INVEST IN ETHIOPIA
PHARMACEUTICAL MANUFACTURING

Ethiopia: Winner of the World Bank Group’s 2017 Global Star Reformer Award and the 2017 United Nations Award for its outstanding performance on FDI policy reform, promotion, and facilitation
WHY INVEST IN ETHIOPIA?

Vision 2025: Making Ethiopia the leading manufacturing hub in Africa

Overall Advantages of Investing in Ethiopia

- Fastest growing economy:
  - Average annual GDP growth rate of 11% for the last 14 years
- Africa's 2nd most populous country:
  - Over 100 million & growing at 2.3 million annually
  - Active and trainable labor force of 54 million
- Top destination for foreign direct investment (FDI):
  - One of the largest recipients of FDI in Africa:3.6 billion in 2017
  - Ethiopia accounts for 18.5% of all jobs created through FDI in Africa
- Stable political environment
- Geographic & market access advantages:
  - Proximity to EU, USA, Middle East, & Asia
  - Duty-free market access to USA & EU through AGOA & EBA
  - Preferential duty treatment to markets such as China, India, Japan, Canada & Australia
  - Preferential trade agreement through the Common Market for Eastern and Southern Africa (COMESA) with a market size of 6.28 billion
- Competitive infrastructure:
  - Africa's aviation hub: Ethiopian Airlines with almost 40 cargo destinations and provides cold chain transport
  - Current electricity rate of 3.6 US cents/kWh: one of the lowest in the world
  - New electrified railway from Industrial parks to Djibouti Port

Favorable Conditions for Pharmaceutical Manufacturing in Ethiopia

One of the first countries in Africa to establish a national strategy for pharmaceutical sector development
- Pharmaceutical manufacturing is priority sector for Government
- Pharmaceutical Industry Development Institute: focuses on market support and skills development
- An industrial park dedicated to the pharmaceutical sector

Growing local market:
- Ethiopia's pharmaceutical market is currently about $1 billion dollars

Accessible local & regional market:
- Ethiopia has potential to serve as an export hub for the >$20 billion pharmaceutical market in Africa

Leading foreign manufacturers already established in Ethiopia:
- Cipla Pharmaceuticals
- Julphar Gulf Pharmaceutical Industries
- Humsawell
- GhanaPharm

Incentives Available in Industrial Parks

Corporate income tax exemptions (partially contingent on export performance):
- API production: up to 14 years
- Formulation/final medicine: up to 12 years
- Pharmaceutical packaging: up to 8 years

Customs duties & other tax exemptions on inputs
- Personal income tax exemption: 5-10 years for expatriate employees (and long term visas)

One-stop-shop for government services
- Joint warehousing, calibration, and testing services

Other Support Measures Outside the Parks

25% price preference and 30% prepayment for Pharmaceuticals Fund and Supply Agency (PFSA) contracts

Potential for long-term procurement guarantee through PFSA

Trainable workforce with competitive wages
- More than 10 schools of pharmacy
- Programs are being expanded to include additional areas of specialization

Quick Facts of Kilinto Industrial Park

Location
- Addis Ababa: 25 km from city center, 963 Km from Djibouti port

Population and Employment
- 4 million people live in the city
- Accessible to skilled labor pool

Industrial Park Area
- Land area of 2.79 million m²
- Factory shed buildup area of 1.68 million m²

Industrial Park Facilities
- Health Center
- Police Station
- One-Stop Shop Services
- Commercial Building
- Fire Brigade & 24/7 Security Services
- Waste Treatment Facilities

Park Specialization
- Designed to host investors in the pharmaceutical sector

Key Principles of the Park
- Specialized park
- Sustainability (environmental and social)
- Vertical integration
- Export-oriented
- Skills development and competitiveness