



OROMIA REGIONAL STATE INVESTMENT SHORT PROFILE

Prepared by Ethiopian Chamber of Commerce and Sectoral Associations(ECCSA)

ECCSA has Investment Promotion Directorate in which it provides Investment Information, Advisory Service, Business Matchmaking Service, Business/ Investment Development and Support Services.



1. Short Description of Oromia Regional State

- **Official Name:** Oromia National Regional State
- **Capital City:** Finfinne(Addis Ababa)
- **Total Area :** About 363,136 km²(accounts 34.3% of the country);
- **Location:** Extends from 30 24' 20"to 100 23' 26"N latitudes and 340 07'37"to 420 58' 51"E longitudes.
- **Rainfall:** Ranges between 200-2600mm.per annum
- **Temperature:** Range between 140c in the highlands and 200c - 250c in the low lands.
- **Topography:** 88% of the land lies within 500-2500m above sea level.
- **Vegetation:** Mostly alpine vegetable in the frigid high lands and wood land, bush lands, savannahs and semi-arid shrubs in the lowlands.
- **Language:** Afan Oromo is the official language while Amharic, English & Arabic are also widely spoken.
- **Population:** estimated to be over 33 million (BOFED, July 2014);
- **Administrative structure:** It is divided in to 18 zones, 16 town administrations and 304 districts.

2. Investment Administration and Promotional Strategy of the Region

- Investment administration of the region is carried out at various levels.
- Administrative council of the region the highest body which decides on policy issues, regulations, directives and core investment matters.
- Investment Board of Oromia also decides on land allotment in rural areas
- Oromia Investment Commission is the focal institution for the coordination and promotion of investment activities in the region.
- Zonal and district investment committee are relevant organs in the investment administration particularly with regard to land provision and project follow-up.
- Prepare and compile cost factors, promotional publications, sector profiles, investment magazine, and documentary videos
- Participate in regional mass media and promote using audio-video materials
- Organize investment promotion forum and participate at different international and

local events.

- Prepare power point presentations and display the potentials and opportunities of the region
- Provide investment advisory service for domestic and foreign investors
- Work closely with other federal level and regional level institutions to attract and promote the region investment
- Conduct researches, studies and reports.

3. Comparative Advantages and Incentives of the Region

Its natural resource base, minerals, water resources and different climatic zones make the region suitable for the cultivation of different crop types. The region also has the highest livestock population in Ethiopia with a notable infrastructure development, proximity to Addis Ababa and most regional cities, allowing it to provide investors with unique opportunities.

- Availability of better developed infrastructure
- Availability of investment protection scheme
- Railway line connects about eight big and smaller towns
- Plots of rural land to be granted free of charge to ventures in areas of health, education, forestry
- Land free of charge for a period of four years for investors invest in cash crops and other plants on a permanent basis
- The availability of dry Port in Modjo and Gelan town for freight accommodation,
- Proximity to Bole International AirPort for exporters,
- Provision of land at very competitive rental price

3.1. Lease and Rental Price of Investment Land

3.1.2. Urban Land

- Lease price for investment land is applicable in all towns designated as “lease town”
- Based on town’s and land grade, benchmark price for commercial activities per year per m² is 480.33 to 1011.5 Birr

- For Hotel services lease benchmark price per m² of investment land is from 285.5 to 896 Birr
- For industrial establishments of different categories per year per m² is from 368.48 to 520 Birr
- For Social Services (Education, health, research center, Sport and culture) for per year per m² is from 255.36 to 693 Birr
- For Real Estate Development per year per m² is from 176.69 to 840 Birr

3.1.2. Rental Price of Rural Land for Investment for different investment Projects

- Is based on distance, location and grades of zonal administration
- For industrial establishments, rental price of investment land in rural area per year per m² is from 0.1 to 0.34 Birr
- For agricultural projects, rental price per year per hectare is from 70.40 to 135 Birr.

4. Major Investment Opportunities

4.1. Agricultural Sector Investment Opportunities

Ethiopia in general and Oromia region in particular has huge investment potentials for agricultural development. Investment in agriculture sector of the region is found to be more attractive and profitable in diverse sub-sectors ranging from food products, industrial raw materials to bio-fuel production. Its climate is suitable to grow almost all types of crop. Therefore, using huge surface and ground water, investors can engage in the following Agriculture and related activities.

Plant Production/Food crops: Oromia is the major crop-producing region in the country. The main agricultural crops include Cereals (Teff, wheat, maize, sorghum, millet, beans, chickpeas, field peas, lentils, soya beans, etc), Pulses, Oil Crops(oil seeds such as sunflower, sesame, linseed, and groundnuts) and the following:

- **Maize:** Maize is an important crop in the region. It is grown in the mid highland areas of the Jimma, Bunno Bedelle, Kellem Wellega, West and East Wellega and Horru Guduru Wellega Zone of the region. There are huge tracts of land in most regional zones suitable for maize farming.

- **Wheat and Barley Farming:** Wheat and barley are mostly grown in the highlands and mid highland areas of the region mainly in Bale and Arsi and west Arsi Zones. They are main food crop and the potential for the private sector in agro-processing and out growers' scheme of development is significant.
- **Oil seeds and pulses:** A variety of oil seeds such as sesame, rapeseed, linseed, groundnut, sunflower, Niger seed, cotton seed, etc. are grown in the Oromia. The demand for sesame has been increasing in the global market making sesame an increasingly important export commodity in Ethiopia. Rapeseed, linseed, groundnut, sunflower, Niger seed and cotton seed also serve as raw materials for the domestic edible oil industry. Cultivation of pulses like beans, peas, chickpeas, lentils, soybeans, etc. is also common in Oromia. Cultivation is carried out in both the highland and lowland areas mainly by peasant farmers. Total areas suitable for oil seeds production in the region are estimated at 185,154 hectares of land.
- **Stimulant Crops like Coffee and Tea (large scale production):** Coffee Arabic is a species of coffee originally indigenous to the South-Eastern high land of the country in Jimma zone of Oromia region. Coffee is the major source of foreign exchange accounting for 50–60% of total exports. Out this more than 50% is produced from Oromia Region. Similarly, Zones known for Coffee production in Oromia region include Guji and west Guji, Jimma, Bunno Bedelle, Ilu Aba Bor, Kellam, West and East Wellega and Horro Guduru Wellega of the region. More of them are produced as forest or semi-forest coffee. According to available data about 246,000 hectares of land are suitable for coffee plantation in the region by rain fed cultivation. Similarly, the western part of the region is known for its best quality tea production in the world. Investment potential exists in large-scale commercial tea production and modern tea blending and packing industries. In the region about 55,000 hectares of land are suitable for tea plantation. These include Anfile district in Kellem Wellega zone and other in Berbere, Gere, Didu Ale and others.

Horticulture: Oromia is considered to be the ideal site for cultivation of different varieties of horticulture agriculture. In Oromia there are four horticulture potential corridors: Great Rift Valley, West-South Shewa and West Shewa, Jimma and Herargehe. The great valley

area is one of the major horticulture corridor feeding Finfinnee and the central markets. It is an area that hosts a number of local and international investments supplying to domestic as well as export market. This corridor includes a vast track of fertile land that extends from Bishoftu city which 47 KM from South-East of Finfinnee to Hawasaa city which is 270 KM in the South-West and to Adama city and lower Awash in the east. Potato, Potato Crisp, Flakes and Flour; etc are specific products which can be grown in the region. The East-West Harargehe corridor includes areas east of Awash to the border with Somali and Afar Regional State. The area has the largest ground water potential in Ethiopia. It is suitable for range of fruits and vegetables such as Potato, Mango, Banana, Beans, Peas, Cherries, Berries, Tomato, and Onion. The Jimma-Gibe corridor agro-climate is lowland or midland suitable for range of fruits and vegetables such as mango, banana, avocado, beans and berries. In addition, Jimma corridor including parts of Kaffa from SNNPR is highly suitable for spices, herbs and aromatics such as ginger, cardamoms, garlic and pepper. The West and South-West Shewa corridor refers to areas West and South-west of Finfinnee. The area is mostly mid-and high land altitude with smaller portion of lowland areas in the Gibe valley. Most parts of this corridor are appropriate for highlands fruits and vegetables such as Apple, Potato, Beans, Peas, garlic, Carrot and Beetroot. The area receives one of the highest rainfalls in Ethiopia. The Welega-Dedesa corridor is a niche corridor for production and processing of tropical fruits namely mango

Floriculture: The region soil and atmosphere enable investors to produce the best quality flowers in Africa and for the market, mainly in EU countries. It is often is the floriculture hub of Ethiopia. Over 95% of the total flower production comes from Oromia Regional State. Many areas within Oromia Regional State are suitable for floriculture but the Great Rift Valley, South West Showa and Oromia Special Zone including some areas in the West are most appropriate. These areas currently host several flower farms with leading companies such as Sher Ethiopia, Red Fox and Syngenta. While the Great Rift Valley corridors offers ideal climate with abundant water and fertile soil for fast growth and hence cheap production; the Oromia Special Zone and South West Shewa and surrounding areas are appropriate for high quality highland flowers.

Fruits and Vegetable: The country's majority export of fresh vegetables and fruits is from Oromia region. Popular fruits grown in the region include apples, bananas, grapes, oranges, avocados, mangoes, papaya, and strawberries, and the following:

- **Potato, Potato Crisp, Flakes and Flour:** The most prominent potato producing zones are West Showa, South West Showa, Arsi and East Hararghe. Business opportunities in potato lie in both production and processing. Solagro (Dutch) and Neerman Seed (Indian) are currently active in potato seed business in west and south-west Showa zones.
- **(Cherry) Tomato, Tomato Paste and Juice:** Fresh cherry tomato, whose production is picking up in Ethiopia, commands a lucrative market in the EU and Middle East. The major tomato producing areas in the region are East Showa, East and West Hararghe, and West Arsi. The only tomato paste processing plant in the country, Upper Awash Agro Industry, is located in East Showa.
- **Fresh Beans, Peas and Canning:** There is an increasing demand for fresh and chilled green beans and peas in the European market. The Great Rift Valley, West and South West Showa corridors give a good mix of lowland and highland beans.
- **Onion and Shallots:** The leading producers in the region are East Showa, West Arsi, South West Showa and East Hararghe.
- **Garlic:** Ethiopia is the seventh biggest producer of garlic in the world; with China being the most influential biggest producer. The major garlic producing areas are West Shewa, East Hararghe and South-West Shewa. Possible opportunities in garlic production, processing, canning and export can be noted.
- **Grapes and Strawberries:** Ethiopia has strong competitive edge to export table grapes both to the Middle East and EU. Areas in the Great Rift Valley and East-West Hararghe corridors are highly suitable for grapes and strawberries. Currently, many companies are producing these products for export market, for example Ilan Tot (Strawberries), Red Fox (Table Grape), Castle (Winery). Alemta Impex and Horizon Plantation are both engaged in grape and strawberry production for export market.

- Cabbage, Kale and Cauliflower, and Eggplant: West-South West Shewa corridor offers strong opportunity for cabbage and kales while the Great Rift Valley and East-West Hararghe corridors are suitable for lettuce, Swiss chard and eggplant.
- Chili, Green and Red Pepper: West Haraghe, Illuababor, Qellem Welega are the major producers of chili and pepper but commercial production is possible in the three corridors mentioned above. Fresh graded and sorted green and chili pepper is a viable opportunity to the EU and Middle East market/
- Citrus, Juice Processing: Most of the production is in the Great Rift Valley corridor, particularly areas close to the Upper Awash belt. Business opportunities exist in the export and processing of tropical fruits such as avocado, papaya, guava, mango and passion fruit. Currently there are few players in tropical juice processing-Prigat, Meaza, Africa Juice, and Yami Juice are examples. The major production belts are Jimma, Kellelem Welega, and Illu Ababor. But East Shewa and West Arsi also have favorable agro-ecology and infrastructure for such products.
- Vegetable Seed Business: Tangible business opportunities exist considering the huge unmet seed demand both for the conventional vegetables (onion, tomato, potato, garlic and pepper) as well as high valued export vegetables (berries, lettuce, eggplant and cauliflower). Most commercial vegetable farmers use imported seed while the smallholder farmers depend on informal seed sources with lesser productivity.
- Spices, Herbs and Aromatics: Oromia in general and the Jimma corridor in particular is suitable for spices and herbs. Jimma, Wellega, Bale and Illubabor are specific areas in Oromia known for production of Korera and Ginger. Turmeric is another spice grown in the region- specifically in the areas of Jimma, Metu, Bebeke, Tepi, Wenago and Bako.

Forest and Forest products: The region is cherished with fertile soil and favorable climate for forest development. About 21,503 hectares of land is readily available for forest development. In Illubabor zone alone, about 4,651 hectares of land has been identified as suitable for commercial rubber plantation, and fiber crops(Cotton, jutes,.). Also there are opportunity for sugar cane plantation.

Dairy and Livestock Business Opportunities: the region shares 44 % of the national livestock population. It has about 22.5 million cattle, 9.1 million sheep. 7.4 million Goats, 1.2 million horses, 185,000 Mules, 2.4 million donkeys and 255.000 camels, 14 million poultry and 2.8 million beehives (CSA, 2013). Oromia regional state shares 44 % of the national livestock population. The region has about 22.5 million cattle, 9.1 million sheep. 7.4 million Goats, 1.2 million horses, 185,000 Mules, 2.4 million donkeys and 255.000 camels, 14 million poultry and 2.8 million beehives (CSA, 2013).

The region is also the leading milk producer in Ethiopia with annual production of 1.4 billion liters. This accounts for over 40% of the national milk production. More than 95% of the milk produced in the region comes from smallholder farmers but there are also several commercial milk producing belts. The leading commercial milk producing zones within the region are North Showa, East Shewa, Arsi, West Shewa and Oromia Special Zone Surrounding Finfinnee. Dairy Farming with focus on breeds, Pasteurized Milk and Yoghurt, Milk Powder, Fattening and Pasteurized Milk and Yoghurt, Ostrich Farm, and Commercial Fodder Production investment opportunities are available.

Fishery: The regions annual fish production potential is estimated at 17,500 tons. Fish can have produced from regional rivers such Rivers such as Dabus, Dhidhessa, Guder, Mugar, Jemma, Genale, Wabe Shebelle, Fafem, Awash, Segen and lakes like Abijata, Ziway, Haromaya, Wonchi, Shala and Abaya are sites for fishery development in Oromia. Fish farming can be undertaken in artificial ponds.

Aquaculture: Opportunities for the construction of aquaculture to produce fresh water fish for local and international markets.

Apiculture (bee keeping and honey processing): Zones of Oromia Regional State more suitable for apiculture farm are: South-West Shewa, West Shewa, East Wellega, Arsi, Bale, Jimma, Bunno Bedelle, Ilu Aba Bor, Guji and Borena. The investment areas in apiculture include;

- ✓ Production of honey and other bee products
- ✓ Establishing honey and beeswax processing
- ✓ Queen rearing

- ✓ Manufacturing of beekeeping, processing and packing, equipment and tools
- ✓ Development of bee products based cosmetics producing industries.

4.2. Manufacturing and Agro-Processing Sector Investment Opportunity

Manufacturing: The region has enormous resource base in textile, leather, pharmaceutical, chemical, and engineering industry as well as non-metallic mineral products (glass products, ceramics, building materials), paper and paper product manufacturing and the like.

Agro-processing: Processing and preservation of meat and fish products, fruits and vegetables, Production and processing of dairy products, Manufacturing of starch and starch products and others.

Due its huge agricultural products produced both at small holder farmers and commercial scale, the following Specific opportunities in agro-processing are available. These potentials include:

- ✓ Processing and preservation of meat and fish products, fruits and vegetables, coffee, tea
- ✓ Production and processing of dairy products; edible oil and Soya milk production
- ✓ Manufacturing of starch and starch products; and
- ✓ Processing of animal feed, etc
- ✓ Embellishment of Sugar factory,
- ✓ Bio-diesel extraction industry,
- ✓ Cotton processing,
- ✓ Coffee roasting, grinding and packing for international market
- ✓ Manufacturing of food and beverage products (i.e Brewing and wine making)
- ✓ Livestock products processing
- ✓ Fruit and vegetables processing and others

4.3. Mining Sector Investment Opportunity

The region is also naturally blessed with immense mineral resources. Gold(Adola and Lega Dembi in Borena Zone), platinum(Yubdo in Wollega), tantalum(at Kenticha), nickel, iron-ore, soda ash, diatomite, limestone, feldspar, silica sand, dolomite, kaolin, granite, construction minerals(in Hararghe and Wollega) and other non-metallic construction materials are few major ones available in the region.

4.4. Hotel and Tourism service Investment opportunity

The different mammals of wildlife and bird species, national parks, natural lakes, natural thermal spring, historical places and natural caves are some of the tourist attraction bases of the region. These attraction bases have increasingly become popular among investors as they have been investing in construction of hotels, different lodges, parks and incorporated them in their tour operation routes.

4.5. Others

- Construction
- Health(General Hospitals, specialized Hospital)
- Education
- Electricity
- Ongoing development of Industrial Zones

5. Criteria and Procedures to get Services from Oromia Investment Commission

5.1. To acquire Rural land for Investment

- Land site for the proposed project should be within the studied investment cluster;
- The proposed project should fulfill the Standard studied for the project;
- Project proposal should be prepared by Certified Consultant,
- The minute of the zonal administration with an attached letter of the concerned investment office of respective zonal administration,
- Site plan of the project area, identified for proposed project;
- Bank statement of at least one year cash flow indicating 30% of the total initial capital investment outlay which is available at the end balance of the statement and support letter from current account of the promoter or investor (no need of providing bank statement for Diaspora and foreign investors),
- Copy of renewed identification card/passport;
- Duly filled land application format,
- Land use plan and action plan;
- If the application of requisite for investment land is processed by an agent, an agent has to submit photo copy of power of attorney,

- If the land requisite is by an organization/company or share holder copy of the article and memorandum of association authenticated by concerned body.
- Foreign investors need to present copy of all document such as support letter and investment license provided by Ethiopia Investment Commission (except bank statement);
- All Diasporas need to bring support letter from Embassy/ consulate in abroad and yellow passport from concerned organization in addition to the above document except bank statement.

5.2. Requirements to get Investment License for newly approved Project

- Filling request form;
- Letter of decision regarding land for investment;
- Photo copy of Tax payer Identification Number (TIN);
- Recent 3 passport size photographs;
- Photo copy of Id -card for an individual promoter or an agent;
- Copy of approved land lease/rent agreement;
- Article of association and Memorandum of Association documents if the request is by an organization,
- If the application is provided by an agent ,legal evidence has to be provided showing the power of attorney,
- If investment license is for projects having major environmental impact, Environmental Impact Assessment (EIA) document approved by Oromia Rural Land and Environmental Protection Bureau has to be prepared.
- Payment of 1000 Birr for services

5.3. To conclude Land Lease /Rental Agreement

- Letter verifying the decision of land for investment projects,
- Photo copy of renewed ID of a promoter or an agent;
- An Article of Association and Memorandum of Association document if the application is from an organization,
- Document that shows legal power of an agent, if an application is brought by an agent,
- Approved land use plan,
- Action plan for the proposed project,

- An issued investment license,
- Photo copy of the project site plan,
- Receipt showing an advance payment from the total lease/rent amount as per the directives,
- A five birr stamp is also needed to stick onto the lease contract.

5.4. Lease/Rent Agreement on Projects for which its Ownership is changed

- Letter of permission issued from an authorized body about the transfer of ownership,
- Photo copy of ID card (individual promoter or manager of an organization),
- An Article of Association and Memorandum of Association document if the application is from an organization,
- Document that shows legal power of an agent, if an application is brought by an agent,
- Action plan of the new project,
- Investment License,
- An issued certificate of land ownership,
- A five birr stamp is also needed to stuck onto the lease contract,
- Support letter to get free custom duty upon importation of goods that is written by Oromia Investment Commission.

5.5. Criteria required to change name of an approved Project

- Filling the format prepared for this purpose,
- If change of the name of the project is requested by PLC or SC, operation of the project should be at the status of 80% and above,
- The share of original/or the first owner should be 51% and above and he/she has to be the manager of the newly formed company,
- If the new established company improves capital out lay of project and show increment of production and service by 50%,
- If two company has merged and have equal share,
- If the Zonal Investment Committee has supported the change of the name of the project,
- If the change of the name of the project is to the families of the prior owner of the project, no need of having capital share as indicated above.

5.6. Other Services

- Environmental Impact Assessment is approved by Bureau of Land Administration & Environmental Protection of Oromia and by its structure found at different levels,
- Construction permit is provided by Land Development & Management Agency of respective town administration if the land for which investment is permitted in urban center.
- In rural areas construction permits is provided by respective Zonal Industry and Urban Development Office,
- Trade license is provided by Trade and Market Development Office of the respective town or zonal administration depending on the locations of investment project.

6. Address and Phone Number of Some Regional Government Office

Table1: Name of Zonal Administration and Investment Office Phone Number

S/ N	Name of Zonal Administration	Address	telephone	FAX No
1	Arsi	Asella	0223314130	022331-200
2	Bale	Robe		
3	Guji	Negelle	0464450292	0464451689
4	East Harerghe	Harer	02506670506	0256660343
5	West Harerghe	Ciro	0255512359/1913	0255510472/1198
6	Ilu Abba Bora	Matu	0474413088	0474413088
7	Jimma	Jimma	0471117807	0472115029MMD
8	East Showa	Adama	0221129236/02211 21322	0221115964
9	North Showa	Fiche	011351697/	0111350162
10	West Showa	Ambo	0112363520	
11	East Wollega	Nekemt	0576611159/3211	0576611157/057661698 01
12	West Wollega	Gimbi	077710412	0577710119/129
13	S/W/Showa	Waleliso	0113412243	0113411844/
14	Borena	Yabellow	0464460757	0464460757
15	West Arsi	Shashemene	0461104937	0461101596
16	Qe/Wellega	D/Dollo	0575551327	0575550011
17	Horro Guduru	Shambu	0576661125	057660848
18	OSZSF	Finfine	0114400198	0114423445

Table 2: Towns Investment Administration and Office phone numbers

S/N	Name of Administration	Address	Phone Number	Fax No
1	Asella	Asella	022-3318162	
2	Adama	Adama	221113191	0221121719
3	Bishoftu	Bishoftu	0114337164	0114336767
4	Dukem	Dukem	0114320966	0114320603
5	Gelan	Galan	0114457603	
6	Shashemene	Shashamane	0461106783 0461103755	0461106513
7	Sebeta	Sabbata	0111860787	
8	Sululta	Sululta	0111860080	
9	LegaTafo Lega Dadi	Laga Tafo	01118630958	
10	Burrayu	Burrayyu	0112841975	
11	Jimma	Jimma	0471116140	
12	Nekemt	Nekemt	0576614757	0576611384
13	Robe			
14	Ambo	Ambo	0112363520	
15	Modjo	Modjo		
16	Batu	Batu		

Table 3 : Phone Number and Name of Regional Bureaus

S/N	Name of the Bureau	Address	Phone Number	Fax
1	Oromia Investment Commission	Finfine	1003712028/0113710203	0113712036
2	Oromia Industry and Urban Development Bureau	Finfine	0113718388/01155580467 /0113727990	0113728010/ 0115580456
3	Oromia Agriculture Bureau	Finfine	0113717440/0113717438	0113717488
4	President Bureau	Finfine	0115519619/0115524247	0115513642
5	Oromia Civil service	Finfinne	0115155071/0111239953	0115519633
6	Oromia water, Mineral and energy Bureau	Finfinne	0115516938/0115527068	0115517756
7	Oromia Land and Environmental protection Bureau	Finfine	0113690158/0113717594	0113717381
8	Seed Improvement Enterprise	Finfine	0114662512/0114662514	0114666768
9	Agriculture Research Institute	Finfine	0115507299/0115507619	0115507244
10	Oromia Urban Land Management & Development Agency	Finfine	0110118695324	