td>
<td>Malt</td>
</tr>
<tr>
<td>Poultry processing</td>
<td>Mango processing</td>
</tr>
</tbody>
</table>

Source: MACE analysis
III. Current Status

- Six sub-programs are designed for implementation of Phase 3: Construction and Phase 4: Operation
  
  1. Agricultural Productivity Enhancement & Commercialization
  
  2. Community Mobilization & Social Reintegration
     2.1. Community mobilization team
     2.2. Social Rehabilitation team
  
  3. Construction, Engineering and Environment Follow up
     3.1. Construction and Engineering team
     3.2. Environment team
  
  4. Institutional Setup & Capacity Building
  
  5. Investment Promotion
     5.1. Legal Framework team
     5.2. Investment Promotion team
     5.3. Forum Preparation team
  
  6. Resource Mobilization
Federal Democratic Republic of Ethiopia
Ministry of Industry

1. Agricultural Productivity Enhancement & Commercialization

• Lead institutions are MoANR and MoLF and interfaced with MoI
• Joint strategy prepared – 5 directions
  • Mechanization
  • Irrigation
  • Infrastructure
  • Agriculture extension and research
  • Market linkage
• The program is evaluated quarterly by Inter ministerial Committee
• JSC comprising state ministers established meet every month
• Preparations completed to scale up the construction of Aggregation Centers
Federal Democratic Republic of Ethiopia
Ministry of Industry
Design For Aggregation Center

GROUND FLOOR PLAN

GROUND FLOOR - FLOORING LAYOUT
2. Community Mobilization & Social Reintegration

- Communication strategy document developed for host communities
- Various community mobilization activities executed
- Rehabilitation programs for the affected households are in progress
  - Compensations paid for the affected households
  - Trainings on entrepreneurship provided
  - Job opportunities created
- EISA of the IAIPs carried out by UNOPS
3. Construction, Engineering and Environment Follow-up

- Review of the detail engineering designs held by UNOPS
- Regional IPDCs selected contractors and consulting firms
- Currently construction activities are underway on the field
### 3. Construction, Engineering and Environment …

<table>
<thead>
<tr>
<th></th>
<th>Amhara</th>
<th>Tigray</th>
<th>SNNP</th>
<th>Oromia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compound wall</td>
<td>63%</td>
<td>81%</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>Water supply</td>
<td>Survey completed</td>
<td>One out of 6 borehole completed</td>
<td>84%</td>
<td>Borehole drilling on progress</td>
</tr>
<tr>
<td>Buildings</td>
<td>excavation works completed</td>
<td>11% of the overall construction</td>
<td>Store &amp; camp construction completed</td>
<td></td>
</tr>
</tbody>
</table>
4. Institutional Setup & Capacity Building …

- IAIP cornerstone laying ceremonies held in the presence of H.E. Ato Hailmariam Desalegn from on February -March 2017
4. Institutional Setup & Capacity Building …

Capacity building

• High level trainings were organized for RIPDCs board members, CEOs, and staffs, MoI and Institutes on
  – Corporate leadership
  – Human resource management and development
  – Corporate financial procurement

• Moreover trainings on
  • Agri-business value chain training in Israel in collaboration with UNIDO
  • Financial Analysis of Investment Project with application of COMFAR software
  • Construction and Management of park in china
4. Institutional Setup & Capacity Building …

- Industry, university and TVET linkage platform established:
- Mapped out training and education centers in the corridors
  - Universities = 7
  - TVET = 23
  - Research Institutes (Agricultural) = 4
- Institutions such as FBPIDI and EMDIDI completed their reparations to open branch offices of in the four IAIPs
5. Investment Promotion

- First International Agro Industry Investment Forum was successfully held on early October this year.

- More than 1200 domestic and foreign companies; international financial institutions & development partners attended the forum

- UNIDO pledged to support establishment of convention center

- The GoE declared that the forum to be conducted every year
5. Investment Promotion …

- Registration and selection criteria developed to identify potential investors for the IAIPs
- Regions have started registration of investors
- Different project profiles on focused commodities are prepared to be distributed for investors
5. Investment Promotion …

Current Incentives

• **Income Tax Exemption**
  o Developers for the IAIPs entitled 15 years tax holiday exemptions
  o For tenants up to 10 years tax holiday

• **Customs Duty**
  o Customs duty exemptions of up to 100% on imports of capital goods

• **Government will cover 100% of the cost of training**

• **Investor facilitation and aftercare services**
  • **Provision of feasibility study supports**

• **Ease of access to industrial park space at promotional rate**
  – Preparations of additional investment incentives are on progress
6. Resource Mobilization

• Government has decided SDG budget to be allocated for implementation of IAIPs

• The 2010 SDG budget allocated:
  • Oromia – ETB 2,412,200,000
  • Amhara - ETB 1,512,000,000
  • SNNP - ETB 1,407,700,000
  • Tigray – ETB 412,100,000

• Extensive of discussions held with federal infrastructure & utility offices, public enterprises, endowments, research & finance institutions to align plans
6. Resource Mobilization …

• **Consensus reached with all stakeholders:**
  - To aligning plans with development of the IAIPs:
  - To locate new agri related investment projects within the IAIP
  - To act as pioneer investors
  - Financial institutions show interest to open branches offices

• Efforts are underway to mobilize resources from development partners: UNIDO, UNDP, AfDB, WB, IFC, IFAD, FAO & Italian Government
IV. Expectations

- Potential investors are invited to register for industrial plots in the IAIPs,
- Development partners to join hands in **financing IAIPs and align plans**
  - To consider the opportunity in developing the remaining 13 IAIPs – **development of 2 more IAIPs are on process**
Thank You!

See You Next March