

# Doing Investment in SNNPRS, South Ethiopia

## The Region at a Glance

<b>Official Name</b>	Southern Nations, Nationalities and People Regional State /SNNPRS/
<b>Political System</b>	Regional System with multi-party democracy
<b>Adminstrations</b>	14 Zones, 4 Special Woredas and 22 Reform Towns
<b>Capital City</b>	Hawassa
<b>Area</b>	110,931.9 sq.km
<b>Population</b>	15,760,743
<b>Geographical location</b>	From the South with Kenya, from the Southwest with Sudan, from the Northwest with Gambela, and Oromia Regional State from the North and East of the region
<b>Topography</b>	The lowest area in the region is 375 meters above sea level at Lake Rudolf and the highest area is 4207 meters above sea level at mount Guge in Gamogofa Zone
<b>Climatic condition</b>	The mean annual rainfall ranges from 400 to 2000mm and its temperature varies from 10°c -30° c
<b>Language</b>	SNNPRS is a multi-ethnic state with diverse languages. Amharic is the working language of the Regional Government. English is widely used in business transactions, and as a medium of instruction in secondary schools and higher educational institutions in the region.
<b>Religion</b>	Major religions are Christianity and Islam.

<i>Calendar</i>	Ethiopia, uses a unique calendar which divides the year into 12 months of 30 days each, . The remaining five or six days in a leap year constitute the short 13th month of “Pagumen”. The calendar is seven years behind the Gregorian calendar with the Ethiopian new year falling in the month of September, the region too.
<i>Working Hours</i>	Ethiopia is in the GMT+3 time zone. Government office hours are 8:30am-12:30pm and 1:30-5:30pm from Monday –Thursday and on Fridays from 8:30-11:30am and 1:30-5:30pm, the region too.

## Doing Investment Environment

### 1. Investment Regulations

#### 1.1. Areas of Investment

All areas of investment are open for foreign investors other than the following:

- a. **Areas reserved exclusively for the government:**
  - Postal services with the exception of courier services;
  - Transmission and supply of electrical energy through the integrated national grid system; and
  - Passenger air transport services using aircraft with seating capacity of more than 20 passengers.
- b. **Areas reserved for Ethiopian nationals:**
  - Banking, insurance and micro credit and saving services;
  - Travel and shipping agency services;
  - Broadcasting services; and
  - Air transport services using aircraft with a seating capacity of up to 20 passengers
- c. **Areas reserved for domestic investors:**
  - Retail trade and brokerage;

- Wholesale trade (excluding supply of petroleum and its by-products as well as wholesale by foreign investors of their products locally produced);
- Import trade (excluding LPG, bitumen and up on the approval from the Council of Ministers, material inputs for export products);
- Export trade of raw coffee, chat, oil seeds, pulses, hides and skins bought from the market and live sheep, goats and cattle not raised or fattened by the investor;
- Construction companies excluding those designated as grade 1;
- Tanning of hides and skins up to crust level;
- Hotels(excluding star-designated hotels), motels, pensions, tea rooms, coffee shops, bars, night clubs and restaurants excluding international and specialized restaurants;
- Travel agency, trade auxiliary and ticket selling services;
- Car-hire and taxi-cabs transport services;
- Commercial road transport and inland water transport services;
- Bakery products and pastries for the domestic market;
- Grinding mills;
- Barber shops, beauty salons, and provision of smith workshops and tailoring services except by garment factories;
- Building maintenance and repair and maintenance of vehicles;
- Saw milling and timber making;
- Customs clearance services;
- Museums, theaters and cinema hall operations;
- Printing industries.

## **1.2. Capital Requirement**

Under the Investment Proclamation No.280/2002 (as amended), a foreign investor, who invests on his own, except in consultancy services and publishing, is required to invest not less than US\$ 100,000 in cash and/or in kind for a single project. However, if he invests in partnership with domestic investor(s), the minimum capital required of him is US\$ 60,000. The minimum capital required of a wholly foreign investor investing in

consultancy services or publishing is US\$ 50,000, which may be in cash and/or in kind. But this capital amount is lowered to US\$ 25,000 if he invests in partnership with domestic investor(s). A foreign investor reinvesting his profit or dividends, or exporting at least 75% of his outputs, however, is not required to allocate a minimum capital.

### **1.3. Major Investment Incentives**

To encourage private investment and promote the inflow of foreign capital and technology into Ethiopia, the following incentives are granted to both domestic and foreign investors engaged in areas eligible for investment incentives:

#### **a) Exemption from import customs duty**

One hundred per cent exemption from the payment of import customs duties and other taxes levied on imports is granted to an investor to import all investment capital goods, such as plant, machinery and equipment, construction materials, as well as spare parts worth up to 15% of the value of the imported investment capital goods. However, the following investment areas are not eligible for exemption from import customs duty:

- Hotels(excluding star-designated hotels), motels, tearooms, coffee shops, bars, night clubs and restaurants, which do not have international standards;
- Wholesale, retail and import trade;
- Maintenance services;
- Commercial road transport and car-hire services;
- Postal and courier services;
- Real estate development;
- Business and management consultancy services;
- Advertisement services;
- Cinematography and similar activities;
- Radio and television broadcasting services;
- Theatre and cinema hall operations;
- Customs clearance services;
- Laundry services;

- Travel agency, trade auxiliary and ticket selling services; and
- Lottery and games of similar nature.

Investment capital goods imported without the payment of import customs duties and other taxes levied on imports may be transferred to another investor enjoying similar privileges.

In accordance with the Revised Export Trade Duty Incentive Scheme Establishing Proclamation No. 543/2007, three export incentive schemes are also available for exporters. They are Duty Draw-Back Scheme, Voucher Scheme and Bonded Manufacturing Warehouse Scheme.

In addition, all Ethiopian products, with the exception of few products (e.g. semi-processed hides and skins), destined for export are exempted from the payment of any export tax and other taxes levied on exports.

**b) Exemption from the payment of income tax**

Any income derived from an approved investment in new manufacturing, agro-industry and information and communication technology (ICT) development or agriculture is exempted from the payment of income tax for the periods as shown in the following table, depending upon the volume of export and the location in which the investment is made.

Profit tax holiday is granted subject to Council of Ministers Regulation No.84/2003 (as amended) issued pursuant to the Investment Proclamation No. 280/2002 (as amended).

Conditions for Eligibility	Income tax exemption	Income tax exemption for investments made in relatively underdeveloped regions
An investor engaged in a new manufacturing, agro-industry, ICT or agriculture :		
<ul style="list-style-type: none"> <li>• exports at least 50% of his products or services</li> </ul>	5 years	6 years
<ul style="list-style-type: none"> <li>• supplies at least 75% of his products or services, to an exporter, as a production or service input</li> </ul>	5	6

<ul style="list-style-type: none"> <li>○ under special circumstance the Board may grant</li> </ul>	up to 7	up to 8
<ul style="list-style-type: none"> <li>• exports less than 50% of his products or services, or supplies his products or services only to the domestic market <ul style="list-style-type: none"> <li>○ under special circumstance the Board may grant</li> </ul> </li> </ul>	2	3
<ul style="list-style-type: none"> <li>○ under special circumstance the Board may grant</li> </ul>	up to 5	up to 6
<ul style="list-style-type: none"> <li>• exports at least 50% of his products or services and increases, in value his production or services by over 25% through the expansion or upgrading of an existing enterprise</li> </ul>	2	2

**c) Carry forward of losses**

Business enterprises that suffer losses during the tax holiday period can carry forward such losses for half of the income tax exemption period following the expiry of the exemption period.

**1.4. Investment guarantee and protection**

**a) Guarantee against expropriation**

The Constitution of the Federal Democratic Republic of Ethiopia protects private property. The Investment Proclamation also provides investment guarantee against measures of expropriation and nationalization that may only occur for public interest and in compliance with the requirement of the law. Where such expropriations are made, the Government provides adequate compensation corresponding to the prevailing market value of property and such payment is effected in advance.

Ethiopia is a member of the World Bank-affiliated Multilateral Investment Guarantee Agency which issues guarantees against non-commercial risks to enterprises that invest

in signatory countries. The country has also concluded bilateral investment promotion and protection agreements with a number of developed and developing countries.

#### **b) Remittance of funds**

Foreign investors are guaranteed to make the following remittances out of Ethiopia in convertible foreign currency at the prevailing exchange rate on the time of remittance:

- Profits and dividends accruing from investment;
- Principal and interest payments of external loans;
- Payments related to technology transfer agreements;
- Proceeds from the sale or liquidation of an enterprise;
- Proceeds from the transfer of shares or of partial ownership of an enterprise to a domestic investor;

Expatriates employed in an enterprise may remit, in convertible foreign currency, salaries and other payments accruing from their employment in accordance with the foreign exchange regulations or directives of the country.

## **2. Economic Environment**

The country and the regional economies are based on agriculture, which accounted, in 2008/09, for about 43% of the GNP and about 73% of the regional GDP and 90% of the regional employment, 86% of foreign currency earnings at national levels. Generally, the; overall economic growth of the country and the region has been highly associated with the performance of the agriculture sector.

The industry sector, which mainly comprises small and medium enterprises accounts for about 13% of GNP. The services sector accounts for about 44% of GDP. In the region, the industry and services sectors account for about 17% of the regional GDP.

The country real GDP grew by an average of 11.5% per year and as well the regional for the last six consecutive years (2003/04-2008/09), respectively.

### **3. Trade and Investment**

#### **3.1 Export Trade**

Coffee export from the Ethiopia has exhibited high price variations from season to season. These variations are a combined effect of the factors affecting domestic supply and the periodic trends of the global coffee demand and supply situations. Also, the variation can be seen between different varieties and grades of coffee. Some varieties in the region like the Yeirgacheffe and Sidama coffee command considerable premium in the international market. The share of the region from the total export of the country is 67% of washed coffee and 29% of unwashed coffee.

The export of Ethiopia is dominated by coffee and oil seeds, which together accounted to 50.6% in 2008/09. Other principal export commodities are oil seeds which the second largest export commodity, pulses, leather and leather products, fruits and vegetables, meat and meat products, live animals, cut flowers, 'chat', a stimulant green leaf, gold, etc. Those products are the regional products.

#### **3.2 Foreign Direct Investment**

The Government of Ethiopia in recognition of the role of the private sector in the economy has revised over three times the Investment Code over the last eighteen years to make it more transparent, attractive and competitive. Major positive changes regarding foreign investments have been introduced through Investment Proclamation No.280/2002 and Regulations No.84/2003(as amended).

As a result of the implementation of the above mentioned policies and strategies, agricultural and industrial production, and export trade are growing steadily from year to year both in terms of variety and volume.

Due to the investment-friendly environment created in the country, the inflow of foreign direct investment (FDI) has been increasing over the last eighteen years. China, India, Sudan, Germany, Italy, Turkey, Saudi Arabia, Yemen, the United Kingdom, Israel, Canada and the United States are the major sources of FDI.

## **4. Infrastructure**

### **4.1 Electricity Supply**

The hydropower potential in Ethiopia is estimated at 45,000 MW and the potential for generating electricity from geothermal is about 5,000 MW. Ethiopia has 11 hydropower, 1 geothermal and 15 diesel Inter-Connected Systems (ICS) power plants with a total capacity of 1842.6 MW, 7.3 MW and 172.3 MW respectively. In the Region, there are 169 cities/towns and 125 rural kebeles have got electric power supply.

### **4.2 Telecommunications**

The Ethiopian Telecommunications Corporation, which is state owned, is the sole telecom service provider in the country. The Corporation provides national and international telecommunication services using Satellite, Mirco-wave Digital Radio Multi Access System (DRMAS), VSAT, UHF, VHF, Long Line and HF Radio. Hence, all kinds of telecommunication services including fixed line, mobile, internet, data transmission, etc. are available in the country and their coverage is increasing rapidly.

In the Region, there are 70 cities/towns with automatic, 15 semi-automatic and 5 town's digital telecommunication service. All regional cities and towns have got internet services.

### **4.3 Road transport**

In 2008/09, the total road network, excluding community roads, Ethiopia had reached 29,257 miles, out of which 46 percent are track roads and the remaining 54 percent are rural roads with annual growth rate of 5 percent. Based on the classification of the road network, more than 12,694 miles are in the Federal

network, out of which asphalt road constituted 30 percent and gravel road 70 percent. All-weather rural road, constituting 15,613 miles of the total road network in 2008/09 grew by an average of 7% per annum in the last several years.

In parallel, the regional road network has grown as much as the national level. The international high way crosses the region from Addis Ababa, Hawassa, and Moyale to Kenya. And another international road passes through the region from Addis Ababa crossing Hossana, Wolyta and South Omo which connects East Africa up to South Africa which is under construction. The regional road network comprises 8376.68 km asphalt road, 2479.61km gravel federal road, 3232.54km gravel regional road, and 10029.05km partial gravel road.

#### **4.4 Air Transport**

Air transport is an important part of Ethiopia's transport network. Ethiopian Airlines, Africa's World Class Airline, has gained an excellent reputation internationally in its 66 years of active services, provides both domestic and international air transport services. It has an outstanding safety records and is one of the few profitable African airlines.

Ethiopian services include both passenger and cargo transport in its international flights and domestic routes. It also provides training and maintenance services to more than a dozen other African and Middle Eastern airlines. Domestic flight services are provided through 17 destinations across the country. In SNNPRS, Hawasa and Jinka are among those domestic destinations

Ethiopian links the country with over 50 destinations worldwide including Brussels, Frankfurt, London, Paris, Rome, Stockholm, Washington DC, Bahrain, Bangkok, Beijing, Beirut, Dubai, Guangzhou, Hong Kong, Jeddah, Kuwait, Mumbai, Delhi, Riyadh, Sana'a, Tel Aviv, Johannesburg, Nairobi, Lagos, Lusaka, Accra, Dakar and many more big cities in Africa. It is also expanding its international services.

#### **4.6 Marine Transport**

Addis Ababa, the capital city, is linked by road to the port of Djibouti, at the Gulf of Aden. The port of Berbera in Somaliland and Port Sudan are other external trade routes that provide services for export-import trades of the country. Another potential port accessible to Ethiopia is Mombassa in Kenya.

In order to ensure efficient, cost effective and reliable import and export movement of cargo to and from the sea ports of neighboring countries, the government has established the Dry Port Service Enterprise. The Enterprise is currently operating two dry ports which are located at Modjo, in the Oromiya Regional State, and at Semera, in Afar Regional State.

### **5. Financial Services**

The National Bank of Ethiopia is the central bank of the country. Commercial banking functions are performed by the state-owned Commercial Bank of Ethiopia (CBE) and an increasing number of private banks. The CBE and private commercial banks offer savings and checking accounts, short-term loans, foreign-exchange transactions and mail and cable money transfer services. They also participate in equity investments, provide guarantees and perform other commercial banking activities.

The number of banks operating in the country reached sixteen (three of them government-owned and the rest private) at the end of 2009. These include the two specialized state-owned banks. The number of insurance companies is thirteen (one is government-owned and the rest are private). In addition to banks and insurance companies, micro-finance institutions (MFIs) play an important role in providing credit and saving facilities for micro enterprises.

In the region, in all cities and towns have financial institutions which provide financial services.

## **6. Taxation**

The country and regional tax laws are the same acts which provide for the imposition of direct and indirect taxes. The direct taxes are divided in to five categories: personal income tax, rental tax, withholding tax, business profit tax and other taxes. The main types of indirect taxes applicable are value added tax, custom duty, excise tax and turn over taxes.

## **7. Human Resource**

The country as well as the region have abundant supply of skilled workers in various fields at internationally competitive rates. More than 52% of the regional population is economically active. English is medium Instruction in secondary and higher education .Wages and salaries vary on the type of profession and level of skill required. They are determined by agreement between the employer and the employee.

In conformity with the international conventions and other legal commitments, Ethiopia has enacted its labor law to ensure the worker-employer relations be governed by the basic principles of rights and obligations with a view to enabling workers and employers maintain industrial peace and work in spirit of harmony and cooperation.

Foreign investors obtain work permits for their expatriate employees directly from the Ethiopian Investment Agency (EIA). The EIA processes applications of work permits in an hour.

# **Investment Potentials and Opportunities**

## **Agriculture**

Agriculture is the backbone of the Ethiopian economy. The sector contributes about 43% of the GDP and 86% of exports. The country as well as the region with 18 major agro-ecological zones and various agro-ecological sub-zones has a suitable climate for growing over 146 types of crops.

### **a) Food and beverage crops Farming**

#### **Cereals Crops**

##### **Maize Farming**

Maize is an important crop in Ethiopia. It is grown in the mid highland areas of the country. There are huge tracts of land in all regions suitable for maize farming. Maize is mainly produced in SNNPRS and Oromia regions where there are about 1.77 million hectares under cultivation.

##### **Wheat and Barley Farming**

Wheat and barley are the main cereal crops in the country with about 1,095,436 and 1,398,215 hectares under cultivation, respectively. The potential for the private sector in agro-processing and out growers' scheme of development is significant. It offers excellent opportunities for production of wheat under irrigation in the region.

##### **Rice Farming**

Rice could suitably grow in many parts of the country. The predominant potential areas are South and South West Lowlands of SNNPR (Beralee, Weyito, Omorate, Gura Ferda and Menit).

##### **Oil seeds Crops Farming**

A variety of oil seeds (e.g. sesame, rapeseed, linseed, groundnut, sunflower, nigerseed, cotton seed, flux, etc.) are grown in Ethiopia. The demand for sesame has been increasing

in the global market making sesame an increasingly important export commodity in Ethiopia. In 2008/09, Ethiopia exported 287,000 tons of sesame valued at 356.1 million USD, accounting for 24.6% of the total export earnings. Rapeseed, linseed, groundnut, sunflower, Niger seed and cotton seed also serve as raw materials for the domestic edible oil industry.

### **Pulses Crops Farming**

Cultivation of pulses like beans, peas, chickpeas, lentils, soybeans, etc. is also common in Ethiopia. Cultivation is carried out in both the highland and lowland areas of the country mainly by peasant farmers. Currently, the country exports a large quantity of pulses to the international market. There are also a number of factories that process pulses in the country.

### **Spices Farming**

The major spices cultivated in the region are ginger, hot pepper, fenugreek, turmeric, cummins, cardamoms, clove, hells, herbes, corianders and black pepper. At the national levels, currently, there are nearly 122,700 ha under spice farming. Spice production reached 244,000 tonnes per year. The potential areas for the cultivation of spice are almost all parts of the region.

### **Coffee Farming**

Ethiopia is one of Africa's leading exporters of coffee generating most of its export earnings. Coffee is grown over 600,000 hectares, the largest of these areas lie in the south and south western highlands of the country. More than 60% of Ethiopian coffee is produced as forest or semi-forest coffee. The four main coffee growing regions in Ethiopia are: Harrar, Ghimbi, Sidama /Yirgacheffe, and Jimma/Keffa. Among those Sidama ,Yirgacheffe, and Keffa are in our region.

The country has more genetic diversity among its coffee varieties other than any other countries. Nine different varieties are cultivated in the four major growing areas.

The region is covered 186,000 hectare of land with coffee tree. Out of 134 woredas of the

region, 64 woredas are Coffee growers of which 14 are highly producers, and the rests are medium. The annual average exports of clean coffee from the region is about 85,500 tones. The share of the region from the total export of the country is 67% washed coffee and 29% unwashed coffee.

### **Tea Farming**

Ethiopian tea is some of the best quality tea in the world. Ethiopia's current annual tea production from three private estates (two tea farms are in the region) is approximately 7000 tons of black tea per annum. The total area covered by tea plantation is 2700 ha and the country only produces black tea but has potential to grow all types of tea. Investment potential exists in large-scale commercial tea production and modern tea blending and packing industries. The tea industry in Ethiopia has been lacking investment. The Federal and the Regional Government has been proactive to increase private investment in tea plantations.

### **Apiculture**

Ethiopia is one of the countries in the world with a long tradition of beekeeping. The country is estimated to have the largest bee colonies in Africa with over ten millions bee colonies. SNNPRS is the second most important honey and bees wax producing region in Ethiopia next to Oromiya . Specifically the major supply area in the region is Western part of the region i.e Kaffa, Benchmaji and Sheka Zones. From the region, there is an estimated annual production of 4420 tones honey.

### **Bamboo tree**

Most of the region covers with jungle natural forest. Particularly, all part of the Western part the region ( kaffa, Benchmaji & sheka zones) covers evergreen jungle natural forest. Those Zones have huge areas of natural bamboo tree. Other Zones like Sidama, Gedeo, Dawro and South Omo Zones also have vast bamboo tree. Totally, there are more than 120, 000 hectare of bamboo forest in different parts of the region

## **b) Horticultural crops**

### **Fruits, vegetables and flowers**

The climate, various soil types and access to water make the region favorable for the growing of fruits, vegetables and flowers. Major exportable fruits include citrus, banana, mango, papaya, avocado, pineapple, and apples. Vegetables include potatoes, cabbage, egg plant, tomato, etc.

### **c) Livestock and Fishery**

Ethiopia is first in Africa and tenth in the world for its livestock population. According to Central Statistics Agency (2008-2009), the country has 49 million heads of cattle, 17 million heads of sheep, 22 million heads of goats and 38 million chickens.

The SNNPRS is the home of 20% of the country livestock population. The region has 9.3 million heads of cattle, 3.62 million heads of sheep, 2.7 million heads of goats and 7.3 million chickens.

The region's potential for fishery development is in its freshwater lakes, reservoirs and rivers. There is also an opportunity for investment in the construction of aquaculture to produce fresh water fish for local and international markets. This sector offers great investment opportunities. The potential for livestock and fisheries have not been fully exploited.

The investment opportunities in livestock and fishery are in:

- Meat processing;
- Dairy farming and milk processing;
- Raising and fattening of sheep, goat, cattle and camel; and
- Fish farming and processing.

## **Manufacturing**

The manufacturing sector contributed 5% of GDP and 37.8% to the total value of industrial production in 2008/09 (Central Statistical Agency Statistical Abstract 2009). The major manufacturing activities are production of food, beverages, tobacco, textiles and garments, leather goods, paper, metallic and non-metallic mineral products, cement and chemicals. Under the export-led industrial development strategy, production of textile and garments, leather products and agro-processing are priority areas for investment.

### **a) Textile and garment**

The textile industry is the largest manufacturing industry in the country as well as the region. There are a number of state-owned and private textile and garment factories. The industry contributes the lion-share of employment in the manufacturing sub-sector. The main textile products manufactured are cotton and nylon fabrics, acrylic yarn, wool and waste cotton blankets and sewing thread.

The availability of inexpensive labour and the main raw material, cotton, are the major factors for considering this industrial sector as one of the strategic industries for export development.

### **b) Leather products**

Ethiopia exports processed and semi-processed hides and skins to the world market. Some of the products, such as Ethiopian highland sheepskin (which has gained an international reputation for making gloves), are known for their quality and natural characteristics. The region hide and skin products include pickled sheep skin, wet blue sheep skin, crust sheep skin, wet blue goat skin, crust goat skin, crust cow hides, lining/upper leather, suede leather, full grain leather, embossed leather and patent leather.

The manufacturing potential of finished leather and leather products (such as leather garments, footwear, gloves, bags and other leather articles) is also highly promising.

#### Hides and Skins Production Distribution by Zones

	Zone/Special Woreda	Annual Production in number			Annual supply to Central Market in Number		
		Cattle	Sheep	Goat	Cattle	Sheep	Goat
1	Gurage	64999	99990	43506	80855	207663	59137
2	Hadiya	47786	78218	41795	20721	53988	51160
3	Kembata and Tembaro	21712	36009	15197	12560	12398	11208
4	Sidama	111604	128732	71474	29027	64972	36342
5	Gedeo	9355	56518	3481	53536	62644	33660
6	Wolayta	60833	59757	44400	25316	37446	30323
7	Debube Omo	36085	116649	205902	6553	6022	4095
8	Sheka	6289	16212	3128	9787	60892	9169
9	Kaffa	46095	124168	37848	7013	26558	10429
10	Gamo Gofa	70498	157751	83712	10391	93114	32819
11	Bench Maji	27072	57691	15181	13870	52524	6804
12	Silte	35786	80088	47680	5830	45777	21843
13	Dawro	22552	32674	16815	7126	8393	3879
14	Halaba	9066	11658	17975	8999	45127	29062
15	Konso	6706	27006	49673	775	4303	10033
16	Derashe	5600	3944	25007	773	945	833
	<b>Total</b>	<b>582038</b>	<b>1087065</b>	<b>722774</b>	<b>293132</b>	<b>782766</b>	<b>350796</b>

#### c) Agro-processing

Ethiopia has tremendous potential for investment in agro-processing. Many of its agricultural products can be exported without being processed, while others can be processed before they are brought to domestic and foreign markets. The Federal and Regional government have also placed a priority on the export of processed products, which involves and stimulates the growth of the agro-processing sector.

Specific opportunities in agro-processing include:

- Processing and preservation of meat and fish products, fruits and vegetables;
- Production and processing of dairy products;
- Manufacturing of starch and starch products; and
- Processing of animal feed, etc
- Cotton ginnery and textiles, leather and leather products, food processing factory, soap and soap like detergent, coffee roasting, grinding and packing, spice extraction, dairy and milk processing factory, fattening, processing and preserving of meat products, pulp and paper factory, sugarcane and sugar factory, honey and bee wax processing, oil rising pepper processing industry, bamboo furniture

#### **d) Other**

Other investment opportunities include manufacturing of:

- Cement and other construction materials;
- Pharmaceuticals and industrial chemicals, pesti- and fungi-cides, detergents; and
- Glass ware and ceramic products, etc

## **Tourism**

Ethiopia has much to offer to international tourists. It has unique historical and cultural heritages, magnificent scenery, surprisingly pleasant climate and religious, archeological, and historical places to visit. Ethiopia is a land of contrasts and extremes, a land of remote and wild places with a wide range of tourist attractions which have not yet been fully exploited. Among others, the main tourist attractions include about 7000 species of plants out of which 1100 are endemic; about 242 mammals out of which 23 are endemic; about 850 bird species, out of which 16 are endemic. As Ethiopia is also the cradle of mankind, there are a number of archeological sites.

And also the region has unique cultural heritage magnificent scenery, pleasant climate, rich flora and fauna, archeological sites, friendly and hospitable people. It also has seven national parks namely, Nechsar, Mago, Omo, Maze, Chebera Chirchura ,Gibe valley, and Loke Abaya and there are 2 wild life reserves and 6 controlled hunting areas in the

region

Tourism opportunities exist in the construction of star-designated hotels, lodges and resorts, international and specialized restaurants and as tour operators. Potential investors can take advantage of these opportunities through direct investment or joint-ventures with Ethiopians.

## **Construction**

Ethiopia has extensive opportunities in the construction industry, particularly in the construction of roads, residential development, commercial and industrial construction and low-cost housing. The Regional Government have given special attention to the development of the region's road network. A wide range of opportunities exist for foreign investors who meet the standards set forth for the following services:

- General Contractor Grade One (GC1)
- Building Contractor Grade One (BC1)
- Road Contractor Grade One (RC1)
- Specialized Contractor Grade One (GC1)
- Water well drilling services(WW1)

Construction machinery and equipment rental services and real state development are also other opportunities in the sector.

## **Mining and Energy**

Ethiopia offers excellent opportunities for mineral prospecting and development. Geological studies have identified a favorable geological environment hosting a wide variety of mineral resources. Gold, tantalum, potash, platinum, marble, gem stone, etc. are among the minerals identified for future development. The Ministry of Mines and Energy is responsible for the processing of license application, regulation of mineral operations and the promotion of investment opportunities in the mining sector.

Ethiopia has the potential to generate 45,000 MW and 5,000 MW of electricity from hydro power and geothermal resources respectively. The private sector can participate in electricity generation from any source and without any capacity limit. Off-grid transmission and distribution of electricity is also allowed for private investors. However, transmission and supply of electrical energy through the integrated National Grid System is exclusively reserved for the state electricity provider, the Ethiopian Electric Power Corporation

The region has 26 rivers with their potential for more than 111.5 Mega watts electric Power. The Omo River only has potential to produce 36560 mega watt electric powers Geothermal energy.

The region has vast unexploited mineral resources. The following table shows those mineral potentials

No	Type of Mineral	Location	Estimated reserve (kg/m3)	Type of activities to be conducted
<b>1</b>	Gold and precious stones			
	Gold	Benchmaji zone	11324.9(kg)	Exploration/Exploitation
	Gold	Sidama zone	Not yet known	Exploration/Exploitation
	Gemstones			
	Opal,	Konso, Burji	Not yet known	Exploration/Exploitation
	Amazonite	Konso	Not yet known	Exploration/Exploitation
	Oliven	Gurage	Not yet known	Exploration
	Jade	Konso	Not yet known	Exploration/Exploitation
<b>2</b>	Industrial Minerals			
	Bentonite	Ghidicho Island	500,000(tone)	Exploration/Exploitation
	Diatonite	Ghidicho Island	2600,000(tone)	Exploration/Exploitation
	Kaoline	Hadiya, Silte	Not yet known	Exploration/Exploitation
	Iron ore	Kaffa, Konta, Dawro, Salamago	Not yet known	Exploration/Exploitation
	Pegmatite	South Omo	Not yet known	Exploration
	Limestone	Gurage	Not yet known	Exploration
<b>3</b>	Energy Minerals &			

	Geothermal			
	Coal	Konta, Wolayta, Dawro,	930,000(tone)	Details Exploration
	Carbonaceous shale	Konta, Dawro,	Not yet known	Exploration
	Geothermal energy	Abay basin/Gamogofa, Wolayta, etc	Not yet known	Exploration
4	Dimension stones			
	Granite(Gneiss)	South Omo, Konso	13,942,525(m2)	Details Exploration
	Granite(Gneiss)	Sidama	Not yet known	Exploration
5	Construction Materials			
	Ignimbrite	In most parts of the region	Not yet known	Exploration
	Rhyolite			
	Basalt			
6	Mineral water	In most parts of the region	Not yet known	Exploration

## Services

### a) Education

Ethiopia aspires to attract internationally reputable educational institutions, universities and training centers. The following areas are some of the opportunities for both domestic and foreign investors.

- Kindergarten and nursery;
- Primary and secondary schools;
- Science and technology colleges/ universities;
- Colleges for business and marketing;
- Schools for medical science;
- ICT institutions;
- Vocational training centers;

- Training centre for hospitality industry.

#### **b) Health**

Opportunities for investment in health services exist in the following areas:

- General and specialized clinics;
- General and specialized hospitals;
- Clinical laboratory;
- Diagnostic centers.

#### **c) Telecommunications**

Opportunities are there for private investors to invest in the telecom services in partnership with the Government

#### **d) Information and Communication Technology (ICT)**

- Software, content, application, and database development
- System integration and data center services
- Manufacturing of ICT equipment like computers and peripheral equipment, audio and video equipment, telephone apparatus, and production of semi-conductors and other electronic components

### **Investment Land**

We have prepared rural and urban investment land which is 150,285.18 ha land for rural Investment, 29,013.13 ha land for bio-fuel development, 685.9305ha land for industries And 132 .75 ha land for social service.

In addition to this potential land most of the lands suitable for these crops are occupied and cultivated by small holder farmers, there is a big opportunity for the private sector to be involved in the agro-industry sector and promote the out growers scheme of development.