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Analysis on

Oromia IAIP and RTC

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Finfinne

Introduction

The Ethiopian Industrial Park project, Integrated Agro-Industrial Park (IAIP) and Rural Transformation Center (RTC) projects are key national projects to realize the national industrialization and agriculture transformation policy. These projects have huge national importance and related challenges. The intended benefits of the projects could be realized with the active participation and engagement of various actors (Government, public, private sector, entrepreneurs and academia) which needs multilevel orientation/communications.

Hence, this is a shot analysis of the project by CDCB's professionals to initiate discussion with Oromia Regional State government officials on the how to implement the Oromia Integrated Agro-Industrial Park (IAIP) project through engaging various stakeholders with the ultimate objectives of maximizing the project's benefits and minimize its negative externalities.

This analysis has the following parts:

- Brief background of the Integrated Agro-Industrial Park (IAIP)
- The intended benefits of the Integrated Agro-Industrial Park (IAIP)
- Challenges of the Integrated Agro-Industrial Park (IAIP)
- Means to maximize the benefits and minimize the challenges
- Professionals role in supporting the initiative

Brief background of IAIP

The Ethiopian economy is highly dominated by agriculture sector and the country is endowed by huge natural resources required to stimulate agricultural commercialization and rural development. Nevertheless, the sector would require substantial reforms in terms of technology, markets, institutions and policy. The country could increase the contribution of agriculture sector through a new growth trajectory that could address the bottlenecks in the sector.

In this regard, the Ethiopian government to overcome those challenges and to commercialize the agriculture sector and boost agro-industry sector has proposed to establish a platform such as Integrated Agro-Industrial Park (IAIP). The idea is to integrate various value chain components through cluster formation. The Integrated Agro-Industrial Park (IAIP) has a number Rural Transformation Centers (RTC) at district level with the given radius of IAIP. Under each RTC there will be collection center of fresh farm feeds and agriculture produce from collection centers (villages) to IAIP and RTC for processing.

The objectives of the Integrated Agro-Industrial Park (IAIP) as put-across in the project document are:

- 1. Focus on the agriculture as a business instead of developmental projects*
- 2. Attract private investors into areas of high food production to set up food processing plants*
- 3. Reduce current post harvest losses and add value for increased local content of foods*
- 4. Link farmers in cluster to food manufacturing plants*
- 5. Utilizing the transformation of the agricultural sector to create jobs, create wealth, ensure food security and drive rapid rural economic growth*
- 6. Focusing on value chains where Ethiopia has comparative advantages*
- 7. Sharp focus on youth and women.*

As part of the growth and transformation plan (GTP-II), pilot Integrated Agro-Industrial Park (IAIP) are proposed to be established in 4 regions (Oromia, Tigray, Amhara and SNNPR) of Ethiopia. The projects are underway in all selected regions at various levels.

The Integrated Agro-Industrial Park (IAIP) of Oromia is planned to be established in East Shewa Administrative zone of Admi-tulu district in is **Ganda Arba Kebele** 180km away from Finfinne,

20 KMs from Batu/Zuway town and 4 kms from Bulbula town. The site is surrounded by high way and Bulbula River. The Oromia IAIP is designed to be established on an area of **1,000 hectares** and so far **263** hectares of land is secured to initiate the project. At its full capacity it is expected to accommodate **400 companies** and create job opportunities for **400,000 employees**. There will be 8 Rural Transformation Center (RTC) each demanding **10 ha** within **100km** radius of the IAIP.

The particular site proposed for General Eastern Oromia is **Ganda Arba Kebele** , nearly 4KM from Bulbula town, with 8 RTCs indicated bellow.

Locations of General Eastern Oromia RTC

Sl. no.	RTC location	Woreda	Zone
1	Shashemene	Shashemene	West Arsi
2	Dodola	Dodola	West Arsi
3	Robe	Robe	Bale
4	Bekoji	Bekoji	Arsi
5	Eteya	Eteya	Arsi
6	Welenchiti	Fentale	East Shewa
7	Meki	Meki	East Shewa
8	Biyo Biske	Lume	East Shewa

The project payback period is expected to be 3yrs only (which show it will be profitable business) and could be constructed by regional government. The project estimated costs is **30 Billion Birr/1.5 million USD** to be financed by SDG budget /and Development Bank. It's noted that, **the budget utilization is based on first come first served** approach for the 4 regional states where the pilot project is planned to be established.

The IAIP initiatives has been endorsed by higher government ministries lead by the PM, and to be owned and implemented by the regional governments as long as they have required capacity and able to manage the implementation within the time frame. This will gave us the chance to mobilize our respective stakeholders to implement IAIP for the best interest of our people. Pursuant to this respective regional states are given the mandate to fully own and run the IAIP and the RTC. Accordingly, the 4 regional states are doing their level best with various degrees of differences. While some of them have already conducted multilevel awareness creation events and consultations workshops with key stakeholders including recruiting potential investors others like Oromia seems lag beyond the schedule that needs due attention.

The intended benefits of the Integrated Agro-Industrial Park (IAIP)

1. IAIP will modernize agricultural sector by which the current production practices are transformed to industrial products,
2. It will provide farmers with the opportunity to enhance production and productivity, through providing agricultural input timely, with required quality and quantity. It expected to introduce “sale first & then produce”.
3. Farmers Networks have potential opportunity to own and run RTCs equipped with state of art infrastructure, required technology, facility (agri-logistic and agri- infrastructure), well integrated backward and forward market linkages. This will enable the farmer's network to be dominant player in the major economic activities of the area.
4. Likewise, other private actors (local collectors, woreda, zonal and regional level agri-based traders, transporters, processors, exporters and brokers) will exploit similar RTC related opportunities, and further become owner/operators with lions share in the IAIPs as long as the initiatives will be owned and well managed by the respective regions.
5. Given the large numbers of actors in the agricultural sectors of respective region, the importance of these initiatives needs the public-private partnership to own and remain active player of regional economic development.

As indicated, a well-managed and owned IAIP development program would transform the multidimensional aspects of farming & farmers, collectors; transporters traders, processors, brokers, marketers, distributors and consumers as well as area development in terms state of art infrastructure including specialized infrastructure such as cold storages, quarantine facilities, quality control labs, quality certification centres, raw material storage, etc.

Challenges of the Integrated Agro-Industrial Park (IAIP)

The challenges that are facing the implementation of IAIP in the case of oromia are:

- The regional, zonal and woreda leaders do not have clear understanding about IAIP initiatives to give due consideration in mobilize resources as well as beneficiary community for the best interest of regional development.
- Other challenges are the regional government does not have clear industrial development structures (bureau or agency) to properly speed up the establishment of industrial park Corporation which is supposed to lead and implement the IAIP initiatives.

As a result, the preparatory phase of the IAIP initiatives did not properly owned & administrated by the regions government which causes several issues regarding site selection, pilot selection and other sensitivity matters. If things move in the same pace, the region will lose the ownership position, which mean giving away of regional economic base, and related business activities that will affect the mass of the regional peoples. The assumed trigger effects are more powerful than the current impact of expansion of urbanizations & industrialization practice.

Way forward

(Means to maximize the benefits and minimize the challenges)

Development Projects have both positive and negative externalities. The role of the government and development actors is to maximize the positive influence and minimize the negative externalities of the projects. In order to realize this, the following immediate and short term activities are suggested based on the anticipated benefits and challenges of the project. Indeed, the proposed activities could be conducted in simultaneous ways.

1. Establishing the corporation
2. Finalizing legal issues of the corporation
3. Assigning head of the corporation
4. Site plan (including residential areas)
5. Identifying possible side business
6. Identifying reliable contractor of the IAIP
7. Recruiting potential investors
8. Multilevel orientation
 - a. Government official
 - b. Potential Investors (private)
 - c. Academia
9. Training HR needed for the IAIP
10. Active participation on the upcoming international conferences

1. Own IAIP by establishing the corporation

Own IAIP Initiatives, properly manage, allocate resources and develop within the time frame Regional states are given a mandate to run the corporation. Hence, it is the prerogative of the Oromia regional state government to establish a corporation that well suit with the context of the region and best fits to the objective of project. The regional government shall establish a corporation as soon as possible with all the necessary human resource and structure. This will help the region to properly utilize the first come first served budget utilization approach of the program.

2. Finalizing legal issues of the corporation

For the establishment of the corporation endorsing the legal document prepared by the federal government through reviewing its relevance to the regional context is very important. Hence, the regional government shall finalize the legal issues as soon as possible.

3. Assigning head of the corporation

The regional government shall assign head of the corporation taking into account the complexity of the duty. It is apparent that the position needs high technical skill, diligence, commitment and selflessness. Furthermore, it requires a multi-level communication skills and negotiation with various national and multi-national corporations with the ultimate objectives for the benefit of the society (local community).

4. Site plan (including residential areas)

Proactively prepare town master plan for the IAIP site to establish standard, culturally enrich, regional sensitive and economically active township development for the area. From the project background we learnt that IAIP is expected to create job opportunities for 400,000 individuals. This will definitely leads to a new settlement in the area. The settlement could initiate a new urban center that demands various services consequently creating additional employment and business opportunities. Hence, the regional government shall prepare site plan (new settlement plan through its Urban Planning Institute and concerned institutions). The surrounding local community especially the young generation shall be encouraged or guided to actively take part in this settlement and business opportunities in the process of the IAIP and RTC constructions and during its implementations phases.

5. Identifying possible side business

Identifying, Equipping and preparing : young employment seekers so that they qualify with the requirement so that they become prime users, regional Investors so that they will get ready and become occupants of both the aggregation and processing units, service/catering services providers so that they become prime commercial actors in the area.

The area is expected to be a new urban center with multiple business opportunities. In order to guide the local community especially the youth to actively take part in the new settlement and alternative business opportunities identifying possible business opportunities of the area and giving necessary training packages for potential beneficiaries are very important. Hence, the regional government shall conduct an assessment regarding alternative business opportunities and training packages for potential beneficiaries. The assessment and training could be conducted by relevant regional government institutions or private institutions where the regional government plays a coordination role.

6. Identifying reliable contractor to construct the IAIP

Preparing area's site plan and constructing the area is one of the activities to be implemented immediately. The government could award the construction to one of its construction enterprises with the role of sub-constructing to other efficient local construction companies with strict higher officials follow-up. The

construction company shall work in synergy with areas settlement plan and local community business opportunities packages.

7. Recruiting potential investors

The project gives good opportunities for local investors with sufficient credit facilities. It also encourages partnership with international investors to share experiences and technology transfer. In our region there are potentials investors to take part in this project but they need awareness creation about possible business opportunities and incentive packages. Hence, the regional government shall recruit potential investors and operators by focusing on the cooperative unions of the region and provide them necessary trainings.

8. Training Human Resources needed for the IAIP

The IAIP and RTC are expected to create direct employment opportunities for about 400,000 individuals. This implies its demands large number individuals with various technical expertise and skills. Hence, it is timely for the regional government to identify the required technical experts and skills by the companies and guide the regional Technical and Vocational Training Centers and universities to train the human resources needed by the IAIP and RTC.

9. Active participation on the upcoming international conferences

There is an international conference organized by Ethiopia to be held on October 5-7, 2016 with the objective of connecting local investors with the international investors. Hence, the regional government shall mobilize potential investors to share experiences and connected to international investors and also encourage academia to actively take part on the conference to promote local investors' interest.

10. Multilevel awareness creations

Active participation and engagement of various actors (Government, public, private sector, entrepreneurs and academia) is a necessary condition for the success of the project, this needs multilevel awareness creation. The major stakeholders of the project are: (Government official, Potential Investors (private) and Academia). The major stakeholders have different roles and responsibilities and should be communicated timely. Undertake community mobilization at all level (regional, zonal, woreda and kebele) to create clear understanding, proactively preparing the actors (farmers, networks, traders, transporters, employees (training and capacitating employment seekers), investors and catering services providers during the construction phase and processing phase. Organizing experience sharing (study tours) for concerned body is also the best approach forward.

❖ The regional government shall organize various awareness creation platforms and consultation workshops to communicate their roles and responsibilities in realizing the project objectives. CDCB technical team is willing to advise the corporation including designing the implementation strategy could communicate to various stakeholders as per their roles on different agendas as presented in the following table.

s/	Stockholders	Role	Agenda for discussion
1	Government officials	<ul style="list-style-type: none"> ❖ Implementing the project ❖ Awarding the constructors for construction ❖ Assigning the corporation head ❖ Mobilizing community ❖ Securing the land and paying the compensation ❖ Recruit investors 	<ul style="list-style-type: none"> ❖ Communicating the project's benefit to the public ❖ Communicating the project's challenges and consequences ❖ Possible/alternative implementation approaches ❖ Role of various stakeholders to support the project ❖ Taskforce to support/advise the government on the plan
2	Private	<ul style="list-style-type: none"> ❖ Beneficiaries of the project ❖ Communicate to the private sector or identifying influential individuals in private sector ❖ Form/establishing market links ❖ Form partners 	<ul style="list-style-type: none"> ❖ Communicating the project's benefit for privates ❖ Communicating the project's challenges and consequences ❖ How to work with the government and other stakeholders ❖ Partnership formation ❖ Their role in the upcoming international conference
3	Academia	<ul style="list-style-type: none"> ❖ Analyzing the project cost and benefits ❖ Informing/advising government ❖ Informing/advising the private sector ❖ Influencing the international conferences 	<ul style="list-style-type: none"> ❖ How to analyze the project's benefits ❖ How to analyze the project's challenges and consequences ❖ Means of advising the government and other stakeholders ❖ How they could play role in the upcoming international conference ❖ Taskforce to promote the agenda