

Business Climate

With a ready workforce, generous incentives and tax breaks, an extensive market for consumer goods and services, and a rapidly improving infrastructure, Mekelle offers one of the best investment climates in eastern Africa.

Availability of Skilled and Semi-Skilled Labor

- Mekelle has an abundant and inexpensive workforce, largely proficient in English.
- Over 15 institutions of higher education—including universities and medical and engineering colleges—contribute to the labor pool.
- According to 2011 figures, approximately 20% of Mekelle's urban workforce is unemployed.

Generous Incentives

- Investors benefit from customs duty and income tax exemptions, duty drawback programs, and generous tax holidays.
- With a few exceptions, no export taxes are levied on Ethiopian products.
- Investors in agriculture, agro-industry, and manufacturing enjoy easy access to loans from the Development Bank of Ethiopia and also other public and private banks.
- Land in the industrial zone is easy to obtain and very affordable.

Wide and Expanding Market

- Mekelle's market encompasses the Tigray Region, home to 4.9 million people, and Ethiopia, the second most populous African country with over 84 million people.
- Over the past five years, Ethiopia's real GDP has grown 11% per year, making it the fastest growing African economy.
- Through Ethiopia's membership in the Economic Community of West African States (ECOWAS), the 19-member Common Market for Eastern and Southern Africa (COMESA) and the Southern African Development Community (SADC), Mekelle potentially serves an even larger market of over 250 million people.

Investment in Infrastructure

- Recognizing Mekelle's untapped potential, the Ethiopian government has begun investing heavily in the region's infrastructure.
- Mekelle has a new international airport with a cold storage facility and a well-serviced industrial zone with a very low fixed land lease price.
- Mekelle has a well-developed industrial zone with more than 230 firms engaged in areas such as heavy engineering, agro-processing, plastic and metalwork, medical equipment, and product packaging.
- Two new roads are currently being constructed to create additional links between Mekelle and nearby cities and agricultural areas, expected to be completed in 2013.
- One of these roads will also shorten the distance to Port Djibouti from 837 km to 680 km but also ensure faster transit because of improved road surface.
- An ambitious overhaul of the railway network is currently underway, with 1,800 km of new track to be completed by 2015, including a rail link between Mekelle and Djibouti.



Mekelle, Ethiopia: Opportunities for Investors



About Mekelle

A rapidly expanding city with an impressive workforce and a supportive local government, Mekelle is the commercial hub for northern Ethiopia. Fertile farmlands, significant mineral deposits, and major tourist attractions all lie within 50 to 200 km of the city. Mekelle also offers an extensive commercial market, including a regional market of nearly 5 million people and an Ethiopian market of over 84 million. And Mekelle offers good access to the Red Sea port of Djibouti. With all of these advantages and Ethiopia's pro-business policies, it's not surprising that numerous manufacturers and educational centers have already made Mekelle their home.

"Mekelle is an excellent entry point into Ethiopia's rapidly growing economy. With its modern infrastructure, ready workforce and supportive government, Mekelle offers foreign investors a low-risk launch-pad for investing in Ethiopia. We have been thrilled by our experience in Mekelle and look forward to building more businesses here in the coming years."

—David Ellis, Managing Partner, Flow Equity

Flow Equity entered into a joint venture with the state of Tigray in 2010 to turn around a poultry farm. Mekelle Farms PLC, the joint venture, has increased production by almost 30 times.



About the Mekelle Investment Promotion Process (MIPP)

The Mekelle Investment Promotion Process (MIPP) provides advisory services to potential and existing investors and works closely with the Tigray Investment Promotion Core Process (TIPCP), the region's investment promotion arm, as well as the Ethiopian Investment Agency (EIA), to facilitate the establishment of new businesses.

The MIPP and TIPCP offer the following support:

- Assign a client executive to provide accurate information and data, including an up-to-date checklist of all required clearances and approvals.
- Organize and facilitate site visits; provide assistance in applying for investment incentives.
- Work with investors to obtain necessary permits and licenses and to establish contacts with service providers at both a national and city level.
- Ensure fast access to land in the industrial zone.
- Offer post-investment aftercare by helping to resolve issues and supporting requests.
- Periodically survey investors and hold public-private dialogues on how business operating conditions and the investment climate might be improved.
- Serve as an advocate for business concerns by engaging with relevant officials, legislators and others to resolve constraints.

Contact the Mekelle city administration, MIPP, or TIPCP for more detailed information on investing in Mekelle or to set up a site visit:

Mekelle Mayor's Office P.O. Box 52, Mekelle Tel: +251-34-441 0193 Fax: +251-34-441 6963	MIPP P.O. Box 52, Mekelle Tel: +251-34-441 0128 Fax: +251-34-441 6963	TIPCP P.O. Box 947, Mekelle Tel: +251-34-440 8522 Fax: +251-34-440 8403 Email: invest@tigionet.et investintigray.gov.et
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Investment Opportunities

For detailed investment profiles for each sector, contact the MIPP or visit the TIO website, www.investintigray.gov.et/.

At this time Mekelle offers concrete opportunities in agriculture and agro-processing, pharmaceutical manufacturing, and tourism. In brief:

Animal feed manufacturing: Only one animal feed manufacturing plant operates in the Tigray Region, and none in Mekelle, though the region's cattle industry suffers from a lack of quality feed and most ingredients are produced locally.

Bee farms: Ethiopia is one of only four African countries certified to export honey to Europe. As a result, demand for the Tigray Region's superior-grade honey greatly outstrips supply.

"Beekeeping is a form of investment well known for its positive contribution to job creation, food security, ecological balancing, and so forth. So let's make some wise investment in a viable area of Tigray and much of the work will be done by that hard-working little creature: the honeybee."

—Daniel Gebreneskel, Managing Director, COMEL Pvt. Ltd. Co.

Natural gum and resin processing: Gum- and resin-bearing plants cover approximately 940,000 ha of land Tigray, but the region has few processing facilities to take advantage of these valuable resources.

Pharmaceutical manufacturing: Ethiopia—the second most populous country in Africa—has a growing market for pharmaceutical products. More than 80% of the local demand is satisfied through imports.

Hotels and hospitality services: Many of Ethiopia's major attractions are located in the Tigray Region, drawing an estimated 69,787 tourists annually. Nevertheless, only a handful of restaurants and hotels cater to international tourists.

Other investment opportunities include the manufacturing of textiles and garments, leather and leather products; meat, dairy, and edible oil processing; the processing of starch and maize; and construction, specifically first grade construction contracting and machinery and equipment rentals.