



TIGRAI REGIONAL STATE INVESTMENT 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, Organize Business Forums/Mission, Business/ Investment Development and Support Services.



1. General Description of Amhara Regional State

- **Official Name:** Tigray National Regional State
- **Capital City:** Mekelle, which is located about 783 kilometers from the capital city of Ethiopia, Addis Ababa.
- **Total Area:** the total land size of the region is 54,572.61 square kilometers and accounts for about 11% of the country (CSA, 2007), of which around 3220 km² of land (322,000 ha) is estimated to be irrigable land. The potential irrigable land is located in Tekeze river basin 220,000 ha (68.3%), in Afar 65,000 ha (20.2%) and 37,000 ha (11.5%) in Mereb river basin. Of the total irrigable land of the region, currently only 40 km² (4,000 ha), which is 1.2%, is being irrigated.
- **Location:** located between 12°15'-14°05' north latitude and 36°27'-39°05' east longitude. Share common borders with Eritrea in the north, the Republic Sudan in the West, the National State of Afar in the East and the National State of Amhara In the South. The region is divided into seven administrative zones which further sub divided into 54 weredas (districts).
- **Altitude:** consists of high plateaus with an elevation ranges from 500 meters above sea level in the western end (Humera) to 3965 meters above sea level at the Tsibet Mountain in the southern zone of the region.
- **Rainfall:** The Average annual rainfall ranges from 650-980 millimeter. The region has a bimodal rain seasons. The main rainy season is between June and September (summer).
- **Temperature:** The average annual temperature of the region is as high as 26 d.c.
- **Topography:** It is found at the northern tip part of Ethiopia. 600-3000meters above sea level. It has three major thermal zones. Its agro ecology is about 11.5% is Dega (Highland), 40.5% Woyna Dega (Temperate) and 48% Kolla (Lowland). The region is divided into three major basin areas these are Tekeze, Mereb and Afar, which have very huge annual water runoff. The total runoff water from the three basins is roughly estimated to be 8.2 billion cubic meters.

- **Language:** Tigreigna is the working language of the state. Sahogna and Kunamigna are also spoken by the respective endogenous people.
- **Population:** the total population of the region is 5,055,999. The annual growth rate of the region is 2.45%. From the total population of the region, about 3,792,000 (75%) and 1,263,999 (25%) are rural and urban dwellers respectively.

7 zones, 47 Woredas & 673 Kebeles.

2. Investment Administration and Promotional Strategy of the Region

- Investment administration of the region is carried out at various levels.
- Tigrai Region Investment and Export Commission is the focal institution for the coordination and promotion of investment activities in the region.
- Under the board established at regional level different investment committees are formed down to Wereda level. The investment committees are relevant organs in the investment administration particularly with regard to land provision, service delivery and project follow-up.
- Develop and implement investment directives in view of supporting the regional investment activities, and enhancing the active participation of the private sector.
- To sustain results and create more conducive investment environment, investment sectors requiring incentives has been identified by the research and made to use the incentives as desired.
- Organize investment forums to attract investors and to solve investment related challenges.
- Participate in international and local business and investment related events.
- Provide investment advisory and support services for domestic and foreign investors.
- The region provides land for investment, and develops essential infrastructures. The region continuously engages itself in land- related surveys for purpose of earmarking land for potential investors.
- Produce documentary and promotional audio video materials as well as publications (i.e magazine, investment guide, profile of investment projects, cost factor magazine, booklets,..).

- Participate in regional TV and Radio Programs.
- Promote through electronic media, website, and social media.
- Collaborate with federal and regional level institutions to attract and promote the region's investment.
- Conduct and compile investment related researches, feasibility studies, projects, reports, design-works to facilitate public and private investment in the region.

3. Comparative Advantages and Incentives of the Region

Investing in Tigray Region is supported by:

- Readily available land for Agro-processing and industrial purposes
- Long rural land lease period/up to 30 years
- Conducive climate and fertile cultivable land
- Provision of infrastructure facilities by the state
- Competitive incentive packages of rural and urban land prices
- Accessibility of the region to different east African ports
- 420 MW electric power has been generating by Tekeze hydropower and Ashegoda wind power plants
- Expanding telecommunication service
- Wide ranging and attractive incentive packages for priority sectors and export oriented investments
- Bold initiative in the development of industrial parks
- Three industrial parks: Mekelle at operation, Baeker under construction and Raya at feasibility study
- Access to electric powered railway connecting the capital city (Mekelle) and main economic corridor of the region to Djibouti port
- Four air port destination in the region, of which Mekelle international air port entertains more than ten domestic flight per day
- Accessibility of infrastructure- almost 95% of Districts joined with Asphalt road
- Abundance of Higher Education, Research and Development Institutions

3.1. Land Availability for Manufacturing Industries

In the region governmental and private Industry parks are constructed and under construction. The governmental parks include Mekele Industrial park, Baeker Integrated Agro Industry Park and Raya Integrated Agro Industry Park. These parks primarily entertain textiles, garment, leather and accessories. The private Parks include Velocity apparels and DBL Industry Park. Moreover, Industry zones furnished with basic infrastructure are demarcated at nine main urban areas of the region. The land lease price of the industry zone ranges from 0.50-0.75 Birr per year per square meter with 10% down payment.

3.2. Proximity to Port

Table 1: Comparative Distance of Addis Ababa & Mekelle from East African Ports

Port	Distance (in Kilo meter)	
	Mekelle	Addis Ababa
Tajura	507 via Serdo-Afdera-Shiket	
Djibouti	940 via Kombolcha-Woldiya	910 via Gelafi
	837 via Mile-Chifra- Alewuha	
	708 via Semera-Yallo-Mekoni	847 via Dire Dawa
	680 via Serdo-Afdera-Shiket	
Sudan	1579 via Kesala-Gedarif- humera	1881 via Metema, Azezo, Anjibara
	1339 via Kasala-Humera- Shire	
Massawa	391 via Asmara- Adigrat	1163 via Mekelle
Assab	899 via Eli Dar-Kombolcha	869 Via Kombolcha
Berbera	1736 via Addis Ababa	964 Via Dire Dawa

3.3. Favorable Agro-ecology

The agro-ecology of Tigray mainly classified as 66.8% dry, 24.2% Moist and 9% wet. Different parts of the region possess diversified agro-ecology zones so that varied types of crops, spices, vegetables and fruits can be grown favorably.

3.4. Infrastructure Accessibility

- I. **Dry Port:** Mekelle dry port is under construction. However, full dry port services have been providing at temporary terminal. At this terminal both uni-modal and multi modal services are accessible.
- II. **Railway:** Mekelle–Awash Railway is under construction. It connects with Djibouti-Addis Ababa Railway. Therefore, it eases import –export trade of the region.
- III. **Airport:** In the region there are four airports; Humera, Shire, Axum and Mekelle air ports. At Mekelle Alula Abanega International Airport has standardized cold room that enables to provide cargo service of perishable items for foreign market.
- IV. **Road coverage:** Major towns of the region and main roads that connect tigray region with the port of Djibouti, Addis Ababa and other regions are connected with asphalt and gravel road. Moreover, more than 90% of Woreda towns of the region accessed with asphalt road.
- V. **Electric power Supply:** Including small towns of the region 24 hours of electric power supply is accessible. The giant electric power projects of the country guaranty the reliability and sustainability of power supply. Moreover, Tekeze hydro power and Ashegoda wind power generates 300 and 120 MW respectively.
- VI. **Access to ICT network:** Full accessibility of telecommunication services in most parts of the region (direct dials, fax, internet, mobile phones).

3.5. Conducive Investment Policy

Attractive incentive packages such as free duty of capital goods, construction materials and vehicles for investment projects, exemption of income tax for certain periods and loan facilities. All privileges vested by investment proclamation, Regulation and Directive are also preserved by the region.

3. Major Investment Potentials and Opportunities of the Region

The economy of the region is based on agriculture. The region is suitable for crops such as sorghum, sesame, cotton, barley, wheat, teff, and the like.

A considerable amount of incense and wild gum potential does exist in the region. Reports indicate that there are 20,000 and 100,000 hectares of land suitable for wild gum and incense plantation, respectively.

The region has wide opportunities for livestock development. The estimated livestock population (BOANR-1997) of the region includes 3,040,760 Cattle, 935,349 Sheep, 1,465,741 Goats, 303,412 Donkeys, 5,111 Horses, 13,661 Camels and 10,417 mules, accounting for 11% of the country's total livestock population.

Some areas of investment opportunities investors can benefit from include:

- Dairy products;
- Fattening and meat processing;
- Leather and leather products;
- Animal feed processing;
- Bee keeping and honey processing;
- Poultry;
- Plantation of incense and resin; and
- Rental of agricultural machines.

3.1. Agriculture

It is the back bone of Ethiopia's economy in general and Tigray in particular. The agro ecology of the region is favorable for horticulture, Floriculture, cotton, oil seeds (Sesame), Jatropha and ranching and fattening of cattle and shoats and honey beekeeping. Natural forests such as gum and resin, cactus, sisal, Aloe are also abundantly available in the region. Due to the bulk potential of the region for agricultural products the government designed strategies for exporting the products by adding some sort of values. Hence, one of the strategies is establishing industrial parks. All the industry parks designed to primarily use agricultural outputs.

In the region agriculture plays a crucial role in providing raw materials inputs for the local industry. Endowed with wide ranging agro-ecological zones and diversified resources, the region grows all types of cereals, fibre crops, oil seeds, flowers, fruits, and vegetables. The region has an area of 53638 km², of which around 3220 km² of land (322,000 ha) is estimated to be irrigable land. The potential irrigable land is located in Tekeze river basin 220,000 ha (68.3 %), in Afar 65,000 ha (20.2%) and in Mereb river basin 37,000 ha (11.5%). Of the total irrigable land of the region, currently only 40 km² (4,000 ha), which is 1.2%, is being irrigated.

The total runoff water from the three basins is roughly estimated to be 8.2 billion cubic meters. However, currently the amount of water used for irrigation purpose is known to be not more than 65 million cubic meters or 0.8 %. Considerable opportunities exist for new private investment in the production and processing of the above agricultural crops and resources. The following areas in particular, have been identified to offer plenty of opportunities to private investors.

Oil Seeds

Rapeseed, linseed, groundnut, sunflower, niger seed and cotton seed serve as raw materials for the domestic edible oil industry. Some oil seed, including peanuts and sesame, are important export crops. The western and North Western zones are conducive for crop production and large proportion of the crops is produced in this area and its surroundings. Thus, oil seed processing plants can be established for oil extraction. The by-product (seed cake) can be a good source of animal feed to promote fattening and dairy farming instead of exporting the oil crop without processing.

Cotton

Tigrai is believed to be one of the first growers of cotton in Africa. The potential cotton growing areas of the region satisfy warmer climates and typical cotton soils of heavy, dark and often cracking soils. Cotton provides significant opportunities for export.

Forestry

Investors are welcome to invest in integrated commercial production of structural timber, pulp – wood, match wood or fuel wood.

Gum and Incense

Ethiopia, located in the African Gum Belt, with large frankincense and myrrh resources. It is Africa's leading exporter of natural gums (other than gum arabic) - 28 percent of Africa's export trade. However, Ethiopia has not fully benefited from the subsector. It exports raw gum and resin materials without further industrial processing.

Tigray is well endowed with gum resources, accounting for 33 percent of the country's potential. Tigray is the major producer of frankincense in the country, contributing over 90% of total exports of gums and resin. Tigray type frankincense is the purest in terms of botanical origin.

Some reports indicate that incense and gum trees in the region cover about 332,563 hectare of land. The resin of *B. papyrifera* is called Etan in Ethiopia. In commercial circles it is referred to as Tigray Type. Gum is used primary as a stabilizer in the food industry, viscosity control in inks and also printing, paint production, glue, and industry application sit, remains an important ingredient integrated in soft drink syrups, chewing gum, pharmaceutical and cosmetics, important ingredient in shoe polish.

Jatropha

The plant is widely seen to have potential to help combat greenhouse effect, in diesel engines, biogas production and as fertilizer and provide a major source of energy both locally and internationally. The Tigray regional state is also eager for investors to participate.

Cactus

Cactus which is used as food and commercial crop is one of the endowments of the region. It is grown in almost all zones of Tigray. The cactus plant covers an estimated area of

around 120,000 hectares throughout Tigrai. The major prickly pear cactus fruit producing zones are the Eastern, South-Eastern and Southern Zones. The plantation of cactus is stretched especially following the Zalanbesa-Addis Ababa main road.

Cactus is used for candies and sweeteners, cosmetics, fiber production, pharmaceutical industry, beverages, marmalade and pickles, food/drink colorant (cochineal), commercial farming, animal feed, fresh fruit and nopal etc. Currently, cactus is attracting foreign investors to be engaged in the areas of cochineal and cactus flower production.

Aloe

This plant is found everywhere in the region. So far it has been used as soil and water conservation purposes. It is usually visited by honey bees and has a good bee forage values. Since the plant is drought resistant, the region is an ideal place for its plantation. This plant can be used as a raw material for cosmetics industry if proper production and utilization is developed.

Sisal

Sisal is also another investment opportunity in the region since almost all places of the region are abundantly equipped with the plant.

Floriculture

Now a day, the flower industry is becoming a major area of investment in Ethiopia. The investment policy of Ethiopia supports and gives a very important consideration to flower business. The already implemented projects have indicated that the agro climatic condition of the country is ideal for the flower industry. With this in mind, the Tigrai Regional State has identified more than 6,000 hectares of land in 9 weredas.

The international standard airports at Mekelle and Axum, the good quality of the soil, and the availability of sufficient high quality water resources, accessibility and availability of infrastructures, better socio economic conditions and agronomics practice enable these weredas chosen for floriculture development by investors involved in the sector. As a pilot test, one type of flower Rose Damascene is growing at selected

nursery sites of the area. The Regional Government of Tigray is also willing to give land at zero cost for investors interested to participate in floriculture development.

Fruits

Tigray is endowed with mosaic climatic conditions favorable for the production of good quality fruits for domestic use, industrial processing and export. With supplementary moisture, the lowlands of Tigray are suitable for warm season (tropical) fruits while the medium and high land altitudes provide great opportunity for producing a wide range of subtropical and temperate fruits. They can be produced all year-round making fresh-fruits available for the market.

Fishery

Even though there is no detail study about fish resource or husbandry in the region, rivers like Tekeze, Mekozo, Kaza, Kalema at Western Zone, Genfel in Eastern Zone, Hashenge Lake at Southern Zone, and micro dams at various sites of the region are assumed to hold fish. Among the above water resources, small scale commercial fishery has been carried out in Hashenge Lake by cooperatives. This lake is located in Ofla Wereda near Korem town. According to study by Tigray Bureau of Agriculture and Rural Development (BOARD), fishing activities in the lake started in 1989 following the fish trial by experts to investigate the survival and growth condition of the fish in the lake. The Tekeze River is the most important resource which could provide commercial fish. Fishing activity in this river is either occasional or full-time work among the inhabitants along the river course. Tekeze Hydroelectric power, which is expected to generate 300 MW, will also be a great potential for fish development.

Livestock

According to a 2008 Central Statistics Authority of Ethiopia (CSA) survey, the region possesses 3.12 million cattle, 1.39 million sheep, 3.01 million goats, 0.396 equines, 2.3 million camels, 3.1

million poultry, and 0.2 million bee colonies accounting for 11 percent of the country's total livestock population.

Table: Number of Home Animals of Tigray Region

S.No	Type Animals	Number
1	Cattle	4,791,341
2	Sheep	2,041,731
3	Goats	4,584,138
4	Horse	3,815
5	Mules	7,634
6	Donkey	838,053
7	Camels	54,348
8	Chicken	5,735,973
9	Hive Bees	287,135

Source- CSA, 2009 E.C

The Livestock resource in the region is base for investment opportunities such as;

- Dairy products
- Fattening and meat processing
- Leather and leather products
- Animal feed processing
- Bee keeping and honey processing
- Poultry
- Plantation of incense and resin
- Rental of agricultural machineries and so on...

The region presently offers the global market a wide range of processed and semi-processed hides and skins. Some of the products, such as highland sheepskin, are renowned for their quality and natural characteristics. The export of finished leather and leather products (such as leather garments, footwear, gloves, bags and other leather articles) is also increasing.

Livestock: Milk Products

Processed milk goods present a great opportunity for adding value to the livestock sector. At present, although milk is consumed by a high proportion of the population, it is unavailable in

commercial stores. Dried milk powder fills the supply gap. Fresh milk is locally purchased from households with surplus production. A homemade yogurt/ cheese features prominently in the local cuisine. Possible business opportunities on the supply side could involve strengthening raw milk supply, improving milk collection centers, animal feed availability, collection logistics, and breed improvement.

- Some possible intervention points include:
- Improving dairy source to ensure higher quality
- Supporting raw milk sources (such as small farmers) with training and organization
- Introduce milk collection centers with appropriate storage facilities to increase milk supply and price fluctuation.
- Improve the packing technology and quality of finished product
- Commercialize/Brand yogurt and cheese products based on local tastes

Livestock: Meat Products

Livestock herding currently supports or sustains the livelihood of an estimated 85% of the rural poor. Apart from its contribution as a source of food and income, it is the only source of traction power in traditional peasant farms. Ample opportunities exist in frozen chilled and canned meat.

Livestock: Leather Goods

Sheepskins and hides of the highland part of Tigray provide a strong base for semi processed leather, finished leather and leather products. The leather sector is one of the top five export earners. It is estimated that the region's off-take rates are low for cattle but high for sheep and goats, with 7% for cattle, 33% for sheep, and 35% for goats. Tigray has great potential for the rapid development of its leather sector and has focused its short-term strategy on moving all leather production from the wet-blue stage to the crust and finished stage. The strategy for the long term is to gradually convert all available hides and skins to finished leather products: manufacture of luggage items, handbags, saddler and harness items, foot-wear, garment and integrated tanning and leather goods.

Poultry

Poultry business is not commercially organized and the sector is primarily controlled by informal small holders. There is much recent interest in poultry production and the sector is changing as export oriented and domestically focused production units come online.

Honey

The quality of Ethiopian honey ranks first in Africa, and tenth in the world. As the country is home to a significant and diverse bee flora, it is highly suitable for sustaining a large number of bee colonies. The Eastern Zone of Tigray Region, which includes Koraro Cluster Millennium Villages, has great potential for apiculture production because of its large and diverse botanical resources combined with suitable climatic conditions conducive for beekeeping.

Agriculture There are significant opportunities to invest in apiculture in the region which include, introduction of methods to improve production and apiary management, processing of honey and beeswax and further development of the export market of these products.

3.2. Manufacturing Industry

Ethiopia implements a structural growth and transformation plan which aims to transform Ethiopia from an agriculture-led economy to an industrial one. Particularly strategic sectors which expected to labor intensive, export oriented and technology transformation have been given bold emphasis. These sectors include Textiles and Garment, Leather and Leather Products, agro processing. In order to facilitate the transformation, the regional and federal government demarcated and constructed industry zones and industrial parks respectively.

3.2.1. Mekelle Industry Park

It is located at the capital city of the region. The park is delineated with 1000 hectares of land for the development of manufacturing sheds (The Ethiopian Herald Sunday June 9,2019). The first phase of construction completed. It is specialized with textile, garment and garment

apparels and the products are expected to be fully exported at foreign markets. Several foreign investors are now entering and installing machineries.

Figure 1: Mekelle Industry Park



3.2.2. Baeker Integrated Agro Industry Park

Found at the eastern zone of the region. It is 35 Km from Humera adjacent to the hay-way of Humera-Gonder. The park covers 1000 hectares of land. The first phase of the park starts construction on 258.62 hectare of land. At its first phase operation more than 323948 workers expected to employ in the park. However, if it is fully developed, it expects to create more than 779,000 permanent and temporary employment opportunity. At this park, the locally agricultural products such as sesame, sorghum, egg, meat, milk, honey, etc expected to be processed.

Figure 2: Baeker Integrated Agro Industry Park



Moreover, within 100 km radius from the park, ten modern rural transformation centers (RTC) will be constructed. Each RTC will be constructed on eight hectares of land.

3.3. Construction

The construction sector of Tigray region is at a boom stage. It is an untapped sector of the economy. So, it is a wide opportunity of investment that has to be availed by private investor. Due to its huge employment creation, due attention is given by the government. The government has designed housing development strategy

3.4. Service Sector

3.4.1. Education

The government believes that education is the main tool of alleviating poverty. Hence it has been given undue emphasis for the sector. Currently the government is investing a lot of capital to expand the accessibility and to ascertain the quality of education.

High rate of urbanization and expansion of urban centers in the region demands more educational institutions services. The need for private educational institutions is also high in lieu of various constraints. These sectors are among the priority areas of the government and hence it is one of the opportunities of investment to be tapped.

Table 3: Governmental and Private Educational Institution in Tigray in 2016

S.No	Level	Government	Private
1	First Cycle (1-4)	565	27
2	Second Cycle (5-8)	1482	54
3	Secondary School (10-12)	169	4
4	Primary and Secondary School	1	15
5	Technical College	31	30
6	Agricultural College	3	-
7	Health Science College	2	-
8	University College	-	2
9	University	4	-

3.4.2. Health

High rate of urbanization and expansion of urban centers in the region demands more educational institutions and health care services. Raising awareness for medical check up at time of pregnancy and the tendency of warding at health institutions increases the demand for private health institutions. This sector is one of the priority area of the government and hence it is one of the opportunities of investment to be avail.

Table 4: Governmental Health sector in Tigray in 2016

S.No	Level	Number
1	Referral Hospitals	1
2	General Hospitals	15
3	Primary Hospitals	22
4	Health Centers	205
5	Health Post	712

Table 5: Private Health sector in Tigray in 2016

S.No	Level	Number
1	General Hospitals	5
2	Special Clinic	57
3	Medium Clinic	100

3.4.3. Hotel and Tourism

Tigray is the Alpha and Omega of Ethiopia's ancient and remarkable history. As evidenced today by its unique per-Christian obelisks, countless stone inscriptions, dozens of rock-hewn churches, ancient build monasteries, underground palaces and imperial tombs, Tigray was once the country's architectural workshop. Yeha-Temple of the Moon (5th century B.C), The Axum Obelisks or Stelae(2nd century B.C), the palace of the Queen of Sheba, The Mosque of Ahmad Nejash, Debre Damo Monastery are among the most prominent. Mountains of Adwa, Gherehita, Ambalage, Gira Kahu, including several other land features invite visitors to the banquets of natural wonders. Elephant, Leopard, Klipspringer and Bushbuck are among the

wild animals found in the state. Tigray's historical, religious, cultural wealth and natural sculpture/scenario is as overwhelmingly rich as it is diverse. These features make the region a true pearl of the tourist destination in Ethiopia.

Knowing these facts, flow of domestic and foreign tourists to the region is raising over time. These tourists need various services such transport, guidance, hotels, lodges, restaurants, resorts etc. Moreover, due to high rate of urbanization, increasing income level and changing life style of the society the need for the aforementioned services are alarmingly high. Therefore, Hotel, lodge, resort, restaurant and tourism are the bold opportunities for private investment.

3.5. Mining and Energy

Tigray is highly endowed areas in diversified mineral resource. These minerals are found in different parts of the region. Minerals which abundantly found in the region consists of marble, granite, green stone, slate, lime stone, silica sand, kaolin, quartz, gold, copper, iron, zinc, nickel etc.

- **Sapphire-** Blue sapphire is the most expensive mineral next to diamond. It is recently found in Tigray region around Chila, Tanqua Abргеle and others.
- **Marble-** is found at Naeder, Newi, Adiweyane, Taget, Emnizog, Akmara, Endatukrir, etc with varied color, block size and reserves.
- **Granite-** is found at Adielena, Adikelete, Kedene, Borquah, Kiad Gaba, Negash, Embamadre, Adiet, Sebaya, etc with varied color, block size and reserves.
- **Slate-** is found at chiemet, Gilgile, and Gftamne with varied color, block size and reserves.
- **Lime Stone-** is found at sherafo, Neta'et, Gogon Dearo, etc with varied color, block size and reserves.
- **Copper-** is found at May Hanse, Terere, Tsehafi Emba, Aragab Meshа, etc with varied block size and reserves.
- **Gold-** is found at Terakmti, Zager, Adi Zerasenay, Asgede, Adi Hosa-Hawuzen area, Work Ambа, and Hawuzen with varied block size and reserves.

- **Quartz**- it is the most abundant mineral in the region and specifically found at Tanqua Abргеle, Erob, Seasi Tsada Emba and Hawuzen areas.

4. Investment Incentive Packages

Incentive packages are categorized under capital goods, construction material, vehicles and income tax exemption based on investment regulation and directive.

4.1. Free Duty

4.1.1. Capital Goods

Investors who are engaged on investment projects which are listed under investment regulation are exempted from custom duty on imported materials listed under.

- ✓ Capital Machines and Equipment
- ✓ Production and service providing equipment and accessories
- ✓ Workshop laboratory apparatus and tools
- ✓ Capital goods spare parts
- ✓ Capital goods machinery rent excluding vehicles (agricultural and construction machinery rent)

4.1.2. Construction Material

Investors, who engaged on investment projects that listed under investment regulation, are exempted from custom duty on imported construction materials based on approved Bill of Quantity (BoQ)

4.1.3. Vehicles

These include Pickup, Bus, Mini bus, Motor cycle, Delivery van, Freight car, Tom car, Special vehicles, solid or liquid waste trucks etc.

4.2. Income Tax Exemption

In general, investment projects that are listed under investment regulation are exempted from income tax from 2-7 years

4.3. Incentive packages for Industry parks

- ✓ Provision of production room /shade/ with rent or sale

- ✓ Development of industry park with a lease year 60-80
- ✓ Income tax exemption
 - Developing own park from 10- 15 years
 - On industry parks already developed by state up to 10 years
 - At least 80% of its product export to foreign market, 2-4 years extra Income tax exemption
 - Except semi-finished leather, exporters of their product are exempted from custom duty.
- ✓ In addition to the above privileges exemption from income tax and custom duty, investors who export 100% of their product are 100% free from custom duty for importing machinery spare parts and inputs.
- ✓ Up to 85% of the project's capital bank loan
- ✓ Investment guarantee and protection
- ✓ The right to own immovable property
- ✓ Guarantee for remittance of funds
- ✓ The right to open and operate foreign currency accounts.
- ✓ Administrative and technical support and consultancy
 - Description about the park.
 - Information for project proposals
 - Business plan and feasibility study
 - Support for technology selection and specification
 - Facilitation to obtain lease machine and project finance loan
 - Residue and liquid waste treatment plant service.
 - Availability of organize peace and security organs in the park.
 - Installation of fire extinguishers and services for fire prevention and protection
- ✓ One stop shop
 - Provision of investment
 - Renewing, amendment and changing license

- Trade registration issuance
- Trade name approval
- Trade license issuance
- Trade license renewal, improvement and change
- Expatriate work and live permit
- Technology transfer approval
- Trade legal personality (Memorandum and article of association) approval
- Custom clearance
- Issuance of tax identification number
- Financial and insurance services
- Communication services
- Electric Power and water services delivery
- Other necessary follow-ups and support

4.4. Export Incentives

- Ethiopian airline provides special tariff services on cargos
- Free from value added tax
- Extra 2 years income tax exemption for those at least 60% of their output exporters to foreign market
- 100% free duty for imported raw material
- Reduction of LC payments from 35% to 05%

4.5. Other Incentives Packages

4.5.1. Ownership of Immovable Properties

Based on the Civil Code article 390-393, a foreign investor or a foreign national treated as a domestic investor shall have the right to own a dwelling house and other immovable property required for his investment

4.5.2. Investment Guarantees and Protection

- The Constitution and the Investment Code protect private property.
- No investment may be expropriated or nationalized except for public interest and then, only in conformity with the requirement of the law

- Adequate compensation, corresponding to the prevailing market value, shall be paid in advance in case of expropriation or nationalization of an investment for public interest
- As the member of the World Bank Multilateral Investment Guarantee Agency (MIGA), World Intellectual Property Organization (WIPO), the International Convention on Settlement of Investment Disputes between States and Nations of other States (ICSID) and having bilateral investment promotion and a protection agreement with the UK, investors enjoy a strong guarantee for their investment in the country

4.5.3. Remittance of Funds

Foreign investors are entitled to take the following remittances out of Ethiopia in convertible foreign currency: profits and dividends accruing from investment; principal and interest payment on external loans; payments related to a technology transfer agreement; 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; expatriate employees may remit, in convertible foreign currency, unspent salaries and other payments accruing from their employment in hard currency.

5. Criteria and Procedures to get Services from Tigray 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,
- Site plan of the project area, identified for proposed project;
- 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 card 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,

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,

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,