Integrated Agro Industrial Parks (IAIPs):
Epicenter of Agricultural Commercialization

Workshop on the Promotion of the Agropoles and Agro-Processing Zones (APZ) in Africa

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1. Why did the country adopt an APZ strategy? Which problem did they want to solve or which opportunity did they want to exploit?

Ethiopia's Economy is largely Dependent on Agriculture. Agriculture contribute 40% to GDP and 80% of the population are dependent for its lively hood on Agriculture
<table>
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<th>The country exports raw commodities</th>
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<td><strong>Livestock</strong></td>
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<td>• Ethiopia is 1st livestock producer in Africa</td>
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<td>• Constitutes only <strong>15%</strong> while Namibia 40% of African market.</td>
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<td>• Export of <em>live animal</em> represents 49% of total livestock export value</td>
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| **Coffee**                         |
| • Ethiopia is globally major exporter; |
| • But it exports the **raw coffee ≈ 99%** |
| • In 2013, its unit price was **3775 USD/MT**: where as for Switzerland = **40,493 USD/MT**; France = **27,684 USD/MT** |

| **Sesame**                         |
| • Ethiopia is the world’s 3 to 5th sesame exporter, |
| • Accounts up to **18% of global export share** [ITC, ATA]. |
| • But **95%** of export of the product is raw sesame (cleaned) |
| • Only **5%** is hulled [ATA] |
GOE requested UNIDO for support in designing Agro-Industry development strategy.

In 2009, UNIDO (in partnership with FAO, UNDP & MoA) developed:

1. Ethiopian Agro-Industry Sector Strategy
2. Ethiopian Agro-Industry Strategy - Cereals Sub-sector
3. Ethiopian Agro-Industry Strategy - Oilseeds Sub-sector
4. Ethiopian Agro-Industry Strategy - Coffee Sub-sector
5. Ethiopian Agro-Industry Sector Review
Major constraints in the Agro-Industry Sector

• Under developed agricultural commodity value chains (Weak backward and forward linkages)
• Weak infrastructure
• Limited farm support services
• Lack of timely & adequate raw material supply both in quality and quantity
  • Most of the factories work < 65% their capacity
• More than 50% of the food industries concentrated in and around Addis Ababa
IAIPs

- Address supply chain and infrastructure
- Create rural off-farm jobs
- Integrate supply chain to provide farmer-market linkages
- Demonstrate best management practices
- Trigger geographic clustering
- Reduce regional disparities
- Enhance rural industrialization

The Agro Industry strategy recommended Food Parks

IAIP - Road to Rural Industrialization
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: form 15% in 2015 to 28% by 2025
- Manufacturing (%GDP) - 5%(2015) to 18% (2025)
- Agro-Processing (%GDP) - to 6.7 by (2025)
2) What is the size of the APZ initiative (number of sites, level of investment per site, etc.)
Bole Lemi Industrial Park Development in Addis Ababa...
Manufacturing in Labor Intensive Industries by Developing Industrial Parks. This is one of the biggest Chinese investment in Industrial Park, There are more coming in Ips like George and Hua-jian Industrial Parks. 14 in Eastern, 20 in BLIP, 35 in HIP etc. IPDC Will continue to build and rent or lease developed land with infrastructure.

Six Standard Workshops with 10000M²/
each for light Industry
Four APZs 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
3) What was the source of financing (from the government; from the private sector)?

From All Sources:
1 Government has to take the Lead
2 Private Sector
3 Developmental Partners
4) What kind of supporting policies/legislations were required for the implementation of the APZ strategy?

• Ethiopia Government Enacted a Law for Development of All types of Industrial Parks
• Enacted different regulations and directives for all types of Industrial Parks
• Governance and Management Structure are in place for strategically guiding the implementation
  – Board
  – Industrial Park Corporation

– However for Integrated Agro Industry Park
IAIP Policy is developed to facilitate effective implementation of the initiative.
5) Expected Business Opportunities & Benefits

The feasibility studies indicate:

- Large investment required to set up and operationalize IAIPs
- Investment in the parks 30 Billion ETB (1.5 Billion USD)
- Infrastructure development of the four IAIPs require 870 million USD
- Create investment opportunities for > 400 companies
- Expected to generate > 400,000 direct employment opportunities in short term.
- Significant role for private sector, development financial institutions and development partners
6) What are future plans for the APZ initiative up to Sep.-Oct.

I. Complete feasibility and other complementary studies

II. Sustainable social rehabilitation program of relocated households

III. Interventions for enhancing productivity & commercialization

IV Community, Investor and Resource Mobilization

V Regulatory Framework and Institutional set up for Regions and Institutional set up at Ministry of Industry
• Vision 2025 ➔ Middle income country

• **Structural transformation** of the economy can be realized through strong development of Agro-processing sector: IAIP

• Thus, agro-processing is **the way out & top agenda** of the country for the coming 10 years

• **AGRICULTURE** ➔ **INDUSTRY**

• **IAIP is epicenter** of transformation process