Assessment of Performance, Contributions and Challenges of Industrial Parks in Oromia

Joint Research Report of the Oromia State University and Oromia Planning and Economic Commission

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May, 2023

Adama, Ethiopia

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Acronyms

AGOA Africa Growth and Opportunity Act

AIP Adama Industrial Park

AIV Addis Industrial Village

BoLSA Bureau of Labor and Social

BRI China Belt and Road Initiative

CETU Confederation of Ethiopian Trade Unions

CJCP Competitiveness and Job Creation Project (a World Bank-funded program)

CRGE Climate resilient green economy

CSA Central Statistics Agency of Ethiopia

EEP Ethiopian Electric Power

EEU Ethiopian Electric Utility

EIB Ethiopian Investment Board

EIC Ethiopian Investment Commission

EIP Eastern Industrial Park

EPA Environment Protection Authority

ESSD Environment and Social Safeguard Department

ETIDI Ethiopian Textile Industry Development Institute

ETP Effluent treatment plant

FDI Foreign direct investment

GDP Gross Domestic Product

GTPI Growth and Transformation Plan Phase I

GTPII Growth and Transformation Plan Phase II

GVC Global Value Chain

ha hectare

HuIP Huajian Industrial Park

IAIP Integrated Agro Industrial Park

IFC International Finance Corporation

ILO International Labour Organization

IMF International Monetary Fund

IP Industrial Park

IPDC Industrial Parks Development Corporation

JIP Jimma Industrial Park

MoF Ministry of Finance

MoI Ministry of Industry

MoLSA Ministry of Labor and Social Affairs (now Ministry of Labor and Skills)

MoLS Ministry of Labor and Skills

MoPD Ministry of Planning and Development

MoUI Ministry of Urban and Infrastructure

MoWE Ministry of Water and Energy

OSS one-stop shop

OSU Oromia State University

PMO Prime Minister's Office

RIPDC Regional Industrial Parks Development Corporation

SEZ Special economic zone

SOE State-owned enterprise

TVET Technical and vocational education and training

WB World Bank

WTO World Trade Organization

WWTP Wastewater treatment plant

Unit One: Background and Justification of the Study

1.1. The Background of the Study

Ethiopia has begun a journey of becoming country of a beginning middle-income economy by 2025. To attain this goal, it needs the high economic growth trend supported by structural/economic transformation and modernization. As also true for Ethiopia, the imbalances and inequalities of Globalization Process have become the debating topic in recent years. In order to reduce these imbalances, there have been several investigations and measures took place. This is an obvious trend that, these international and regional organizations have always plausible influences on the economies. In order to enhance the economic development, the infrastructure in industrial, agricultural and service sectors has to be completed. Nowadays, the main actors in economic development are industrial and service sectors, thus, industrial sector is essential in building the economic development strategy (Azizov, 2014).

IPs has played an important role in the economic growth of many developed and developing nations. It provides tailored infrastructure and business services, and they have become a successful model for large-scale job creation, transfer of skills and technology, export diversification, and industrial development led by foreign direct investment.

With vigorous economic cooperation in recent years, the China-Africa cooperation model has undergone profound changes. In order to promote cooperation in this regard, China and Africa have jointly planned, built and operated a number of IPs aiming to effectively utilize both sides' comparative advantages (Wang H, 2019). This is also in line with the spirit of China Belt and Road Initiative (BRI), the strategic goals of the African Union's Agenda 2063, and the common interest of China and Africa. In addition, the 2030 Agenda for Sustainable Development recognizes the importance of inclusive and sustainable industrialization and the infrastructure that supports in eradicating poverty.

It is now more than two centuries and half when mass production using machine labour (Industrial Revolution) had started. From Britain, Industrial Revolution spread to the rest of Europe and America. It reached some Asian countries very recently. At the close of 1970s, China, one of the fastest growing Asian countries designed another means of industrialization,

i.e., the development of industrial parks. But Literature do not agree over the origin of industrial parks. A few research works we consulted for this study show extremely different periods and places for the origin of Industrial parks development. To cite some, for example Desalegn Shibru (2019) drags back the origin of modern industrial parks to 1959 to Shannon in Ireland. Others take it back to the 18th century (Alebel Bayaraw, Mulu Gebreeysus, Girum Abebe and Berihu Assefa, 2017; Workineh Eshetu, Almaz Eshetu and Mastawet Shimelis, 2021). Similarly, Endalkachew Sime, (2020) takes it further back in time. Citing some foreign authors, he associated the date of the first establishment of industrial park to 1704 in Gbraltar. This is the period even before the begging of Industrial Revolution. Against the above dates, **Xiaodi Zhang** et al have connected the history and the wider impact of industrial parks in global world to the late 1960s.

Certainly, many foreign scholars have also produced research papers on different aspects of industrial parks. Jarmila Vidová (2010) is one of such scholars who has clearly indicated the generations of industrial parks development. He classified them in to four generations. The first generation were built in 1970s, the second from 1975 to 1985, and third in the second half of 1980s and the fourth in the second half of 1990s. The first is different from the others in that it has small size and simple architecture. For instance, the area allocated for administrative buildings is about 10 to 15 percent of total area of the park. The second generation has greater size relatively than the former. The size of land allocated for the companies dealing with science, technologies and businesses was large. It has also more challenging and complicated architectural design.

According to Vidová the third generation has several administrative staff, and gives also a wide range of services. In particular, the Information Technology offices require more space. Owing to this, they carried out expansion works when needed. In almost similar way to third, the fourth generation had built many administrative buildings and offered a range of services. Its basic features included sophisticated technologies, special focus to recreational areas for the residents of the park and also built storage houses outside of the park. Lastly, the industrial parks of this generation were interconnected with the other sister parks. This means they are part of global network.

The other problem connected to Industrial Park is definitional matters. There is no consensus among scholars over the definition. Some definitions are too broad and the others are too narrow. For instance, look at the following definitions to understand the wide array of the meaning of industrial parks. UNIDO defines it as: "… a tract of land developed and subdivided into plots according to a comprehensive plan with or without built-up (advance) factories, sometimes with common facilities and sometimes without them, for the use of a group of industrialist".[1]

Ethiopian proclamation number 886/2015, on the other hand, defines it in such a way:

> *Industrial Park' means an area with distinct boundary designated by the appropriate organ to develop comprehensive, integrated, multiple or selected functions of industries, based on a planned fulfilment of infrastructure and various services such as road, electric power and water and have special incentive schemes, with a broad view to achieving planned and systematic, development of industries, mitigation of impacts of environmental pollution and development of urban centers, and includes special economic zones, technology parks, export processing zones, agro-processing zone, free trade zones and the like designated by the Investment Board.*

Both definitions are very broad. But as one goes back in time, the components and basic facilities a park could possess are very limited. As a result, its definition is equally narrow. On the whole, a number of scholars who have contributed their knowledge and skills to the industrial parks development, did not reach consensus on the origin, definition and components of industrial parks. It is only in 1978 that UNIDO published its first guidelines about the development, and components of Industrial parks.

Certainly, the one-size fits all policy does not work anywhere. There is no perfect economic development model we can copy and implement as it is, from abroad. We need to adjust it first to our country's concrete situation. As a result of great differences in our culture, mode of

[1] UNIDO (1997:10) Industrial Parks Principles and Practice New York: United Nations Publication or see also Desalegn Shibru (2019), p.8.

production, work culture, political administration, educational status and level of thinking and so on, we need to critically search for the one which resembles and goes hand in hand with our own. Owing to such variations, there had not been permanent country from which Ethiopia used to import development models. As regime changes, the country also changes its ideology and economic development models. During the regime of Haile Selassie, American model of agricultural education was taking footprints while the country's constitution, specifically those related to land tenure was copied from Japan. With regard to civil code, the French lawyers' contribution was so great (Jambere, 2012:11).

The Derg Regime from the very beginning took Soviet Russia as its model. Education, agriculture, political administration and political agitations were moulded on the styles of Soviet Russia. But this does not mean that everything was foreign imported. On the other hand, the EPRDF regime has very kin heart to the East Asian countries. Its officials were/are repeatedly appreciating this part of Asia using various media outlets. Our knowledge about East Asia particularly China, Singapore, South Korea, Taiwan and others have become a commonplace fact. In particular, Prime Minister Meles had great affection to the economic development policies and strategies of East Asia. To cite one example, unidentified authors and consultants from JICA and GRIPS (2011), Japanese based international consultant agency, in their final report on Ethiopian Industrial policy dialogue write:

> *In our meetings with Prime Minister Meles, he frequently raised questions regarding the lack of private sector dynamism. One of his questions was why the Ethiopians with large sums of money invested in urban properties instead of building factories. On another occasion, he asked how East Asian governments steered the private sector away from speculation and rent seeking and into manufacturing and technology. He also wished to receive literature explaining concretely how Meiji Japan and post-WW2 Korea absorbed technology so quickly from foreign-assisted industrial projects.*[2]

[2] JAPAN INTERNATIONAL COOPERATION AGENCY (JICA) and the National Graduate Institute for Policy Studies (GRIPS) , (2011: 42)"Study on Industrial Policy Dialogue in the Federal Democratic Republic of Ethiopia," Final Report.

Obviously, after death of Meles, one can also read the interest of the government to continue that strategy from GTP II.

Very recently (a decade ago), the government chose the manufacturing sector to lead the economy. In its GTP II document, the government also reflected its aspiration to make the country the leading industrial center in Africa. Internally, the initiative from top leaders and policy makers for economic development may have its own contribution. Externally, the fastest developments which were achieved by East Asian countries in post 1970s perhaps was the major factor. Indeed, the government has an interest to replicate the experiences of East Asian countries like Taiwan, Malaysia, or China and others. To that end, it sent various researchers and policy makers to these countries. In particular, China was the best model for Ethiopia. Hence, Chinese investors established the first industrial park a decade ago in Dukem, some 35 kilometres southeast of Addis Ababa. Highly inspired by development of these countries, the late Prime Minister Meles also introduced Democratic Developmentalism (developmental state) to the politics of the country. Among four objectives of GTP I, for instance, one was nation building through a stable democratic and developmental state (GTP I, 2010; Zhang et al, 2018; JICA and GRIPS, 2011).

Purposes of IPS in Ethiopia

As has been indicated, no consensus has been reached among scholars over the definition and origin of Industrial parks. With the passage of time and the invention of new technologies in various areas, the definition of industrial parks was equally getting new elements. Similarly, scholars' viewpoints of the importance of Industrial parks also differ. There are two polarized debates. The first group argues that the development of industrial parks demands huge cost; they require the government to build infrastructure and to fulfil other facilities in order to make them competitive. In industrial parks where the general economic environment is so difficult, the government is also required to offer additional incentives. This group argues that the profit reaped from industrial parks is very insignificant; even it cannot cover the huge cost spent on infrastructure. Industrial parks are also blamed for rent seeking, especially in connection to obtaining land for investment, favouring some firms, eroding tax bases and channelling spending

to the favoured towns. As a result, they characterize the industrial parks as white elephant. According to oxford dictionary, white elephant is a property requiring much care and expense and yielding little profit or an object no longer of value to its owner but of value to others. Likewise, Industrial parks require much care. If not, they only benefit profit seeking capitalist companies (Jordan, 2014).

The other group is those who appreciate the inordinate benefits obtained from industrial parks by taking into consideration various parameters such as job creation, foreign earnings, market regulation, promotion of investment, domestic economic linkage, technology and knowledge transfer etc. For the matter of this research, our emphasis is also on the second one – those who have positive attitude for industrial parks Zhang et al, 2018).

Industrial parks have some significant advantages over individual industries. Primarily, they are very efficient means to foster industrial clusters. Second, as we have pointed above they will attract Foreign Domestic Investment. Third, they will align also infrastructural provision, which have several economic advantages for firms. In particular, for developing countries, which have unskilled human power and capital constraint, industrial parks, can help them use their land economically, gain access to skilled labour markets and technology, and economizes costs. Lastly, the concentration of enterprises in one location have significant spill over effects within and outside of the park. Most importantly, based on their unique features and types, Industrial parks ought to have at least basic infrastructure such as treatment plant, electric power, one stop shop service, roads, hospitals, residents, clinics, police station, fire station, green infrastructure, banks, telecommunication etc… These are physical infrastructure and basic facilities need to be fulfilled by most industrial parks as per the International Guidelines for Industrial Parks published by UNIDO (2019, 112-113).

United Nations Industrial Development Organization (UNIDO) has published guidelines at different times to help countries use it as reference whenever they want to establish industrial parks. The 2019 publication has 13 key industrial park performance indicators: economic performance indicators, social performance indicators and environmental performance indicators. But each indicator has several sub indicators.

economic performance indicators	social performance indicators	environmental performance indicators
1. Good economic governance **2. Economically-enabling site & infrastructure 'hardware'** **3. Economically-enabling services 'software'** **4. Economically impactful nature***	1. Socially appropriate site & social infrastructure 2. Quality social management system & social services* 3. Occupational health & safety* 4. Good labour relations & welfare* 5. Social inclusiveness	1.Environmentally appropriate site 2. Green infrastructure 3. Green systems* 4. Efficient & clean production, emissions & waste management*

Source: UNIDO, 2019

* Indicators not applicable to new sites that are not yet fully operational

Countries build industrial parks under various circumstances and for various purposes. But what all commonly share are that they are built for economic development. According Bayrau et al (2017) China, Ethiopia's best model in the area of industrial parks, established parks to foster industrialization. Their second reason is for experimentation. That is after they critically examine the advantages and disadvantages of industrial parks, they wanted to replicate that experience to other parts of the world.

Obviously, the purposes for which Industrial parks were established in Ethiopia are not entirely identical to that of China and other countries. Each country has its own unique problems. In post 2010, Ethiopia embarked on establishing many industrial parks in different regions of the country. An institution responsible for development was also established by proclamation. Industrial Parks Development Corporation (IPDC) replaced Industrial Development Zones Corporation in 2014. IPDC has been given the authority to develop and operate industrial parks. But our capacity to develop, and operate them, the skills and the commitment we possess to sustain them considerably differs across the board. Even the difference is considerable within two companies in a country or city.

In Ethiopia, the motive behind the establishment of industrial parks is certainly not for experimentation just like that of China. In our opinion, Ethiopia needs expansion of industrial parks for urgent problems such as shortage of foreign earnings, inflation, and in need of knowledge, technology and skill transfer and so on. From proclamations issued on Negarit *Gazeta* No. 886/ 2015, and No. 1180/2020 and regulation No. 417/2017, we extracted the following purposes that triggered the country to establish industrial parks. These are:

a) To speed up the development of the country;
b) To attract Foreign Direct Investment (FDI);
c) To create employment opportunity;
d) To transfer knowledge, skill and technology;
e) To obtain products for export (To increase foreign exchange earnings);
f) To save foreign exchange through local production of import substitutes;
g) To create an integrated economy by strengthening inter-sectoral and foreign-domestic investment linkages;
h) To use land economically;
i) To keep the wellbeing of human being and the environment
j) To upgrade industries; and
k) To establish and expand planned urban centres and so on

Based on information obtained through interview, at the beginning of January 2023 and investigation of documents, there are about 24 industrial parks in Ethiopia. Thirteen of them belonged to the Federal government, two to regional governments and nine are privately developed parks. The two regional governments' industrial parks are Bulbula and Bure Integrated Agro-processing in Oromia and Amhara regions respectively. ibid???IPDC

The Eastern Industrial Zone is the first private industrial park established on 500 hectare of land in Dukem. It has engaged in producing various products. The other private industrial park is that of Mojjo George shoes opened in Oromia, Mojjo town on 50 hectares of land, mainly producing leather. A number other private industrial parks were established in Addis Ababa and in the regions. For instance, Kingdom Linen Industry was established in Dire Dawa and Huajan Light Industry City, producing shoes and garment in Addis Ababa. The industrial parks from the

beginning are also made to have treatment plants and various facilities. The following table shows the government industrial parks that were built in Ethiopia.

Table__: Government IPS in Ethiopia

Sr. No	**Names of IPS**	**Main industry**	**Constructed Factory Sheds**		**Residential and Auxiliary Buildings**		**Total size**
			No.	Area (Sq.m)	No.	Area (Sq.m)	
1	Bole Lemi I	Pharmaceutical	20	165,000	13	22,636	157ha
2	Bole Lemi II	Garment	2	16,500	2	14,800	170ha
3	Hawassa	Garment and apparel	52	402,000	16	31,720	400ha
4	Mekele	Textile &apparel	15	100,000	9	5880	1000ha
5	Kombolcha	Garment	9	60,500	5	3030	750 ha
6	Adama	Textile and garment,	19	127,000	4	3690	2000ha
7	Dire Dawa	apparel, garment, and textile	15	100,000	15	24,270	4000ha
8	Kilinto	Pharmaceutical, medical equipment	-	-	5	23,970	279ha
9	Jimma	Garment and textile	9	37,000	1	1000	1000ha
10	Bahir Dar	Garment	8	44,000	1	1000	1000ha
11	Debre Birhan		8	44,000	3	1840	
12	ICT park		-	-	5	41,017	
13	Semera		8 (under construction)	-	-	-	
	Total		157	1,096,500	79	174,853	

Source: compiled from xiando et al, 2018 and IPDC power point presentation

Fact: The largest factory sheds are 11,000 Square meters while the medium sized are 5,500 Square meters and the smallest are 3,300 Square meters.

Table___: Treatment plants in IPs

Sr.No	Names of IPS	Capacity of treatment plants		Types of treatment plants
		Domestic (m3/day)	Industrial(m3/day)	
1	Bole Lemi I	-	1500	Advanced conventional
2	Bole Lemi II	3,000	18,000	Advanced conventional
3	Mekele	2,500	3,000	Advanced conventional
4	Hawassa	3,000	8,000	ZLD (zero liquid discharge) technology

5	Adama	3000	8000	ZLD
6	Dire Dawa	2000	4000	ZLD
7	Klinto	1000	13000	ZLD
8	Kombolcha	2,500	1,000	Advanced conventional
9	Jimma	2,000	1000	Advanced conventional
10	Bahr Dar	1000	1000	Advanced conventional
11	Debre Birhan	1000	1000	Advanced conventional
12	Semera	600	-	Advanced conventional
	Total	21,600	59,500	Advanced conventional

Source: IPDC power point presentation January 2021

Conclusion drawn: perhaps at the end (I can also use Abrham's data –over 90% are again just like the imperial period are foreign dominated. Second, most are Garment and apparel.

Incentives Offered

Attracting foreign Direct Investment (FDI) is not an issue that has started now. Sources show that the regime of Haile Selassie did a strong effort to attract foreign investors, in particular on the area of commercial agriculture and cotton manufacturing since 1950s. Modern agricultural machinery such as tractors, and combine harvesters were imported duty free until 1973. The government allowed those who engaged in modern agriculture to get easy access to fuel (petroleum) with subsidized cost after they met some criteria required from them. [3] Government's easy prey to foreign investors was emanated from the fact that they have the capital, skilled human power and managerial capacity to operate large farms or industries.

During the Derg, attracting FDI was not easy because of the shift of ideology to Eastern bloc. But the most important point that even shows the strength of the Derg is the fact that it tried to solve the problems it had encountered largely by Ethiopian nationals. But with the accession of EPRDF to power, the old ties that started during the imperial period seemed to have been renewed. Several countries of Europe and East Asia wanted to invest in Ethiopia. At this time, the country was widely opened to FDI. Recently, incentives offered for domestic and foreign enterprises have also becoming so generous.

[3] "የእርሻ ሥራ ዴሬክሲዮን" File No. 64ረ4.

Hence, the Ethiopian Investment Commission (EIC) announced very generous incentive packages in one of its publications in April 2017. From these incentive packages, it is not wide of the mark to argue that the government's concern to attract foreign direct investment is very great. Compared to the Imperial Period, the current privileges are very generous. In particular, it pays much attention to priority sectors of high export potential (industrial parks developers and enterprises).

The incentives offered are Fiscal and Non-fiscal. Fiscal incentives are those exemptions given by the government in terms of money. For instance, these are exemption from income tax and custom duty. The Ethiopian Investment Commission (EIC) separately offer incentives based on certain criteria such as the location of the industrial park, depending on sector's engagement, its contribution to export trade and so on. For instance, industrial park developer is given tax exemption for 10-15 years. 10 years tax holiday for investments in Addis Ababa or Shegger city and 15 years for investments that are established outside Addis Ababa. This is about three-fold compared to the imperial time.

Incentives for industrial park enterprise are also generous: "Up to 10 years income tax exemption - Up to 6 years exemption depending on sector of engagement - Additional 2-4 years exemption for industrial park enterprises with at least 80% export." foreigners working in industrial park enterprises are also exempted for 5 years from personal income tax after issuance of business license. In addition to income tax exemption, laws of investment promotions on custom duty and other tax-free import in industrial parks were as well promising. The government grants duty free of import of capital goods and accessories for manufacturing industries. They are also allowed free duty import of spare parts up to 15% of the total value of the capital goods. Enterprises inside industrial parks with 100% export can also enjoy importing 100% of machinery spare parts duty free. The investors can also import duty free construction materials based on approved Bill of Quantity (BoQ).

The investment promotion laws (incentives) also allow the duty-free import of different motor vehicles such as a maximum of two pickup trucks during construction phase, three minibuses, two cargo trucks, two SUVs, three hybrid SUVs and buses required to transport permanent employees after licensed and during operation phase. They are also allowed to import duty free

special purpose trucks in line with the specific investment needs and for own use such as crane trucks, garbage trucks, ambulances, fire trucks, and refrigerated trucks etc.

Partial exporters can import duty free a maximum of 2 station wagons upon reaching paid up capital investment of Ethiopian Birr 200 million or above, and over 60% export performance for 3 consecutive years. Industrial Park developers can also import duty free a maximum of 2 SUVs and 3 hybrid SUVs after getting business license and become operational. All raw materials needed for the production of export commodities can be imported duty free. Personal effects of industrial park residents can be imported duty free. The government also allows export tax exemption for all export products except semi-processed hides and skins.

Terms of lease

"Industrial Park developers enjoy 60-80 years land sub-lease period depending on the location of the land. They can import construction materials and equipment necessary for their industrial park construction as per special agreement. Industrial Park enterprises have option to rent or buy factory sheds, or sub-lease developed land at promotional rate to construct own production facility." EIC 2017: 10

The second types of incentives are non-fiscal. These are services and guarantees given to the investors such as one-stop shop service, Customs facilitation Expedited visa procedure, guarantee against expropriation, the right to own immovable property, guarantee for remittance of funds, the right to open and operate foreign currency accounts.

Obviously, from incentives discussed above, one can easily understand the special attention the government gave for the industrial parks. The construction of many parks by the government also indicates its due attention. But to draw policy recommendations for the Regional State of Oromia we need to also analysed policy frameworks from the beginning to the present.

Policy Issues and Strategies: A Historical Background

The Imperial Regime

The opening Ethio-Djibouti railway between Addis Ababa and Djibouti in 1917 was the first and the key undertaking for economic development. Sign of elementary form of development starts

after 1920s. With this exception, the other forms of infrastructure (physical and socio-economic) were entirely undeveloped. For instance, using the railway, it had been possible to import machineries but there was no sufficient electric power to move industry. Nor were skilled human power and sufficient transportation infrastructure in the country.

In Ethiopia, some rudimentary form industrialization makes it beginning since the Italian period. Italy established some factories during the five years stay in Ethiopia. These are the Kaliti Food Factory, two factories producing construction materials and one printing press in Addis Ababa. They also established a Fibre Factory but completed after their withdrawal. In Dire Dawa they established Cement Factory and Cotton Factory, though the latter was put into operation two years after their defeat. In Asmera, they had also established factories. More importantly, a huge construction of roads during Italian period said to have paved the latter progress in industrial sectors.

The period after the Italian withdrawal to the fall of the imperial regime had also shown no significant progress in industrial sector largely because of poor physical and human infrastructure. In addition to lack of educated personnel, there was lack of capital. The other handicap for the expansion of industry was the shortage of power supply (electricity). The only big industry established in this period was that of the Wonji Sugar factory. Even those handful industries which were established at this period mostly belonged to foreigners. According to Woldesemait (1984: 45) 77% of the factories were owned by the expatriates and the rest 13% by the government.

In 1950s, for the first time in the history of the country, the imperial regime introduced the first five-year development plan at national level. Ethiopia's diplomatic relations with a number of developed countries, and the establishment of United Nations Agencies such as FAO, WHO, UNESCO and World Bank in post WWII changed the economic and political landscape in some way. Cotton factories, modern large-scale agriculture, the use of fertilizer, locust control and so on were all development after the Second World War.

On the whole, foreign dominated enterprises features the imperial period. That is, they depended on foreign finance, imported raw materials from abroad and owned also by foreigners. Ibid, 51-52 Surprisingly, as far as industrial parks are concerned foreign owned enterprises continued to

dominate the manufacturing sector. Similarly, some still import various kinds of inputs for their factories from abroad.

The Derg Period

The socio –economic infrastructure and the political environment were not also inviting during the Derg Regime. In particular, the early years of the Derg were unsuitable for expansion of the existing industries and the establishment of new ones. The regime faced challenges from both internal and external forces. Internally, it faced resistance from the traditional group and intelligentsia and externally, the invasion of Somalia had disturbed it so much. Its human capital, the other important precondition for industrial development, was also inadequate. There were no sufficient skilled human powers in Ethiopia. To this added a very poor physical infrastructure. The all-weather roads were very small, below 8,200 kilometres (63% gravel, 34% asphalt and 3% serviceable dirt).[4] No progress was also seen in the area of railway. Similarly, the country had no sufficient supply of electric power; it was not enough for the expansion and building of new industries.

The financial institutions were also too weak. The total number of banks in the country according to Woldesemait (2004) was 107. Even those established were government banks. There were no private banks. This means the number of persons who use the banks were very small. If there is no saving, there is no investment.

On contrary, the Derg nationalized all private industries. Owing to this, foreign source of fund had stopped to offer loans and aids to the Derg. The Derg's distaste for private enterprises and wealthy persons was emanated from its political ideology. It did not also allow any person to accumulate more than 5000,000 Birr.

Certainly, owing to the ideological shift to the socialist camp, the loss of the Derg was great. The command economic policy did not allow also the economy to be led by market forces. As a result, the expansion of private sector was highly restricted. But this does not mean that the Derg's performance in the area of industry was far less than that of the achievement of the preceding regime. Woldesemait (2004: 64) notifies that industry had increased by one and half to

[4] Bekure 2004, p.60

three times between 1974/75 and 1984/85. In addition, the Derg attempted to erect manufacturing industries outside of the traditional centers (Addis Ababa, Asmera and Dire Dawa). These included Kombolcha Textile mills (Wollo), Bahr Dar Edible Oil Factory (Gojam), Awasa Textile Mills, and Tabor Ceramics (Sidamo), Arba Minch Textile Mills (Gamo Gofa), Bedele Brewery (Illubabor), and Asela Malt Factory in (Arsi). Within the traditional industrial regions, some attempts had been made to disperse industrial plants. Nazaret Tractor Assembly Plant, Muger Cement Factory, Ziway Caustic Soda Factory, Melkasa Aluminium Sulphate Factory, (Shewa), Harer Brewery (Harerghe) can be cited as examples.

The EPRDF Government to the Current Time

During the early years of the EPRDF, the human capital and physical infrastructure were poor. The political environment was not also inviting just like the Derg's early period. As a result of the civil war that was carried out for nearly two decades, many industries ceased functioning. For instance, following the collapse the Derg regime, there were about 283 plants which were operating in the country. About of half that number were temporary closed, floating about 82, 000 employees from their jobs.

The physical infrastructures were also very poor. All weather roads are less than 16, 000 kilometres. For huge country like Ethiopia, it was very small. Similarly, the number of educated persons was very low even in African standard. Only two million students were attending school out of nearly fifty-two million people of the country in 1992. However, gradually after it had consolidated its power, the EPRDF government announced many development projects. But most importantly, well aware of the benefits of energy sector for the expansion of industry and other uses, the government was aggressively working on hydroelectric power projects.

On contrary to the Derg's command economy which gave the state greater authority to control everything, the EPRDF government launched a market-oriented economy (capitalist system) that gave some freedom to market forces to run the economy. But as we shall see later, this does not mean that state intervention in market is very weak like other west European countries.

In 1995, the EPRDF government launched an economic development policy called Agricultural Development Led Industrialization. Its major aim was to use agricultural development potential

of the country as an engine to enhance the growth of domestic industry. There was a conviction that the development of agriculture correspondingly brings the development of industry. The definition by Japanese based consultants (JICA and DRIPS, 2011:99) for government of Ethiopia from 2009- 2011 also confirms this strong linkage between industry and agriculture. They defined ADLI "as a development strategy which aims to achieve initial industrialization through robust agricultural growth and close linkage between domestic agriculture and domestic industry."

Moreover, from policy documents that were produced at different times, one can deduce that the long-term plan of the EPRDF government was to increase the share of industry and service in the economy. It wanted the industry and service sector to lead agriculture. But to do so, agriculture should develop first to stimulate manufacturing industry. It thought that the industry sector, in turn, could supply agriculture with modern inputs such as improved farming tools, fertilizers and consumer goods. In such a way, the government planned to create linkages between agriculture and industry and between urban and rural sectors.

Triggering factors for the formulation of ADLI as economic development strategy of the country was the vastness of agrarian society in Ethiopia (about 84% of the population of the country engaged in agriculture according to 2007 census report). As a result, at its initial stage, ADLI paid much attention to smallholder farmers. Its plan was to persuade smallholder farmers to produce surplus products for home consumption, for export and domestic market using modern inputs and thereby ensure food self-sufficiency at national level. It also promotes industrialization that uses domestic raw materials with labour-intensive technology. [5]

As has been mentioned, during the initial years, ADLI's strategy for industrial sector was also the one that enriches agriculture. However, the idea of mutual interdependence between the two sectors faced criticism. For instance, the unidentified authors from JICA and DRIPS, Japanese based agency argue that, "We do have historical examples in which agriculture grew relatively strongly prior to the period of full-scale industrialization and provided resources for industrialization through taxation and foreign exchange earnings. [But]… a historical example in which an industry using domestic materials as its main input has expanded dramatically to

[5] Pasdep document and JICA. 2011:99

become the industrial pillar of that nation and contributed greatly to structural transformation is difficult to find." [6]

As indicated above, ADLI is an evolutionary strategy. It has successive development plans just as that of the regime of Haile Selassie. Indeed, four successive Five-year development plans were introduced to concretize ADLI. The first two, i.e., the Sustainable Development and Poverty Reduction Program (SDPRP) 2000/01-2004/05 and a Plan for Accelerated and Sustained Development to End Poverty (PASDEP) 2005/06-2009/10 were planned to address problems of poverty.

SDPRP, 2000/01-2004/05

The Sustainable Development and Poverty Reduction Program was introduced to the country in 2001. The plan was in effect until the other development had replaced it in 2005. During the SDPRP, the main emphases of the government were to escalate the number of agricultural extension agents, and upgrading them through training in Technical and Vocational Education and Training (TVET). The other areas to which the EPRDF government paid attention were water harvesting and irrigation, restructuring peasant cooperatives and supporting micro financial institutions. Despite such attempt, policy makers have identified some major constraints from SDPRP at the close of the plan period. One was its exclusive focus on smallholder agriculture in rural areas. This means that at least it neglected large-scale private agriculture, and urban development. Second, it did not also show significant improvement in relation to agricultural productivity. [7]

PASDEP, 2000/2001-2004/05

Unlike, the former, which was mainly striving to create the linkage between manufacturing industries and agricultural raw materials, the latter (PASDEP) was searching for broad spectrum of strategies where both sectors could work independently or interdependently. In addition, during the second development plan period, the government broadened the policy scope from smallholder agriculture to both industrial sector and urban development. Among the sectors/

[6] JICA 101

[7] Ibid

economic activities that this development plan tried to cover included urban micro and small producers, large-scale commercial agriculture (including flower farms), medium and large manufacturers and foreign invested firms. Unlike the first, the second was also more flexible. For instance, by surpassing earlier conviction, (mutual interdependence between Industry and agriculture) the second development plan attempted to include non-agricultural production such as steel, cement, and other construction materials. The government also promoted the establishment of industrial states. [8]

Unlike, the first development plan, PASDEP also recorded good performance in agricultural, industrial production and export trade. Contrary to some good achievements accomplished in the plan period, however, the country also faced inflation, speculation and hoarding, shortage of foreign exchanges, unfavourable weather and global financial crisis.

In general, the structural change of the economy to which the government laid much emphasis was not realized. The industrial sector did not contribute significantly as projected. Its share of GDP floated around 13 to 14%, surpassed by service sector and agriculture. Moreover, the unprocessed raw materials continued to dominate the Ethiopian export commodities. At this period, and more uniquely, leather products and cut flowers were becoming the source of foreign exchange though their contribution remained small compared to the total export.

In addition, concomitant to these development plans, the government introduced various policy methods and tools to enhance economic development. Most of them were, however, imported from the outside such as for instance, monthly Export Steering Committee (a Korean Model), benchmarking, Business re-engineering (BPR), scaling up of pilot projects and Kaizen (factory improvement) from Japan (JICA, 2011:24)

Overall, from the first nationally planned development policies of the 1950s up to now, there was strong pressure from scholars for structural transformation of the economy. However, except some little signs in a few sectors such as, for instance, in service and some selected manufacturing sectors, the economy has not shown significant structural transformation. For

[8] *JICA page 103???*

instance, agricultural sector though it had a long history in Ethiopia- over millennia, has not shown considerable progress. Agricultural implements are still backward. Neither are market channels for agricultural products smooth. There are many brokers in the middle. This sector could not also able to supply raw materials for industry.

In similar way, no significant structural transformation achieved so far in the industrial sector. In some manufacturing industry, such as leather and leather products, there was an attempt to use domestic raw skins. Leather industry processed these raw skins into various products for export and domestic use. In this respect, domestic economic linkages (both forward and backward linkages) are achieved to some extent. However, except such few examples, the economic linkage with industry is very weak. Most industries still import raw materials from abroad. The skill, technology and knowledge transfer (the permanent resources, which the next generation is expected make use of it) are also insignificant. In fact, many factors may undermine the structural transformation to occur in pace in Ethiopia. Such factors are capital shortage, poor infrastructure (transportation and communication, and hydroelectric power), market constraints, unskilled labour power, lack of work ethics, poor governance and so on. Arkebe Oqubay (2018:2) has also indicated that intense structural constraints were the major factor for the backwardness of the country.

GTP I, 2010/11-2014/15

The First Growth Transformation Plan was approved by the parliament in 2010. With the vision of becoming the middle-income country by 2020 to 2023, the plan gave much support to industrial sector. Export-oriented and import substitution industries were promoted. Construction materials (such as steel and cement) metal processing and engineering and chemicals and pharmaceuticals were a few import substitution industries that were given priority. [9] A policy shift from Agricultural Development Led Industrialization to Industrial Led Development was also made during this period. The policy makers' intention while curving ADLI was that it would continue to lead Ethiopia development until 2015. Nevertheless, in 2010, there was a dramatic

[9] GTP I, 2010:21

shift to industrial sector. The government gave much attention to manufacturing sector and planned the industry to lead the economy (Arkebe, 2018:2). The driving force behind this shift perhaps may be many.

GTPI had also the objective to enhance intensive commercial agriculture by smallholders and private agricultural investors for consumption and market. Large-scale commercial agriculture and the production of high-value crops were the other mode of production that got due attention during the plan period. Besides, from JICA and GRIPS (2011) report, one can deduce that since 2008, foreign consultants were pressing the top leader of the country to work on both import substitution and export-oriented industries. They urged the government to expand policy options rather than focusing on some priority areas. Just for clarification, we quoted this statement from JICA report: "There are potentially hundreds of different products in which Ethiopia can be competitive." Though it is difficult to know the extent to which foreign advice had influenced the government, in GTP I, however, the government selected a broad strategy for industrial development. The plan period also gave much attention to the following areas: micro and enterprises development, textile and garment, leather and leather products, sugar, cement, metal and engineering, chemical, pharmaceutical and agro processing industries. Based on feasibility studies as well as political decision, the government had already started clustering industries. Industrial zones were established in some selected areas of the country

GTP II, 2015/16 to 2019/20

In its preamble, GTP II document (2018:1) explains the vision of the government in such way: "As a vehicle towards the realization of the country's vision of becoming a lower middle-income country by 2025, GTP II is built on sectorial policies, strategies and programs, lessons drawn from the implementation of the first GTP, and the post-2015 Development Agenda. It has also taken into account global and regional economic situations with direct or indirect bearing on the Ethiopian economy."

Several issues are raised in detail in GTP II document, particularly, in relation to the economic development of the country. As far as industrial development is concerned, however, the plan offered special attention to manufacturing sectors: medium and large-scale, small and medium manufacturing industries, and industrial parks and cluster development program. Indeed, with the

objective of making Ethiopia the leading light industries manufacturing center in Africa and one of major countries in the globe, and also with the objective of joining the middle-income countries by 2025, the government designed strategic directions to meet all its ambitious plans.

The strategic directions thought at that stage were that manufacturing industry would improve productivity, quality and competitiveness of the existing and new industrial products, and thereby lay the ground for structural transformation. The manufacturing sector was also expected to absorb a huge human force, and would solve shortage of foreign exchange earnings and build industrial engineering and technological capacity of the country.

The medium and large-scale industries that got attention in this plan period were textile and garment, Leather and leather products, sugar, metals, engineering and electronics industry, Pharmaceutical and Meat, milk, fish, and honey and wax industry. For instance, among these industries sugar, administered by Ethiopian Sugar Corporation and metal, electronics engineering industry administered and operated by METEC brought a huge loss to country's economy. Fertilizer factory that was supposed to substitute foreign imports remained uncompleted. Similarly, many sugar projects were both ill designed and marred by grand corruption. Those factories that are currently functioning are also working under capacity. A few of them were also closed. On the whole, in spite of some progress in certain sectors, the outcome was not satisfactory. In terms of creating new job opportunity and GDP contribution, they all were below their target. Arkebe Oqubay (2018:2) clearly indicates that Ethiopia registered the lowest per capital income in 2018. The manufacturing sector to which the government paid much attention was also surpassed by service sector.

The other important strategic direction during this plan period was the greater concern to the establishment of the industrial parks as opposed to independent industry. The government had a plan to develop each region. One mechanism to develop was to establish industrial parks in each federal regions of the country. There was a belief that industrial parks would boost the economic development of the country.

Ten Year Economic Development Plan, 2020-2030

Its Vision is to make Ethiopia an African Beacon of Prosperity in 2030. This means that according the development plan, Ethiopia will join the middle-income countries in 2030.

Strategic Pillars (quoted from TYDP)

1. Ensure quality growth
2. Improve productivity and competitiveness
3. Undertake institutional transformation
4. Ensure private sector's leadership in the economy
5. Ensure equitable participation of women and children
6. Build climate resilient green economy

Macroeconomic Goals

- 10.2% Average Growth Target
- Raise per capita income to USD 1,115 in 2022
- Raise per capita income to USD 2,220 by 2030
- Reducing percentage of population below poverty line
  - ✓ In 2020, 19%
  - ✓ In 2026, 14%
  - ✓ 2030, 7%

Sectoral growth Targets (2021-2030)

Economic sectors	**Performance**		**Target**
	2011-2015	**2016-2020**	**2021-2030**
Agriculture	6.0	5.6	6.2
Industry	23.8	15.6	13
Manufacturing	15.9	16.6	20.6
Services	10.1	9.7	10.6
Average GDP Growth	10.5	9.5	10.2

Focus Areas

a) Productive sectors: agriculture, manufacturing, mining
b) Service sector: tourism
c) Enabling sectors: energy, transport, sustainable finance, innovation and technology, urban development, irrigation, human capital development

Manufacturing Industry

1. Production of quality and competitive food, textile, housing and pharmaceutical products for export and domestic markets
2. Production and productivity of existing manufacturing industries
3. Utilization of locally available inputs
4. Value chains, linkages and interdependencies
5. Linkages between large-scale metallurgical and engineering, chemical and pharmaceutical industries with other industries
6. Job creation, cluster approaches and expanding small and medium scale manufacturing
7. Private sector participation and partnership

The study Areas: Summary and the Current Conditions

The study was limited to a few selected parks in Oromia such as East Industrial foreign owned park, Bulbula Oromia Regional State owned agro-processing Park, Adama and Jimma Federal Government owned parks and Mojjo independent factories owned by both foreign and domestic investors.

The Eastern Industrial Parks

The Eastern Industrial Park (EIP) is the first private park that started construction in 2007 in Dukem, 35 kilometres southeast of Addis Ababa on 500 hectares of land it leased from the government. It was established by Qiyuan group, a private Chinese investor, with investment capital of USD 146 million. According to UNIDO report of 2018, the Ethiopian government had great aspiration and political support for its foundation. The top government officials, i.e., at

level of president and ministers frequently visited it. Equally, political commitment and financial support from the Chinese government was also strong.

The company aimed to complete the construction in two phases. The first phase was completed in 2010. To that end, the Zhongshun Cement Factory took the lead to start production in 2010. Following its footsteps, many enterprises have also started production in various areas. (X Zhang et al, 2018: 19-23)

At present, according to data obtained from the Ethiopian Investment Commission, more than 170 enterprises are operating in the EIP. Thus, it can be concluded that EIP is a huge foreign investment in Ethiopia engaged in producing varieties of products. It pays attention to export-oriented manufacturing industries such as textile, leather, metallurgy, building materials, mechanical and electrical equipments. However, the second phase has not started yet because of disagreement related to land transfer.

Certainly, it is believed that the initiative taken by the Chinese investors has encouraged the government to take some measures to promote manufacturing industries. It seems as a result of this that two years later, i.e., in 2012 the government started the construction of Bole Lemi I. Its first phase was completed and started production in 2014. As we shall see later, owing such developments, a number of investment proclamations and regulations were formulated and amended within less than a decade since 2012.

Mojjo Leather City

Mojjo is one of the towns of Oromia where manufacturing industries such as leather and cotton industries started early (during the regime of Haile Selassie). It is located about 20 kilometres west of Adama, the other conference and industrial town of Oromia and 64 kilometres east of the capital, Addis Ababa.

Owing to policy shift in post 1991, that encourages private sector, many manufacturing industries were established in major towns of Oromia of which Mojjo is the one. At the present, in Mojjo and the surrounding rural kebeles many industries are operating. They are engaged in various sectors. But the dominant is leather and leather products followed by agro processing

industries. Construction, textile and packing industries are also operating in the area. The ownership of these factories also varies (Source: a report from our data collectors)

Bulbula Integrated Agro Processing Park

From four Integrated Agro-processing Industrial Parks (IAIP) that were planned to be established in four Regional States, the construction of Bulbula and Bure was completed two years ago. The Bulbula IAIP was established in Oromia Regional State at specific place called Bulbula about 187 kilometres south of Addis Ababa along highway linking Addis Ababa with Hawasa on 271 hectares of land.[10] Out of the total land allocated, 230 hectares was already developed.

In developing this park, the government got technical and financial supports from some international organizations such as the Africa Development Bank, European Union, UNIDO and GTZ. The first two, gave financial support while the latter two provided technical support. While building the park, the developer also took into consideration, the UNIDO standards that any industry expected to fulfil such as various facilities we have pointed above and treatment plant. The other important point is that it was built in a way that can be used as a model for future projects.

Prime Minister Dr. Abiy Ahmed and Shimelis Abdisa, President of Oromia Regional State opened the inauguration ceremony of Bulbula Integrated agro processing park on 8th May 2021. The park has six sheds containing all the necessary facilities required for operation. In addition, it has six Rural Transfer Centres (RTC) in nearby areas. In these centres, agricultural products are collected at fair prices and delivered to the park for processing. This is part of government plan to link industry directly to agriculture. An interview conducted with the firm manager also shows the training of 12,000 individuals to attain the purpose of the IAIP.

The Bulbula IAIP is also expected to create a job opportunity for one hundred thousand employees when it starts operation in full capacity. But while this research was conducted, only one investor has started processing honey in the park for the international market. The manager of park attributed the reason for its underperformance to the current instability in the country in general and in the Region in particular. In fact, many factors are in play such as promotion and advertisement, inefficient bureaucracy, and absence of power supply etc. For instance, because

[10] According to UNIDO report (2018:21) the size of the land allocated to the park is 263.09ha

of the absence of electric power supply, an investor who started investment on honey was forced to use diesel-powered generator. This is a burning issue that needs immediate remedy. Fortunately, at present, according to the information obtained from manager of the park, nine investors have shown interest to invest in the park. They are already on the track.

Adama IP

The Adama industrial park was established in Adama town some 80 kilometres east of Addis Ababa. It was built at the cost of 4.1 billion birr. Prime Minister, Abiy Ahmed and Lemma Megersa, the president of Oromia Regional State opened the park on 7th October 2018. The park has nineteen (19) sheds but only few have started production. These are Antex Textile PLC, Sunshine Ethiopia Wool Textile PLC, Kingdom Linen Ethiopia PLC and Newbridge. It is expected that the park will create a job opportunity for more than twenty thousand persons. But according to the statistical data obtained from the Ethiopian Investment Commission on the status of employment, the actual job it has created is far below the one expected; currently the number employees are oscillating between 6000 and 7000 on average. Nevertheless, the number of employees was increasing from year to year. At last, the contribution of Adama IP in the area of foreign export is also significant compared to small of number of sheds rented. For instance, in the 2020/21, it has earned about 7.5 million dollars from foreign export (Source: data from EIC).

Jimma Industrial Park

It is the other newly established government industrial park whose construction was completed in 2018 in Jimma town, about 350 kilo meters west of Addis Ababa. The park is located near the airport (5-kilo meters away). Dr. Abiy Ahmed, Prime Minister of Ethiopia, Ismael Omar Guellehand, president of Djibouti and al-Bashir, president of Sudan opened its inauguration ceremony on 9th December 2018. The number of sheds is nine. It was built to produce agro-processing, textile and apparel products.

In 2021/22, a few companies rented sheds and hired employees. These are Huajian International City Light Industry (but stopped operating in August), Huajian Jimma Manufacturing of Shoes Ethiopian PLC, Huajian Chang Hong Garment Manufacturing PLC and Akshay Jain

Manufacturing of Edible Oil. The number of workers in all is less than 500 persons. (EIC, employment data) Nevertheless, the park was expected to create job opportunity for 15,000 persons. But the reality on the ground is extremely opposite. With the spread of COVID Pandemic all closed except Akshay Jain.

Favourable location of the park near to the airport and rich natural resources of the region, are great opportunities. The challenges are equally vast. These include very long distance from the port of Djibouti, unsuitability of roads connecting Addis Ababa with Jimma, uniformity of the rent of sheds across the country, and the retention of land by farmers even after they were paid compensation.

1.2. Study Justification

Potential Resources and Compelling Factors

Oromia has abundant natural resources and human capital. Especially, the so-called traditional south, which also encompassed Oromia have been endowed with plenty of natural resources such as fertile soil, water and favourable climate. Scholars who visited the country before the 1940s also confirmed this fact. Obviously, in Oromia as we move back in time, the number of natural resources is increasing whereas the physical infrastructure and skilled human capital are decreasing. In addition, the country has mineral resources such as gemstones, ornamental, energy, metals, and metallic minerals. It has also gold, coal, iron ore, potash, tantalum, marble, petroleum and other natural resources.[11]

Identification of potential resources is the initial step and a wise move to go a long journey. But this is not enough by itself. Timely and efficient uses of resources are required. Certainly, the resources we have now are steadily declining. To cite one, in the 1940s, studies show that the water of Awash was clean and had great volume.[12] But now it is the most polluted river in Ethiopia. The same is true to the other water bodies. There is also a gradual deterioration of soil as a result of excessive use of inorganic fertilizers, deforestation, improper cultivation, and over grazing. Thus, the resources we do have at present should be carefully and efficiently exploited.

[11] TYDP, 2021

[12]

We need to give care for our land (soil), water and forests. For instance, furrow irrigation we are currently using in many parts of the country, for sure will degrade the soil fertility as sugar plantation did to Wonji alluvial soil in the last 70 years. The Green Legacy that was launched a couple of years ago by the Prime Minister Dr. Abiy is the most important and appreciable move to recover our endangered environment and ecology.

The other potential resources of the country is the human capital. Ethiopia is the second populous country in Africa. Oromia has also the largest population number in Ethiopia. It is about one third of the total population of Ethiopia. Having such large population has certain advantages. One, it is the potential source of market. Second, it is a source of labour. More than half of its population are youth- active labour force. The problem is, however, the absence skilled human power. For instance, because of drastic shortage of skilled human power (who could improve the productivity of livestock and agriculture), poor transportation and weak relations with our neighbours, we could not able to reap profit from agriculture and livestock potential during the imperial period. Universities and colleges which were expanded dramatically both in their number and types within the past 30 years did not also able to cultivate sufficient skilled human power. Moreover, the rate at which natural resources are declining does match with the rate of increasing educated personnel.

However, one has to be cautious that human capital is not only about employees but also about outstanding leadership and political climate that promote development. The experience of East Asia, in particular China shows that the commitment from top leaders and the excellent working culture of the Chinese took the lion share for their economic development.

The country's strategic location, i.e., near to the potential market regions of the Middle East and Europe is another untapped potential. Moreover, it is the seat of Africa and other international organizations. The country also got privileges to export its products to abroad on such modalities as duty-free, quota-free access to the USA markets through AGOA. It is also exporting duty-free, quota-free access to Japan, Canada, China, Turkey, Australia and New Zealand. It has also been given preferential market access to India. Moreover, as a member of COMESA Ethiopia got preferential market access to a regional market of 400 million people.

The country has also been aggressively working on physical infrastructure, the other essential precondition for progress. It has fairly developed telecommunication and roads. Currently, it has about 113,066 kilometres all weather roads, which will scale up to 220,000 kilometres in the near future. The electric powered railway also connects the Capital with Djibouti's port. Cargo trains are operating with capacity of 3500 - 4000 tons of freight per day. This is appreciably a good start to develop a green economy. The country has immense potential for generation of power from water and other sources. Certainly, without the expansion of hydroelectric power, development is unthinkable. It is the most important precondition, (though not the only) to attract foreign investment. Recently the country has also shown steady progress in generation of hydroelectric power. Moreover, it is the cheapest in Africa; delivered with rate of 3 US cents/KWH.

The other important potential of the country is the air transport. Ethiopian airline is the most branded airline even in the standard of the world. It has the largest cargo network and terminal in Africa; flying to 98 International and 20 domestic passenger destinations. In addition, it has 36 cargo destinations. EIC, 2017:2-4 Indeed, developed infrastructure, skilled human power, natural endowments and good political climate will ease the road towards economic development.

One last point to be discussed is incentives. Countries offer incentives for various groups, particularly companies. The incentives given to the investors vary from country to country. The variation is even seen within a country based on some unique features and the level of their contribution. The incentives are not potential resources but they enhance the utilization of resources. We will come to this later at separate sub heading.

Compelling Factors

Ethiopia is one of the top ten countries in the size of land. In the 1950s and 1960s, the population of the country was below 20 million.[13] Within less than seven decades, the number of populations has increased by six-fold. This is a very dramatic growth. Correspondingly, agriculture, the major source of livelihood did not show remarkable improvements. Most people until this time are using very backward tools. The development in the industrial sector though

13 FAO, 1965

shows some improvement, is not also as it was expected. Indeed, the country is at a crossroad. Unless, we do not work with all our energy, the challenges we will encounter may be serious. Therefore, we should design appropriate policies and strategies to deal with these compelling factors. Such compelling factors that persuade the government to modernize its economy are:

- Steadily declining resources;
- Dramatic population growth;
- High unemployment rate;
- Sustained high inflation;
- High and rising debt burden;
- Chronic foreign currency shortage;
- Sluggish (though encouraging) structural change;
- Vulnerability to shocks (COVID 19, climate, desert locust infestation etc.);
- Poor quality and high inequity in infrastructure projects;
- Poor quality services in health and education;
- The need to change people's livelihood, from largely rural to some form of urbanism; and
- urbanization. Therefore, it is mandatory to expand agro-processing and manufacturing Industries at earnest. [14]

The operation and activities of industrial park has a short period history for not exceeding two decades. Since the IPs initiatives are new in Ethiopia and the number of researches conducted on its contributions, challenges and performance are minimal. The studies so far conducted are mainly focusing on single IP with limited variables; or shallow surveys which could not give the full pictures of the overall performance, contribution and challenges of IPs in Oromia. The existing literature almost overlooked the realities, potential and interest of Oromia Region on IP. Thus, it is fair to claim that there is no sufficient empirical study-based literature specially to consume the information to devices policies, rules and regulations. Therefore, the present study aims to assess the Performance, Contributions and Challenges of Industrial Parks in Oromia and to come up with the comprehensive policy recommendations/direction in the Region. The

[14] Most of these compelling factors were cited from Ten Years perspective Development Plan (2021-2030)

research mainly focuses on Industrial Parks in Adama, Jimma, Bulbula, Mojo and Eastern Industrial parks in Oromia.

1.3. Objectives of the Study

1.3.1. General objective

The general objective of this research is to assess, through documentary reviews and primary field-based empirical research, the Performance, Contributions and Challenges Related to Industrial Parks in Oromia.

1.3.2. Specific objectives

To sufficiently address the intention of general objective stated above, the specific objectives of the study include:

1) To assess the current performance of IPs in Oromia
2) To examine the contributions of IP in Oromia
3) To identify the challenges related to IPs in Oromia
4) To evaluate the current favorable conditions for IP in Oromia
5) To find out the way Oromia can benefit fairly out of IP related capacities and propose policy options related to Industrial Parks in Oromia

1.4. Significance of the Study

The industrial sector in Ethiopia has been characterized by a low level of development, even by the standards of many least developed countries, even though the country has large potential. It accounts for 27.6 % of the GDP, 7% of total employment and 21.2% of export earnings (Ethiopia 2030, 2021). Ethiopia's IPs is a core component of the Government's plan to make the country a leading export of manufactured goods in Africa.

Having noted the above-described gaps and a reason, to assess the Performances, Contributions and Challenges Related to Industrial Parks in Oromia has become very important. The result of the study would help to gain the overall picture and lessons that helps in having a full-fledged policy document to guide the existing and those which is under construction. To this end, it will

also help to achieve the intended goal set by IPDC. The study results would also help to solve problems related to labours' skill, occupational health and safety, and advocate the importance of setting minimum wages for industries' employees in Ethiopia/Oromia.

Hence the points indicated above would help to vindicate the significance of carrying out this assessment. The outcomes of the study would hint on overcoming the challenges IPs/firms encounter in the country/region and helps to optimize the benefit could be generated out of the IPs in the country/region.

1.5. Scope of the Study

This study has focused on interrelated scopes: thematic, spatial and units of analysis. Thematically, the study targeted to examine the Performances, Contributions and Challenges Related to Industrial Parks in Oromia. Furthermore, it investigates pertinent issues concerning employees focusing on job opportunity; job security, wage and non-wage benefits, occupational safety and health, workers' rights and local government offices engagement in the industry—labor relation. Spatially, the study focuses on IPs/industrial firms in Oromia includes Eastern Industrial Zone, Jimma Industrial Park, Bulbula Integrated Agro IP, Modjo Leather City and Adama IP. Besides, the study also includes the nearby communities which are affected by industrial park activities.

The major target of the study unit are IPs/firms based on the identified themes and employees related issues. More specifically, the major tasks carried out by the team as part of the broader scope of the study were:

- Conducted a desk study of themes that were central to female wage labour in the industry sector in Ethiopia,
- Developed the fieldwork schedule in consultation with the steering committee,
- Designed data collection tools;
- Recruited and trained enumerators;
- Present the data collection tools on the debriefing and training sessions/take off consultation meeting and make use of the feedbacks from the participants;
- Provided support to data collectors during data collection and fieldwork to ensure quality,

- Conducted pilot testing/debriefing of the data collection tool to verify the reliability and validity of the tool,
- Performed iterative data analysis which involved continuously analysing key variables as part of data quality checks using various methods of descriptive and inferential statistics.

Unit Two: Review of Related Literature

2.1 Definition and Concept of Industrial Park

Industrial parks are broad concepts and have different definitions to reflect the variety within them. The common terms used to define IPs, which were built by UNIDO, have a broad definition. UNIDO defines industrial parks as "a tract of land developed and subdivided into plots according to a comprehensive plan with the provision of roads, transportation, and public utilities, sometimes also with common facilities, for use by a group of manufacturers" (UNIDO, 2019). In addition to this, the terminology used to substitute for the concept of an industrial park is a special economic zone, defined by the World Bank in 2009.

IP is a broad range of concepts also used to represent, such as export processing zones, free-trade zones, special economic zones, high-tech zones, enterprise zones and free ports, etc. The terms used in various concepts related to industrial parks result from differences in the objectives, functions, or forms of these parks, differences in the economic policy terminology of various countries, and the determination of specific industrial parks or special industry zone programs to differentiate themselves from the competition.

According to Ethiopian industrial park proclamation No. 886/2015, the term "industrial park" is defined as an area with distinct boundary designated by the appropriate organ to develop comprehensive, integrated, multiple or selected functions of industries, based on a planned fulfillment of infrastructure and various services such as road, electric power and water, one stop shop and have special incentive schemes, with a broad view to achieving planned and systematic, development of industries, mitigation of impacts of pollution on environment and human being and development of urban center, and includes special economic zones, technology parks, export processing zones, agro-processing zone, free trade zones and the like designated by the Investment Board (Federal Legislative, 2015)

2.2 Evolution of Industrial Park Development: Global Scenario

When we see the developments of IPs, the first parks were designed to encourage external trade by the implementation of free ports, a region which was free of local prohibitions, taxation, tariffs and excises on transport (imports, exports and exchanges) (Farole, 2011). It was built in early 1704 in Gibraltar, 1819 in Singapore and 1848 in Hong Kong and use for economic

purposes (Zhang, Hao, 2014). In 1937, the United States of America established the first modern IP design in Brooklyn, New York's Navy Yard. Following World War II, the concept was expanded and in 1960 Industrial zone development in Latin America began in Colombia, Porto Rocco, and the Dominican Republic. In Asia the development started in South Korea, Philippines and Siri Lanka.

In the early 1970s, these parks were driven by public sector development and operated with government subsidies for services and facilities. Over the decades the scope of services provided by IPs has become more sophisticated and holistic. In the late 1970s and 1980s, the new generation of IPs was built with greater attention given to the requirements of science, technology and business. During the 1990s, IPs emerged with greater flexibility in the use of buildings and space, and a wider range of support services supplied to firms. There was a gradual shift from ad-hoc private sector licensing to plan and coordinated public-private partnerships. Private sector involvement led to improved services, greater product differentiation and non-price competition.

The most recent wave of IPs constructed since the late 1990s are designed to promote new innovative industries and technologies, as well as to create attractive environments for employees with facilities such as housing, medical services, shopping and educational establishments. The private sector develops, owns and operates the park on a cost recovery basis. The authority only regulates activities within the confines of the park and outsources core functions to the private sector (Memedovic, 2012).

2.3 Industrial Parks Performance

Performance represents the level of performance of the job mission of an individual. When we see the business performance, it is related to organizational effectiveness that encompasses both operational and financial outcomes (Selvam et al, 2016). Operational success can be thought of as a precursor to financial performance, mediating the effects of capital. Operational performance is related to capabilities that provide a base line for competitive advantage, customer intimacy, product leadership and operational excellence. Because of their numerous contributions to economic growth, job creation, and innovation, the performance of small and medium sized businesses has been regarded as one of the most important critical factors underlying the economic success of both developed and developing countries (Farole n.d.)

The performance of IPs is a performance that considers three types of outcomes. (1), Static economic results are derived in the short term as a medium of trading and investment, export and employment through the deployment of economic zones. (2) Dynamic economic outcomes, including technology transfer and structural change. This includes diversification, upgrading, and increased openness and (3) socioeconomic outcomes, such as the quality of jobs created and gender differences (Warr & Menon, 2015).

According to UNIDO, Key Performance Indicators (KPIs) can be defined for an entire industrial park, an individual facility, or various processes at the park or an individual facility. In line with the core, Inclusive and Sustainable Industrial Development (ISID) principles, these guidelines set forth three indicator categories comprising a total of 13 key industrial park performance indicators as economic performance indicators, social performance indicators and environmental performance indicators (UNIDO, 2019). In this research, we use a frame work by UNIDO key performance indicator as follows.

2.3.1 Economic performance

This performance indicator is relating to the ISID pillar "Advancing Economic Competitiveness" and includes:

- Good economic governance;
- Economically enabling site & infrastructure 'hardware';
- Economically enabling services 'software'; and

2.3.2 Social performance

This performance indicator is relating to the ISID pillar "Creating Shared Prosperity:" and includes

- Socially appropriate site & social infrastructure;
- Occupational health and safety
- Good labor relations and welfare and
- Social inclusiveness;

2.3.3 Environmental performance

This performance indicator is relating to the ISID pillar "Safeguarding the Environment" and includes:

- Environmentally appropriate site;
- Green infrastructure;

2.4 Contributions of Industrial Parks

2.4.1 Stimulating investment and Creating employment

The establishment of IPs has undoubtedly helped put Ethiopia on the radar of foreign companies and FDI inflows have been on the rise ever since. The gap between overall figures and FDI inflows attracted to the zone is substantial. Take the case of the Chinese shoe producer, Huajian for example - it started producing in the EIP (Eastern Industrial Park) in Ethiopia in 2012, and then decided to expand its production by creating its own industrial zone in 2015. Although still in its infancy, the Huajian International Light Industry City started operating in 2016. Capitalizing on its experience in the EIP, Huajian International Light Industry City, which is projected to procure a US$ 2 billion investment and yield US$ 4 billion in returns over 10 years,

Another positive impact is employment creation. In spite of frequent allegations about foreign companies bringing their own labor force in Ethiopia, a lot of international firms tend to employ local workers, except in management positions. According to the developer of EIP, 87 per cent of the permanent workforce in Chinese firms in Ethiopia was local. The first and the largest industrial park developed by the government, by the end of 2017 Bole Lemi Industrial Park has hired around 11,000 workers. The Huajian International Light Industry City aims to eventually employ 100,000 workers and provide housing, hospitals and schooling on site. Based on an annual growth rate of at least 11 per cent in the forthcoming years, IPs are expected to create 32,000 new jobs in manufacturing, mostly targeting younger Ethiopians.

2.4.2 Facilitating export growth and foreign exchange earning

In Ethiopia, the Huajian Group has set up two production lines in the EIP, with a production capacity of 2,000 pairs per day, exporting to the US and the EU markets. Bole Lemi Industrial Park production reaches monthly export revenues of USD 2 million. According to GoE, Ethiopia’s desire to expand its IPs deployment is to enable the manufacturing sector to contribute to 20 per cent of Ethiopia's GDP and 50 per cent of the export volume by 2025. In the past five years period, Ethiopia has saved over $2.3 billion U.S. dollars due to the substitutions of products such as vehicles, spare parts, steel products, and building elevators which used to be imported from abroad.

Developing IPs is part of the Ethiopian government's plan to make it a manufacturing hub in Africa, and factories engaged in export-oriented business in IPs will have ideal setting to export

their goods. Additionally, in GTP-II, IPD is critical to Ethiopia's aspiration to augment its domestic production of various commodities that include cement, sugar, textile, vehicles and heavy-duty trucks, while simultaneously adhering to international standards and quality requirements, to reduce the dependence on imported goods. This import substitution initiative is important as the country is facing foreign currency shortage.

2.4.3 Developing industrial clusters through forward/backward linkages

Through the development of specialized/clustered IPs the economies of scale and efficiencies of industries could be enhanced and vertical integration will be developed. Proponents of IPs usually argue that these schemes will benefit the local economy because of the business linkages between foreign and local companies. Foreign investors may purchase materials and services from the local economy, invest in infrastructure built by local companies and bring new technology into the zones that will be transferred to and shared with the rest of the economy. However, prospects for the IPs in Ethiopia to build backward linkages within the local economy are rather weak because the raw materials and intermediates needed in assembly-type operations may not be available locally, and due to the known propensity of Chinese companies to source inputs through their own networks.

Moreover, local firms may also lack the capacity or "absorptive capacity" to adopt any spillover that does take place. Simultaneously, the forward linkages, which usually involve the provision of diverse ancillary services to the zones, may be constrained by deficient infrastructure and logistics and lack of competition in the host economy. In Ethiopia, backward linkages are usually thought to be important in light manufacturing (Textile, Garment and leather garment industries, for instance). The reason for such an optimistic stance is that Ethiopia grows cotton and has a spinning, weaving, and knitting history; making local sourcing possible (this is in contrast to what may be observed in many LDCs such as Cambodia). Moreover, Ethiopia's industrial policy has focused on incentivizing exports and developing domestic value chain linkages between cotton, textile, and apparel firms. (Staritz et al., 2016)

2.4.4 Eliciting knowledge transfer and technology spillover

Another potential channel for dynamic gains is through transfers of technology, or of know-how. Most surveyed Chinese firms provide formal training programs in Ethiopia: Huajian and Lifan have been reported to provide vocational training to its employees, including training of local

technicians in China. A number of other factors may also limit the potential spillovers. In particular, the fact that very limited local investors are located in the Chinese-led SEZs is one such inhibiting factor, since local SMEs for instance cannot take advantage of working in partnerships with the larger firms in the zones.

2.4.5. Establishing connections to global value chain

Under AGOA, leather shoes export from Ethiopia has reportedly boomed. However, turning Ethiopia into an international shoe and light manufacturing hub continues to remain elusive. Ethiopia has failed to reach the targeted 15-fold increase in textile and leather exports to US$ 1.5 billion in the first GTP Plan that ended in 2015. One explanation lies in the role of the domestic market, which is still important not only for domestic firms but also for foreign-owned firms- even though the government aims at pushing the latter group solely into exporting. (Staritz et al. 2016)

Rather than manufacturing investments, Chinese investments in infrastructure may have proven to be more instrumental in transforming the country. The construction of new dams, for instance, has been instrumental in guaranteeing stable power supply and making a reality out of Ethiopia's plan of making electricity one of the country's greatest exports into reality. Similarly, the construction of a new railway line connecting Addis Ababa to Djibouti, officially inaugurated in Djibouti on 10 January 2017, may turn out to be a game changer: the new 750 km railway line will turn a week-long drive through a winding pot-hole filled road into a smooth 12-hour ride to the coast, facilitating the transport of goods to and from the Port of Djibouti and cutting costs accordingly.

2.4.6 Fostering Sustainable Growth, Eco-industry and Social Equality

With regards to the link to be created between the IPD and green economy growth, Ethiopia has clarified its stance and efforts on green growth. The significance of IPs in green development can be assumed into two ways. Firstly, when factories enter into IPs, their pollutants would be destroyed properly by the center. Chemicals or other fluids would be released inside the IPs. Thus, the factories engaged in the manufacturing sector will not pollute the environment. Secondly, IPs are the foundation to develop urbanized areas which would lead to industrialization within the country. The combination of industrial transformation and linkages with industrial zones, will lead to the expansion of urbanization. Integrated with urban master

plans, urbanization can be created in which huge amounts of human and capital resources are mobilized.

Regarding the socio-economic benefits of industrial parks, they can reduce rent seeking and negative consequences in land holding, infrastructure and construction matters. It should be stressed that the main social benefit of industrial parks is the opportunity to create immense job opportunities for women and youth. Small and medium scale industrial development and large-scale industries are geared to poverty alleviation and development.

2.5 Industrial Parks Challenges

2.5.1 Lack of Effective Administrative Capacity

Developing any type industrial zones requires wide ranging work involving every member of the community. The roles of the government and private sector must be integrated, and attention to their roles must be equitable. The institutional capacity of the regulatory institutions including the Investment Board and Ethiopian Investment Commission (EIC) is very crucial to provide overall leadership. An important challenge facing the existing industrial parks and zones in Ethiopia is the lack of an effective management system. In relation to the EIC, both capacity and organizational issues can be critical in regulating and implementing IPD in Ethiopia. The regulation and implementation of IP are covered in its responsibilities. While this is an important step to enhance IPD in Ethiopia, the organizational capacity of EIC in terms of number of qualified human resources, motivation of staffs, and organizational structure is very limited.

EIC has limited capacity to design the right regulation, directives, and policy incentives for effective implementation and monitoring the process of IPD. It has also limited capacity to monitor the process of IPD implementation. Its current focus is to attract new FDI and maintain those currently under operation based on its ‘relationship building' business model. While this is fundamental to enhance FDI in Ethiopia, it is also equally important to build its capacity in promoting, providing permit to IP, regulating and implementing IPD. EIC is not well staffed to perform the different activities required in the IPD (operation, promotion, legal, etc.) as it is observed from its organizational structure. The available staff members have no experience in IPD. Thus, it is essential to design an organizational capacity that enable the EIC to utilize its current capacity while at the same time build its regulatory, implementation and monitoring capacity in cost effective way.

2.5.2 Shortage of Foreign exchange

Foreign exchange shortages due to weak export performance and high demand for foreign currency present significant market challenges for Ethiopia. Therefore, all payments abroad require permits and all transactions in foreign exchange must be carried out through authorized dealers supervised by the National Bank of Ethiopia (NBE). Foreign investors cannot repatriate all of their profits abroad. Private sector actors in the IPs widely complain about the shortage of foreign exchange and point out the adverse implications on their businesses.

2.5.3 Inadequate Local public utilities

The other issue is related to service provision by a public utility. One of the key benefits of IPD is increasing firm competitiveness by facilitating the provision of service and infrastructure to Park enterprises. Services such as water, power, waste water treatment, solid waste disposal, custom, telecommunication, internet, etc. are normally provided by local public offices in Ethiopia. Studies show that the provision of these aforementioned services is extremely low. This is mainly due to lack of motivation and rent seeking behaviors from local staffs, lack of capacity as well as slow decision-making process. There is also problem associated with tax including unclear tax standards, poor tax collection and corruption by local staffs. This also creates inefficiency for Park enterprises, and jeopardizes their competitiveness.

2.5.4 Limited Financing sources

For most private IPs developer including EIP, limited sources of financing are one of the greatest challenges for running the park sustainably. Take EIP as example, due to the fact that its fixed assets are in Ethiopia, it is difficult for Qiyuan Group to get bank loans through asset-backed mortgages, and thus the current liability ratio of the EIP is less than 10 per cent.

2.5.5 Inefficient logistics

The textile industry is highly sensitive to cost and lead times of imports and exports. An estimated 50 to 60 per cent of the value of Ethiopia's garment exports consists of imported raw materials and components. As a landlocked country, Ethiopia needs to assure investors timely connections to ports. Heavy reliance on the port of Djibouti poses significant risks. Ethiopia's trade logistics constraints include inefficient trade finance and bank processes, long shipping times, high shipping costs, inefficient port operations, high freight transport cost, unregulated

service under monopolistic practices; inadequate logistics service capacity, poor coordination, and lengthy customs and inland dry port clearance.

Customs processes are unpredictable and that requirements and regulations are not clear. Customs clearance, trade facilitation and border management procedures must be streamlined and made more efficient. If left unaddressed, logistics costs will prevent Ethiopia from capitalizing on an opportunity to bolster exports and diversify toward higher-value added activities.

2.5.6 Inappropriate Location of the Parks

The competitive position of EPZs within countries also depends on the competitiveness of the EPZ program. According to the literature, one of the primary reasons for the failure of zone initiatives is poor site selection (Vastveit, 2013). In Africa, political rather than commercial or economic reasons are too often influenced by the location of EPZs (Farole, 2011). In this context, EPZs are also utilized to create investment and jobs in remote places indicative of a low economic level of activity, despite longstanding evidence that this is not the case (Farole & Moberg, 2014).

As a result, the emphasis and the fiscal resources of a number of EPZs throughout a country are fragmented and most are never decommissioned (Farole & Moberg, 2014, 2017). According to Farole (2011), most African countries have at least one EPD located in a lagging or remote area, but only a few have done enough to address issues of infrastructure, work skills, and access to such remote locations. Previous studies demonstrate that it has frequently not been beneficial to use EPZs as a regional development tool to create investment and jobs, as building an EPZ in a remote place requires comparable expenditure on infrastructure (Engman et al., 2007). If no existing infrastructure is available in remote areas, the expense of creating the necessary infrastructure is significantly more than that of a well-developed area.

Easy access to skilled work is typically restricted in underdeveloped communities (Kusago & Tzannatos, 1998, Jayantha Kumaran, 2003). These findings provide an important lesson for latecomers: when choosing a location for an EPZ, EPZ planners should keep in mind that the economic benefits will be most readily available if it is located adjacent to well-developed locations, typically urban centers, where required infrastructure, utilities, support services, and port facilities are frequently available, or if it is economically feasible to constitute.

Engman et al. (2007) stress the importance of this, if the country has less expertise in EPZ development and management. This is particularly crucial. Governments often take on large obligations, create expectations, and risk distorting markets by undertaking large-scale demarcations of land for eventual zone development. By acquiring large tracts of land for future development of SEZs, governments effectively incur an obligation to potential private investors as well as local communities to deliver on this infrastructure. Land acquisition, compensation, and displacement issues are still receiving insufficient attention in many zone programs (J. Bobonis and J. Shat, 2007).

2.5.7 Comparative Disadvantage in Labor

EPZs were designed to draw investment by allowing countries to better leverage a key source of low-cost labor comparative advantage. It is well established that African EPZs are not globally competitive as platforms for processing activities due to the comparative disadvantage of labor. The work force is unskilled, which is connected to low productivity. The skills gap poses a major constraint to industrial development in Africa. Most investment in EPZ programs is primarily for efficiency (Farole, 2010).

2.6 Theoretical Framework

A theoretical framework helps us to organize what we know about a stated question or issue at any particular time. The desire for development in the Third World countries is so great that various theoretical models have been advanced in an attempt to explain the available development options.

The study of IPD is multidimensional, encompassing a cross section of several social science disciplines including economics, political science, sociology and geography. The complexity of such a study implies that it cannot be limited to a single analytical tool. Yet, as Baissac (1996) points out, the application of several analytical methods may on the other hand be contradicting. To give this study a wide scope as possible five theoretical models will be applied: the neo-classical approach (orthodox view), the political economy approach, the heterodox approach, the value chain approach and the agglomeration economic approach.

2.6.1 The Neo-Classical Approach (Orthodox View)

The mainstream neo-classical economic theory views SEZs as enclaves offering open and freer trade policies set up with the objective of promoting trade. According to this theory, free trade is the best policy for a government to adopt. If freer trade is not politically viable at economy wide level, some welfare gains may be obtained from SEZs. SEZs therefore represent, at best, a second-best policy. When viewed from a static perspective, SEZs are distortionary trade instruments which distort trade patterns, promote unfair competition between domestic and SEZ firms, drain government revenue and if the rest of the economy is not liberalized, they remain production enclaves with little economic contribution. It argues that SEZs are useful only when the government uses them as a vehicle to further economy wide reforms. Their role should therefore be transitory, facilitating the transition of an economy from import substituting regime to free trade regime with minimal government intervention. They lose their significance as countries implement country wide systemic trade, macroeconomic and exchange rate reforms (Madani, 1999).

2.6.2 The Political Economy Approach

The political economy perspective of SEZs is based on the public choice theory '(Buchanan & Tullock, 1962), which draws on the interest group theories of Political Science and neo classical economic school. It argues that the provision of government intervention promotes lobbying by interest groups for rent seeking. The main lesson of this perspective which supports the principle of minimalist government is that the best strategy for all countries and in all situations is to liberalize and not do much else. Free trade with minimal state intervention alone can ensure growth. The objective of the SEZ policy according to this approach is to generate rents to a few capitalists by facilitating land acquisition and offering tax incentives at the cost of the rest of the population, which in turn would reduce the overall welfare. The argument of the self-regulating market and minimalist government has increasingly been criticized. Evidence suggests that governments in industrialized countries manipulated and maintained rents to create a capitalist class and after the creation of this class used these rents to encourage them to invest in growth (Khan, 2004).

2.6.3 The Heterodox Approach

While the neo classical theories are obsessed with markets and argue that limiting the role of the state is essential in minimizing market distortions, the heterodox school advocates a mix of state market interactions, in which developmental governments play a significant role in investment, human capital formation, acquisition of technology, institution setting, and the promotion of policy and institutional reforms (Chang 2002). This school draws on the endogenous growth literature and development state and new institutional theories. It argues that domestic firms lack the technical, marketing and managerial know-how and that they seldom have access to international distribution channels. In this scenario, SEZs are a government sponsored initiative to fill this gap. By offering enabling investment climate in terms of efficient infrastructure, good governance, simpler regulatory system, availability of skilled labor, tax incentives, finance and strategic locations, SEZs are instrumental in attracting FDI. FDI is accompanied with better technologies and managerial skills. The presence of foreign firms generates important spill-overs also. These spill-overs include labor and management on-the-job training and learning by doing, copying and demonstration effects, and impact on the rate and level of human capital formation in host countries. SEZs can thus offer unique scope for learning, improvement and transformation. The presence of foreign firms generates important spill-overs also. These spillovers include labor and management on-the-job training and learning by doing, copying and demonstration effects, and impact on the rate and level of human capital formation in host countries. SEZs can thus offer unique scope for learning, improvement and transformation through the flow of technology, knowledge and skills (Milberg, 2007). However, in this framework also SEZs are a second-best policy. If the country ‘s investment climate is significantly improved, SEZs become superfluous in the economy ‘s performance.

With the proliferation of a variety of SEZs across the world (including in developed countries) there is need to extend theoretical foundations of setting up of SEZs for a better understanding of their contribution to the economic growth. We propose to extend the heterodox approach to embrace the agglomeration economies approach and the global value chain approach to explain the rationale and contribution of SEZs.

2.6.4 The Global Value Chain Approach

The globalization process is accompanied by a rapid emergence of global value chains. The whole process of producing goods, from raw materials to finished product, has increasingly been

sliced and each process is carried out wherever the necessary skills and materials are available at competitive cost either through off-shore outsourcing and/or offshoring. Offshore-outsourcing is associated with subcontracting parts / the whole production process to specialized firms abroad while off-shoring is the shift of production to a new location in another country through affiliates FDI. However, market forces alone cannot ensure an effective integration of domestic firms in these chains. Global competition is so intense that unless deliberate policies are introduced to foster a favorable investment climate in terms of improved infrastructure, simplified rules and harmonized processes, regulations, and standards with domestic, bilateral, regional, and international practices, domestic firms in these economies are not usually able to avail the opportunities to integrate within these networks. By offering an enabling business climate SEZs facilitate the host country ‘s insertion into global value chains through both off-shoring and offshore-outsourcing. SEZs thus promote both domestic and foreign direct investment. While there is huge literature on the role of FDI in technology transfers and diffusion in developing countries, the contribution of outsourcing to domestic firms in technological upgrading of the economy has attracted little attention. Outsourcing has opened large export opportunities for domestic firms in developing countries. Integration within the global value chains is an important way for strengthening the competitiveness of developing-country firms and building their productive capacities. Entry into global chains promises access to a global pool of new technologies, skills, capital, and markets, upgradation of firm-level capabilities from learning through technology diffusion and exposure to international best practice systems of corporate governance. As a consequence of learning by exporting ‘they can target more sophisticated market segments such as design, marketing and branding. They can thus be a potential tool for promotion and diversification of export activities. One clear example of upgrading among developing country producers is the case of East Asian SEZ producers. According to Gereffi (1999) they moved from (a) assembly of imported inputs, to (b) increased local production and sourcing, to (c) the design of products sold under the brands of other firms, and finally to (d) the sale of own branded merchandise in internal and external markets. In all these countries SEZs were used as a tool to attract offshore-outsourcing and off-shoring activities (Gereffi, 1999).

2.6.5 Agglomeration Economies Approach

This approach does not focus on augmenting resources for growth but on reallocating them for promoting productivity and innovativeness. The advantages of agglomerations are rooted in:

knowledge spillovers, resource sharing, and labor pooling. Within this framework, SEZs are government promoted clusters of outward oriented firms, both foreign and local, and are set up to exploit the benefits arising from global value chains. These clusters enhance productivity and spur innovation by bringing together technology, information, specialized talent, competing companies, supporting companies, academic institutions, and other organizations (Kim and Zhang, 2008). The success of clusters depends on four sets of factors: firms 'structure, strategy and rivalry, demand conditions, factor conditions and supporting industries. The more intense and developed the interaction of these factors, the greater is productivity enhancing effects of these clusters. The more outward oriented these clusters are the greater is the intensity of interaction between these factors. Openness to international markets imparts dynamism to clusters and enhances factor specialization and upgrading, and demand sophistication. Furthermore, clustering of foreign and local firms amplifies these benefits further. A close proximity of foreign and domestic firms, and the accompanying linkages, facilitate technology spillovers and demonstration effects. Local producers learn a great deal from global buyers about how to improve their production processes, attain consistent and high quality and increase the speed of response '(Kim and Zhang, 2008). Evidence suggests that geographically concentrated foreign companies are better than dispersed foreign companies in transferring technology and managerial skills via training and spillover to domestic firms (Kim and Zhang, 2008). Firms in the cluster forge linkages with external actors and enhance their competitiveness as well.

Large comprehensive SEZs are based on the concept of industrial districts. Becattini (1990) popularized the term and defined the industrial district as a _socio- territorial entity which is characterized by the presence of both a community of people and a population of firms '. According to him in the district, unlike in other environments community and firms tend to merge '(Becattini, 1990). The main components of this model are: geographical and sectoral concentration of enterprises; cooperative competition; a socio-cultural identity which facilitates trust and active self-help organizations (Schmitz, 1995,). The process of globalization has intensified the pressure to develop global cities which can utilize resources at local, national, and global scales. In this context, industrial districts can act as nodes for globalization and economic development. Urban and industrial agglomerations reinforce synergies created by each of them. In China, they have become a central force underlying the emergence and transformation of the metropolises into global cities (Wei and Leung 2005). SEZs are thus not a second best. They are

the strategic policy tool to insert the domestic economy into the global economy and to enhance productivity of resources through knowledge spillovers, technology diffusion and demonstration effects by exploiting agglomeration economies (Aggarwal 2007). They not only reduce barriers to the flow of capital and trade and intensify global competition, but can also be used as drivers of global-city formation.

2.7 Empirical Studies

According to Mulu Gebremariam & Daba Feyisa, in the review of assessing the performance of IPs in Ethiopia, their case study focused on the EIP, Hawassa IP, and Bole Lemi IP, interviewed eight key informants and non-participants for field observation and consulted various reported policy documents and research related to the study. According to their findings, these parks are performing well in bringing hard currency to the country and earning about 114 million USD per annum (Mulu Gebremariam & Daba Feyisa, 2019).They found that the performance problem of the park is linked to a lack of supply of well trained and skilled staff, lack of supply of local raw/semi- finished materials to the parks, lack of supply of rental houses for employees across the parks, inefficient trade, finance and banking system, inefficient operation of the park and expensive shipping services, lack of administrator capabilities.

According to the paper, Bezawit & Kenenisa, 2019, in their study Determinants of IP performance in Ethiopia, emphasizing Bole Lemi IP, the objective of the study is to examine the determinants of IP short-term operational performance and also to identify determinants of short-term and long-term factors that affect industrial park performance in the Ethiopian context. The research method they used was a cross sectional study that used both quantitative and qualitative methods from eleven industrial units and all three government institutions in the park. The study had a 70% respondent rate thanks to non-probabilistic purposive sampling of 36 participants. According to their study, the determinants of short-term operational performance in Bole Lemi Industrial Park are related to the IP are, the national business environment, and, more specifically, the high level of labor turn over and the absence of an adequately skilled labor force (Bezawit & Kenenisa, 2019).

According to (Aggarwal, 2005) the study focused on the EPZ in Southeast Asia and covers India, Sri Lanka and Bangladesh. It examines the factors that are crucial for the success of the zones in the Southeast Asian countries. The study begins with exploring different perspectives on the

economics of zones and describes the evaluation of the SEZ policy in those countries and examines the quality of governance, incentives packages, and infrastructure facilities offered by the zones across the three countries in a comparative analysis framework. Also, they analyzed the FDI inflows and export performance of zones using available information. They conclude the management operation of the zone was affected by the overall policy regime. Wide-ranging measures were initiated by the government.

According to his study, the relative advantage that special processing zone units have over the rest of the economy (in terms of incentives, infrastructure, and governance) attracts investment in the region, while overall governance and infrastructure facilities in a country decide the export competitiveness of its zones. The location of zones in the development region and /or near strategic positions, such as bigger cities, ports, and airports, affects both investment and export competitiveness. His findings also indicate that clustering and capital intensity also affect export competitiveness. Industrial clusters of horizontally and vertically integrated industries in general, and high-tech industries in particular, would need to give up zones in the long run.

A study by (Newman & Page, 2017) describes the current state of existing national level SEZs programs and policy measures implemented in support of their case studies on SEZ in Africa and to advocate for policies to improve SEZ performance. The study focused on the existence and incentives offered in SEZs in 27 sub– Saharan African countries and planned or under legislation in place in 13 African countries. According to their findings, Africa's special industrial policy has been largely disappointing. The majority of African SEZs have been unable to attract global investors by achieving their level of physical, institutional and human resources and have a poor level of investment, exports and job creation. In Ethiopia, they find demonstrators' lack of investment in external connectivity and social urban infrastructure causes long delays in clarifying the institutions and the regulatory regime. Vulnerability does not consist of significantly varied aims and incentives for working together towards a single aim.

Another study by (Farole's, 2011) compared the performance and learning experiences of the world in its investigation of the thematic SEZs in Africa. The aim of his study focused on addressing some of these questions and delivering an analysis that was both data driven and policy- focused. His study was conducted across ten countries, focusing on six African countries: Ghana, Kenya, Nigeria, Lesotho, Tanzania, Senegal, and four established zone programs in other regions: Bangladesh, Honduras, the Dominican Republic, and Vietnam.

In this case, he employs a method based on secondary research and interviews with various stockholders. The researchers found a strong correlation between infrastructure quality and the level of investment, exports, and employment in the zones. Trade facilitation demonstrates a good, positive interaction with performance. There are less important factors related to business licenses and regulations in the district. There is no finding that low wages, trade efficiency, and fiscal incentives are associated with SEZ results.

2.8 Other Country's Industrial Park Experiences

2.8.1 China Special Economic Zones

In the late 1970s, after the decade long, debacle of the Cultural Revolution, which left the economy dormant and the people physically and emotionally drained China was in dire need of systemic change. To answer this urgent call, Deng Xiaoping, chief architect of China 's Open-Door policy, launched economic reform in 1978 a drastic measure at that time. In November 1978, farmers in Xiaoguang, a small village in Anhui Province, pioneered the contract responsibility system, which was subsequently recognized as the initial impetus for far-reaching and ultimately successful rural reforms in China (South China Morning Post, 2008). The following month, the central government adopted the Open-Door policy, and in July 1979, it decided that Guangdong and Fujian provinces should take the lead in opening up to the outside world and implement special policies and flexible measures (Yeung, Lee, and Kee, 2009).

By August 1980, Shenzhen, Zhuhai, and Shantou in Guangdong Province were designated as SEZs followed by Xiamen in Fujian Province in October 1980. The four SEZs were quite similar in that they comprised large areas within which the objective was to facilitate broadly based, comprehensive economic development, and they all enjoyed special financial, investment, and trade privileges. They were deliberately located far from the center of political power in Beijing to minimize both potential risks and political interference. They were encouraged to pursue pragmatic and open economic policies that would serve as a test for innovative policies that, if proven successful, would be implemented more widely across the country. The four SEZs were located in coastal areas of Guangdong and Fujian, which had a long history of contact with the outside world and were near Hong Kong, Macao, and Taiwan. The choice of Shenzhen was especially strategic because of its location across a narrow river from Hong Kong, the principal

area from which China could learn capitalist modes of economic growth and modern management technologies (Yeung, Lee, and Kee, 2009).

Because China had just reopened to foreign trade and investment, the SEZs had an almost immediate impact. In 1981, the four zones accounted for 59.8 percent of total FDI (Foreign Direct Investment) in China, with Shenzhen accounting for the lion ‘s share at 50.6 percent. Three years later, the four SEZs still accounted for 26 percent of China ‘s total FDI. By the end of 1985, realized FDI in the four zones totaled US$1.17 billion, about 20 percent of the national total (Wong, 1987). The combination of favorable policies and the right mixture of production factors in the SEZs resulted in unprecedented rates of growth in China. Against a national average annual GDP growth of roughly 10 percent from 1980 to 1984, Shenzhen grew at a phenomenal 58 percent annual rate, followed by Zhuhai (32 percent), Xiamen (13 percent), and Shantou (9 percent). By 1986, Shenzhen had already developed rudimentary markets in capital, labor, land, technology, communication, and other factors of production (Yeung, Lee, and Kee 2009).

2.8.2 Masan Free Zone, Republic of Korea

Created in 1970, the Masan Free Zone became the prototypical export processing zone. Initially, it was called the Masan Free Export Zone and was primarily dedicated to attracting FDI in manufacturing export activities. The objective in creating Masan Free Export Zone (FEZ) was to support the development of manufacturing activities that complemented those of the Korean economy but did not compete with them. Thus, investment was constrained by qualification criteria, and the zone was kept relatively small originally 10 hectares, expanded to 90 hectares. It offered a prime investment and operating environment to qualifying enterprises, including excellent external infrastructure (port, airport, roads) and a high-quality IP with solid management and support services. It attracted prime foreign enterprises in the electronics industry. In 1971, these enterprises imported only 3 percent of their production components from Korea; by 1986, 45 percent of these components were sourced from Korea. The zone achieved one of its crucial objectives: serving as a catalyst for economic diversification through the creation of national competitive clusters in high-value manufacturing. Masan was restructured in 2000 to reflect the liberalized global and domestic economic environment (Farole, 2011).

2.8.3 Malaysia Export Zone

Malaysia ‘s first zone opened near Penang Island in 1972. It rapidly became attractive to American firms in particular, which set up manufacturing operations in labor-intensive electronics assembly. Malaysia ‘s Export Processing Zones (EPZs) grew by 13.3 percent a year in the 1970s. By 1995, more than 400 firms were operating in the zones. By 2003, the zones employed nearly a million workers, a third of them in increasingly high-tech segments of the electrical and electronics industries. Malaysia ‘s electronics industry, created virtually from nothing within the zones, now produces about 10 percent of the world ‘s semiconductors (Farole, 2011).

2.8.4 The Middle East and North Africa (MENA)

MENA initially chose to develop Free Trade Zones (FTZs), whose numbers also expanded in the 1960s and 1970s, notably in Egypt, Israel, Jordan, and Syria. Tunisia chose the EPZ (Export Processing Zone) route. In the 1990s, manufacturing activities took root, notably through the Qualified Industrial Zone program. Although most countries in Sub-Saharan Africa did not develop zone programs until the 1990s, several launched earlier initiatives, including Liberia (1970), Mauritius (1971), and Senegal (1974). By the mid-1980s, EPZs were a fixture of trade and industrial policy in all regions of the world (Farole, 2011).

There is generally an increasing trend in the development of Free Economic Zones (FEZs in the MENA region. In the MENA OECD Stock-taking report (2005), there were 48 functioning zones in the MENA region as a whole; with three MENA countries having no FEZs at that time namely Oman, Qatar and Saudi Arabia. According to the in 2008 update, there were about 73 FEZs. The numbers have almost doubled from 48 in 2005 to around 89 FEZs in 2009 (MENA-OECD, 2009). Moreover, the three countries that did not have FEZs had set up concrete plans for their development. Saudi Arabia had set ambitious goals for creating six special economic cities with a goal of creating 1.3 million employment opportunities by 2020. The King Abdullah Economic City is slated to be built first and will be divided into six areas: the sea port, industrial zone, central business district, resort district, education zone and residential zone. Oman has developed a specialized zone called the Knowledge Oasis Muscat focusing on technology development. Qatar plans to construct a development called Energy City Qatar with the aim of attracting leaders in oil and gas production, to be opened in 2010 (MENA-OECD, 2009).

In line with the rest of the world, the emerging trend in FEZ development approach in MENA is a movement away from the classical development of free trade zone and EPZ export processing zones towards SEZs and Specialized Zones (SZs). In 2005, the stock of EPZs, SEZs, and Specialized Zones (SZs) in MENA numbered 38, 2 and 8 respectively; in 2009 the numbers are as follows: became 37 FZs, 10 SEZs and 37 SZs (MENA-OECD, 2009).

2.8.5 Mauritius Export Processing Zone

The Mauritius Export Processing Zone (MEPZ) is one of Africa ‘s most famous and successful examples of the free enterprise type of EPZ, in which companies are granted status on an individual basis and are free to locate anywhere on the island, including in IPs that are not restricted to MEPZ enterprises. MEPZ enterprises dot the national territory; historically, they have located near labor force pools. Mauritius is only 1,800 km2. The small size greatly simplifies access to key infrastructure, as no enterprise is more than 60 km from the international airport and the port. This EPZ strategy allowed the country to avoid having to set up IP to host MEPZs when their numbers reached 600 firms in the late 1980s to mid-1990s. Mauritius also operates the Mauritius Freeport, which is a small commercial free zone within the island ‘s commercial port in the capital city of Port Louis. Companies must operate within the designated perimeter (Baissac, 2010; cited in Farole, 2011).

2.8.6 Industrial Park Development in Ethiopia

Among Sub Sahara Africa (SSA) countries, Ethiopia ‘s recent economic growth is impressive and its GDP grew on average by 11 percent between 2004 and 2014 (WB, 2015). In order to sustain the growth momentum and further induce industrialization, the government of Ethiopia has introduced the ambitious GTP I and II since 2010/11, in which the private sector has been considered as an engine of economic growth and transformation that primarily intends in reducing poverty and bringing structural transformation through building an economy with modern and productive agricultural and industrial sectors that would ultimately take the country to a middle-income status by 2025 (Zeng, 2015; MoI, 2015). Structural transformation is defined as the reallocation of economic activity away from the least productive sectors of the economy to more productive one.

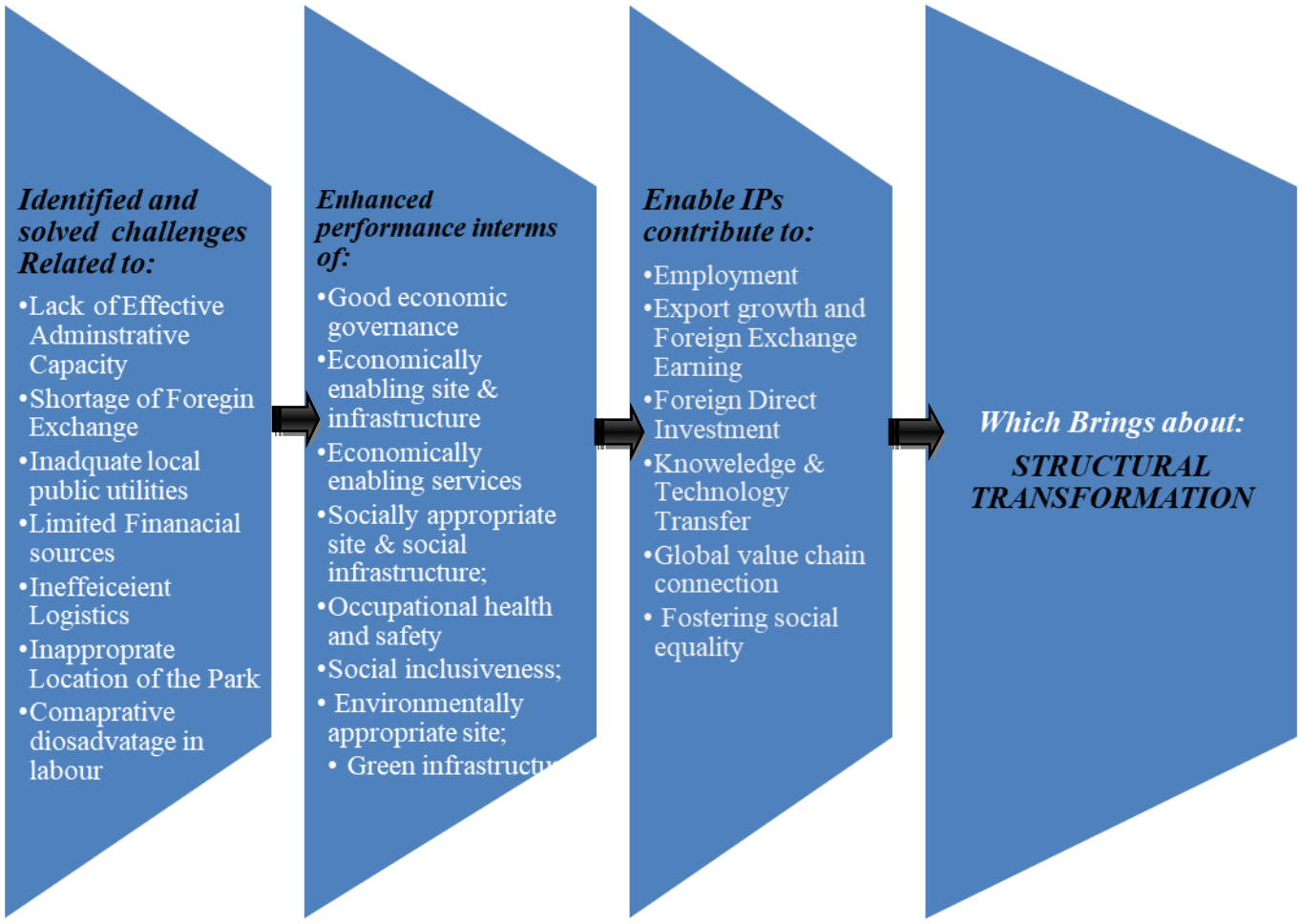
Ethiopia’s Growth and Transformation Plan (GTP I and GTP II) identifies industrial parks as one means for the country’s industrialization and promotes the establishment of industrial parks for

the following priority national sectors: textiles and garments, leather and leather products, sugar, cement, metals and engineering, chemicals, pharmaceuticals and agro-processing. Ethiopia plans to increase the number of operational industrial parks from the current five to about 30 by 2025, as part of its efforts to make the country an industrial hub over the same period.

To support this program, the Industrial Park Proclamation No. 886/2015 was adopted to provide a framework for the establishment, development, administration and supervision of industrial parks. Under the Proclamation, industrial parks must be designated by the Investment Board but can, in principle, be developed by the federal or regional governments, through PPPs with the IPDC, or by private developers. Additional investment laws, including the Investment Proclamation 769/2012, provide a wide-ranging incentives package for investments in priority sectors with high export potential. The government has also restructured three important institutions to drive investment and competitiveness. These include the Ethiopian Investment Board (EIB) that serves as a policy and strategy formulation and oversight body; the Ethiopian Investment Commission (EIC) responsible for attracting and regulating foreign investors; and the IPDC, responsible for the planning, development and operation of public industrial parks, including pre-built and fully-serviced factory shells.

In Ethiopia, the Industrial sector contributes 27.6% to the country GDP while manufacturing sector contributes only 6.8% in 2018/19. On the 10 years plan, the GoE plans to reach 35.9 % and 17.2 % in Industry and manufacturing sector respectively. It was indicated that there is a micro economic imbalance which results in unemployment, foreign currency shortage, poor quality infrastructure, poor quality service and sluggish rate of structural change. To tackle such problems specially in relation with manufacturing sector the government identifies a focus area that includes establishing the basis for domestic industrialization, creating more job opportunities, and make export commodity competitive and lastly bring a structural change on the country economy mainly through IPD. (Ethiopia 2030, 2021). The IPs program was therefore seen as a tool to address these impediments to further investment by liberalizing business conditions in a limited geographical area.

2.9 Conceptual Framework

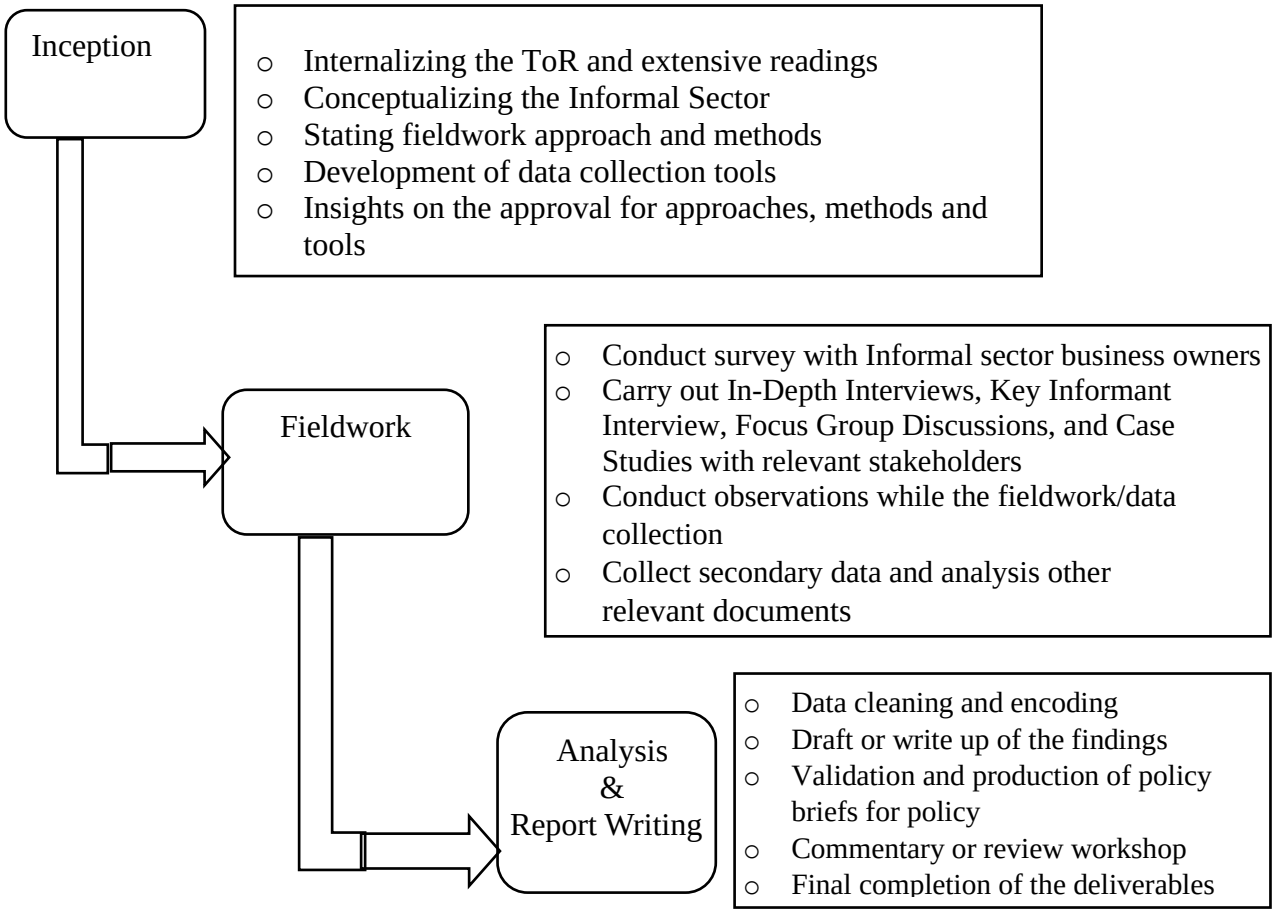


Identified challenges related to the Industrial parks will lead to improved IPs performances in terms of the identified variables above which again enhance the contribution of industrial parks to the overall and regional economy and finally structural transformation can be achieved in the due time.

Unit Three: Approaches and Methods of the Study

3.1. Unit Overview

This part of the study defines and devices the approaches and methods of the study including research design, approaches, target population, sampling technique and procedure, data collection tools and procedures, and data analysis methods. The overall processes in this study have adapted three (3) major stages involving inception report, fieldwork, data management and analysis, and reporting phases. The inception work passed through planning and co-design of coining out essential concepts pertaining to female wage workers in the industrial sector. The figure (Figure____) states about the major phases through which the study was conducted.



Source: Researchers Conceptualization of Methods and Approach, 2023

3.2. Research Approaches

With regard to the approach and methods, a combination of both quantitative and qualitative mixed research strategies was adopted for undertaking the assessment of IP in Oromia. The mixed approach provides advantage of using both qualitative and quantitative methods combining the appropriate techniques from both. A Mixed research approach helps to use the combined elements of qualitative and quantitative research methods for data collection, analysis and interpretation to enhance better understanding of the issue under investigation. Thus, mixed research approach is useful to reduce possible data bias by triangulating various data set, provides a complete and more comprehensive picture of a study, and it can also help to minimize the weakness of each approach and strengthen the capability of the investigation enable to draw stronger and more accurate inferences (Creswell, et al., 2003; Bryman, 2006; Doyle & Byrne, 2009).

The two common methods in mixed approach are sequential mixed and concurrent mixed methods. Literature in this regard, such as Andrew & Halcomb (2009) and Kroll& Neri (2017) shows that two types of designs are commonly used in mixed research approach. The two common designs are sequential mixed and concurrent mixed design. While sequential designs require multiple phases of data collection during which either a qualitative or quantitative data collection method dominates; whereas the concurrent mixed design usually requires a cross sectional data collection where qualitative and quantitative data are collected at the same time or in parallel. Thus, for this study the researchers selected Concurrent mixed design and it was applied for data collection, analysis and interpretation activities.

3.3. Research Design

The study design was devised based on the research problem under investigation and the objectives outlined to accomplish the study. The study as indicated earlier was basically focusing on performance, contributions and challenges of industrial parks in Oromia to be conducted once, and thus, the appropriate design for the study could be cross-sectional (time dimension) descriptive and explanatory designs to apply both qualitative and quantitative methods.

Thus, study employed both descriptive and explanatory research design. A descriptive survey research design uses to describe what happened, how it happens and what is happening

(Creswell, 2012) through the opinions, ratings, preferences, and judgement of selected samples. It also shows the current situation (Performances, Contributions and Challenges) of industrial parks and industrial firms and enables the gathering of data from a sample of individuals or groups respondents.

3.4. Data Type and Source

For the intended study, primary and secondary data with their specific sources were used. Accordingly, primary data was collected from each IPs managers, firms' managers, Employees of the firms, FGD participants (Areda/Ana leaders, community elders, youths, Farmers those currently living surrounding the industrial parks), Ethiopian Investment Commission, Oromia Investment Commission, Federal and Regional Environmental Protection Authorities, Federal Customs, Oromia Region Revenue Bureau, Ministry of Industry, Oromia Trade and Industry Bureau, Ministry of Social affairs, Oromia Social Affairs, Ministry of Trade, Industrial Park Development Corporation at federal and regional levels. Secondary data will also be obtained from IPs reports (Jimma Industrial Park, Eastern Industrial Zone, Bulbula Integrated Agro Industrial Park, Adama Industrial Park, Modjo Leather City).

Secondary data was collected from relevant sources which include firms' monthly and annual performance reports from EIC, official reports on import and export activities of industrial firms, labor related reports from relevant governmental federal and regional offices, IP establishment project documents, and other relevant data officially organized for various purposes. Furthermore. Secondary data was collected from relevant literature, legal documents such as Proclamations, Regulations, Directives, Procedures, Working Manuals, and Organizational Plans which are relevant to the study.

3.5. Target Population and Sample

Target Population of the Study

As mentioned earlier, the main focus of the study is to investigate the success level of IPs/industrial firms, challenges they are facing and the contributions of these firms to the economic, social, environmental and other relevant sectors in the country/Oromia region. The study covers all the industrial parks found in Oromia and thus, the industrial parks and firms to

be cover by this study include Jimma Industrial Park, Eastern Industrial Zone, Bulbula Integrated Agro- Industrial Park, Adama Industrial Park and Modjo Leather City. The target population of the survey research in this case includes all employees, and other personals including firm mangers of the indicated IPs and industrial firms. Thus, the target population of the study include the sum of all employes and personals of the aforementioned IPs, industrial Firms.

3.6. Sample Size and Sampling Technique

To manage sample size, both probability (cluster sampling technique) sampling technique was used after determine the size. To get full image about the performances, contributions and challenges of IP's the research team covered all the firms in each IP. All the employees of the targeted IPs and industrial firms including firm managers identified and sampling frame was prepared. Thus, the total of 30975 population was included in the sample frame as the detail is presented in the following table (_____).

S. No.	**Name of IP/Industries**	**Population**
1.	Adama Industrial Park	6417
2.	Jimma Industrial Park	98
3.	East Industrial Zone IP	16974
4.	Mojo Leather City Firms	7462
5.	Bulbula IAIP	24
	Total	**30,975**

Source: IPs/industrial firms of the five targets of the study

On the other hand, to determine the sample size for the study—survey research was determined by using the sample determination method developed by Carvalho (1984) as stipulated in the following table. For this study, high sample size scenario was used to determine the sample size

and 545 sample was taken. The following table presents the detailed procedure of the sample size determination Carvalho (1984).

Population size	Sample size		
	Low	Medium	High
51-90	5	13	20
91-150	8	20	32
151-280	13	32	50
281-500	20	50	80
501-1,200	32	80	125
1,201-3,200	50	125	200
3,201-10,000	80	200	315
10,001-35,000	125	315	500
35,001-150,000	200	500	800

Data Collection Methods

Guided by the objectives and research approach mentioned above, the study used the following data collection tools to see the trends in the state and transformation of female wage labour in industry over the last few years making cross-references to practices at the grass root.

Desk Review

Review of relevant documents and literature from the firms, those accessible, was analyzed. This helped inform areas of major gaps that necessitate generating additional data and/or making consultations with the relevant stakeholders. Other specific documents and reports produced by actors of the sector were collected and analyzed in most appropriate contexts. Further, efforts were exerted to carry out a review of relevant proclamations, strategies, legislations and guidelines pertaining to IPs/firms in the industry sector in Ethiopia and beyond. Documents and studies relevant to industrial Parks and industrial firms' activities, investment issues and other related issues of the country/regional sectors.

Survey Questionnaire

Survey questionnaire was prepared for the employees of the target of this study. The questionnaire elicited data on IPs/firms performances, contribution and challenges. Further it also elicits data on workers' educational status, income, employment securities, fringe of benefits, opportunities in the firms, working conditions, challenges, rights, capacity building activities and incentives for working in the industry operators in Ethiopia. It also aimed to capture the applications of policies and legislations as well as the presence of enabling environments in firms or not. The survey also looked into the socio-economic benefits provided to the local community by the IPs/firms. Eleven field data collectors and four supervisors (research team) were engaged to conduct the survey under close supervision of the research steering committee.

Key Informant Interviews

Key informant interviews were held with the relevant stakeholders at local (experts from relevant sectors at woreda level), regional and federal level to obtain relevant data for the study. In these interviews, emphasis was given on the relevant government sectoral offices representatives and representatives/personals of IPs/Firms and the workers employed in the different firms. Further, interviews were conducted with key informants in different positions within the selected industrial Firms to extract their views on the issues under inquiry. A total of 13 key informant interview were held by the members of research team.

In-depth Interviews (IDIs)

Interviews were also held with local, regional and federal levels government sector offices, personals of IPs/firms and employees of industrial firms. A total of 22 individuals were interviewed from the selected sectors and industrial firms to suffice the data set and data triangulation activities.

Focus Group Discussion (FGDs)

To have more insight into the study topic and triangulate findings, focus group discussions were held with different target groups. Discussions were conducted with local government offices, regional and federal level sectors and in some industrial firm. A total of seven (7) FGD were

conducted for this study with the mentioned study participant during the field work of data collection by the members of research team.

The table below presents the summary of the target groups and participants consulted through qualitative techniques.

Data collection Method	Target groups
FGD (7)	- Government sector offices (3) - Employees and Mangers (4)
KII (13)	- Government Sector offices (5) - IP personals (3) - Employees and managers (5)
IDI (22)	- Employees and managers of the firms - Government sector offices - IP personals

Observation of Study Fields

As a complementary method, the research team members made field visits and conducted observation during the data collection. This approach provided the opportunity to familiarize themselves with the IPs'/firms' internal operations and observe the infrastructure, services (one-stop-shop-service) and other available facilities in the IPs/firms. It also created the chance to interact with IP personals, workers and their line managers and the surrounding communities.

3.7. Recruitment and Training Enumerators

In collaboration with Oromia Plan and Development Commission (OPDC) data team had recruited data collectors and supervisors based on their prior exposures. Hence, eleven (11) data collectors, four (4) researchers—team members for quantitative data and overall coordination. The researchers and supervisor took the prime responsibility for leading the data collection processes, ensuring data quality and the procedures to adopt into the context.

Two days training was organized for data collectors for the purpose of training and exercise. The training session covered the objective of the study, procedures for data collection, ethical

principles and contents of the data collection instruments. At the end of each question detailed discussions were made to ensure the level of undertraining of data collectors and how they would complete the questions.

The training was interactive providing space for trainees to reflect their own experiences and learn from one another. Because of the training, interviewers and the research team members were able to:

- reinforces their own understanding of the key concepts associated with IP related issues, employees or labor in industry and to reflect on some of their own experiences on the working conditions in industry sector,
- comprehends the content of the questionnaire item, and
- acquire the skills and practices required to conduct and record data collection.

3.8. Organization of the Fieldwork

In order to carry out this survey with the desired level of quality, there was a need to organize the fieldwork in advance by creating rapports with most pertinent people. Hence, initial contacts were made with the selected IPs'/firms personals and various levels. The researchers in collaboration with screening committees were able to finally break through the legal field entry to the research site. Undeniably, there were some challenges encounters to commence the data collection. Above all some IP personals and firm representatives were not willing to cooperate the field work with the research team. The said hardship faced the team especially from East Industrial zone and Mojo Leather City firms.

During the survey data collection operation, close and regular supervision was undertaken at the site and after getting back to office. Spot checks, re-interviewing and a thorough scrutiny of filled-in questionnaires were applied to ensure that the data collection activities being carried out according to the given instruction.

Pre-Testing or Debriefing of the Survey Questionnaire

About 30 female firm workers were included into the pilot study from Industrial Firm. The Industrial Firm was located in Bishoftu area. The data collected from industrial firm was used to

conduct the pilot study. The debriefing discussion was intended to evaluate the feasibility of the data collection tools and items contained in it. The outcomes of the pre testing of the tools helped to reconsider and tailor some of the survey questions.

3.9. Methods Data Analysis

Data collected through multiple techniques, involving qualitative and quantitative, were analyzed and synthesized in manners to address the objectives of the study. The data generated from the fieldwork through interviewing and consultations were categorized into thematic areas. For most qualitatively captured datasets, patterns were drawn among the thematic concepts. This was done both manually and by creating memos and quotations relevant to the themes. There was an effort to develop some coding in the data while transcribing each of the interviewees. Initial coding activity was based on prior conceptual categories and further coding concepts were derived from the data itself. This includes explorations of coded data to make further analytical activities such as querying the data to find out frequently occurring concepts and themes, relationships among codes and themes.

During the analysis, research findings were triangulated (cross-checking) by using multiple data sources/data collection methods. One way to do this was to compare information on the same topic that has been obtained from different data sources. Triangulation of the data was instrumental to validate the results and ensure that the information was complete.

Techniques for quantitative data analysis had involved data verification, analysis, and comparison of various data obtained through distinct tools and methods. Qualitative and quantitative methods were integrated throughout report and analysis to create synergy and complementation between the two techniques. The quantitative data analysis involved techniques of analysis such as descriptive and qualitative analysis of data collected from the selected sources; quantitative analysis involving statistical tools and techniques likes to frequency presentation, mean, standard deviations, and correlation and regression analysis and presented in the form of tables, frequency tables, graphs, charts, bar graphs, and line graphs.

3.10. Challenges

There were challenges encountered while carrying out this study. Firstly, obtaining a research permit from industrial IPs/Firms was challenging. Initially, specific IPs/firms were selected in consideration to geographical distributions, and appropriateness to the purpose of the study. However, permission was not granted in some of the IPs/Firms for long time. In the research sites, some respondents included in the qualitative study were reluctant to openly discuss the realities/conditions, the challenges the workers face in the respective firms. It took some time to get them to open up and share their honest opinion.

Many previous studies were made mainly by taking into account the firms' side, the federal government side; missing the side of regional government, local communities and workers. In addition, there presence of limited studies and policy enforcing concerns on the workers benefits and wage related issues another challenge. The absence of focus and advocacy on workers' rights was another challenge and when such topics were raised officials were a bit suspicion and not fully cooperating.

Unit Four: Legal Framework and Governance Issues

4.1. Unit Overview

Re-establishing the existing institutions or creating a new institutional set up are obligatory for the state to compete with ever-changing world as well as to attain its vision of achieving economic development. Regime change and the resultant ideological shift from socialism to market-oriented economy (capitalism) compelled the EPRDF government to undergo policy formulation and to set up a new institutional arrangement. This economic system, though still feeble in Ethiopia, demanded the EPRDF government to ratify several laws and regulations. But there are inconsistencies in these laws. This has its own implications. For instance, this may imply lack of experience in the area or the influence the ever-changing world, or the complex nature of this sector or all.

Beginning with GTP I, the Councils of Ministers ratified a number of proclamations and regulations to foster investment and industrial parks development. In particular, the five years from 2012 to 2017 are unique. Perhaps, it was the period when several proclamations and regulations were issued on investment. The details are presented as follows.

In 2012, the idea of industrial Development Zone came into the forefront. This was the direct outcome of government's policy shift from agricultural led to industrial led development in post 2010 period. The establishment of Eastern Industrial Park, which started production in 2010, might have also stimulated it. As stipulated also in Investment Proclamation No. 769/2012, the aim of the government was to bring economic development of the country. One of the priority areas of development was the manufacturing sector. By promoting this sector, the government's plan was to bring balanced development among regions. To that end, the government granted generous privileges to investors who wanted to invest in remote regions of the country such as in the States of Somali, Gambella, Benishangul –Gumuz, Afar (except in the areas within 15 kilometres right and left of the Awash River), Guji and Borana zones, Segen (Derashe, Konso and Burji) Area peoples zones, Bench-Maji zone, Sheka Zone, Dawaro Zone, Kefa Zone or Konta and Basketo Special *Woredas* of the State of Southern Nations and Nationalities and

Peoples. Investors who wanted to invest in these areas are entitled to an income tax deduction of 30% for three consecutive years after the expiry of the income tax exemption period.[15]

Certainly, the idea of achieving a balanced regional development was a noble idea but an ambitious plan. This is because while establishing an industry we need to consider several factors. To cite one, the distance from port and potential market center would certainly affect the whole production and marketing system seriously. Beat Zimmermann and Jurgen Zeddies (2002:3) have identified such factors that determine the success of an industry or firm as natural location factors (temperature, rainfall, topography), economic location factors (opportunity costs of labour, land and capital, productivity) and political factors (subsidies, taxes, product prices, regulations etc) determine the competitiveness of any firm or industry.[16]

However, site selection for industrial parks in Ethiopia though not entirely, was a political decision. Anyways, the idea of balanced development of regions was gaining ground and as a result, the government officially established the Industrial Development Zones Corporations by Ministers of Councils Regulation No. 297/2013 as federal government public enterprise. It was established for the indefinite period to run the task of developing and administering industrial zones, lease developed land, lease or transfer, through sale, constructions thereon. The other objective was to outsource, the administration of industrial zones through management contracts whenever necessary. On the whole, to help the corporation carry out its mission, the government allocated 3,380,000,000 (three billion three hundred eighty million) Birr. Of this amount, Birr 845,000,000 (eight hundred forty-five million) is paid up in cash and in kind. The Corporation was also made accountable to the Ministry of Industry.

The post 2010, in particular the year 2014 was a turning point with regard to the development of industrial parks. At this time, some significant changes had taken place. First, the regulatory bodies of industrial parks- the Ethiopian Investment Board and Ethiopian Investment Commission were re-established by Ministers of Councils Regulation No. 313/2014. Second, Councils of Ministers Regulation No. 326/2014 established Industrial Parks Development Corporation (IPDC), the administrative organ.

[15] Negarit Gazeta, 19th year No.4, 29th November 2012, Council of Ministers Regulation No. 270/2012

[16] Beate Zimmermann and Jurgen Zeddies, (2002), "International Competitiveness of Sugar production", a paper prepared for presentation at the 13th International Farm Management congress, Wageningen, The Netherlands.

In fact, the Investment Board and Ethiopian Investment Commission are not newly established institutions, which were appeared only after Council of Ministers Regulation No. 313/2014. They have been operating for more than fifteen years. But with the passage of time and appearance of new developments from time to time, their powers and duties were/ are also changed accordingly. For instance, by Investment proclamation 280/2002 the current Investment Commission was named 'Authority.' It was directly accountable to Investment Board which was in turn, under supervision of the Ministry of Trade and Industry. Soon, within a year, this proclamation was replaced by a new investment (Amendment) proclamation No. 375/2003. The new Investment (Amendment) Proclamation deleted the name 'Authority' and replaced it with 'Commission,' which was in use until another investment proclamation was proclaimed in 2012. By Investment proclamation No. 769/2012, the Investment Commission was renamed Agency. The latter also lasted for two years until a new Investment (Amendment) proclamation was proclaimed in 2014. The Investment (Amendment) proclamation No. 849/2014, in turn, deleted 'Agency' in favour of 'Commission.' Lastly, the Ethiopian Investment Commission has retained this name to this date. In general, the naming of the investment commission has been oscillating between Agency, Authority and Commission for more than a decade.

Another development appeared during the last days of GTP I was the reshuffling of powers and duties of these administrative bodies. By Councils of Ministers Regulation No. 313/2014, the Ethiopian Investment Board was given many elaborate powers and duties. Before the enactment of this regulation, the Investment Board, the highest regulatory body was accountable to the Ministry of Industry. But from 2014 onwards, the Prime Minister is the chairperson of the Board. By the same regulation (313/2014), the Ethiopian Investment Commission was made a secretariat of the Investment Board. It was also accountable to the Prime Minister. The other way round, this implies the greatest attention that the top leadership offered to the investment sector and the industrial parks. Members of the Board are also designated and chaired by the Prime Minister. As we shall see later, the Investment Board included to its list, new members in the recent Investment Proclamation No. 1180/ 2020. The recent Councils of Ministers proclamation also re-established the Investment Board and Investment Commission. In doing so, it repealed the regulation number 313/2014.

On the other hand, the IPDC, a new administrative organ is entirely responsible for development and operation industrial Parks. According to the regulation of foundation of IPDC, (Regulation, 326/2014), the Corporation was allocated a huge sum of money (ten billion) that nearly triples the total amount of Birr allocated for its predecessor- Industrial Zones Development Corporation. Designing detail national industrial parks master plan based on the national special master plan was the task given to it by this regulation. To carry out its purpose, it would receive land in accordance with the agreement concluded with regional governments. The IPDC also serves as industrial park land bank. (Negarit Gazeta, 21st year, No. 2., Regulation No. 326/2014

The third most important development that needs to be discussed along with industrial parks and administrative reshuffling is the generous incentives offered by the government to investors. By Councils of Ministers Regulations No. 270/2012 and the amended regulation No. 312/2014, the government granted extra privileges to both foreign and domestic investors. As we have tried point out in the literature Review section, the incentives offered to investors were very generous when compared to the imperial period. Most importantly, the investors who invest in the industrial parks are given additional privileges. That is 2 years additional exemption from income tax in an industrial area located in Addis Ababa or the former Oromia Special Zone,(partially the current Sheger city) and four years for the one who invests in other areas, provided, however that he exports 80% or above of the products to abroad.

4.2. Main Powers and Duties of Administrative Organs of IPS

As we have mentioned in the literature section, the Federal Government of Ethiopia with the vision of joining the middle-income countries by 2020 to 2023 (its vision during GTP I) had embarked on strategies of improving the productivity and diversity of manufacturing sector. The establishment of Industrial parks started during the GTP I period. A long with this development, the government also reshuffled the existing institutions and created new ones. Our discussion of the powers and authorities of the administrative organs of the industrial parks was entirely extracted from the very recent proclamations and regulations of the Federal Government. The most important of these are the Councils of Ministers Proclamation No. 885/2015, Regulation No. 417/2017 and eventually Investment Proclamation No. 1180/2020. But one has to be cautious that our objective is not to go through this detail but rather to investigate how much these legal frameworks have involved the Regional State of Oromia in the administration of

industrial parks. Indeed, the intention is to locate the position and power of Regional State of Oromia and its subsidiary offices with regard to the administration of industrial parks. For convenience, however, we need to highlight about power and duties of Industrial Park Development Corporation, Investment Board, and Ethiopian Investment Commission.

After the Regulation of Councils of Ministers, No.326/2014 two legal frameworks that deal extensively with the industrial parks were issued. These are proclamation No.886/2015 and regulation No. 417/2017. Both set rules and regulations to which IPDC, a developer and operator of industrial parks and other regulatory bodies rely on them to discharge their responsibilities. The Councils of Ministers regulation No.417/2017 and the recent proclamation No. 1180/2020 have thoroughly explained the main powers and duties of Investment Board and Investment Commission. Moreover, unlike other proclamations and regulations ratified so far on investment promotion and industrial park development, these ones have extensively gone through each procedure that each concerned authority of the government should strictly follow to carry out his or her duties responsibility. In particular, the last two, i.e., the Councils of Ministers Regulation No. 417/2017 and the Investment proclamation No. 1180/2020 are very comprehensive. But this does not mean that they are absolutely perfect. In addition, though not in detail, they also contain some duties of other facilitation and regulatory bodies such as Ministry of Industry, Ministry of Environment, and Ministry of Labour & Social Affairs.

As stipulated in proclamations No. 886/2015 and 1180/2020 and regulation no. 417/2017, the major powers and duties of the Investment Board include the following:

a) providing high-level guidance for the development, operation, and management of industrial parks and institution building and control;
b) Deciding on complaints submitted by any Industrial Park Developer, Industrial Park Operator or Industrial Park Enterprise challenging decision given by the Commission;
c) designate industrial parks, make amendments to and cancel the designation;
d) decide on policy matters regarding industrial park end-users and follow up the implementation of its decisions;
e) ensure that the concerned government organs, through cooperation and coordination, put in place a sustainable system as regards one-stop shop service;

f) adopt strategies and studies that enable to create and expand new productive capacity, as well as attract and recruit domestic investors to industrial parks, support them, create multi-faceted, sustainable interlinkages of inputs, and ensure transfer of knowledge and skill within parks; and

g) Ensure that a suitable complaint handling mechanism is put in place to resolve dispute arsing in relation to industrial parks.

Main Duties of the Investment Commission

1. Shall issue permits to Industrial Park Developer, Industrial Park Operator or Industrial Park Enterprise;
2. ensure lease and sub-lease agreements are concluded, construction permits are granted in accordance with the system in place;
3. ensure that infrastructure is developed as per the plans, provided properly and utilised for production and provision of associated services;
4. recruit suitable investors that can engage in the development of industrial parks and conclude agreements with them and ensure full occupancy of industrial parks by manufacturing enterprises;
5. ensure that industrial park enterprises get streamlined one-stop shop service within the industrial parks;
6. develop in consultation with the Ministry of Industry and facilitate adoption by the Board of strategies and studies that help create and expand new productive capacity, attract and support domestic investors to industrial parks, create multi-faceted, sustainable inter-linkages of inputs, and ensure transfer of knowledge and skill within parks and implement such strategies once adopted;
7. provide to industrial park enterprises logistical and export support;
8. Make industrial parks promotion one of its core undertakings within the national investment promotion work; and
9. ensure that the rights of industrial park end-users are respected and their obligations discharged.

However, one needs to be cautious that each administrative organ mentioned above has many powers and duties that are more detailed than those listed are. For instance, proclamation No.

1180/2020 lists about 25 main powers and duties of the Ethiopian Investment Commission. Thus, discussing all of them is tiresome. We only focus on points which are relevant to our purposes.

As has also been discussed, the IPDC is a state-owned profit-making enterprise in charge of developing and operating industrial parks. On land, it receives from Regional States and City Administration on lease bases, it builds industrial parks, constructs physical infrastructure and other services to help enterprises reduce operating costs and improve operational efficiency or it enters into sub-lease agreement for the development, operation and promotion of industrial park land. It also sub-leases developed industrial park land to industrial enterprises. But undeveloped land shall not be transferred to the third party. The Corporation has also the right to rent or sell its immovable assets –buildings and rooms within industrial parks according to specified regulations.

In addition to aforementioned responsibilities, the IPDC has numerous duties in the area of training, promotion, financial issues, employees, environmental protection, charges and fees, tax and custom duty. But many of the powers and duties of the corporation overlap with other regulatory bodies working on the industrial parks. For instance, according to the proclamation No. 886/2015, the corporation has an authority to replace expatriate personnel by Ethiopian nationals by transferring required knowledge and skills through specialized trainings. Almost slightly different power was given to the Ministry of Industry by another regulation (417/2017). The ministry designs what trainings are to be offered. Similarly, the power and duty of the Industrial Park Development Corporation overlaps with the Ethiopian Investment Commission in the area of promotion and attraction of FDI and others. As one can also read from the aforementioned list of duties, there are also overlapping of powers between the Board and the Commission in some respects.

In general, the Ethiopian Investment Board executes strategic decision-making, and approval of policy related issues and other significant problems beyond the jurisdiction of the investment commission. On the other hand, the Ethiopian Investment Commission is largely license giving body. The Industrial Parks Development Corporation is developer and operator of the industrial parks; it also serves as land bank of industrial parks.

The administration of industrial parks is very complex, as it demands the coordination of several institutions. This means that in addition to the aforementioned administrative organs of the Federal Government, the administration of industrial parks also demands the coordination and willingness of several regional and federal government ministries. For the purpose of this study, however, we have only focused on two major themes. First, investment areas which were/are reserved for the Regional States Administration. The other is the position of the Regional State of Oromia with regard to administration of industrial parks and other investments in its territory.

In many respects, the recent Investment Proclamation No. 1180/2020 is impressive relatively to other investment proclamations enacted by council of ministers so far. It attempted to accommodate several issues that got little or no coverage by other similar proclamations. For instance, a statement from this proclamation on areas of investment reads, "All areas of investment shall be open to foreign investors." From this statement, one can deduce that the government policy of investment has becoming more relaxed. That means many areas of investments that were formerly forbidden to foreigners are now open. Though this proclamation does not mention these areas of investment, it is not wide of the mark to argue that the government has already opened investment opportunities formerly prohibited to foreign investors, such as for instance telecom. In the near future, we will also expect foreign banks operating in Ethiopia. For general information, however, it is our pleasure to list areas of investment which were forbidden for foreign investors a decade ago by the Councils of Ministers regulation No. 270/2012. These are:

a) Banking, insurance, and micro credit and saving services;
b) Packaging, forwarding and shipping agency services;
c) Broadcasting services;
d) Attorney and legal consultancy services;
e) Preparation of indigenous traditional medicines;
f) Advertisement, promotion and translation works; and
g) Air transport service using air craft with seating capacity up to 50 passengers

The recent Investment Proclamation also identifies investment areas that fall under the jurisdiction of Investment Commission (federal government). This is in fact, a direct copy from earlier proclamation without any addition or subtraction. These are

a) Wholly foreign owned investment;

b) Joint investment made by domestic and foreign investors;

c) Investment made by a foreign national, not Ethiopian by origin, who is treated as a domestic investor; and

d) Investment made in areas eligible for incentives by a domestic investor who is required to obtain a business license from an appropriate Federal Body.

On the other hand, Ethiopian Civil Aviation Authority representing the commission can carry out the issuance, renewal, amendment, substitution, replacement and cancellation of investment permits, and the issuance of investment expansion or upgrading permits for air transport services. Similarly, Ethiopian Energy Authority and the Ethiopians Communications Authority have the right to accomplish respectively the generation or transmission or distribution of electric power, and the provision of communications services.

The investment areas that are not included in both are the jurisdiction of Regional Governments. The appropriate investment organs of Regional States have the authority over these investments. This means that foreign owned enterprises and joint ventures (by Ethiopian nationals and foreigners) are exclusively under the jurisdiction of federal government. Therefore, it seems very difficult for regional states to get potential investors that would invest in labour intensive manufacturing industry and other sectors. We will come to this point later.

As indicated above, unlike the other investment laws that were introduced so far, the investment proclamation No.1180/2020 raises substantial investment issues in detail. Among these, the one that attracted our attention and also relevant to the issue under discussion is the establishment of the Federal Government and Regional State Administrations Investment Council. The Council was established mainly to facilitate the coordination of investments between the Federal Government and Regional State Administrations. The Prime Minister is the chairperson of the Council. Its members are the top officials such as the presidents of the Regional Governments, the Mayors of Addis Ababa City Administration and Dire Dawa City Administration, the Commissioner, and heads of the appropriate investment organs of all Regions. The normal

schedule of meeting of the Council is every six months but it may meet earlier than this time, when issues that need urgent solution are occurred.

The main duties of the Council are:

1. Directing and monitoring whether horizontal relationship and coordination between the Federal Government and Regional State Administration is smoothly going on with regard to investment administration or not;
2. Deciding or recommending solution to problems arisen in relation to the exercise of powers and functions of the federal government and Regional State Administration in the process of investment administration;
3. creating an oversight system that enables a smooth workflow between the Federal Government and Regional Government particularly in the area of provision of investment services; and
4. Render decisions or put forth recommended solutions on fundamental grievances or significant misunderstandings submitted by investors regarding the provision of pre investment and post-investment services, including the allocation of land, by regional state investment administration bodies with respect to investments effected under this Proclamation.

In addition, the Investment Commission has the plan to establish another facilitating body-Standing Regional State Investment Desks within its structure. This is another development. The Desks shall promote the investment opportunities of the regions, coordinate and scale up region's involvement in investment administration, smooth the pre and post investment services and solve the problems of the investors in accordance with the established rules and regulations.

4.3. Analysis and Gaps Identified

Obviously, administration adhered to strict principles of laws and regulations have great merits. On contrary, violation of rules brings multiple damages that can affect everything. Clear and elegant rules and regulations are a guiding compass to discharge our duty responsibly and efficiently. But this has to be supplemented by committed personnel and sufficient knowledge. Monitoring and evaluation of activities on some measurable criteria are equally important. Briefly, to develop one has to integrate all scarce natural resources, capital, skill and knowledge.

In general, based on document analysis (investigation of investment proclamations and regulations promulgated at different periods), field survey and interview with local officials, it is plausible to round up our investigation as follows.

The topic "governance issues and legal framework," are highly related and interconnected. That is why we prefer to treat them together. They do have cause effect relationship. Normally, challenges because of poor governance system and absence of clear laws are very common in Ethiopia. Each body involved in the industrial parks confronts with certain problems. Poor governance, unarticulated legal framework and other factors may cause these problems. Obviously, the state, enterprises, the local community, employees, resident community, custom authority, environmental protection and other concerned bodies that have direct and indirect connection with industrial parks have their own problems that need to be solved. But this section confined to some major problems relevant to the Regional State of Oromia and its subsidiary offices in relation to administration of industrial parks. The gaps identified are:

a) The absence of clear linkage between Federal Government and Regions
b) Weak local authority
c) Restricted access to potential investors
d) Land ownership and administration problems
e) Inadequate Revenue reaped

The Absence of clear linkage between Federal Government and Regions

The presence of clear laws and regulations or guidelines alone is not a guarantee for the success of any administration. Along with these laws and regulations, there has to be a system that manages their implementation on the ground. Therefore, an efficient system of monitoring plus well-defined legal framework can guide our actions and will bring smooth coordination of activities.[17] (ESCAP, 2017). Though it requires scientific enquiry, the principal problem of the third world countries including Ethiopia in relation to legal framework are problems of either putting rules into practice or deficiencies in writing up clear laws and regulations or both.

[17] *United Nations Economic and Social Commission for Asia and the Pacific (ESCAP, 2017), "PPP policy, legal and Institutional frameworks in Asia and Pacific.*

Critical analysis of the documents, especially proclamations and regulations on investment and industrial parks development have shown us the absence of well-defined rules and regulations that assign both regional and federal governments a separate and clear powers and duties with regard to the administration of industrial parks. The documents do not identify clearly and substantially the type and level of involvement of the Regional State of Oromia with regard to the industrial parks and other foreign owned manufacturing industries in the region. The official relationship that needs to be manifest within the legal framework in the administration of industrial parks is so blurred. Owing to this, the government has gone some steps to narrow the gaps with regard to legal framework a couple of years ago. But its implementation did not yet touch the ground.

According to the Councils of Ministers Proclamation, No. 1180/2020, the Ethiopian Investment Commission in the hope of creating smooth relationship with regional investment organs, has a plan to establish Standing Regional Investment Desks within its structure. Its intention is to enhance horizontal coordination and to get up-to-date information about the investment potential of each region. An article from this proclamation reads, "The appropriate investment organ of each Region shall transmit to the Commission updated information on resource potentials, investment opportunities and investment activities conducted in the Region." This proclamation also earmarks the readiness of the Commission to develop a comprehensive guideline regulating the activities of both. However, the reality on the ground in some ventures does not show coordinated and smooth workflow between local officials and the industrial parks managers and also between concerned Federal Government and Regional government officials. This means that the commission delayed or did not implement its plan.

We have explored also the impact of the absence of clear rules and regulation as much as possible. Its manifestations are many. From the field survey, we have conducted in December 2022 and January 2023, it is possible to deduce that the relationship between local officials and enterprises in industrial parks was also poor. There is also serious conflict between the firm managers and employees. But this will be treated under separate subheading, i.e., labour issue. In addition, some firm owners in the industrial parks deliberately or unknowingly violate the agreement they signed. It is still clicks in my mind what our data collector in Dukem remarked about some Chinese who ill-treated him during fieldwork: "Chaayinaan seeraa hinbeyitu",

literally it means the Chinese do not know the rules. He wants to say that they knowingly violated the rules. The other data collectors and the local officials also shared this comment. We can also be a testimony to this. They were entirely unwillingness to give information. [18] But this is not to generalize or characterize that all Chinese firm managers are resistant and respond in the same way. For instance, our data collectors in Mojjo also faced similar resistance from firm managers who are Ethiopian nationals. This all are done against the promise they entered with the government to give full information about their activities. Nevertheless, these encounters are a good opportunity to investigate in detail what compelled them to act in that way. It is important even to explore the impact of such behaviours on productivity, on relationship between workers and their managers and on morale or psychology of employees.

On contrary, we also came across industries whose system of administration and control mechanism are modern. They established fair rules and enabling environment for their workers. The latter are found in both Eastern Industrial Zone and Mojjo. But their number are very small. For instance, few manufacturing enterprises we have visited in Mojjo leather City, particularly, those under jurisdiction of local government has good relation with local authority. But this does not mean that they equally have good relations with their employees and the local community.

Weak Involvement and Limited Authority of the Regional Government

The trivial position of local authority in relation to the administration industrial parks emanated from two basic grounds. The first one is associated with constraints in legal framework while the second one is related to the ownership and administration of industrial parks. As noted above, proclamations and regulations enacted by Council of Ministers at different periods do not separately state the kind and level of involvement of local authorities in administration of industrial parks. Obviously, if there are no clear regulations or guidelines at a place, certain authority may manipulate rules to his /her advantages. This means, the other way round, an action taken without clearly defined rules and regulations has an adverse effect. Precisely, its disadvantages outweigh its advantages.

At the same time, foreign owned, and share companies (established by domestic and foreign investors) and industrial parks with exception of a few Integrated Agro processing Industries

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which were established recently, all are under the exclusive control of federal government. Owing to this, the power of local authority is very limited in these ventures.

However, empowering local authorities have several advantages. Their immediate access to the people and sensitivity to the people's cause would enable the government to get easy access to information in the area of production, land administration, taxes, environmental pollution, employees' rights and ill administration in the parks and provide solutions accordingly. Empowering the local officials also meant enhancing the provision of facilities and services and promoting security and confidence in the industrial parks. They also help to regulate the relationship between local community and the industrial parks, employees and managers and federal regulatory bodies and regional government. It has several other advantages. But all these expected qualities or merits is only attained if and only if the local authorities are genuine, committed and have sufficient knowledge in the area.

On the other hand, weak local authority has the opposite result. As also noted above, both factors (legal framework and governance issues) are very interrelated. They do have cause and effect relationship. The impacts of weak local authority in the administration of industrial parks are multifaceted and are grave like the absence of legal framework. The absence of strong local authority in the administration of industrial parks may also affect a number of people and institutions. It poses security problems. It also delays the provision of services. More importantly however, it negatively affects the relationship between local officials and firm owners and between federal government institutions and regional government. Furthermore, it undermines local officials attempt to protect employees' rights. It also affects production, productivity, and tax collection system.

Briefly, from document analysis and interviews we conducted with different officials; we would like summarize what we have discovered in the area of power of local authority as follows. The local authority has only a negotiation power. They have no decision-making power. To that effect, sometimes even they were entirely ignored by the firm managers and owners on certain issues. The local officials we have interviewed complained almost uniformly about their powerlessness to correct some bold mishandling they observed on areas of employees' rights, production, and environmental pollution and others. The reaction they frequently received from

owners or managers of the industrial parks and other independent industries are “it is none of your business; we are accountable to federal government.” At the end we would like to conclude their source powerless from the proclamation No. 1180/2020 as such, “An investment permit shall only be suspended or revoked by the appropriate investment organ that issued the permit.”

4.4. Restricted Access to Potential Investors

As we have tried to indicate in the literature review section, the expansion of manufacturing industries is of largely the post 1991 period. From some scattered statistical data obtained from various documents, one can also deduce that most of the investors in industrial parks are foreigners.

As noted above, Councils of Ministers Proclamation No. 1180/2020, and Regulation No. 270/2012 declared that foreign owned and joint companies by domestic and foreign investments are the sole jurisdiction of the federal government. Only those domestic investors who have shown willingness to invest in Regional State take investment permits from the Region. Despite, their central role for the development of the country in general and the Oromia region in particular, domestic investors have many home-works they need to finish when the reality on the ground are analysed. They have to develop capital, skill, technology and bring attitudinal change. In attitudinal change, we mean that domestic investors should surpass traditional aim of making a giant profit within in very short period. Rather they need to work on how to sustain and branded their enterprises over many generations. Thus, the gap is clear. Foreign investors and other share companies who have the capital, technology, skill and managerial capacity are accountable to federal government. With taxes collected from domestic investments and other revenue sources, the Regional Government could not change the reality now occurring on the ground. For instance, the major challenges the region is facing are population growth, high rate of unemployment, inflation, steadily declining resources and others, which demand it to find urgent solutions. One mechanism to overcome these challenges in the industrial sector is to design grand projects such as establishing industrial parks and new urban centers. But doing so requires huge capital, skilled human power and detailed research. Therefore, for such grand projects, which may exceed the Region’s budget, its technological knowhow and knowledge, the alternative means is to attract foreign investors and increase its base of revenue. But to do so, the

current investment law need to be amended in a way that it also offers the Regional Governments the right to give investments permits for potential foreign investors and reap taxes accordingly. Surprisingly, personal income tax the Regional State government collected is very low. This is because the foreign enterprises purposely lowered the scale of basic salary. The secret behind it will be discussed under labour issue.

4.5. Land Ownership and Administration

With regime's change, land tenure had also been changing accordingly. Land has been a major contested area throughout the history of the country. It is not only valuable but also has becoming very scarce resource. Moreover, it has very special respect among Oromo. Indeed, in any respect, we have to manage and use this valuable resource carefully. According to the recent Councils of Ministers Proclamation No. 1180/2020, it is the duty of the Regions to handle land requests for investments. It reads:

> *Regions shall identify and classify land to be used for investment projects, organize such land centrally under one Regional State Administration body and transfer the information to the appropriate investment organs. Regions may establish a Special Procedure requiring the pertinent Regional State Body to respond to land allocation request made by an investor holding investment permit issued under this Proclamation within sixty (60) days where the investment is in the manufacturing sectors, and within Ninety (90) days where the investment is in other sectors*.

As far as industrial parks are concerned, the Industrial Parks Development Corporation receives land from regions. On land it received, it may develop infrastructures, buildings, factories and others. The corporation also serves as parks' land bank. Perhaps, it retains for long, land which is undeveloped (proclamation No. 886/2015). The major constraint (gap) here is retaining this valuable resource for indefinite period. The loss it incurred to the local government and the local society is expected to be immense.

Unit Five: Result and Discussion

5.1. Industrial Parks Performance Evaluation Analysis

Industrial Park performance implies the success level of the industrial parks to achieve the intended objectives of the park's establishment. The IP performance evaluation is conducted and level of success is to be labeled based on the indicators of performance measurements. The industrial park's performance assessment is based on operational definition (using indicators of measurement) and guide of appraisal developed/adopted by UNIDO—ISID to make the study free of confusion and ambiguity. UNIDO indicates that "In order to define industrial park success, it is necessary to establish a reference framework, … to measure performance, along with key performance indicators (KPIs). KPIs can be defined for an entire industrial park, an individual facility, or various processes at the park or an individual facility".

According to UNIDO—IPIG (Industrial Park International Guide) and ISID, performance of the industrial parks indicates the success level of the industrial park's operational activities. The measurement performance to judge the level of success, three parameters of evaluation or pillars of measurement are identified and framed by UNIDO/ISID. The three pillars are Economic, Social and Environmental parameters and there are combined sub-indicators for the three pillars each. An industrial park's performance is thus labeled based on the achievement of the park as witnessed from each the three pillars.

Each of the chosen indicators are measured on the basis of binary opposition or on judging of the success—successful/unsuccessful performance score, judge on the result of composed of a set of measured and aggregated indicators. The level of success is indicated descriptively using percentage achievement level of elements or indicators in the aggregated manner. On the next level of analysis after determine the level of association between the indicators and the dependent, the modeling of analysis of determination of the success level is conducted applying the inferencing statistics—regression modeling.

Thus, the overall performance of the industrial parks in this study is measured based on the three key pillars of performance measurement. The three key pillars of measurement of industrial

parks' performance are Economic performance, Social Performance and Environmental performance of the industrial parks.

Each of these three pillars have indicators of performance from which the performance for each pillar is separately analyzed from the empirical records of data on the indicators for each pillar. Thus, the economic pillar (*Good Economic Governance, Economically Enabling Site and Infrastructure, Economically Enabling Services*); Social Pillar (*Socially Appropriate Site and Social Infrastructure,* Occupational *Health and Safety, Good Labor Relations, Social Inclusions);* and the Environmental pillar (*Environmentally Appropriate Site and Green Infrastructure*) are applied in clustered manner to analysis the performance of each the three pillars. The detailed is presented here as:

1) Economic Performance indicators

— *Good Economic Governance*

- Positive economic return in terms of employment
- Positive economic return in terms of net export
- Positive economic return in terms of local supplies
- Existence and functioning of a formal Industrial Park marketing department/unit

— *Economically-enabling Site & Infrastructure 'hardware'*

- Phased site development strategy and implementation
- Proximity to urban center
- Proximity to appropriate highway
- Proximity to power transmission or distribution grid
- Unencumbered land title
- Proximity to microwave tower (for broadband GSM, mobile telephony and Wi-Fi connectivity)
- Proximity Operational Airport

— *Economically-enabling Services 'software'*

- Regular, Scheduled Maintenance of buildings
- dedicated Rapid-Response or Emergency Maintenance
- Dedicated or localized industrial park Business Support
- Industrial Park user enterprises have access to specific financial support programs
- Dedicated One-Stop Shop/Single-Window in industrial park
- E-government services dedicated to the industrial park
- Presence of mechanical cargo loading and off-loading services for users
- Presence of on-site banking
- Presence of ATM Facilities
- Presence of Human Resources Agency & Recruiting Services
- Presence of manpower training services, in coordination with recognized specialized technical training institutions in various fields
- Presence of Trade Certification services or Quality, Product, Process Standards

2) Social Performance

— *Socially Appropriate Site and Social Infrastructure*

- Proximity to public transportation (i.e., bus, subway or light- railway)
- Proximity to residentially zoned areas
- Presence of outdoor street-lighting throughout the Industrial Park
- Childcare facilities
- Presence of On-site Incident Response Centre
- Disabled-inclusive building design (i.e., access ramp and elevator in each building)
- Industrial Park provision of utilities to adjacent communities
- On-site common cafeteria/canteen/restaurant/catering

— *Occupational Health and Safety*

- Prevention mechanism for HIV Prevalence
- Preventive service for Unwanted Pregnancy
- Expenditure on health and safety (EHS) in industrial park
- Existence of Internal Park Operation Fire Safety Guidelines
- On-site hospital, clinic or dispensary within industrial park
- Public or common night transportation or blue-light system in place in industrial park
- Fire alarms and access by fire services in Industrial Park
- First-aid room or kit in each building
- Presence of CCTV cameras in place to monitory emergencies
- Presence of security patrols in place to avoid security dangers

— *Good Labor Relations and Handling*

- Presence of clear labor Complaint handling mechanism
- Functionality of clear labor Complaint handling mechanism
- Presence of Third-Party Authorized Labor Inspectors or Counsellors
- Absence of instances of child labor and forced labor
- Rights to Assemble, Unionize, engage in Collective Bargaining, and Strike in the IP
- Presence of clear labor Complaint handling mechanism
- Functionality of clear labor Complaint handling mechanism
- Fair amount of salary payment

— *Social Inclusiveness*

- Inclusion of disadvantaged groups or disabilities in industrial park
- Fair treatment for female workforce in industrial park
- Participation of women in management of operator and resident firms
- Equal payments for female and male for same work in industrial park
- Industrial Park Operator-organized Inclusiveness or Sensitivity training or events
- Absence of instances of child labor

3) Environmental Performance

— *Environmentally Appropriate Site*

- Project ESIA (Environmental and Social Impact Assessment) conducted and filed with appropriate authorities

- Industrial Park situated on redeveloped brown field site, with the effective possibility of expansion
- Internal Zoning Plan adopted
- Site compatibility with Land Use Master Plan as regards Human Settlement, non-agricultural use and environmentally-sensitive areas (such as forests, wetlands, mangroves, floodplains, wildlife refuges)

— *Green Infrastructure*

- Water, electrical and gas meters and load management systems in place, as appropriate to the services offered
- Air quality monitoring system & infrastructure in place in Industrial Park
- Presence of an off-site landfill for industrial park solid waste management
- Presence of toxic and hazardous waste collection, storage and treatment or disposal management system
- Presence of Public Wastewater Sewerage System
- Presence of Wastewater Treatment Plant (WWTP)
- Presence of sustainable rain and storm water collection
- Presence of Organic Composting reception point (for organic, vegetable and soil waste transformation into fertilizer and/or of Bio-digesters)

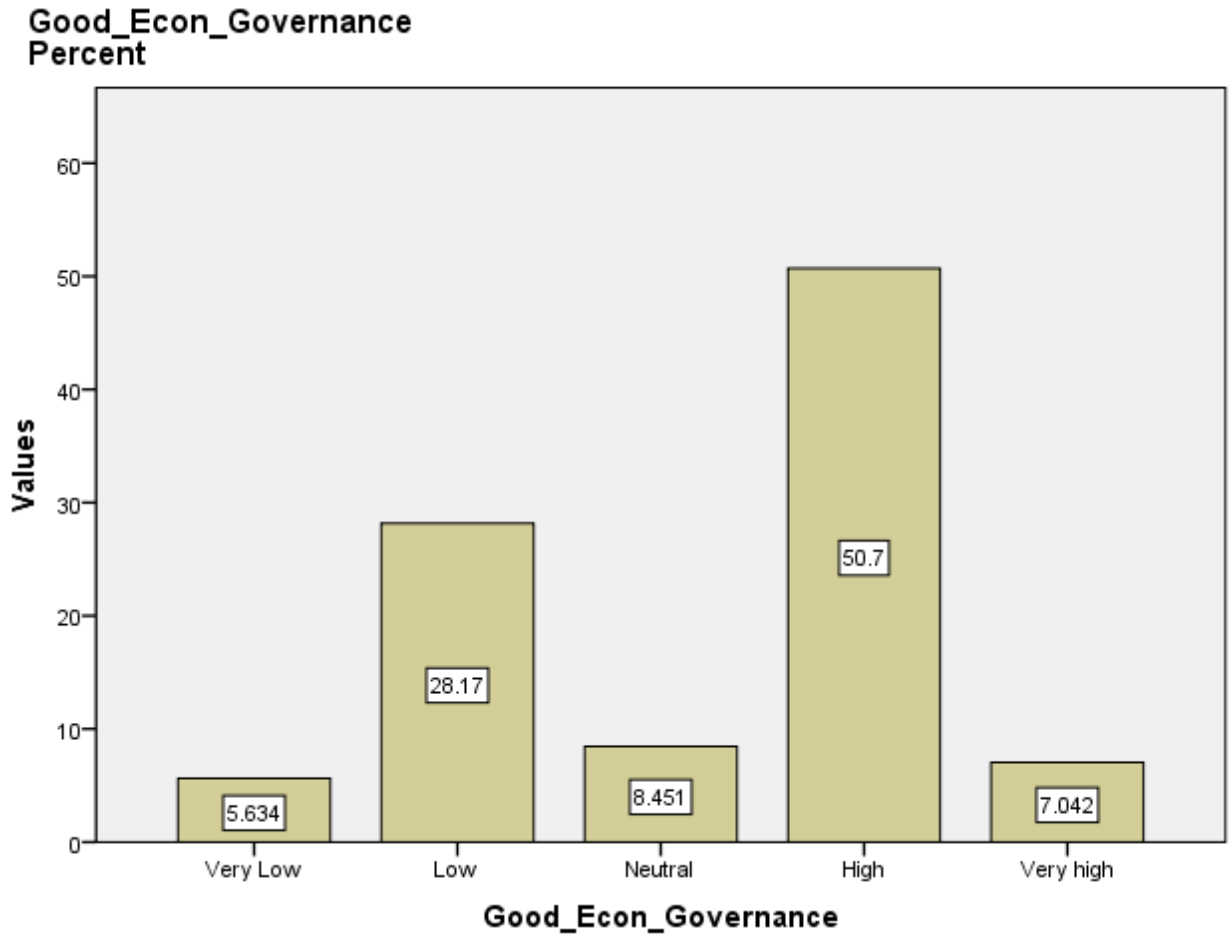
Analysis of the success level Rating of aggregated indicators of the three pillars

The section presents the success level, as rated by the respondents, of the aggregated performance indicators for each the three pillars of the industrial park performance analysis. Together with the aggregated performance indicators descriptive results which are presented graphically each pillars descriptive level of performance is also presented in this section.

To recall back the three pillars of industrial park success level analysis are Economic Performance, Social Performance and Environmental performance. The aggregated indicators of each pillar are mentioned above; i.e., economic performance (*Good Economic Governance, Economically Enabling Site and Infrastructure, Economically Enabling Services*); Social Pillar (*Socially Appropriate Site and Social Infrastructure,* Occupational *Health and Safety, Good Labor Relations, Social Inclusions);* and the Environmental pillar (*Environmentally Appropriate Site and Green Infrastructure*).

1) Economic Performance descriptive analysis

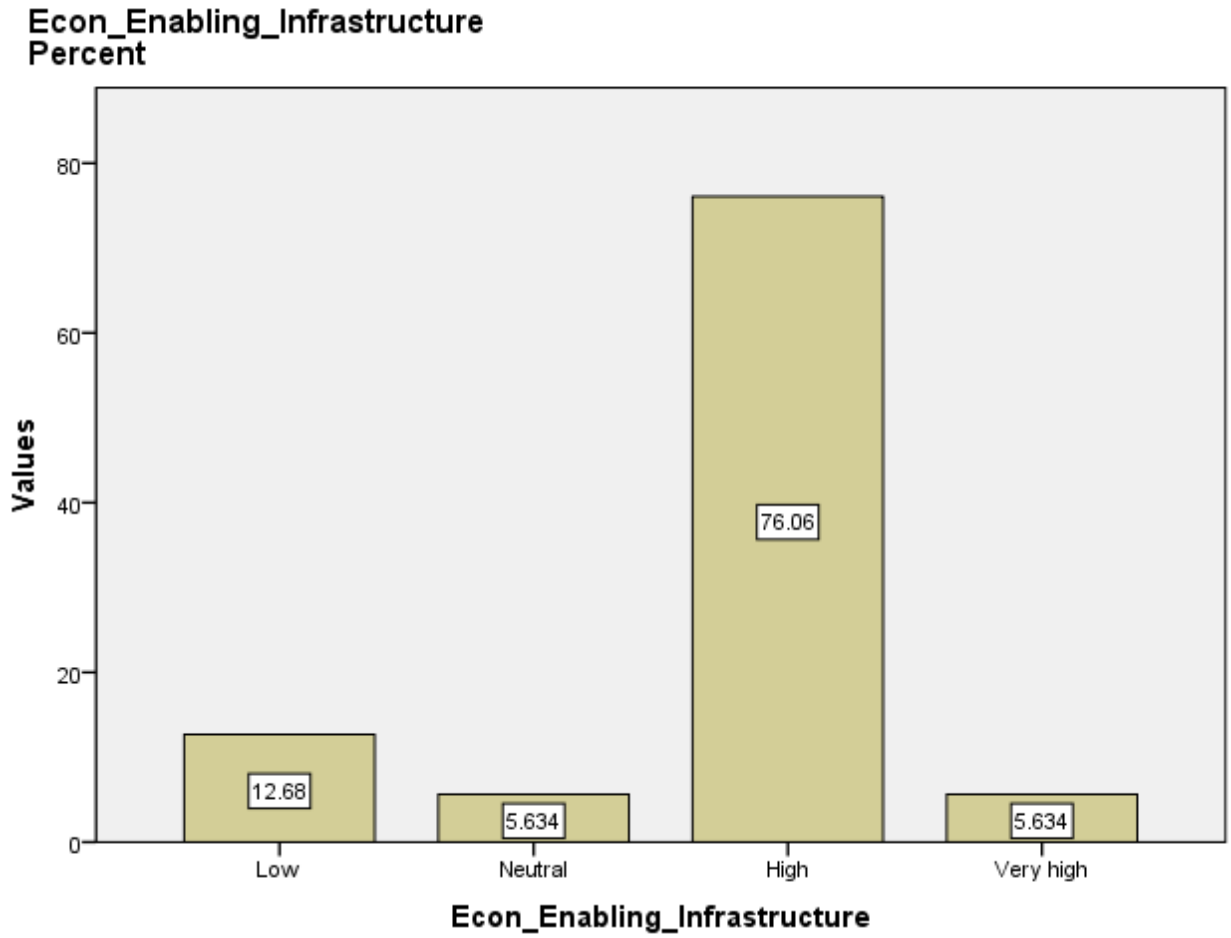
A) Good Economic Governance



Source: Field Survey, 2023

As presented in the above figure, the success level of the economic pillar's indicator, the good economic governance aggregate indicator is analyzed and shows that 50.7% and 7.04% (57.73%) rated as successful performance; whereas 28.2% and 5.634% (33.82%) rated as the failure or unsuccessful. Out of the total 8.45% indicated neither successful or unsuccessful performance for this aggregated indicator.

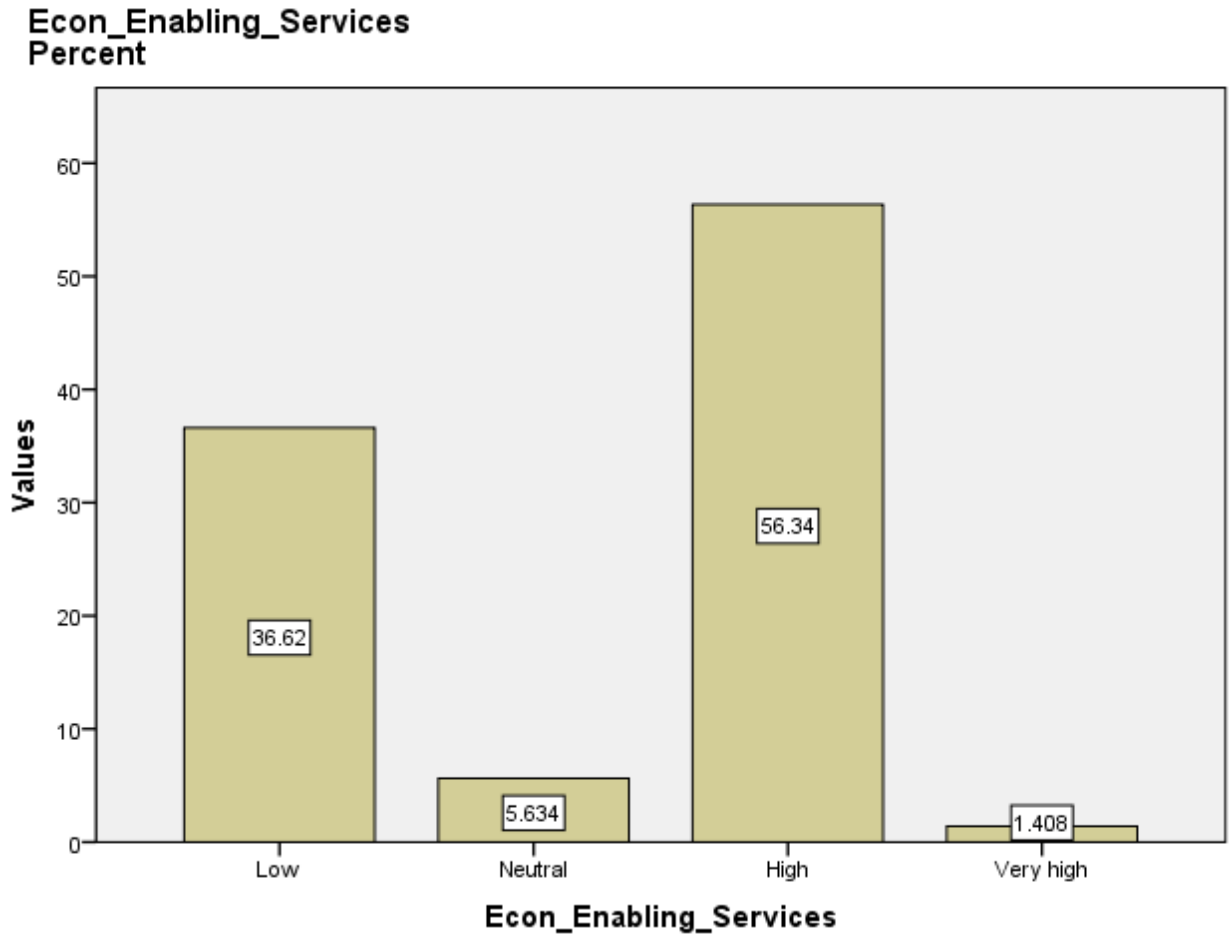
B) Economic Enabling Infrastructure



Source: Field Survey, 2023

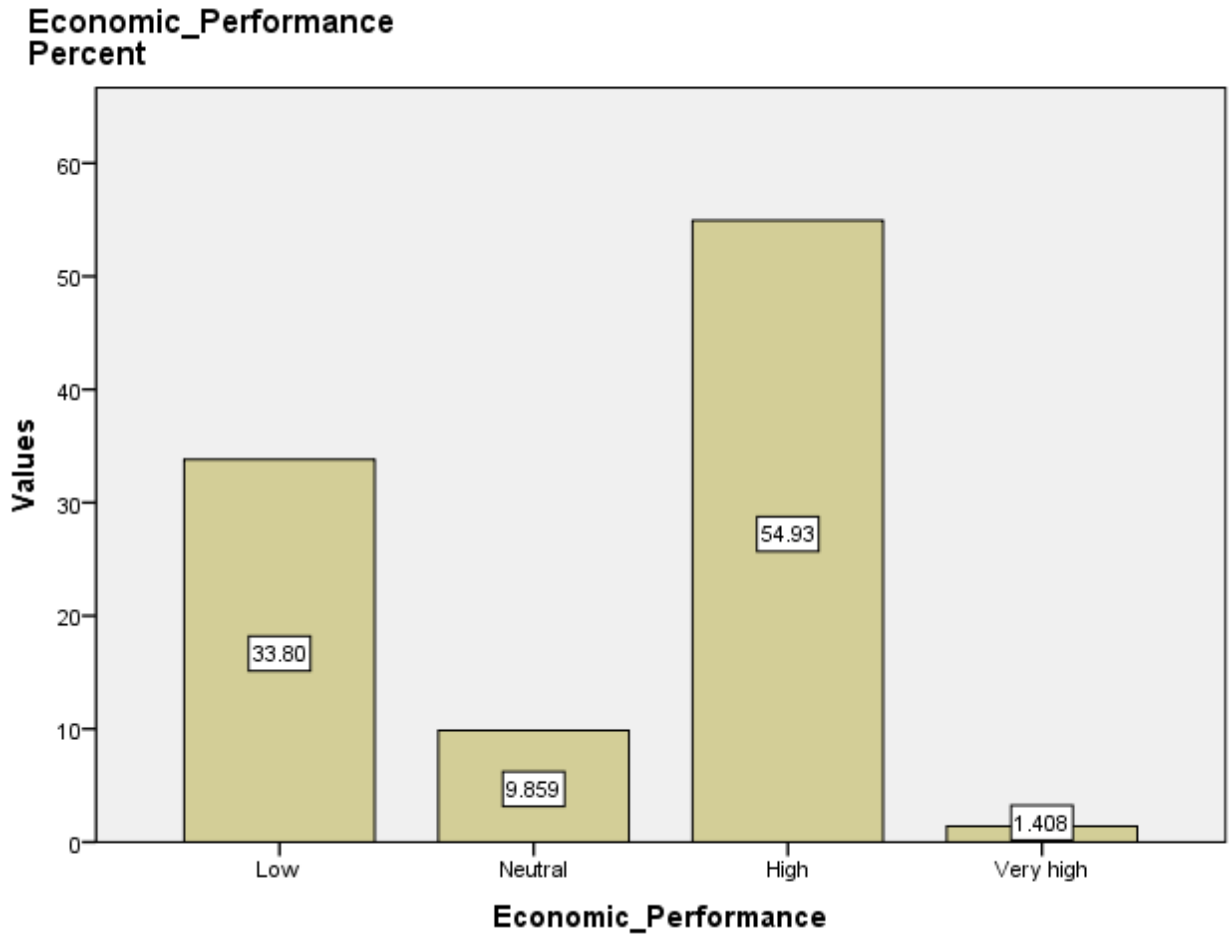
Another aggregated indicator in the economic pillar for industrial park performance analysis is the infrastructure provided for the purpose of economically enabling the operation of the park. The descriptive analysis of the success level of this indicator is presented above, and it shows that 76.06% and 5.634% (81.7%) rated as successful performance; whereas only 12.7% rated as the failure or unsuccessful. Out of the total 5.6% indicated neither successful or unsuccessful performance for the economically enabling infrastructure indicator.

C) Economic Enabling Services



Source: Field Survey, 2023

Economically enabling services provided within the parks or in nearby areas of industrial companies' operation areas is again another indicator of the economic pillar for industrial park performance analysis. The descriptive analysis of the success level of this indicator is presented by the above chart, and it indicates that 56.34% and 1.408% (57.72%) rated as successful performance; contrary to the successfully rate; 36.62% rated as the failure or unsuccessful; and 5.6% indicated neither successful or unsuccessful performance for the economically enabling services indicator.

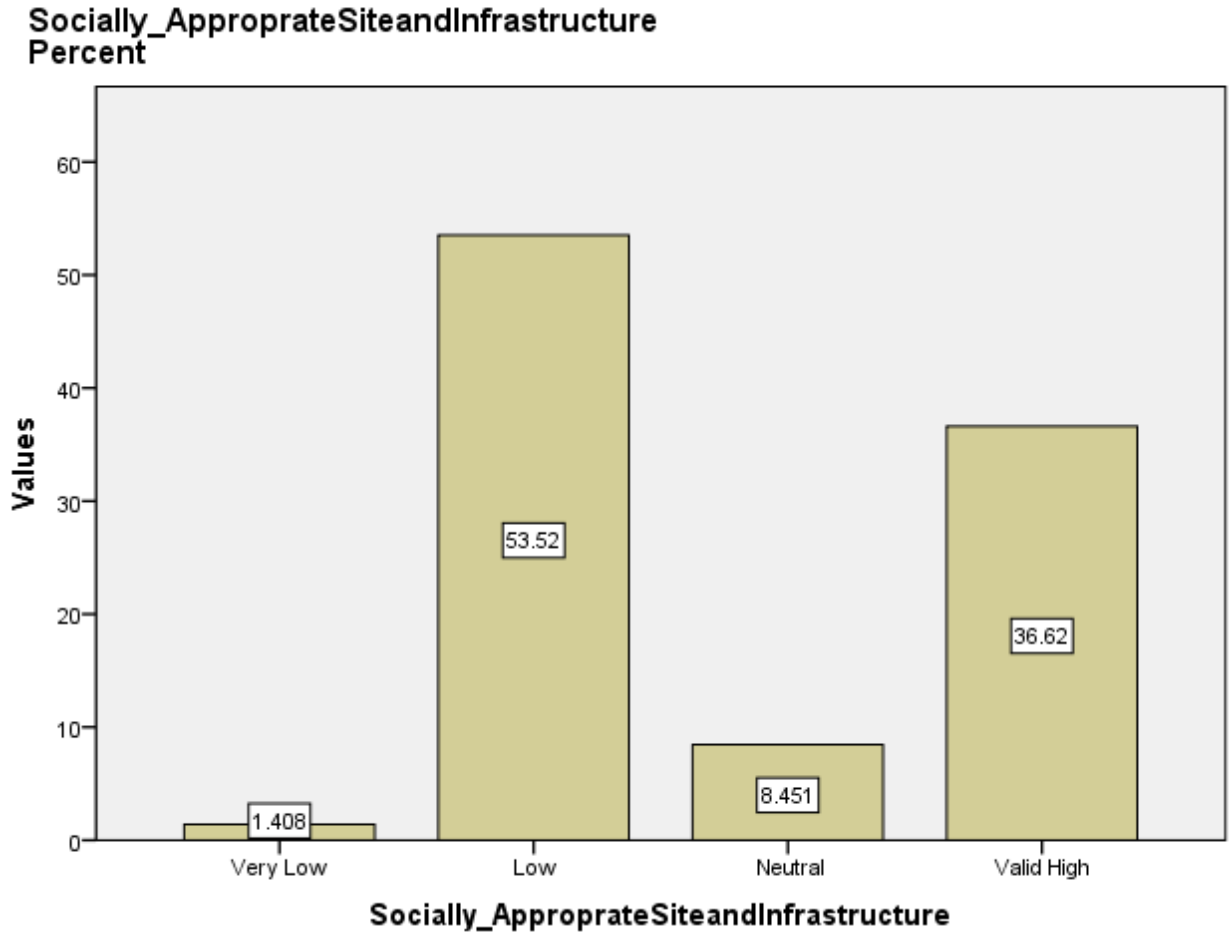


Source: Field Survey, 2023

The above figure presents the overall performance of the economic pillar in the industrial park performance. As presented by the figure, the descriptive analysis of the success level of this pillar shows that 54.93% and 1.408% (56.34%) rated as successful performance; whereas 33.8% rated as the failure or unsuccessful. Out of the total 9.86% indicated neither successful or unsuccessful performance for the economic pillar of the industrial parks or companies.

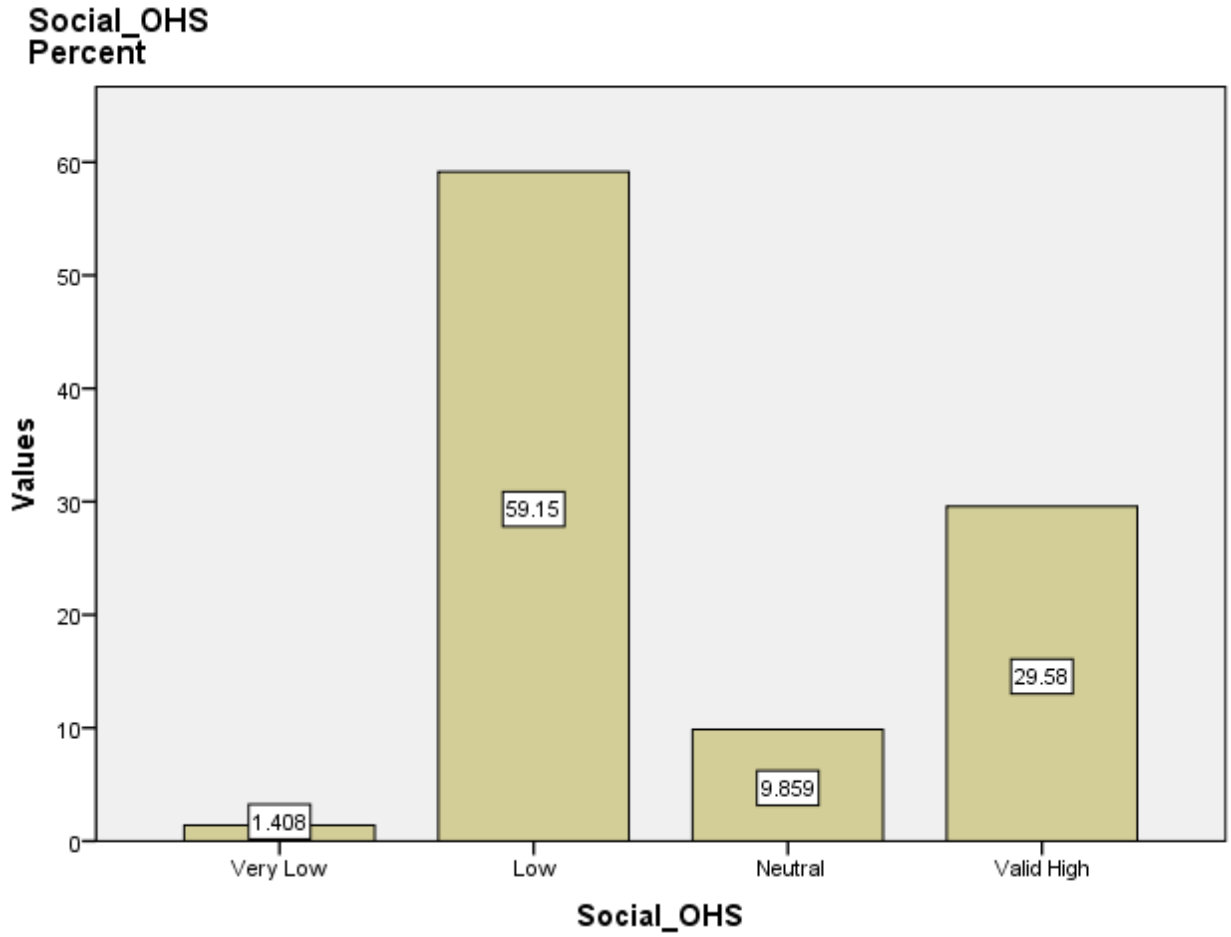
2) Social Performance/Performance of Social Pillar of the IP

A) Socially Appropriate Site and Infrastructure



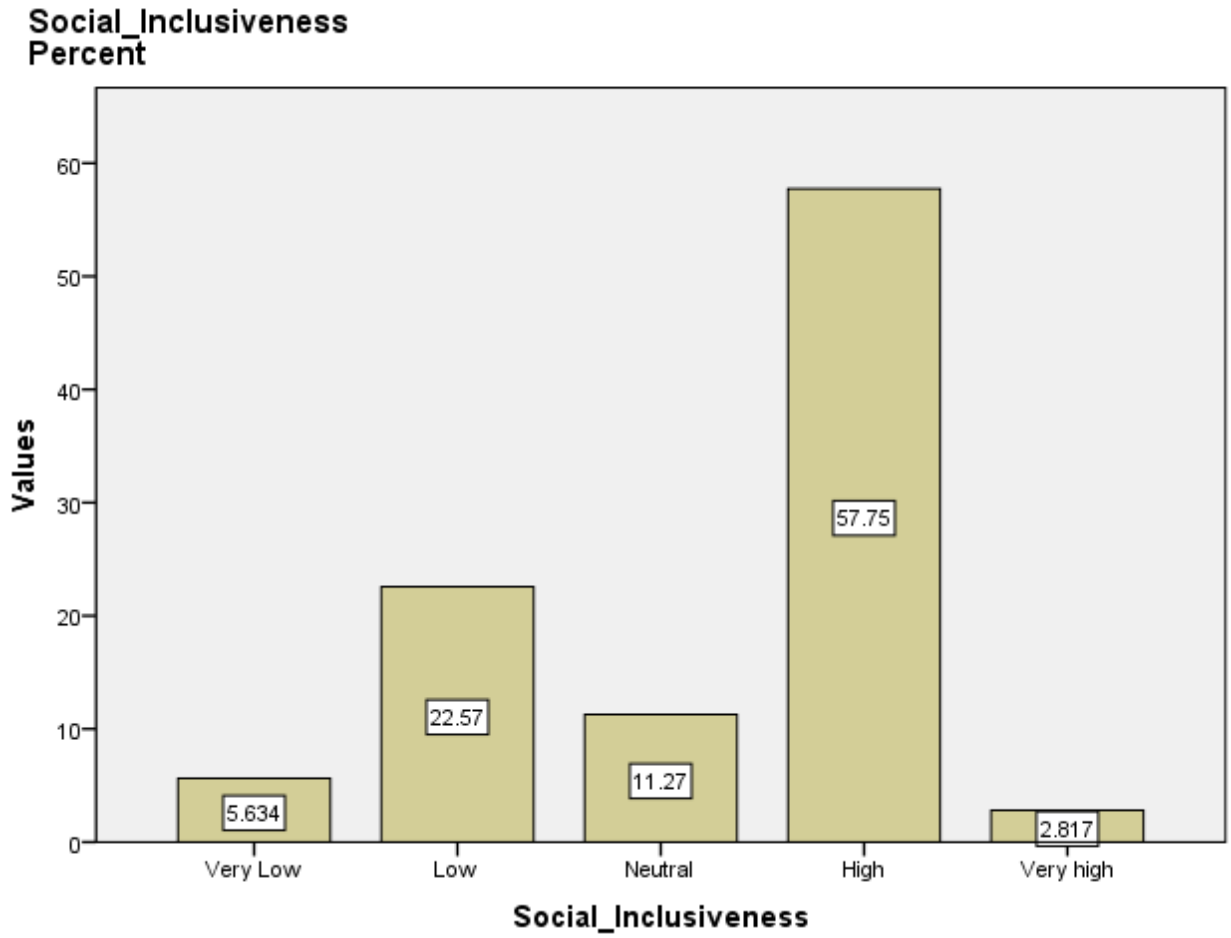
Source: Field Survey, 2023

The above chart figure presents the success level of the socially appropriate site and infrastructure of the Ips/industrial companies. As presented in the figure, the success level of this aggregated indicator is descriptively analyzed and it shows that only 36.6% rated as successful performance; whereas 53.52% and 1.408% (54.93%) rated as the failure or unsuccessful. Out of the total 8.45% indicated neither successful or unsuccessful performance for this aggregated indicator.



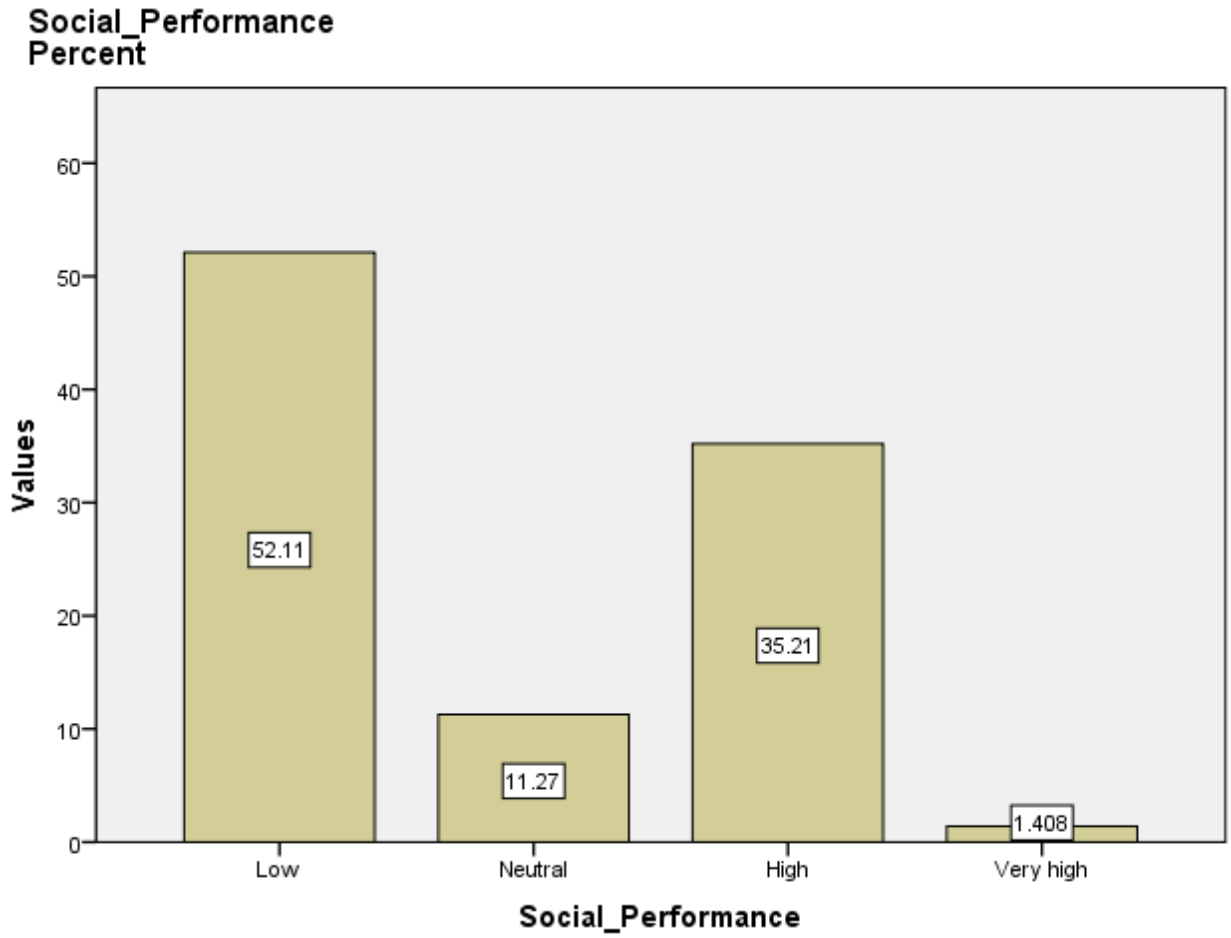
Source: Field Survey

Another aggregated indicator of the social dimension performance of the Ips'/industrial companies' is the performance success condition of occupational health and safety (OHS) of the companies. Thus, the above chart figure presents the success level of the OHS of the Ips/industrial companies. As presented in the figure, the success level of this aggregated indicator is descriptively analyzed and it shows that only 29.6% rated as successful performance; whereas 59.15% and 1.408% (60.6%) rated as the failure or unsuccessful. Among the total analyzed in this regard, 9.8% indicated neither successful or unsuccessful performance for this aggregated indicator.



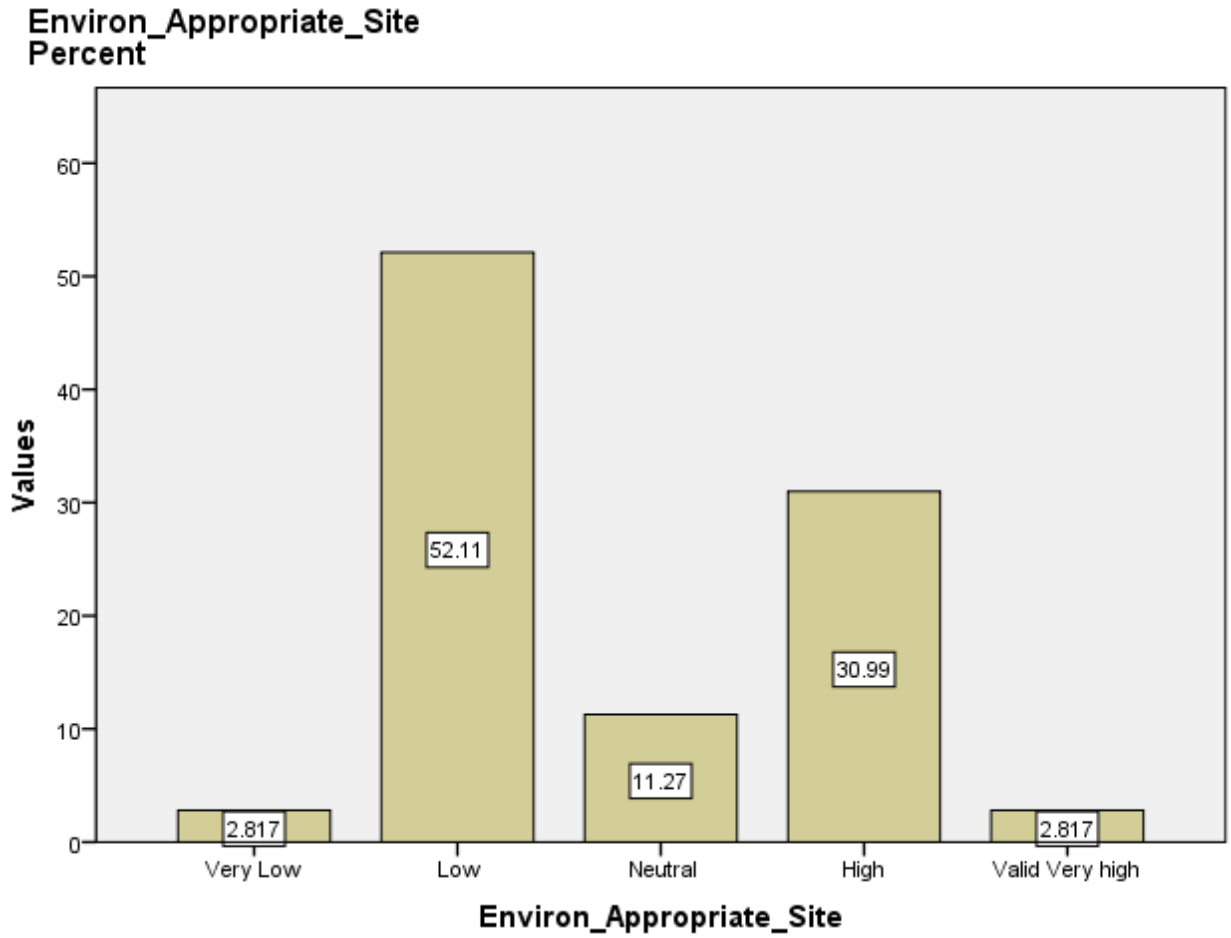
Source: Field Survey, 2023

Another aggregated indicator in the social dimension/pillar for IPs'/industrial companies' success level measurement is the social inclusion. The success level of this indicator is descriptively analyzed and presented in the above chart figure, and it shows that 57.7% and 2.8% (60.5%) rated as successful performance; whereas 22.6% and 5.6% (29.2%) rated as the failure or unsuccessful. Out of the total 11.3% indicated neither successful or unsuccessful performance for the economically enabling infrastructure indicator.



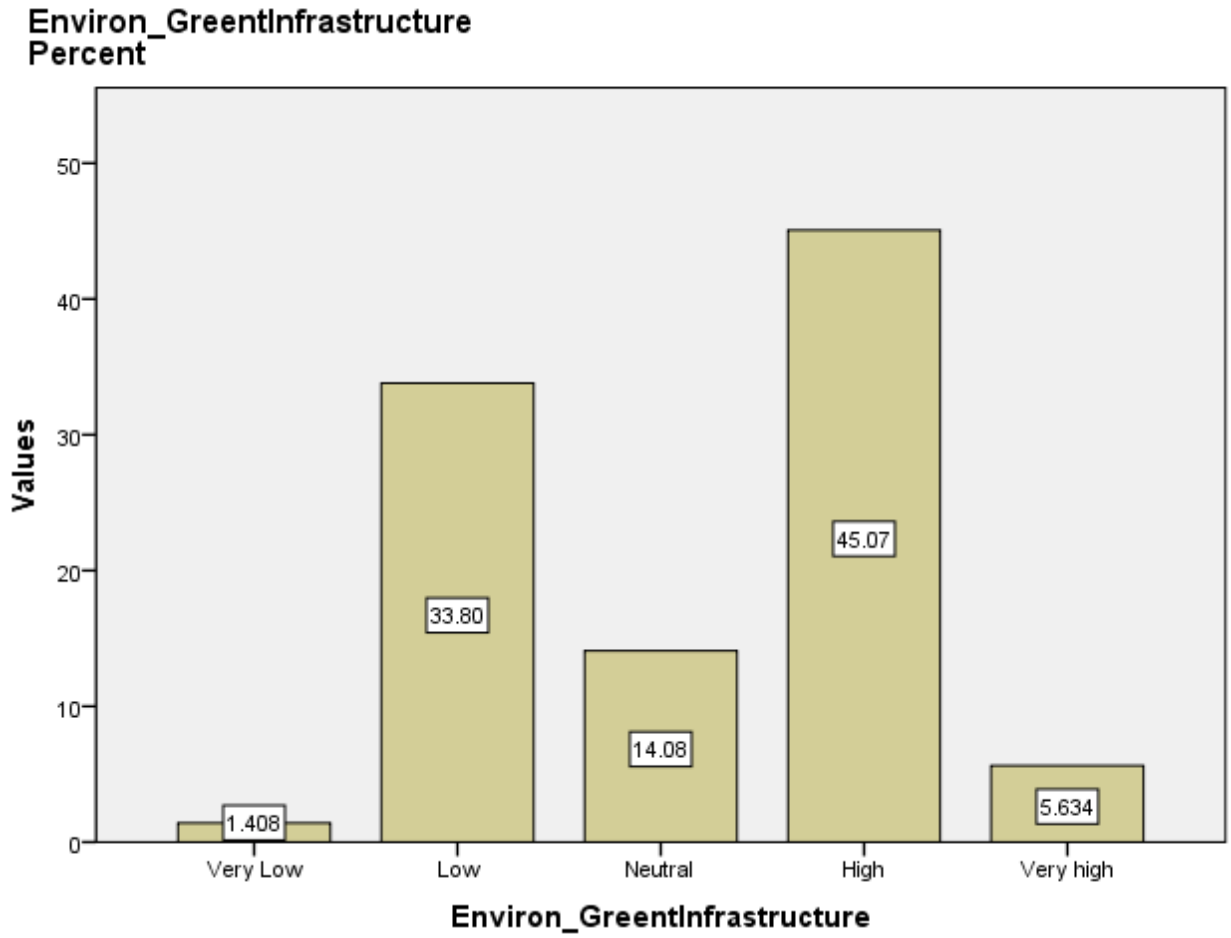
Source: Field Survey, 2023

The overall social performance of the IPs/industrial companies aggregates the influence of the indicators in this pillar. The Chart figure above presents the overall performance of the social pillar in the industrial park performance. As presented by the figure, the descriptive analysis of the success level of this pillar shows that 35.21% and 1.408% (36.6%) rated as successful performance; whereas 52.1% rated as the failure or unsuccessful. Out of the total 11.3% indicated neither successful or unsuccessful performance for the economic pillar of the industrial parks or companies.



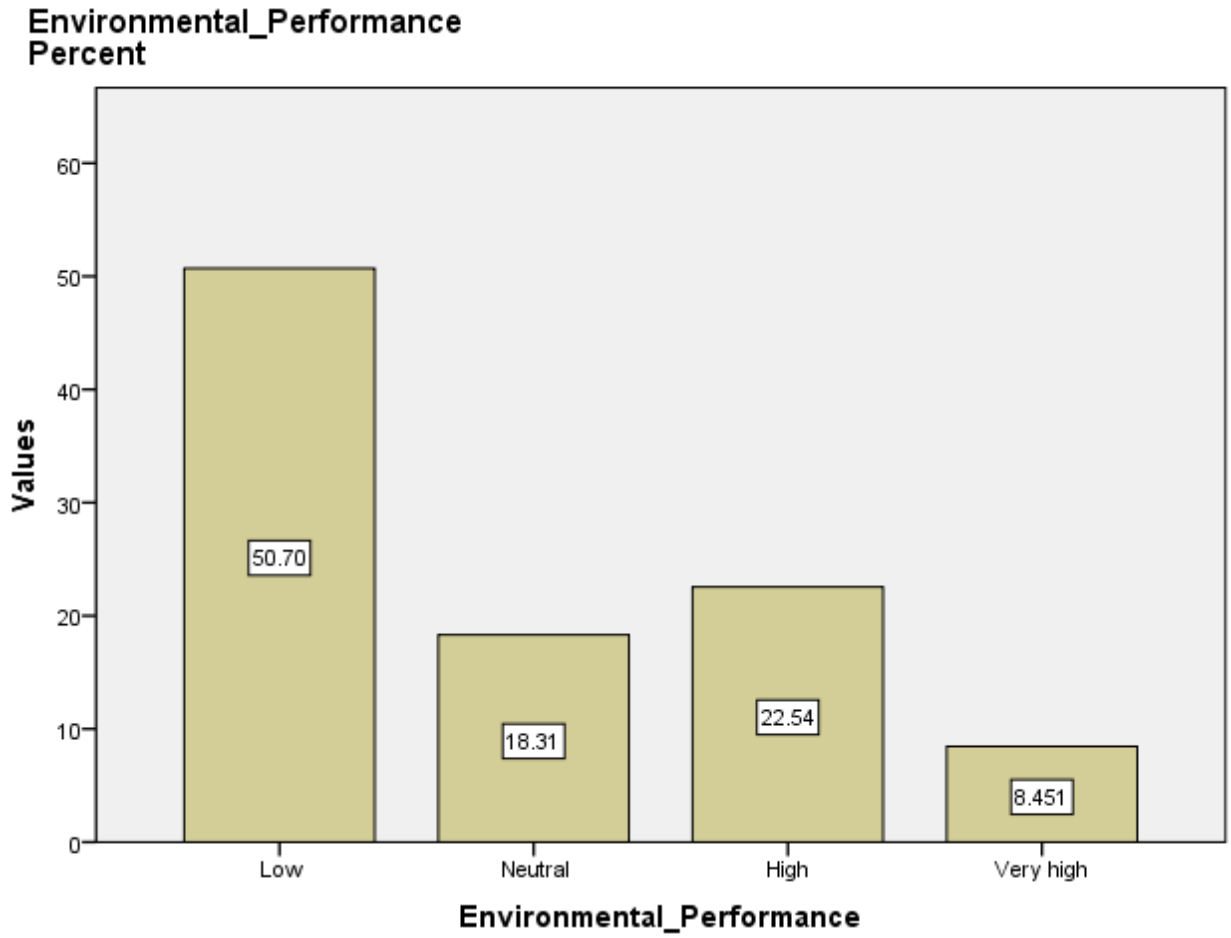
Source: Field Survey, 2023

The performance success level of the two aggregated indicators of environmental pillar are descriptively analyzed under this sub section. As presented in the above chart figure, the success level of the environmental pillar's indicator, environmentally appropriateness aggregated indicator is analyzed and shows that 30.99% and 2.817% (33.7%) rated as successful performance; whereas 52.11% and 2.8% (5%) rated as the failure or unsuccessful. Out of the total 11.3% indicated neither successful or unsuccessful performance for this aggregated indicator.



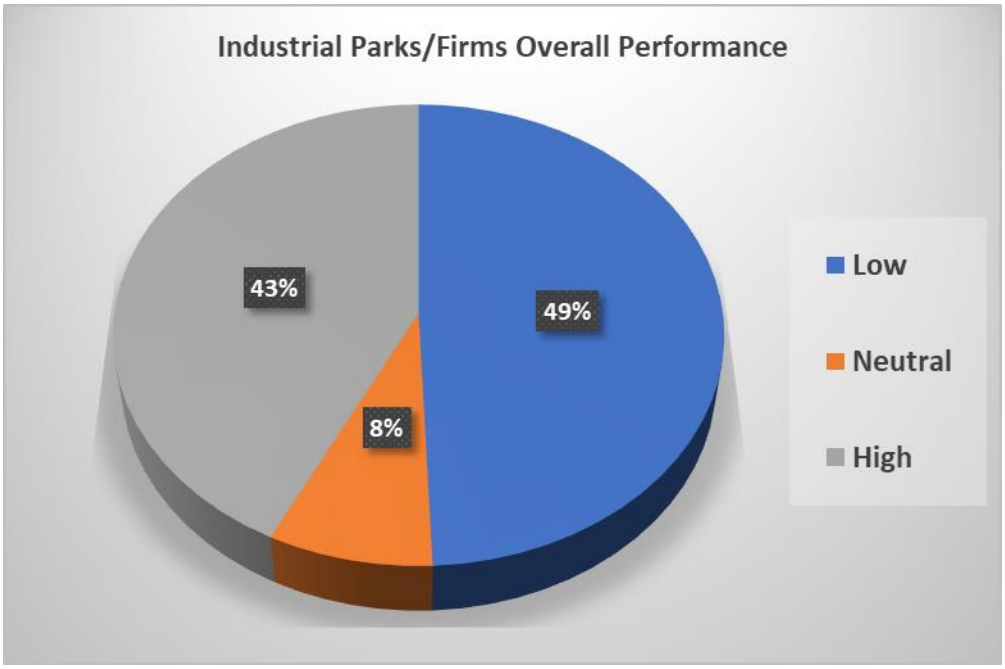
Source: Field Survey, 2023

Another aggregated indicator in the environmental dimension/pillar for IPs'/industrial companies' success level measurement is the green infrastructure within the parks/industrial companies and in their surrounding areas. The success level of this indicator is descriptively analyzed and presented in the above chart figure, and it shows that 45.07% and 5.6% (50.7%) rated as successful performance; whereas 33.8% and 1.4% (35.2%) rated as the failure or unsuccessful. Out of the total 14.1% indicated neither successful or unsuccessful performance for the economically enabling infrastructure indicator.



Source: Field Survey, 2023

The environmental dimension is one of the three pillars of IPs or industrial parks performance success level measurement. The overall environmental performance of the IPs/industrial companies aggregates the influence of the indicators in this pillar. The Chart figure above presents the overall performance of the environmental pillar in the industrial park performance. As presented by the figure, the descriptive analysis of the success level of this pillar shows that 22.54% and 8.45% (31%) rated as successful performance; whereas 50.7% rated as the failure or unsuccessful. Out of the total 18.3% indicated neither successful or unsuccessful performance for the economic pillar of the industrial parks or companies.



Source: Field Survey, 2023

The overall performance success level of the industrial parks/firms is the reflection of the performance success level of the three performance measurement pillars (Economic, Social and Environmental Pillars) as discussed earlier under this session. The economic indicators and the environmental indicators, mostly, are fixed or provided by the government as developer or lease provider. But, some aspects of the environment indicators and mainly the social indicators including OHS and CSR are responsibilities or the results of the efforts of the firms. As discussed above the environmental and social pillars performance success level is not good as indicated by the respondents. Similarly, the overall performance success level of the industrial parks/firms' success level is less than 50% as presented by the above chart.

As presented by the above chart, the overall performance success level of the parks/firms rated by the respondents and accordingly, 43% rated as successful performance; whereas 49% rated as the failure or unsuccessful. Out of the total 8% indicated neither successful or unsuccessful performance for the industrial parks or companies covered by the study.

The Result of Analysis of Correlation and Regression

Correlations

		Economic Performance	Social Performance	Environmental Performance	IP Performance
Economic Performance	Pearson Correlation	1	.282*	.108	.498**
	Sig. (2-tailed)		.017	.369	.000
Social Performance	Pearson Correlation	.282*	1	.353**	.764**
	Sig. (2-tailed)	.017		.003	.000
Environmental Performance	Pearson Correlation	.108	.353**	1	.671**
	Sig. (2-tailed)	.369	.003		.000
IP Performance	Pearson Correlation	.498**	.764**	.671**	1
	Sig. (2-tailed)	.000	.000	.000	

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

The above table presents the association (correlation) of the performance of industrial parks/industrial companies with the three performance measurement pillars (economic pillar, social pillar and environmental pillar).

Accordingly, the table shows that the correlation between industrial parks'/industrial companies' performance and the economic performance is significantly and positively correlated with the coefficient of 0.498(almost 0.5). The correlation is significant at 0.05 alpha value level with 2-tailed test, with the p-value of 0.000. Thus, with 95% level of confidence, the result of correlation coefficient shows that there is a direct and statistically significant relationship between economic pillar performance and success level of industrial parks performance. Hence, it is reasonably convincing that, in the further analysis of modeling of the success level of industrial park performance.

Another pillar of success level measurement of industrial parks' performance is social performance. The association level of the two variables is analyzed in the above table, and it shows that the correlation between industrial parks'/industrial companies' performance and the social performance is strongly and positively correlated with the coefficient of 0.764. The correlation is significant at 0.01 alpha value level with 2-tailed test. Thus, with 1% level of error (error margin), the result of correlation coefficient shows that there is a direct and statistically

significant relationship between social pillar performance and success level of industrial parks performance. Hence, it is reasonably convincing that, in the further analysis of modeling of the success level of industrial park performance.

The third, for this study, pillar of success level measurement of industrial parks' performance is environmental performance. The association level of the two variables is analyzed in the above table, and it shows that the correlation between industrial parks'/industrial companies' performance and the social performance is strongly and positively correlated with the coefficient of 0.671. The correlation is significant at 0.01 alpha value level with 2-tailed test. Thus, with 1% level of error (error margin), the result of correlation coefficient shows that there is a direct and statistically significant relationship between social pillar performance and success level of industrial parks performance. Hence, again it is reasonably convincing that, in the further analysis of modeling of the success level of industrial park performance.

Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.923[a]	.852	.845	.360

a. Predictors: (Constant), Environmental Performance, Economic Performance, Social Performance

The above regression analysis table result, a leaner regression, models the determination or effect of independent variables (economic, social and environmental performances) on the dependent variable (IP performance). Accordingly, the result of the regression model statistically reveals the determination pattern and extent of effect between the predictors and the result. Thus, the result (the variable park performance) is explained by the three predictors in the model. The model shows that the three predictors are explaining the industrial park performance at adequate level; witnessed the values of R and R^2 in the model. The R-value in the regression model indicates a simple correlation and cause-effect relationship between the predictors and dependent variables. In the model the value of R (unstandardized result) is 0.85 (85%) which indicates a high degree of cause effect relations. The R^2-value indicates how much of the total variation in the dependent

variable (park performance) can be explained by the independent variables (economic pillars, social pillars and environmental pillars). In this case, 84.5% of the change in success of IP performance is explained by these variables. Further, the results imply that the independent variables are good predictors of determining of the performance success level of the IP.

5.2. Industrial Park Challenges

Challenges/Bottlenecks undermining IPS Performance

1. **Lack of Good Governance**

In countries where the socio-economic and physical infrastructures are not well developed, the obstacles that may deter the success of industrial parks are numerous. One major obstacle is the lack of good governance. Having abundant natural resources alone are not enough for economic development. Equally, skilled and experienced human power is mandatory. We can cite many countries that can be exemplary in utilization of their natural resources and human power successfully. For instance, we can mention Israel that has changed the desert into the Garden of Eden and Egypt that was able to feed the third largest population in Africa with only 4% of cultivable land. China is the other country that can be a good example. Its committed leadership and excellent work culture of the people have changed once agrarian society into a hub of industry within less than half century. Thus, Ethiopia has learned both from its numerous failures and best world success stories.

The management of industrial parks require not only skilled and experienced human power but also the commitment of the concerned body, coordination of activities and to be vigilant to the changing global market. From the experience, the problems we have in this regard are chronic. We do not predict what is going to happen in advance. Most of the time, we strive to solve problems after they have occurred.

As already noted, the legal framework as well as the local –federal integration and coordination were very weak in area of industrial parks. Manifestations of lack of good governance are numerous. Here are some examples such as exploitation and abuse of workers' right, the conflict between local officials and the managers of enterprises, tax evasion, inefficient bureaucracy etc.

The results are also correspondingly grave. Some of these are inability to rent sheds, insignificant job opportunity than that was initially projected, little or no transfer of knowledge, skills and technology, performing under capacity, and so on.

2. Labour Related Challenges

Challenges related to workers like skill mismatch, unproductively, high labour turnover, low wages, punctuality issue, poor working condition, communication problem with foreign managers, distance between workers resident and the location of industry parks, lack of awareness about working in industry. According to the respondents interviewed, local workers demonstrate the lack of commitment. Resident industrial companies could not employ appropriate workers in terms of required quality and quantity due to the unavailability of such skilled and qualified workers in the local areas.

3. Shortage of Foreign Exchange

Shortage of foreign currency exchange significantly affects the operation level of industrial firms. Especially manufacturing firms those are dependent on imported inputs of production could be seriously affected because of shortage of the production inputs and raw materials resulted from the shortage of foreign exchange. Fail to adequately importing the inputs from foreign supplying markets due to shortage of hard currency. The problem of shortage of foreign exchange not only affecting the operation of the existing IP but also hinders the expansion and construction of new or additional industry parks. The interviewed firm managers, for this study, were seriously complaining the bottleneck of their operation because of shortage of foreign currency exchange currently facing in the country.

Export trade is one means to earn foreign currency. Undoubtedly, without export trade, development is unthinkable. We import various machineries, raw materials for industries, manufacturing goods, fertilizers, petroleum, medicine and pharmaceutical tools and other utensils only if we have hard currency.

However, a country may face shortage of foreign currency due to several factors such as both low quantity and quality export, trade deficit (import is greater than export), insecurity, external debt pressure and others. The impact of shortage of foreign currency is equally severe. For

instance, our fieldwork report shows that both domestic and foreign investors faced difficulty of importing raw materials from abroad. Investors who faced such shortages have two alternatives at hand. One, is to cease the factory's operation entirely or make it to work partially. UNIDO report (2018) has pointed out that an investor should wait three to six months to obtain foreign currency he /she badly needed. Some factories we have visited in Mojjo were also working below capacity (partially) because of shortage of raw materials. Another enterprise in Eastern Industrial zone stopped operation during our fieldwork. It has transferred a third of its workers to the other company (an interview we conducted with employees at a spot). In cognizant to this, industries using the domestic raw materials have also faced problems. Though temporary, they could not able to get raw materials because of security problems.

The other alternative is to buy United States Dollars (USD) and other hard currencies from the black market. In each way, the employees are the victims. For instance, if the factory ceased production because the absence of raw materials, it disbands its employees. On the other hand, investors who imported raw materials with dollars they bought from black market will increase the price of the products to balance their expense. This in turn, affects their competitiveness and the local consumers.

Similarly, enterprises that export products abroad also feel discomfort with regard to foreign currency. In Mojjo, the manager of Friendship Shoes Factory, for instance, requested the government to reconsider the thirty seventy (30/70) trend. This means that the investor will use 30% of the Dollar while 70% goes to the government (or exchanged for birr in banks). But prior to 2017, the government took 30% while the investors use the rest. (Interview with Samuel) But data from the UNIDO report of 2018 does not corroborate with this figure. According it, before 2017, the percentage of USD an investor could retain was only 10.

The other problem that needs to be seen together with the shortage of foreign exchange is limited financial supply. Financial supply is the capital (money) offered to investors on loan bases by credit institutions or banks such as Development Bank of Ethiopia and other private banks. The investors can borrow money through collateral or other means to establish new investments or to expand the existing ones. But sometimes, investors faced short of financial supply for their

projects. The causes for limited financial supply may be many such as limited saving, bureaucracy (problem of financial administration) and debt pressure etc.

4. Inadequate Infrastructure, public utilities and poor logistics

Infrastructure and logistics supply problems are also identified as other challenging factors which hinder the operation of industrial firms—as noted from informants in the study areas. It was claimed that there is a serious infrastructure problems like road to transport raw materials from remote supply areas

The supply of utilities is also one of the challenges the industrial firms are facing in the country/the region. Companies on operation are facing challenges to unitize their full capacity of production because of inadequacy of the supply of utilities. Shortage of utilities supply such as water supply shortage, meagre condition of electricity supply hinders running of factory machineries in production; poor connectivity facilities such as weak internet connections seriously challenging the activities of export and import of industrial companies.

Public utilities such as telecommunication, electric power supply and water provision are the heart for the functioning any industry. These are the precondition for the establishment of industry. Electric power supply of the country has continuously been increasing. But interruption of power supply has continued to some extent up to this period. In other areas such as Bulbula Integrated Agro-Processing Industry, electric power supply is not yet there.

Similarly, poor logistics will entirely affect the process of production and marketing. It will reduce competitiveness of the company. In particular, the state needs to give much attention to industrial parks as they are competing both in domestic and global markets. Thus, for effective competition at least fast transportation, communication technology and other accommodations are quite necessary. Transportation of products from port to destination or from factories to port should efficiently be accomplished.

5. Inappropriate location of industrial park

This rarely happens in developed countries. This is because during feasibility study, one major issue that is taken into consideration is the location factor. In Ethiopia however, site selection is to some extent was a political decision. Jimma industrial park is exceptional in this regard. It

was destined to produce textile and garment in the overwhelmingly agricultural producing areas. It is also far from the port of Djibouti. In fact, most of the industrial parks that were established in Ethiopia are not far from the port of Djibouti and the highway.

In general, this research has identified several challenges which are both local and international, and temporary and long lasting. Some of these are insecurity, conflicts in the northern part of the country, shortage of raw materials, working below capacity and others.

Correlation

		Lack of effective administration	Shortage of foreign exchange	Inadequate utilities supply	Inefficient logistics	Inappropriate location	Labor related issues	IPs Challenging factors
Lack of effective administration	Pearson Correlation	1	.171	.304*	.115	.201	.298*	.442**
	Sig. (2-tailed)		.155	.010	.341	.093	.012	.000
Shortage of foreign exchange	Pearson Correlation	.171	1	.344**	.208	-.168	.048	.403**
	Sig. (2-tailed)	.155		.003	.082	.160	.692	.000
Inadequate utilities supply	Pearson Correlation	.304*	.344**	1	.548**	.352**	.529**	.730**
	Sig. (2-tailed)	.010	.003		.000	.003	.000	.000
Inefficient logistics	Pearson Correlation	.115	.208	.548**	1	.337**	.368**	.648**
	Sig. (2-tailed)	.341	.082	.000		.004	.002	.000
Inappropriate location	Pearson Correlation	.201	-.168	.352**	.337**	1	.670**	.514**
	Sig. (2-tailed)	.093	.160	.003	.004		.000	.000
Labor related challenges	Pearson Correlation	.298*	.048	.529**	.368**	.670**	1	.659**
	Sig. (2-tailed)	.012	.692	.000	.002	.000		.000
IPs Challenging factors	Pearson Correlation	.442**	.403**	.730**	.648**	.514**	.659**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Lack of effective administration significantly challenges the firms before coming to the production stage, in the process stage such as licensing and other related issue and after joining the IPs also during the operation stage. Various administration related problems are complained both by investors and workers since they do not get a prompt service. One informant from Est IP said *"rather than immediately replying to regular problems on time administration personals tend to collect complaints from investors and workers, which is not relevant for service seekers".* Sometimes failing to respond on time to problems results serious complaint and grievances.

In line with this, the above table shows that the correlation between lack of effective administration and factors challenging IPs/industrial companies' is significantly and positively correlated with the coefficient of 0.442; shortage of foreign exchange and factors challenging IPs/industrial correlated with the coefficient of 0.403; inadequate utilities supply and factors challenging IPs/industrial correlated with the coefficient of 0.730; inefficient logistics and factors challenging IPs/industrial correlated with the coefficient of 0.648; inappropriate location and factors challenging IPs/industrial correlated with the coefficient of 0.514; and labor related challenge and factors challenging IPs/industrial correlated with the coefficient of 0.659. The correlation is significant at 0.05 alpha value level with 2-tailed test, with the p-value of 0.000. Thus, with 95% level of confidence, the result of correlation coefficient shows that there is a direct and statistically significant relationship between the two variables. Hence, it is reasonably convincing that, in the further analysis of modeling of factors challenging the IPs/Firms.

Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.902[a]	.813	.792	.499

a. Predictors: (Constant), labor related challenges, shortage of foreign exchange, lack of effective administration, inefficient logistics, inappropriate location of the park, and inadequate local public utilities

The above regression analysis table result, a leaner regression, models the determination or effect of independent variables (labor related challenges, shortage of foreign exchange, Lack of

effective administration, inefficient logistics, inappropriate location of the park, and inadequate utilities supply) on the dependent variable (IP operation challenges). Accordingly, the result of the regression model statistically reveals the determination pattern and extent of effect between the predictors and the result. Thus, the result (the variable challenges of IPs) is explained by the indicated predictors in the model. The model shows that the predictors are explaining the industrial park challenges at adequate level; witnessed the values of R and R^2 in the model. The R-value in the regression model indicates a simple correlation and cause-effect relationship between the predictors and dependent variables. In the model the value of R (unstandardized result) is 0.813 which indicates a high degree of cause effect relations. The R^2-value indicates how much of the total variation in the dependent variable can be explained by the independent variables. In this case, 79.2% of the change in the condition of challenges of industrial firms' operation is explained by these variables. Further, the results imply that the independent variables are good predictors of determining of the variation in the dependent variable.

5.3. Contributions of Industrial Parks/Firms to the Country/Region

1. Stimulating Investment

Economic competition among countries has becoming very fierce. As a way out, they were compelled to establish industrial parks to attract FDI, to economize land usage and to provide different facilities. As also discussed in the background section, Ethiopia replicated the experience of East Asian countries. Indeed, the first Industrial Park that was established in Ethiopia was belonged to the Chinese investors. It was a private foreign owned park which started construction in 2007. It began operation in 2010 though not in full capacity. How much this investment has influenced policy direction of Ethiopia and stimulated other FDI is far from clear. But what we can surely say is that in post 2010 many things have changed. There was a policy shift from agricultural led industrialization to industrial led development. In addition, the country ratified various investment laws to attract foreign investors. Special attention was also given to industrial parks. For instance, compared to independent industries, the privileges given to industrial parks are more generous. The government also started establishing industrial parks beginning with Bole Lemi in 2012. At present, there are about 24 industrial industries in Ethiopia. In most of these parks, foreign investors rented sheds and started production. In particular, Hawassa, Bole Lemi and others have gone long distance. Eastern Industrial Park (EIP) also attracted FDI before any other industrial parks established in Ethiopia.

The newly established industrial parks in study area (Adama, Jimma and Bulbula) are also expected to stimulate investment. In fact, the Adama industrial park has started generating revenue though far below its potential. The expectation was that it would generate 38 million USD annually. But what it is actually generating at a time of this research is about 7.5 million USD on average. The numbers of rented sheds are also very small- four or five from the nineteen sheds it has built. The conditions of Bulbula and Jimma are worst. In each, only one shed has started functioning. The cost each has incurred was/is very immense. Indeed, necessary and urgent measures should be taken to solve the bottlenecks such as insecurity, advertisement and promotion, comparative advantages and other facilities. In conclusion, the establishment of industrial parks undoubtedly opened the country to foreign investments and dramatically increasing the FDI inflows.

2. Attract Foreign Direct Investment

Owing to the initiative of the government and special privileges, it offered to the industrial parks, the number of FDI coming to Ethiopia has been increasing from time to time. In addition, in order to create smooth environment for the investors, the government introduced new investment laws and amended the existing ones several times. According to Zhang et al (2018), most of investors who invested in the industrial parks are foreigners. Textile and garment sector occupied the dominant position. Some foreign investors also established their own park. For instance, Huajian, a shoe producing company that started work at EIP in 2012, eventually established its own industrial zone in 2015 in Addis Ababa.

3. Diversifying Export Base

Agricultural products have dominated the Ethiopian export trade for many years and will also continue to dominate in the future. Recently, however, manufactured goods have joined the export trade though agriculture still takes the lion share. In this regard, the industrial parks are playing the major role. A great deal of enterprises in industrial parks with exception of a few industries all contributed to the diversification of exports. Most of them export textile and garments. A few have exported leather and leather products. Briefly, the establishment of industrial parks have increased the export base of the country though not proportional to the capital invested on them. That means, the other way round, their contribution was far below their capacity.

4. Substituting Import

Import substitution denotes the economic development strategy of replacing/substituting formerly imports products or items by domestically grown/manufactured products while export trade is producing crops/items for export. During the imperial period, import substitution was given much emphasis over export trade. Several factors compelled the government to do so. With the then poor human and physical infrastructure, it is difficult to think that the economy will generate diversified products for export. The government main emphasis was to solve the country's major problems that cost it much money such as imports of raw cotton and textile products and sugar. The country has a great potential and favourable climate to produce these products. The bottlenecks were, however, the capital, skilled man power and managerial capacity. Thus, the government had decided to attract foreign companies. Hence, HVA sugar

factory and other cotton factories during the Imperial period were the result of the strategy of import substitution.

Obviously, working on import substitution is nothing but saving the amount of foreign currency we badly in need. But this does not mean that they have no difference. As export trade is very essential, so does import substitution. But at present, the government's favour for export trade over import substitution is vivid from its investment proclamations and regulations. For instance, those who engaged in export trade are given special treatment. But there are no clear regulations with regard to import substitution. Which areas of investments are open for import substitution and which are not, is unknown. Some five or six years ago, the government had started one grand project, i.e., building fertilizer factory in Illubabor. But that attempt seems unsuccessful as there is no information about their progress.

However, government's favour for export trade can be understood from Councils of Ministers Regulation no. 417/2017:

1) An industrial park enterprise that has undertaken to export its entire produce shall be exempted from any customs duty and tax on raw materials it may import; provided, however, where an industrial park enterprise sells parts of its produce to the customs territory, it shall be subject to appropriate customs duty and tax on the difference;
2) An industrial park enterprise that sells its products as input to another industrial park enterprise that exports its produce shall not be subject to payment of customs duty and tax;
3) Any enterprise located within the customs territory that supplies input produced anywhere within the country to an industrial park enterprise engaged in export shall not be subject to payment of any customs duty or tax on such transaction; an industrial park enterprise that exports products that it produced using input that it purchased in the customs territory shall also not be subject to payment of customs duty and tax on the input used; and
4) An industrial park enterprise that has undertaken to export its entire produce may keep up to one-year raw material that it imported without payment of customs duty and tax. Where such enterprise establishes good cause to retain such raw material for a period exceeding one year, the Commission may allow additional time.

In fact, many compelling factors forced the government to favour export trade. But ignoring the contribution of the import substitution has its own drastic consequences. For instance, as one informant remarked, there might be a situation when we import products which are produced in Ethiopia in hard currency. Sometimes, we should also use products destined for export to regulate the domestic market.

5. Technology and Skills Transfer

These are the most desirable resources that require special attention from the government. The potential natural resources we do have at hand today may be lost one day, if we do not give them special care. However, knowledge, skills and technology long lasting. They are permanent sources. They can be modified or invented but transmit to the next generation in any form. They are permanent resources. The exploitation of natural resources is entirely dependent on these essential elements of development. By regulation No. 417/2017 and Councils of Ministers Proclamation No. 1180/2020, the government paid attention to the skills and technology transfer.

Regulation no.417/2017 reads: The Ministry of Industry and other relevant organs shall make sure that industrial parks recruit workers, foster skills development and transfer, and transfer and upgrading of technology; they shall also ensure supply of input and creation of market linkage; and render support in regard to the realization of these. Similarly, proclamation No. 1180/2020 also forces a foreign investor to replace expats with Ethiopian nationals after he /she ensure that the Ethiopian nationals acquire necessary skills and knowledge to operate the tasks to which they are assigned.

However, the reality on the ground is not as such pleasing. Based on the interviews we conducted with different persons we discovered that the skills and technology transfer in areas of machine operation and other key areas are not satisfactory. In fact, in areas where employees specifically working on, skills and knowledge transfer is obvious. For instance, persons who are working as tailors normally have that knowledge and skills.

Ethiopia as well as the Regional State of Oromia should carefully think on how to create skilled human power in advance. For some upcoming grand projects, it is mandatory to prepare skilled human power on that specific area. Knowledge and skills center ought to be established in

cooperation with concerned office where potential persons (experienced, committed and educated) are willing to serve voluntarily in addition to payment.

6. Domestic Linkage

For several basic reasons a country may attract FDI. By using Foreign Domestic Investment, a country develops its economy, increase foreign exchange earnings, increase its capital, create job opportunity for its nationals and stimulate domestic firms. Our focus here is on the last reason-creating domestic linkage. This is perhaps the most important contribution of FDI. Well-established link between the two brings productivity spill-overs, and introduces improved industrial activities to domestic firms. Productivity spill-overs occur when domestic firms absorb and implement technologies and new skills from foreign investments. This can be obtained through observation and copying the technology from foreign enterprises, through inter firm labour mobility (employing persons who have working experience in foreign companies) and inter firm linkages.

Inter firm linkages may be in various degree and type. But generally, domestic suppliers provide inputs (raw materials and other products) while the foreign investors supplied the former with technology and skills. Using this technology and skills, the domestic enterprise will improve productivity, and quality of the products. The outcome is productivity spill-overs. Particularly, in foreign companies that use domestic raw materials the linkage and the productivity spill-over is expected to be high. In fact, there are several hindering factors. For instance, literature shows that fully foreign owned enterprises are less interested to provide technology transfers. Moreover, domestic firms that are located further distance from foreign owned firms will find it much more difficult to operate as suppliers and benefit from knowledge spill-overs.

On the other hand, foreign investments with some level of local participation (joint venture), geographical and cultural proximity have relatively better linkages. Cultural as well as geographical proximity between the host economies and foreign firms results in larger productivity spill-overs. In general, foreign firms with high level of local sourcing will provide a high-level supportiveness thereby increase productivity (World Bank Group, 2020).

Research by UNIDO experts (Zhang et al, 2018) on Ethiopia also shows weakness of domestic linkage in Eastern industrial parks. They put two reasons for the weakness. One, the country did

not have skilled and active intermediary that function the assembly type of operation. The other is the Chinese behaviour; the Chinese companies only wanted to source inputs through their own networks. The same research shows that over half of the total material inputs and supplies used by Chinese firms in the EIP were sourced abroad.

The domestic linkage the issue that need to be addressed immediately. The country's development will be achieved only if we implement those experiences and technologies were imported from abroad through FDI.

7. Employment Opportunities

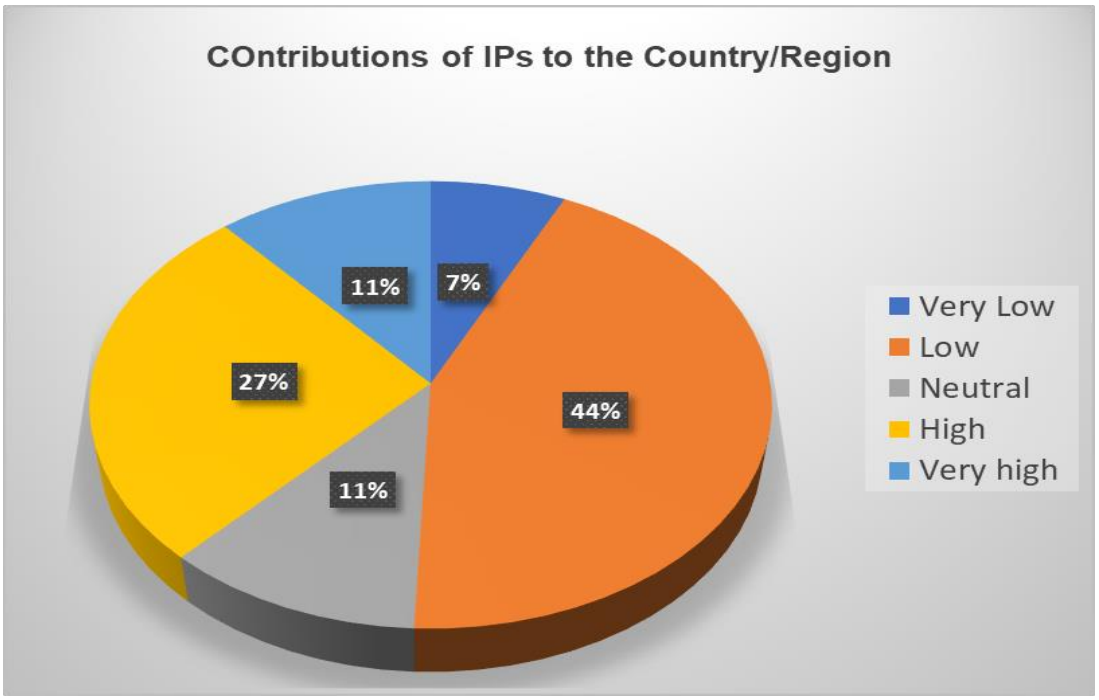
Currently on relative basis there is government attention given to the industrial sector believing that the sector could contribute the realization of development vision of the country. The expansion of the industrial sector creates a wider employment opportunity in the value chain. As confirmed by this study, and secondary sources written on Ethiopian industry investments attested, the number of laborers getting employment opportunities has also shown drastic changes—increment. The interviews and discussions with the key informants also confirm the same claim and indicate that industrial sector is even more promising for future investments and employment opportunities especially to youths (both male and female). Despite the absence of wage policies, the total amount of payment, despite smaller amount of basic salary, has increased over the years although factors of inflations and cost of living expenses for the workers were not practically synchronized as such.

The situations of workers were by far more pressing as they lack the resources and background to prepare themselves for detailed and all rounded negotiations in contractual employments and wage fixing. Workers also lack the confidence and experiences to involve in negotiating the initial wages when they decided to join any of the industry firms. Recent trends and data obtained from the study demonstrate that workers have no motivation to negotiate about their salaries and benefits, they are in dilemma to do so. Some workers, as they are paid low salary are still dependent on their family for their living.

The orientation of cheap labour in the country was recurrently mentioned as a factor of comparative advantage to attract foreign investors. This has been taken as one incentive

announced for investors, especially foreign investors, to join the investment market in Ethiopia. This notion of cheap labour negates the negotiation opportunities of the workers in their respective firms, they have no chance of negotiating and make rational decisions regarding their salary amount. So, they rather tend to accept what is available to them. This reality is contrary with the basic assumption of rational choice theory that claims actors as the rational decision makers. The wage theories, covered in the review part also contradicts with the result of this study regarding with salary negotiation and decision by workers.

Industrial Parks/firms Contribution, quantitative Result



Source: Field Survey, 2023

The above pie chart presents the rating of the contribution of industrial parks/firms to the federal/regional level by the study participants. As indicated in the chart above 44% of the respondents rated the contribution of IPs/firms as low, and 7% of them rated the IPs'/firms' contribution as very low; whereas on the contrary 27% of them rate the contribution as high and 11% as very high. The rest 11% of the respondents neither rate it as successful (high or very high) nor unsuccessful (Low or very now) in their responses.

Correlations

		Stimulating investment	Creating employment	Attracting FDI	Diversifying export base	Substituting import	Transferring technology and skills	Increasing foreign exchange earnings	Contribution of industrial parks
Stimulating investment	Pearson Correlation	1	.764**	.522**	.566**	.523**	.646**	.427**	.699**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000
Creating employment	Pearson Correlation	.764**	1	.553**	.553**	.427**	.614**	.420**	.689**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000	.000
Attracting foreign direct investment	Pearson Correlation	.522**	.553**	1	.754**	.532**	.695**	.644**	.833**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000	.000
Diversifying export base	Pearson Correlation	.566**	.553**	.754**	1	.632**	.597**	.810**	.857**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000	.000
Substituting import	Pearson Correlation	.523**	.427**	.532**	.632**	1	.629**	.573**	.746**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000	.000
Transferring technology and skills	Pearson Correlation	.646**	.614**	.695**	.597**	.629**	1	.587**	.779**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000	.000
Increasing foreign exchange earnings	Pearson Correlation	.427**	.420**	.644**	.810**	.573**	.587**	1	.807**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		.000
Contribution of industrial parks	Pearson Correlation	.699**	.689**	.833**	.857**	.746**	.779**	.807**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	

**. Correlation is significant at the 0.01 level (2-tailed).

The correlations table above tests the association between contribution of industrial parks/firms on the one hand and investment stimulation, employment opportunity, foreign direct investment, diversifying export base, substituting import, technology and skills transfer; and foreign exchange earnings.

In line with this, the above table shows that the correlation between investment stimulation IPs/industrial companies' is significantly and positively correlated with the coefficient of 0.699; employment opportunity and IPs/industrial firms are correlated with the coefficient of 0.689; foreign direct investment and IPs/industrial firms are correlated with the coefficient of 0.833; diversifying export base and IPs/industrial firms are correlated with the coefficient of 0.857; import substitution and IPs/industrial firms are correlated with the coefficient of 0.746;

technology & skill transfers and IPs/industrial firms are correlated with the coefficient of 0.779; and foreign exchange earnings and IPs/industrial firms are correlated with the coefficient of 0.807. The correlation is significant at 0.01 alpha value level with 2-tailed test, with the p-value of 0.000. Thus, with 95% level of confidence, the result of correlation coefficient shows that there is a direct and statistically significant relationship between the two variables. Hence, it is reasonably convincing that, in the further analysis of modeling of factors associated with contributions of the IPs/Firms.

Regression

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.867[a]	.752	.743	.321

a. Predictors: (Constant), Creating employment, substituting import, attracting foreign direct investment, stimulating investment, transferring technology and skills, diversifying export base, Increasing foreign exchange earnings

The above regression analysis table result, a leaner regression, models the determination or effect of independent variables (investment stimulation, employment opportunity, foreign direct investment, diversifying export base, substituting import, technology and skills transfer; and foreign exchange earnings) on the dependent variable (level of IP contributions). Accordingly, the result of the regression model statistically reveals the determination pattern and extent of effect between the predictors and the result. Thus, the result (the level of IP contribution) is explained by the indicated predictors in the model. The model shows that the predictors are explaining the industrial park contributions at adequate level; witnessed the values of R and R^2 in the model. The R-value in the regression model indicates a simple correlation and cause-effect relationship between the predictors and dependent variables. In the model the value of R (unstandardized result) is 0.867 which indicates a high degree of cause effect relations. The R^2-value indicates how much of the total variation in the dependent variable can be explained by the independent variables. In this case, 74.3% of the change in the level of contribution of IP is explained by these variables. Further, the results imply that the independent variables are good predictors of determining of the variation in the dependent variable.

5.4. Labour and Employment Related Issues

One the mail duties of the government is minimizing the pressure of unemployment using all possible means. Among various economic sectors, industrial sector is the one which is supposed to create significant size of job for job seekers. Thus, creation of employment opportunities is considered as a critical facet of the industrial sectors. In the prevailing situations of the third world countries like Ethiopia, job opportunity entails as a measure of the development success and enhancement of wellbeing. This research also focuses on, as component of the investigation issues, the status and realities in the IPs/industrial companies regarding job opportunities, employment related issues and the overall handlining manner of the employees. Hence, the next sub-sections provide detailed discussions on the various dimensions of job-opportunities among the workers in the IPs/Firms selected for this study. Availability of jobs, recruitment, promotion job security and others relevant issues would be treated based on empirical data.

Job Opportunities in IPs/Industrial Companies

Job availability in the industrial firms entails as one of the major dimensions of examining the success of the sector contributing to the socioeconomic interest of the country. As indicated in various foundational document (proclamations, rules and regulations, feasibility studies) of IPs employment creation is among the leading objectives to achieve by IPs in their operation. The FGD data with local labour and social affairs sector experts and the interview with one firm manager show that youths after school dropout or completing high school or evening graduating from higher education are joining the industrial sector using the available job opportunities. Some prior studies also show that due to the growing unemployment rate in the country there were a large number of job-seekers where majority of are youths—both male and female **(Broussara and Tsegay, 2012).** The industry sector provides job opportunities to unemployed youths who are in search of a job. The following table presents the employment opportunities so far existing with the IP/firm specific distributions, as secondary data surveyed from the industries.

Accordingly, as shown the table below currently there 30,879 workers employed in the five industrial clusters, i.e., Adama IP 6412, East industrial zone Ip 16898, Mojo industries 7423, Jimma IP 128 and Bulbula IP 18 have been employed.

Table: Distribution of Availability of Job Opportunities among the study IPs/Industries

S.NO.	Name of the IP/Industry Covered by the Study	Number of the current employed workers	
1.	Adama IP	6412	
2.	East industrial Zone IP	16898	
3.	Mojo Industrial Firms	7423	
4.	Jimma IP	128	
5.	Bulbula IP	18	
Total number		**30,879**	

Source: Secondary data compiled from the industries

Table: Previous Employment Status of Workers

Previous Occupation		Frequency	Percent
	Student	321	58.9
	Working in another Firm	115	21.1
	Farming	30	5.5
	Petty trade	35	6.4
	Non-skilled daily work	37	6.8
	Any other	7	1.3
	Total	545	100.0

Source: Field Survey, 2023

The above table presents the employment status of the respondents before they join the current firm. Accordingly, the majorities were students (58.9%) and 21.1% of them were working in other firms before employed by the current firms. Others were non-skilled daily labourers (6.8%), petty traders (6.4%), farming (5.5%) and other works (1.3%). From the data we observe that majorities of the currently employed workers were students who have no jo before and have no experience and working skill. The FGD and interviews data also confirm that those workers who were employed in the firms for the first time lack wider experiences of managing activities

in the respective departments of the Firms. Hence workers acquired much of their occupational experiences after joining the Firms.

Table: Socio-Demographic Information of Employees

Variables		Frequency	Percent	Valid Percent	Cumulative Percent
Age Category N—545 Mean=27.38 Max=67 Min=17	less or equals 20	18	3.3	3.3	3.3
	21-25	245	45.0	45.0	48.3
	26-30	185	33.9	33.9	82.2
	31-35	57	10.5	10.5	92.7
	36-40	19	3.5	3.5	96.1
	41+	21	3.9	3.9	100.0
	Total	545	100.0	100.0	
Gender	Male	308	56.5	56.5	56.5
	Female	237	43.5	43.5	100.0
	Total	545	100.0	100.0	
Religion	Orthodox	295	54.1	54.1	54.1
	Catholic	11	2.0	2.0	56.1
	Protestant	164	30.1	30.1	86.2
	Muslim	70	12.8	12.8	99.1
	Waaqqeffana	3	.6	.6	99.6
	Others	2	.4	.4	100.0
	Total	545	100.0	100.0	
Marital Status	Never married	309	56.7	56.8	56.8
	Married	231	42.4	42.5	99.3
	Divorced	3	.6	.6	99.8
	Widowed	2	.4	.4	100.0
	Total	545	100.0		
Educational Level	No formal education	10	1.9	1.9	1.9
	Reading and writing	12	2.2	2.2	4.1
	Primary (grade 1-6)	29	5.3	5.4	9.4
	Junior School (7-8)	165	30.3	30.6	40.0
	Secondary School (9-10)	103	18.9	19.1	59.1
	High school including Preparatory	209	38.3	38.7	97.8
	Diploma/Degree	17	3.1	3.1	100.0

	Total	545	100.0		
Birth Region	Oromia Region	317	58.2	58.2	41.8
	Other Regions	228	41.8	41.8	100.0
	Total	545	100.0	100.0	

Source: Field Survey, 20223

The table above presents the basic socio-demographic characteristics of the respondents' employees of this study. Accordingly, the age of the respondent employees observed from the data shows that the minimum age is 17 and the maximum is 67 with the mean of 27.38. The larger majority of the employees are from age 21 t0 30 covers 79% of the total respondents. The outliers, less than 20 covers 3.3% and 41 and above 4% only.

As observed from the table above, gender distribution of the employees reveals that 308 (56.5%) are male and 237 (43.5%) are female workers out of the total 545 employee respondents. This implies that even though there is slight difference on gender composition of the employees the disparity observed seems narrow.

Considering religion as social variable, the table above presents that the religious affliction of the employees observed that Orthodox 295(54.1%), Muslim 70(12.8%), Protestant 164(30.1%), Catholic 11(2%), Waaqeffanna 3(.6%) and others 2(.4%) out of the total respondents.

Regarding the marital status of the respondent employees, the table reveals that 309(56.7%) are never married, 231(42.4%) are currently married, 3(.6%) divorced and 2(.4%) are widowed; out of the total respondent employes.

Another important social variable of the respondent employees' is their educational level to be analyzed. The table above present the educational level analysis and observed that the larger majority of the respondents' education level is from grade 7 to grade 12 (including preparatory school) which counts for 477(87.5%) of the total respondents. In addition, the analysis also shows that only 51(9.4%) have the education level of grade 6 and below. The rest 17(3.1%) attained the level of diploma and above among the total respondents.

Another point of analysis of this study regarding respondent employees is the region from where they came from to join the current job. As presented in the 317—58.2% came from Oromia

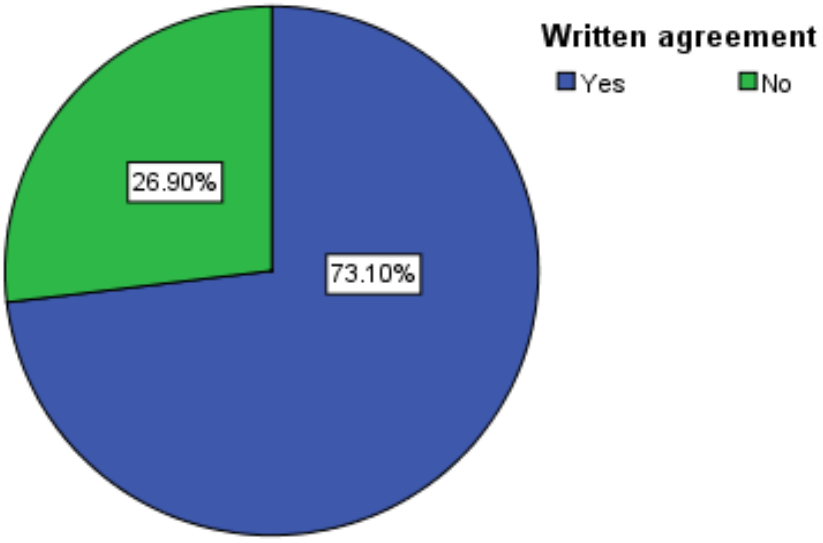
region and the rest 228—41.8% of them came from other regions out of Oromia. Thus, this shows that significant amount of available job has been occupied by respondent came from outside of Oromia. There is no devised mechanism to reserve or give priority to the local job seekers in the process of recruitment in the firms.

Recruitment, Employment Process and Written Agreement

Recruitment of employees in industrial firms is usually based on acquaintances and random selection. There are very limited practices of vacancy announcements, except for office work. From the interview with the local government office of labour and social affairs we were informed that, sometimes, the local government offices, such as office of labour and social affairs are working with the firms in the process of recruitment, and the job seeking youths are contacting the offices and register for the job they are looking for. The offices are providing the firms the workers from the registry they keep on the demand of the firms. The FGD and KII we have conducted on this issue noted that usually laborers are contracted as daily labourers which then gradually develop to contract workers if there are open positions in the various departments of the Firms. Most of the Laborers interviewed learned about the job opportunity from friends and acquaintances of working in the industrial Firms. This has been the experience of most Laborers interviewed in both industrial firms.

According to Art. 2 of the labour proclamation, Proclamation No. 1156/2019, a worker "re-employed by the same employer for the same job shall not be subject to probation", which in this case is regarded as 'contract' employment. The labour proclamation, under the same article, also mention the need to have writing agreement for the probation period, which is missing in the case of Laborers working in the industrial firms.

Distribution of the Signed a Written Employment Agreement by the Employees



Source: Field Survey, 2023

As part of the legal right and job guarantee for workers, signing the written employment agreement is a pivotal and strong legal requirement. Nonetheless, Laborers in industrial firms sign an agreement after 45 days, during which their performance is assessed. A survey was carried out to see the legal basis of the recruitments and contract agreements entered between the employees and the Firm managers.

Accordingly, the chart presentation below (figure above) posits the response of the study participants regarding their possession of written contracts or not. As per the data presented in the chart, 26.9% did not sign the formal employment agreement with their employers, the rest, the majority, 73.1% of the employees participating in this study have reported to sign the formal employment agreement. Yet singing and accessing the contractual agreements are quite different. A very significant number of those who claimed to sign the agreement stated in the interviews that they did not have the copy of the contracts with them.

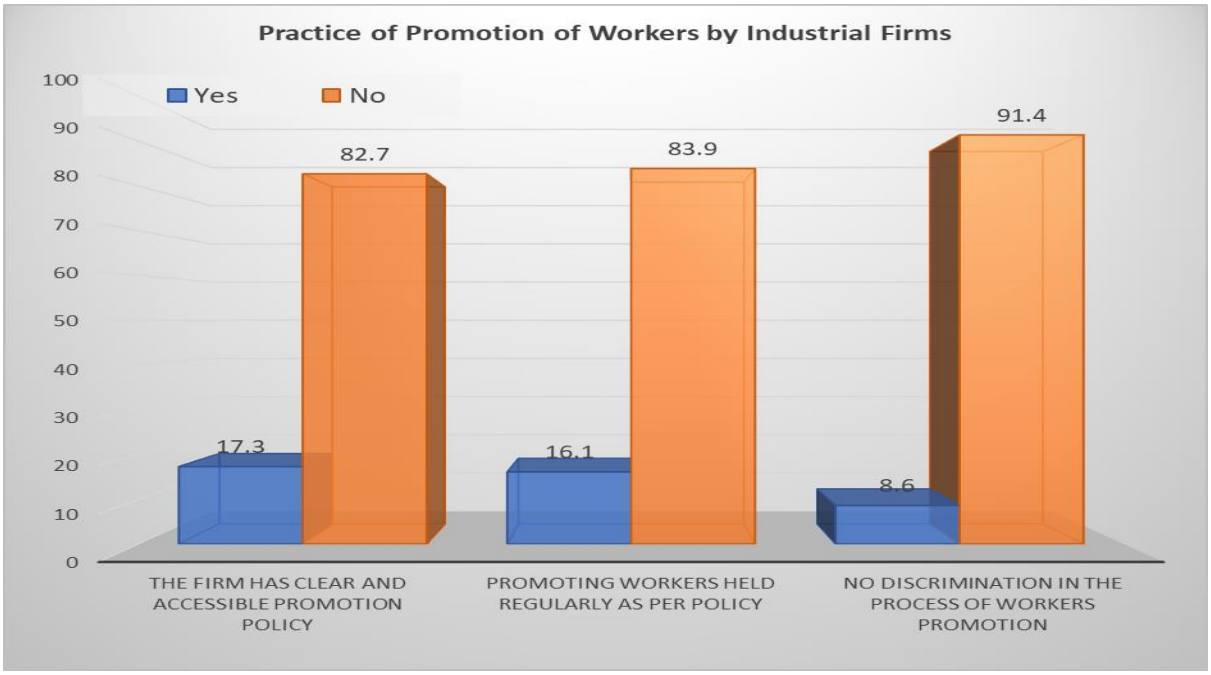
Promotion

Through FGD and in-depth interview conducted with Labour and Social Affairs local offices and workers of the industrial firms under the study, the researchers have learned that there are few success stories of employees' promotion from lower-level positions to middle or high-level

expertise or management. There were less clearly defined and known rules and regulations that govern promotion of employees; neither are they regular, except in few firms. The most common trends in promotion of workers are from daily labour to team leadership or supervision. Based on work performance, years of experience, communication skills, personal behaviour and work discipline, Laborers have been promoted to team leadership. A key informant from East Industrial Zone IP indicated

> *There are no clear criteria for employees to be promoted as a team leader. They are promoted within from the departments. The organization will select the best performing applicant by considering their work experience, performance, personal behaviour and work discipline of the employee. The recommendations of the supervisors are also important since they work closely with most of the workers and observe their performance on a daily basis.*

An in-depth interview held with the human resource manager of Desalegn Seid Soap and Detergent factory at Mojo also demonstrated that *"promotion considers a lot of factors including the level of education, year of services in the firm. A number of employees apply for promotion and the firm management carries out its own assessment either to accept or reject their requests. The practice of promoting workers is not regular and continuous".* Based on the views of this key informant, there is an existing system in terms of promoting the requests of employees yet more is required to embed and institutionalize the parameters used for promotion plus years considered in the thorough analysis that followed the application of the employees. As triangulated data shows, this works only for few firms. It is also rare to see workers promoting to high positions such as in management, which require certain educational qualifications which Laborers often fail to attain, as indicated by the workers interviewed at various firms. The quantitative data descriptively analysed and graphically presented by the following chart summarizes the case briefly.



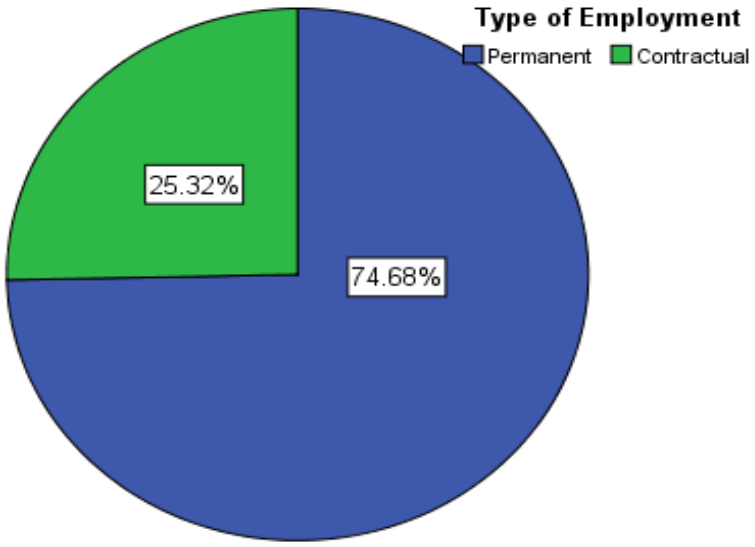
Source: Field Survey, 2023

The above chart figure presents the condition of workers promotion practice in industrial firms based on basic parameters such as existence of clear and accessible promotion policy, the regularity of promoting the workers as per the policy, and the extant of practicing discrimination free promotion practice in the firms. As the chart figure presents, only 17.3% responds that there is a clear and accessible promotion policy while 82.7% responds "No" to the question. And only 16.1% of the respondents claim that there is a regular workers promotion practice as per the policy while 83.9% said "No" to this practice. Furthermore, only 8.6% said that the firms are practicing discrimination free workers' promotion practice in the firms whereas 91.4% of the respondents said that there is a discrimination practice in workers promotion.

Modalities of Employment

Through the interview with firm managers and KII the research team could understand that there are various modalities of employment practices in the industrial firms. These modalities of employment include daily labourer, contract and permanent employment. The survey results also confirmed the qualitative information and showed that there are three types of employment modalities (daily labour, contract and permanent employment). For this survey daily labours were not ben targeted since there was high inconsistence in appearing on the job place, and such

no registered data by the firms as well. Thus, for the quantitative analysis of the survey contract and permanent workers were considered, Contract workers, with better performance and with a minimal absenteeism, can secure permanent positions. After 45 days of probation period, contract employees enter into a work contract which redefines them permanent employees. The length of the contract is not uniform among the firms, anyhow mostly three months, renewable for an undetermined period of time. The tenure for extension is however not clearly stated, and open for abuses under some circumstances.



Source: Field Survey, 2023

The above chart figure presents the modalities of employment by the industrial firms under the study. As the figure presents, 74.7% of the respondent employees indicated their employment type is permanent and the rest 25.3% said their employment type is contractual employment. This indicates that the majority of the employees are employed by the industrial firms on the permanent modality basis.

Job Security and Employees' Feeling of Losing their Job

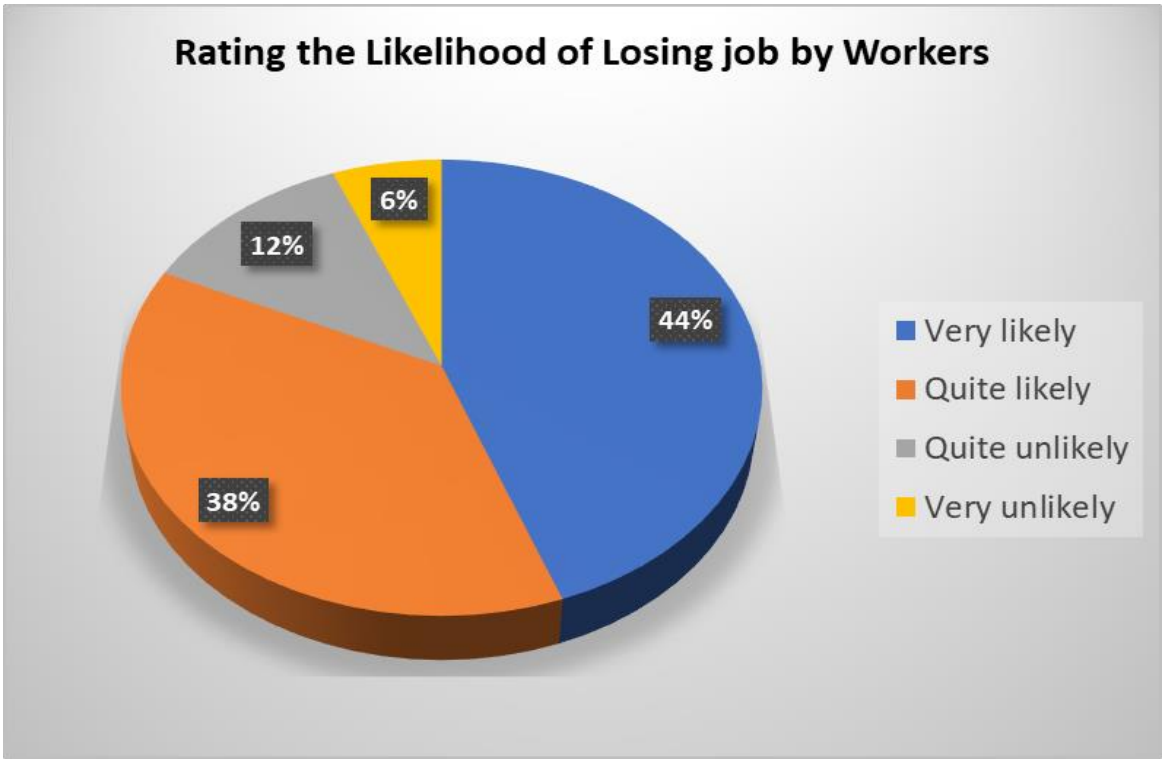
The issue of job security is one of the basic analyses are regarding employment persistence in the firms. In this regard qualitative data generated from firms indicates that termination of

employment is usually related to low performance, frequent absenteeism, misbehaviour, and other challenges directly attributed the worker. According to one firm manager,

> *Employment agreement termination could happen mostly because of low performance, frequent absenteeism, misbehaving and resignation of the employee for various reasons. Many workers are revealing such defects because of work load, mistreatments and low scale of payment. If the employee does not obey to the rules and regulations of the workplace, we will take the necessary action according to the law. Mostly when permanent employees resign, we substitute them with contract staff, those who worked in the firm for 60 days, because they know the work. (Interview, with a firm manager)*

But from the side of workers and local offices of Labour and Social affairs the claim regarding job insecurity is contrary to the claim of firm managers. This group claims that the employment termination is not attributed to the defect of the workers or a worker mostly, rather it is happing to the workers for known reason and arbitrarily. The quantitative data analysed on job security related issue is here presented by the following chart.

Perception about the Prospects of Losing Job

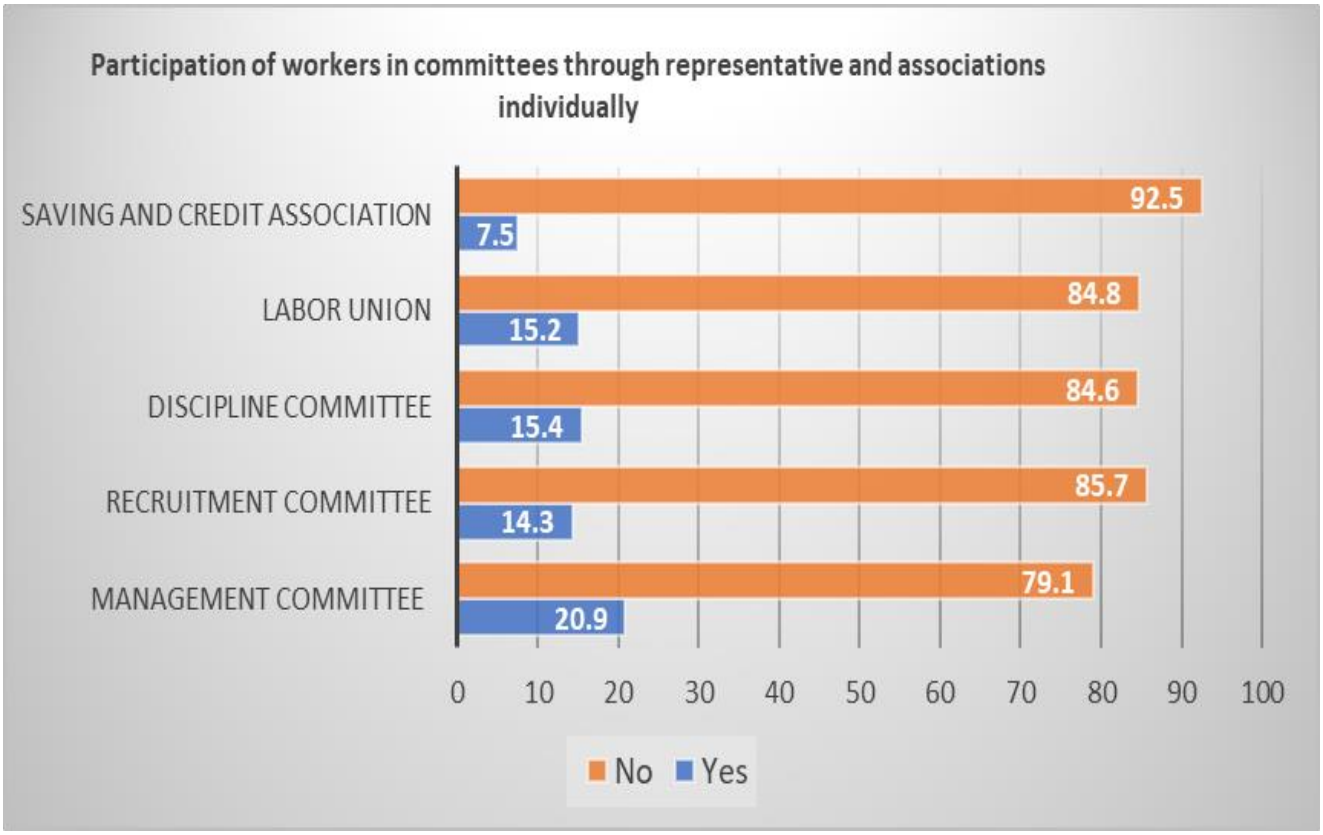


Source: Field Survey, 2023

As indicated in the chart above 44% of the respondents rated the chance of losing a job as very likely, whereas on the contrary 6% of them rate the chance of losing a job as very unlikely. The risk of job losing was rated at quite likely by 38% and quite unlikely by 12% out of the total respondents. Thus, it would be plausible to deduce that 37.8% of them rate the chance of losing a job likely at various degrees.

Membership in Informal and Formal Networks

Formal and informal networks and associations are important means of social capital for workers in workplaces. Thus, in the workplaces, workers are expected to be members of different formal and informal associations and networks. Membership of various committees such as recruitment committee, discipline committee, promotion committee, management committee and safety committee through their representatives is the expected rights of workers in their respective firms. Membership in Labour unions, Saving and credit association is expected to be open for individual workers. Especially, Labour Union plays significant role in enhancing the collective bargaining of workers and other approaches associated to it. It helps to work on promoting workers' safety, monitor timely payment and realization of rights at work. Different committees established are also expected to protect the rights of workers on different issues. However, in most cases, these unions and committees tend to banned (indirectly prohibited) inactive or ineffective, for which most workers are not eager to be members or actively participating. The committees may be in few cases established for sake meeting the requirements imposed by government regulations. The bar graph below presents the responses of study participants on their participation practice in various committees and associations at their workplaces.



Source: Field Survey, 2023

Accordingly, as observed from their responses, only 15.4% respond that they are participating in the discipline committee, 14.3% recruitment committee and 20.9% management committee of the firms through their representatives. Only 15.2% of them are members of the Labour Union of the firms (where it exists). 7.5% of the respondents joined saving and credit association and are members at work places and only 0.9% (about 1%) of them are members of the women's association committee in the firms.

Equivalently important as that of formal associations, informal networks such as *Iqub and Idir* play a major role in maintaining close social relations among workers. These informal institutions maintain active relations, better collegial interactions at the workplace and establish a support mechanism among workers. However, the respondents claimed that, because of the low wage earned, most workers fail to join such networks as they encountered challenges in contributing monthly payments and other demands.

Opportunities and Benefits created by Industrial Firms

Employment Salary

Employment salary is payments made for the time spent by the workers on duty and their production and other economic contributions. The prevailing ideas collected from the workers show that the salary income earned from their employment is far from sufficient to cover their living expenses. With a minimum wage of 450 ETB, Laborers support themselves and their families. Salary scales differ significantly from firm to firm, to some existent based on job position, years of experience, and departments.

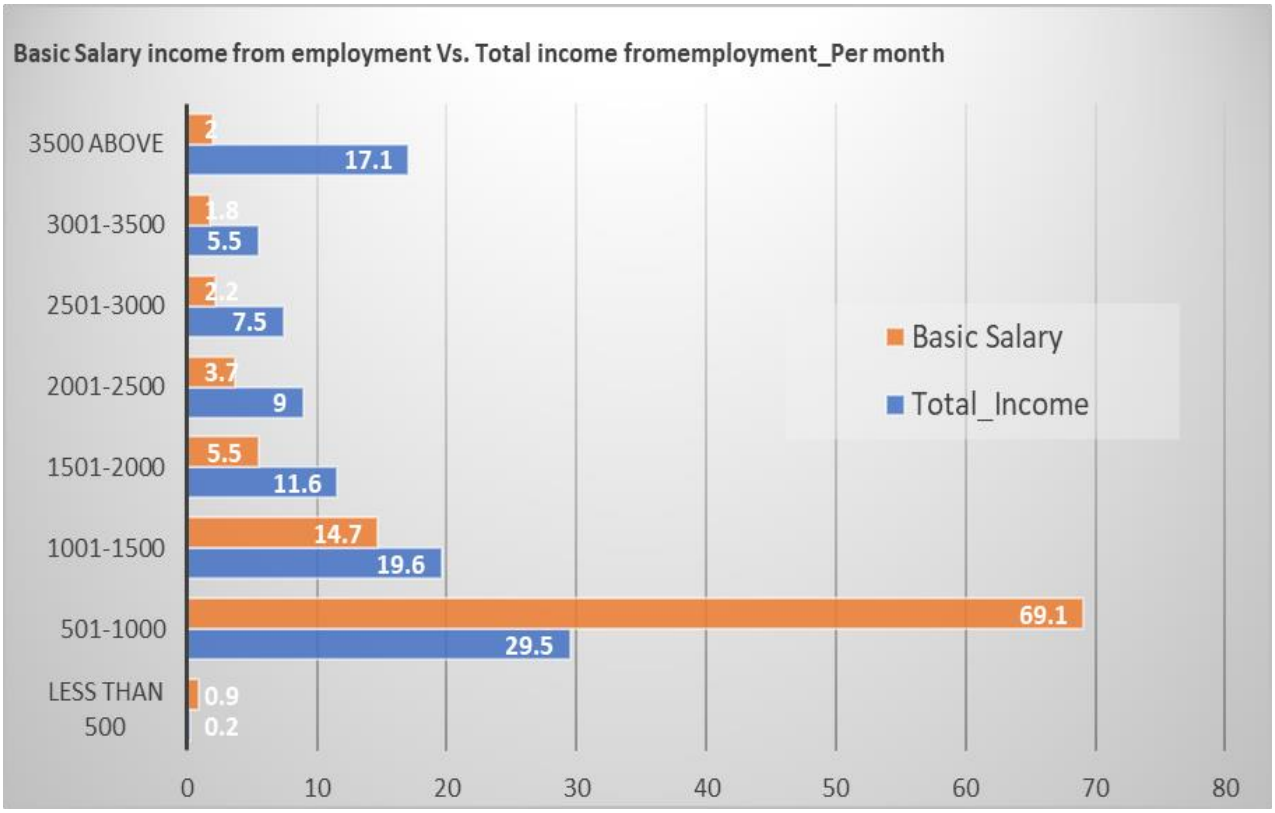
In addition to monthly salary, most industrial firms provided incentives such as attendance incentive, extra time work/overtime work, various benefits and bonuses which depend on the profit of the company and the salary scale of the workers. This income, however, is not enough, according to many.

> *My life has not changed because this is subsistence life. The payment is not enough. I know there are our friends whose life has changed working in other places that covered their expenses. Here, we just live by the will of God. Even it is difficult to rent a house. Therefore, workers are forced to live in a group. A single room rent requires more than 1500 birr if you are living alone and it may increase if you have a family. It is mostly a must to have roommate to share expenses. Some of our friends are still living under their families and this job is just a place of stay for their daytime. (a 27 years old male informant at East Industrial Park).*

Thus, even though the amount of the salary payment is meagre the firms create job opportunity and provides income earning opportunity, especially for youth. A female informant said that "still with all the problems the firms are important in our life; it gives a chance of earning income (even though it is meagre in amount), employment and other benefits. It enables us to have our own income."

In relative terms the basic salary amount workers earn on average is by far different from the total benefits (including the salary). The difference is not merely and reasonably the

result of extra performance of a worker nor resulted from the kindness of the owners. It is the systematic denial of responsibilities such as income tax payment, compensation payments for fired and harmed workers by the firm owners, as claimed by the expert of local office of Labour and Social Affairs office. The following bar chart presents the descriptive quantitative analysis of grouped data on the salary income vs. total income from the employment.



Source: Field Survey, 2023

The above figure presents the income of workers comparing the amount paid as basic salary and total income earned from the employment on monthly basis. Comparison of the two shows that for basic salary payment 70% of the respondent employees earn 1000 Birr and below whereas only 30% earn above 1000 Birr per month. Comparatively only 30% earn the total income of 1000 Birr and below and 70% earn above 1000 Birr per month from the same employment. Disparity of this amount in the pattern of payment is intentionally designed by the companies'

owners to systematically to escape or deny responsibilities of income tax paying and workers related claims.

Basic Monthly Salary vs. Total Income per month from this employment

		Minimum	Maximum	Mean	Range	Std. Deviation
Basic Salary per month		450	10000	1410.50	9550	1163.925
Valid N	545					
Total Income earing from this employment		1000	40000	2408.81	39000	2602.683
Valid N	545					

Source: Field Survey, 2023

The above table presents the analysis of income data uses mean, minimum, maximum and range of income they have been earning monthly. The analysis shows that the mean basic salary is 1410.50 Birr compared to the mean total income (including salary) of 2408.81 Birr. Both of the earning of the workers is featured with outliers of few cases. There is also high level of payment disparity among the workers on both payment amount (basic salary Std.=1163.925 and total income Std.=2602.683). This shows unhealth payment pattern in the industrial firms.

The observed mean difference between the basic salary and total income of workers from the same employment needs to be further statistically tested whether the observed difference is by chance or statistically significant. The following statistical test presents the result of the paired t-test.

The Results of Paired Samples Test statistics

Paired Samples Test

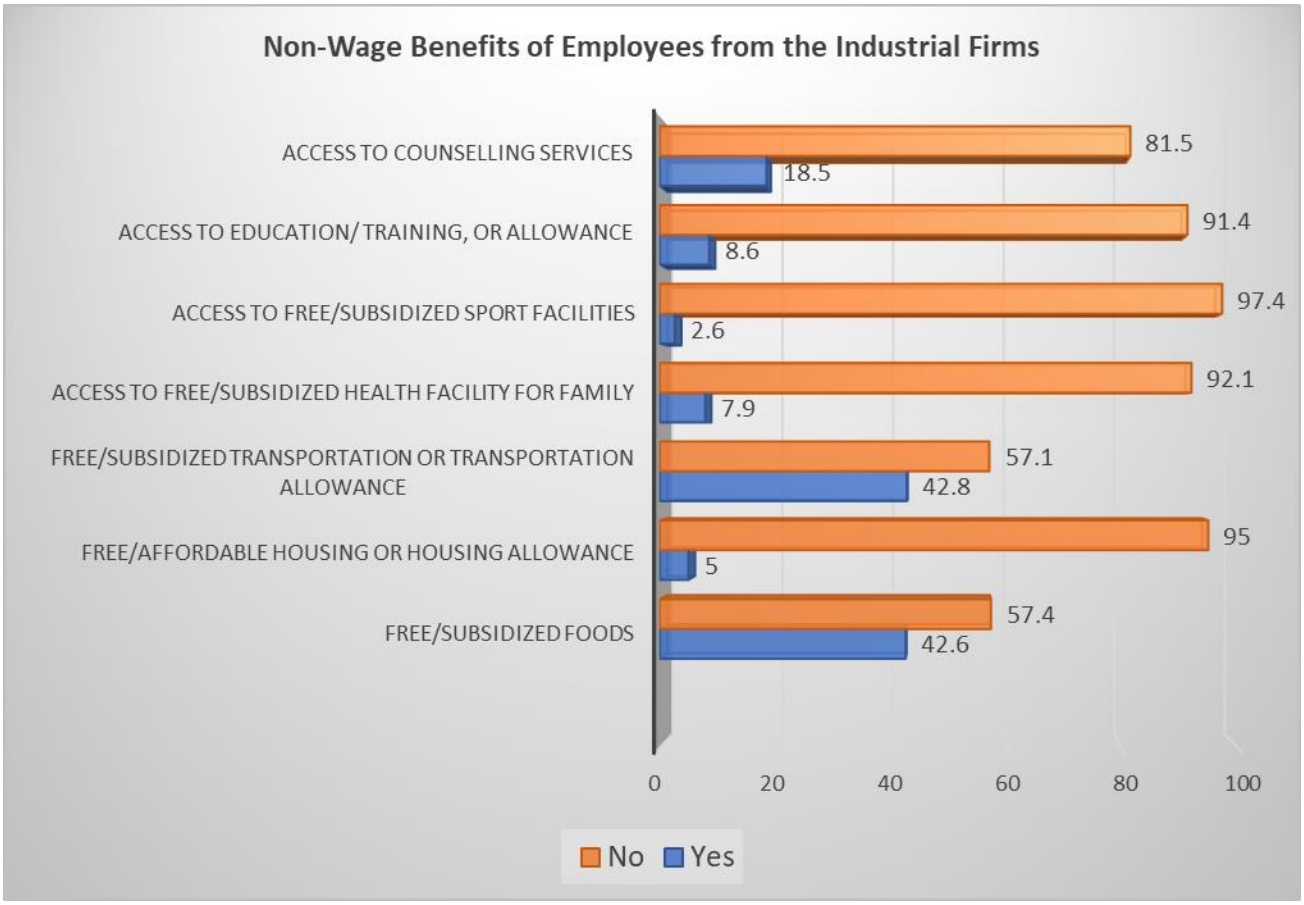
		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Total Income per month - Basic Salary per month	997.811	2179.615	93.364	814.412	1181.210	10.687	544	.000

Source: Field survey, 2023

The paired mean test was used to examine the basic salary and total payment observations means comparison. Thus, as indicated in the table above, the difference is not by chance, rather it is statistically significant when tested at 95% degree of confidence with 544 degree of freedom. So, the previously indicated intentional disparity devised by the companies' owners to escape the expected responsibilities is resulted in statistically significant disparities.

Non-wage Benefits

In addition to the monthly salaries, workers get packages of non-wage benefits which they are entitled as workers in the Firm. The chart below presents free or subsidized supplies which the workers receive from the firms where they have been working in. The table runs the yes/no dichotomy analysis to check the availability of these provisions.



Source: Field Survey, 2023

The disruptive data analysis presented in the figure above shows that 42.6% of workers received subsidized food provision from their firm, while 57.4% of them did not. On the other hand, only 5% of workers received affordable housing services from the firms they have been employed in and 95% of them were not provided affordable housing by their firms in the last 12 months. Regarding transportation service provision, 42.8% of them responded that they were provided with the subsidized transportation services, while 57.2% of them have not received in the last 12 months. Similarly, 7.9% of workers responded that they were provided with free health services, while the rest majority92.1% of them did not receive any health services provisions from their firms in the last 12 months. In the past 12 months only 8.6% of workers were provided with free education/training by their respective employers (firms) while the rest majority (91.4%) of them did not receive any free education/training service and opportunities. The respondents also indicated that only 2.6% of them provide a chance of Sport and recreation provision by their respective firms while 97.4% of them were not provided the chance in the last 12 months. Finally, regarding the counselling services, 18.5% out of the total workers were provided with free counselling services by their employers while 81.5% of them did not benefit from the free counselling services provided by the firms. Some of these services are available on demand when the workers apply to access them.

From the qualitative data the researchers understand that many of the workers indicated their satisfaction in the transportation service provided by the companies. In addition to relieving workers from transportation expenses, transportation facilities have enabled Laborers to safely commute between home and work. Before the service was made available, workers were at risk of physical and sexual abuse. Most Laborers indicated they had to leave their house early in the morning and walk some distance to get transportation. This made them vulnerable to theft and violence. The presence of buses for employees of the firm has also enabled workers to save money they previously spent on public transportation.

Companies also cover education costs mainly for workers in high positions. Yet, wage workers also attend their education although they are not given supports and any opportunities of their school expenses being covered. The interviews held with the team leaders confirmed that some implicit arrangements and supports have been extended to those workers who had started

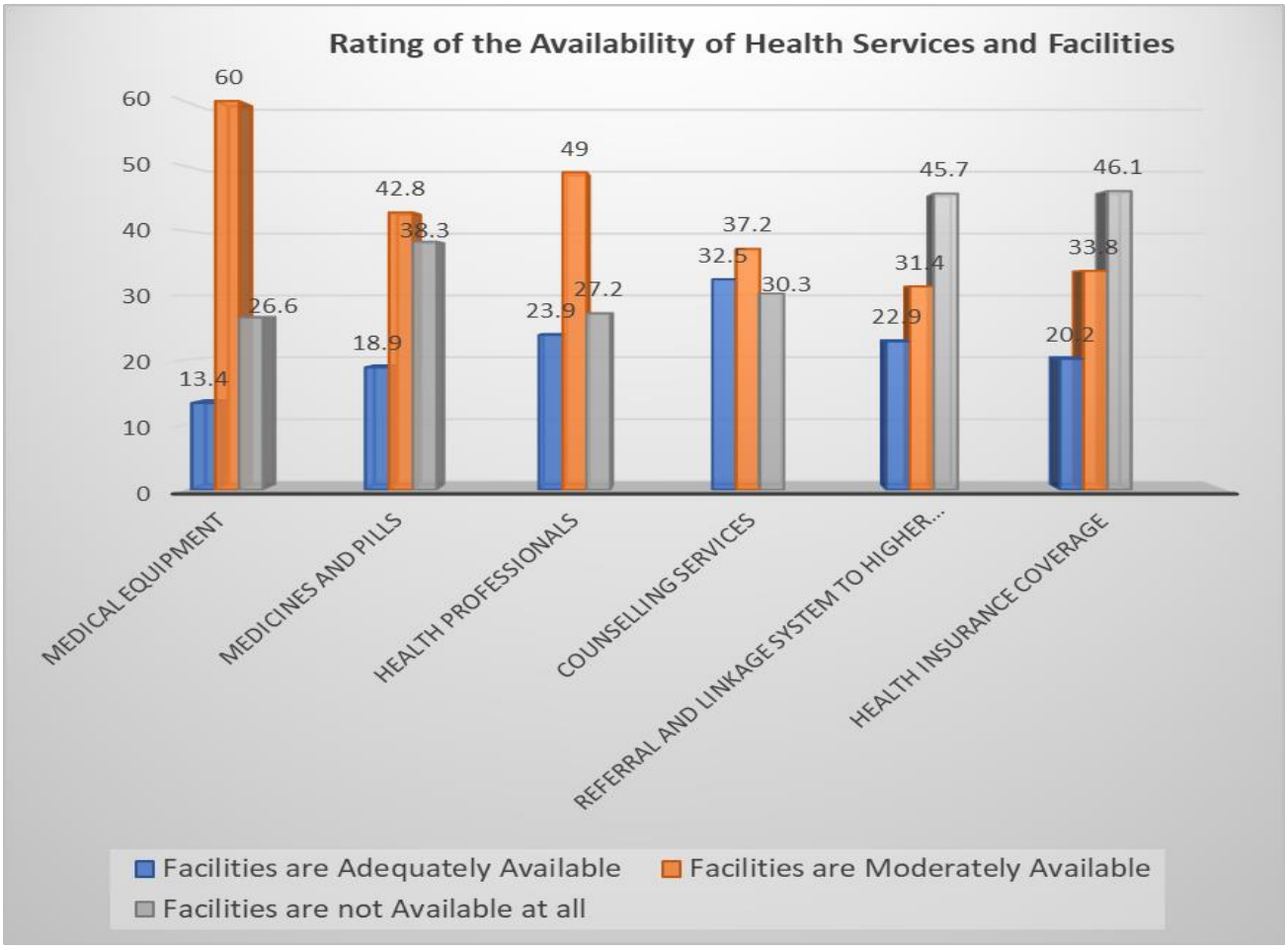
following their education even without having consent of the firm management. Time arrangements, consideration of shifts and sometimes making them off on the weekends were among the major supports frequently mentioned by the interviewed team leader. Of course, children of workers are sometimes provided with school materials, though this is not consistently supplied. But above all, workers mentioned self-reliance and independence as the most important benefit they acquired from working in the industrial firms.

Source: Field Survey, 2023

Health Services in IPs/Industrial Companies

There is no observed adequate health services and insurance for workers in most industrial firms, expected to provide the health care services including clinical services, first aid, training and counselling. First aid treatment is provided at almost all firms. Even advanced health care services such as referrals to hospitals when needed, in some firms. But, as claimed by informants

of this research such services are rarely provided to the workers by the firms. The informants further explained that for emergency cases, first aid kits are made available in each department and training is given on how to provide first aid treatment to selected workers. In many firms, in collaboration with partners, both government and non-government, awareness is raised in relation to first aid, workplace injury, reproductive health, family planning, HIV/AIDS and other communicable diseases. This needs to be an agenda pushed by the concerned government bodies in particular along with making health facilities and services accessible to workers in the industrial firms. Especially reproductive health services and counselling is important since the workers are mostly young population. Maternity leave of four months is also arranged for mothers.



Source: Field Survey, 2023

The above bar graph chart presents the quantitative analysis on rating the availability of health facilities and services at the workplaces. The analysis reveals that out of the workers who visited the health clinics, 13.4% rated the availability of medical equipment as adequate, 60% indicated it is moderately available, while 15.7% rated not available at all. The availability of medicines and pills 18.9% rated its availability as adequate, 42.8% indicated it is moderately available, while 38.3% rated not available at all. The availability of health professionals 23.9% rated its availability as adequate, 49% indicated it is moderately available, while 27.2% rated not available at all. The availability of counselling service 32.5% rated its availability as adequate, 37.2% indicated it is moderately available, while 30.3% rated not available at all. The availability of referral and linkage system 22.9% rated its availability as adequate, 31.4% indicated it is moderately available, while 45.7% rated not available at all. And finally, the availability of health insurance coverage 20.2% rated its availability as adequate, 33.8% indicated it is moderately available, while 46.1% rated not available at all.

Work Safety Procedures and Systems

Work Place Safety Policies

Work place policies ensure the safety and occupational standards of the employees working in respective Companies. To make the working environment safe the firm shall provide a commitment to ensure a safe working environment for all employees and to working within the standards for Occupational Safety and Health laid down in the Law of Ethiopia, Proclamation no. 1156/2019, and other related Directives.

Firms are expected to strive and prevent work related accidents and illness and to work towards continuous improvement as per the Occupational Safety and Health standards of the respective firms. In this respect, a Firm Safety Officer and a Firm Safety Committee are expected to carry out routines the monitoring of OSH on the firm. Actions identified through the Safety and Health Risk Assessment would help to take necessary measures.

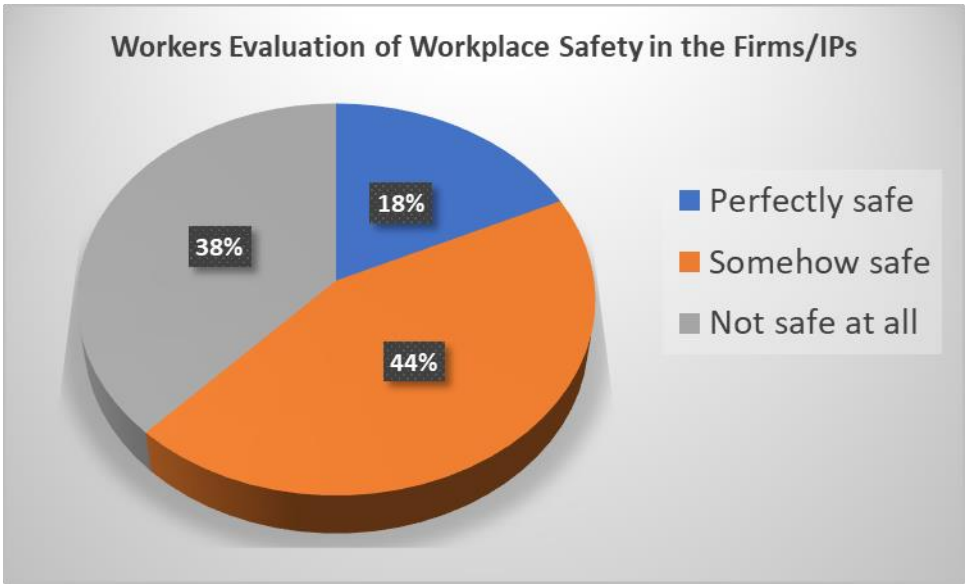
Overall, safe working practices are supported by practical training and training that is specific to their particular job responsibilities. All work-related accidents will be recorded and investigated and improvements to working practices will be implemented where necessary. The firm strive to

keep up to date regarding safety regulations and new developments and will cooperate with the various relevant regulatory bodies at all times.

Safety policies, regulations and procedures are given priority in most industrial firms, according to Labour and Social affairs office. Safety committees are established to implement the procedures in place for the protection of workers. The committee also provides training and creates awareness on safety measures to be taken in the firm. This is, however, related mainly to chemical use in the greenhouses. Other environmental and work safety procedures are given less attention, if not none. Training is provided after recruitment on the procedures and safety measures in place, pesticide handling, and chemical management. When possible, upon condition of available budget and personnel, training is given twice a year.

In an interview held with the workers, personal protective equipment such as gloves, uniforms, hats, soap and masks are provided every year to workers responsible for chemicals department whereas other workers are provided with only gloves. Employees working in the chemical department also go through annual medical check-ups on their exposure and control the possible effects of the chemicals.

Regardless of measures taken to protect workers from chemicals and other dangers in the firm, employees raised concern on the overall work safety condition. Lack or shortage of protective equipment for other departments, absence of first aid kits, exposure to chemicals and heat effects of the greenhouse are among the reasons workers felt unsafe in the firm. Many complained about the lack of quality in the equipment provided and their exposure to physical harm as a result.



Source: Field Survey, 2023

In the quantitative survey, 18% of the participants rated the workplace perfectly safe while the majority of participants 44% considered the firms somehow safe. The rest, significant number of the respondents—38% rate it as not safe at all. The responses indicate the existing safety measures are not regularly enforced; it exists in some firms but not yet in others; overall can be labelled not dependable or adequate to make workers feel safe at their workplaces. On the other hand, the Local government offices complain about the poor observance of the rules and regulations set for ensuring safety procedures. Indeed, the team carrying out this study learned that there were accusations from both the workers and management sides. It would be commendable if continuing awareness raising activities are organized and delivered on continuous basis to the workers on important procedures that must be kept on place including all protective equipment in the respective firms.

Complaint Handling Mechanisms

Complaint handling mechanism plays a significant role in enhancing good labour relations in industrial firms/IPs. A well-designed complaint handling helps a company to smooth employee-company relations and ensure good labour relation. A well-designed complaint handling mechanism is a procedure that provides a clear and transparent framework to address complaints

in recruitment and the workplace. As realized by this study based on variance data, overall, there are no well-established complaints handling mechanisms in the industrial firms. There is weak institutional commitment for complaints to be addressed at workplaces. Unfair treatments, discriminations, harassments, or violation of rights are sources of complaints by workers, but given less attention by the firms, and claims are usually handled informally through social dialogues.

The Human Resource (HR) department is responsible, in industrial firms, to handle complaints. In the case of complaint associated with violence of rights such as abuses and sexual harassment, the gender committee is expected to enact the company's gender policy and resolve such issues.

> *There might be harassment and sexual violence but since they are not outspoken it seems they do not exist. Most of the time, such harassments happen in secret, or when there is nobody to witness it. In the case we get such report, we take a serious action. We created a Gender Committee so that such cases can be reported not to the management but the committee. Women might get afraid of reporting such cases to the management. (Key informant interview, Local Labour and Social Affirms officer, Mojo).*

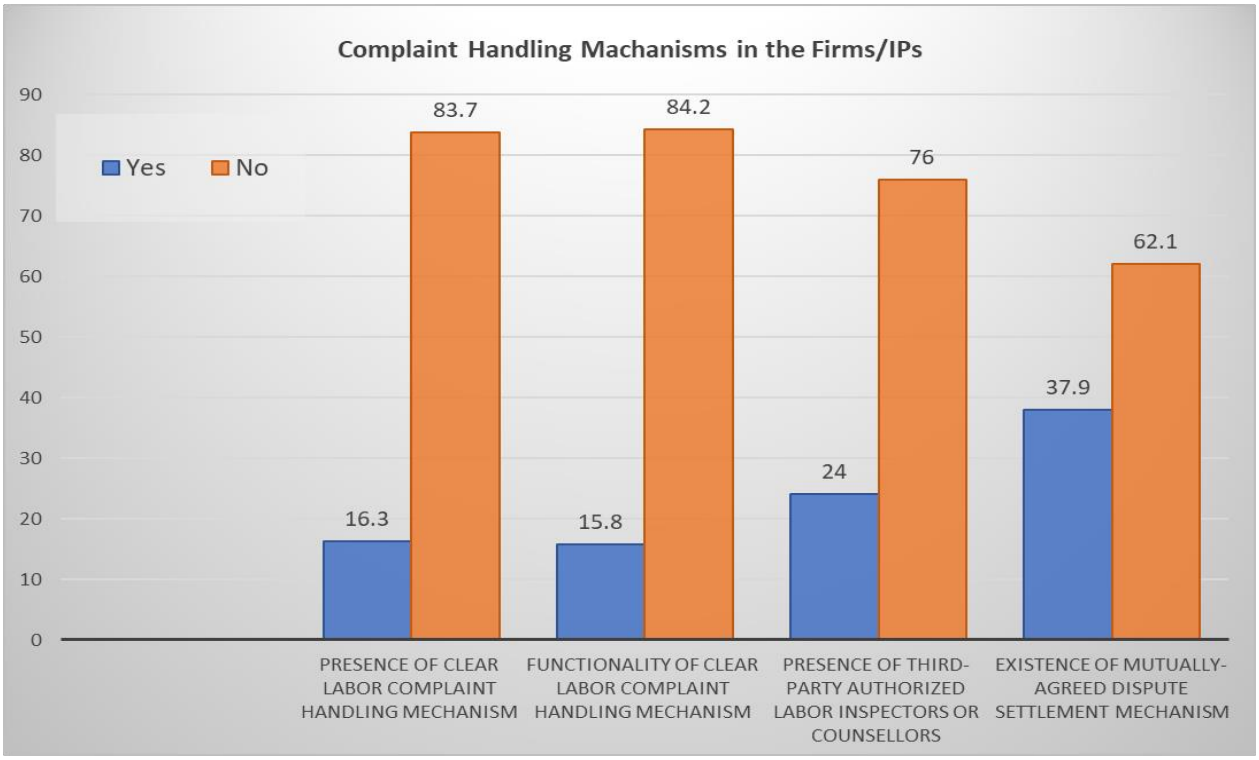
Harassment cases are rarely communicated to HR and are resolved through negotiation between workers. Offenders are left with warning or reduction of salary; no serious action is taken against them. Female laborers, therefore, fear attacks from perpetrators if they report cases of sexual harassment.

For this reason, the social affairs committee, sometimes referred as conflict resolution committee, is established to litigate conflicts that arise among workers or between workers and the company. Most of the complaints raised by workers to the committee are related to facilitation of services such as transportation, allowances, bonus payments, salary increment, and deduction of salary. The committee then discusses with the firm management to come to a solution. Many interviewed, however, noted it is an empty cry to ask for the committee's involvement.

> *The company is only focused on getting profit; they are not interested about us [the workers]. They do not care if we are having a hard time. If we ask for something that*

is going to cost them, they are not ready to hear us. We have complained a number of times to the committee but they do not do much. They do not want to confront their superiors. They too want to keep their jobs. (Interview with one worker in East industrial firm)

Complaints are usually given deaf ear by the companies, which sometimes lead to workers openly protesting and undertaking strikes. However, because of the large number of unemployed youths in the communities, companies are not afraid to let go of their workers, which are considered substitutable. This makes most workers feel hopeless in bringing change within their work environment.



Source: Field Survey, 2023

Governmental Sector working on Labour Issues with Industries

The government office that works closely with the industrial firms is the former labour and social affairs sector at all levels. In collaboration with the town's labour union, the office provides technical support to unions at work places, including industrial firms—it is far from sufficiency. Under the labour proclamation, the office is expected to ensures the establishment of

labour unions in each industrial and their proper functioning. Because of a lack of budget and human resources, however, the office claims to have not been able to support the unions as intended. Further, according to the labour and social affairs office in the local level, most labour unions in the industrial firms are inactive because of internal challenges rather than lack of support from the government.

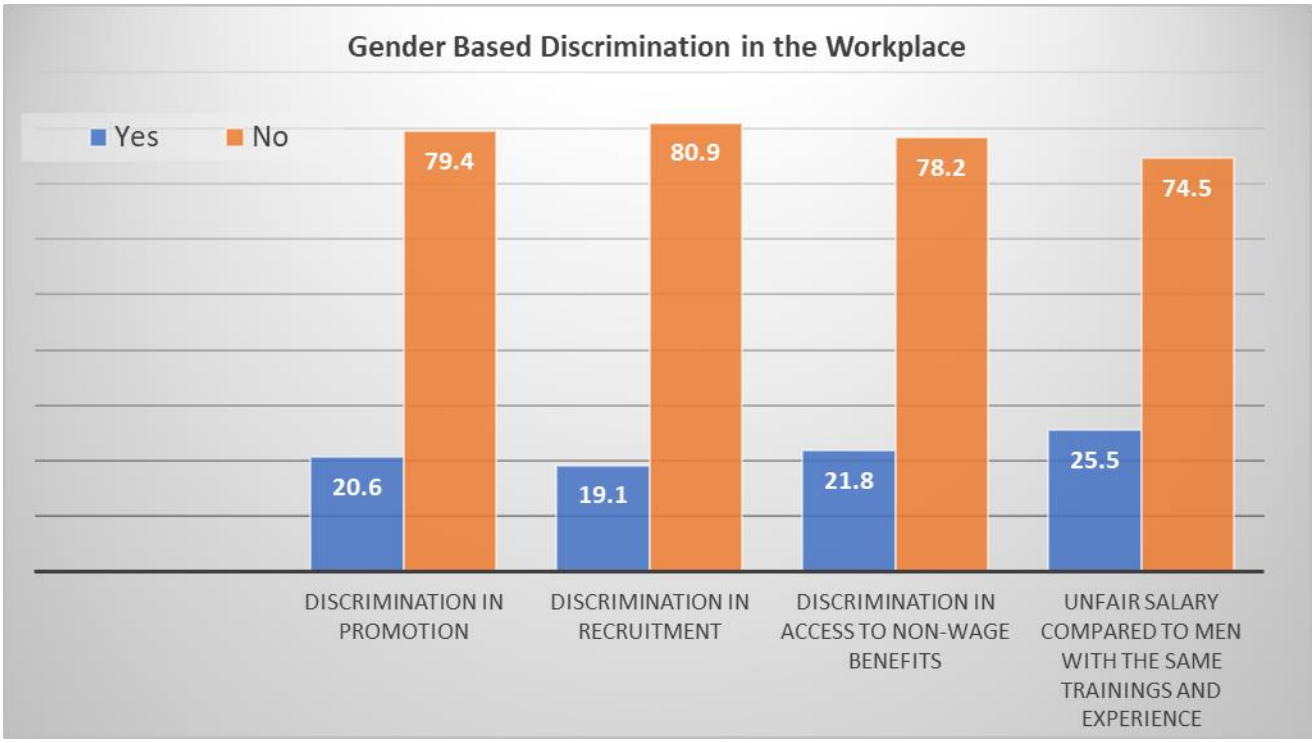
The labour and social affairs office also established a reporting system where every industrial firm informs the number of employees working in the company every three months. This helps the office to track protection of rights at work and abolish child labour. The firms are requested to provide a copy of employee's personal information for documentation every year. Protection of rights at work is also an essential part of the office's responsibility. Workers are expected to submit complaints for any violation of rights, which the office has not received yet. The office has also been organizing capacity building trainings for the workers and management as well. However, still there are an evolving of interactions among the industrial firms and the government offices relevant to the sector.

Gender Based Challenges of Females Works in Industrial Firms

Violations of Rights

Most consulted informants mentioned that there is violation of rights at workplace, gender-based violation of rights such as discriminations. There were tendencies to indicate on the presence of some cases and instance of discrimination, harassment and unfair treatment targeting female labourers. The few cases mentioned are in relation to promotion requests, access to non-wage benefits and desires connected with salary increment.

There were some incidences of reported discriminations, but fail to solve because there is no clearly devised complaint handling mechanism in most industrial firms. Also, the researchers found that only few of the workers have knowledge of their rights in the firms. There is a general absence of awareness and knowledge on the right at workplace by the employees. One right at workplace, which was not realized, is the freedom to form association and union. Labour unions are rarely functioning in most industrial firms. This makes it difficult to make aware of and protect the rights of female laborers. In the presence of unions or associations, which are gender blind, special concerns and needs of women are not put into consideration.



Source: Field survey, 2023

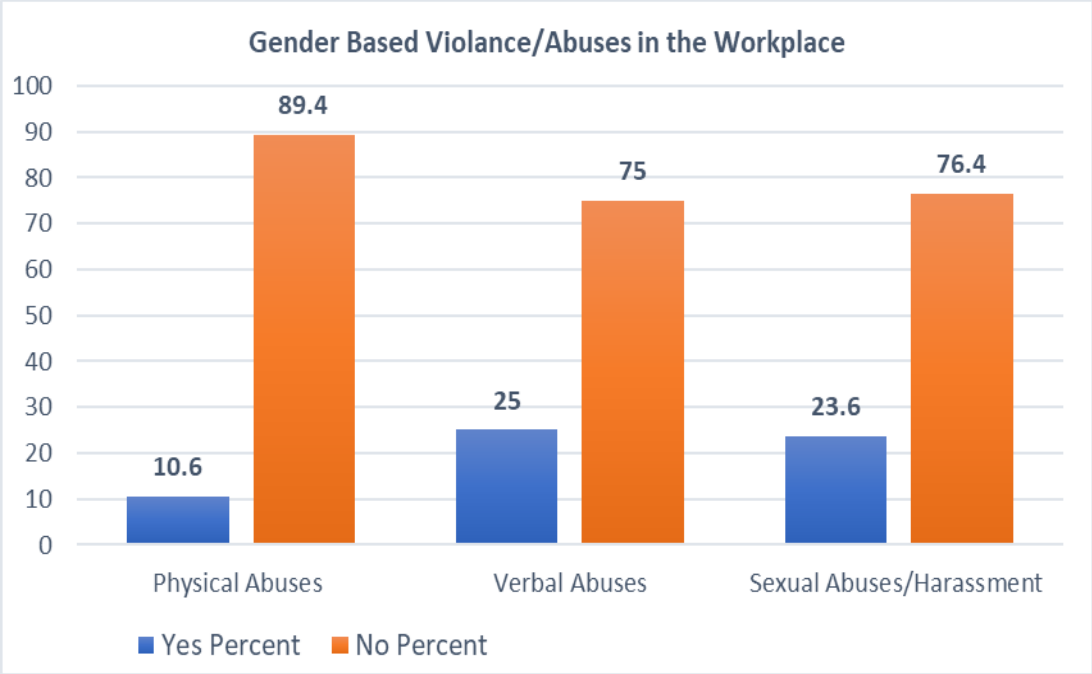
The important issue to be discussed in this sub-section, presented by the figure above is the discriminations female workers may face in their firms. Accordingly, as shown above in the table, only 19.1% of the respondents said they did face discrimination during recruitment. In promotion process 20.6% of them again faced discrimination while 79.4% of them responded that they did not face promotion related discrimination in their work places. Regarding accessing non-wage benefits 21.8% of the respondents faced discrimination while 78.2% of them did not face discrimination of this type. Another important issue to be addressed in this section is whether there is salary discrimination between female and male workers, and 25.5% of the respondents said that female workers faced salary discrimination when compared with their male counter parties having the same training and experiences.

Gender Based Abuse and Harassment

Interviewed informants indicated that gender-based harassments and abuses are not reported usually in the firms, since the problem has no attention in the firms. Thus, it is difficult to access the real practice of the issue and label its level of happing. One interviewed Labour and Social

Affairs officer said "*These are not publicly spoken since not given attention, rather the victims were ashamed of disclosing it to other body, no solution can be fairly given to the victims. So, they do not seem to exist.*" Gender based harassments are often under reported relate to the absence of a clear complaint handling mechanism, fear of reporting, lack of witnesses, informal negotiations and lack of knowledge of what classifies as harassment.

Abuses and Violations Workers face at their work places in the Firm



Source: Field Survey, 2023

In line with this, the above graph presents data on the responses of female workers on abuses and violations they are facing at their work places in the firms. Accordingly, it reveals that 25% of the respondents did face verbal abuse in their workplaces and 10.6% of female workers face physical abuse in their workplaces. Another issue of discussion is investigating whether female workers face sexual abuse/harassment in their work places—in the firms. Data in the figure below also shows that in this study 23.6% of the respondents said that they did face sexual abuse/harassment in their work places.

6. Conclusion

basically, the study was intended to investigate the performance, challenges and contributions of industrial parks/industrial firms in Oromia. The study also gave due attention to the issues of employment opportunities emanated from the operation industrial firms and employees serving in the firms. The study covered five industrial Parks including Mojo Leather City, which is not industrial park; but the government planned to establish as Leather City—Mojo Leather City. As part of the study surveying and analysis of policies and legal documents has also been undertaken to suffice the explanation required in relation with the policies and legal frameworks governing the IPs/Firms in the country. The study used both qualitative and quantitative data to fully address the intended objectives of the study. Supplementing the primary data in this study, secondary data through desk review was also given strong attention and relevant sources were reviewed.

The analysis of policies, legal documents and reports on administrative functions shows that there is serious gap to be addressed which include lack of good governance—good service delivery to investors; unclear coordination or institutional collaboration framework between the actors institutions and bodies; absence of clear linkage between the federal government and Oromia region; weak authority and rights given to the regional governments on IPs; the region has restricted access to potential investors; once supply the land to investors or IPDC, the regional government has no ownership and administrative rights. The regional government also cannot act on IPs' workers and revenue collection. These situations almost keep aside the regional government from the basic ownership, roles and benefits associated to IPs.

One of the primary investigation topics of the study is assessing the performance success level of the IP/firms and based on the empirical analysis, applying the economic, social and environmental pillars of evaluation, the success level of the IPs/firms in Oromia is about 43% rated—which is less than half. The performance failure is significant in social and environmental and also observed in economic aspects as well.

Assessing the contribution of IPs/firms was again the other objective of the study and the study observed in this regards that the IPs/firms contribute to the stimulation of investment, FDI attraction, enhance import substitution, enhance earning of foreign exchange, create job opportunities to the local people, capital flow into the economy through investment. And it has

also contributed to revenue of the country, technology and skill transfer, and domestic linkage to the local socio-economic environment of the region. But these all said contributions are by far below expectation or the potential to be served. So, devising policies and enacting it, being the owner of the sector is the best solution for the pitfalls.

Another point of investigation of the study was the challenges that hinder the IPs'/firms' success performance and for the study identified the major hindering factors. These factors/challenges include lack of trained and committed labourers, shortage of foreign exchange, weak service delivery, inadequate infrastructure and logistics, inadequate utilities supply, problems related to conflicts and security challenges, and for some IPs/firms inappropriate locations.

Finally, employees related issues were discussed as one area of investigation of the study and the study observed that job opportunity created is positive, but the meager amount of basic salary of workers, high feeling of job insecurity by workers, weak commitment and performance of IPs/firms on OHS, poor health facilities and services, poor non-wage benefits to workers, violation of workers' rights such as assemble, unionize and collective bargain rights need serious attention and measure.

7. Recommendations

Based on the key finding of the study and conclusion drawn out of it, various relevant recommendations have been pinpointed to alleviate the pitfalls and solve the problems and so that improve the contribution of the industrial sector, especially to the Oromia region. Major recommendations to be work on are:

- Revise the policies and laws governing the IPs/firms and make it well integrated, coherent and well suit to the purposes;
- The institutional coordination or cooperation between the actor institutions shall be re considered and well devised to benefit the sector at optimal level;
- The administrative and service delivery pitfalls facing the sector shall be given attention significantly and solved;
- The current policies could not well devise the cooperative linkage between federal and regional governments and keep aside the regional government in this regard. This needs radical change and regions—Oromia needs to be active and pertinent actor of the sector;

- Regional authorities, Oromia, in addition to providing land for IPs/firms establishment needs to have the power of controlling its implementation, giving decisions on its governance;
- Land given for IPs establishment and the established IP will not be ideal, land shall be freed from land hording chance of IPDC, and the regional government should able to act on such problems;
- Policies on revenue collection shall be revised and Oromia shall have the right of tax controlling and revenue collecting;
- Lack of skilled labour was found to be among serious challenges of the sector. Thus, the government—Oromia is required to establish, or re-customize the existing skill training centers to produce and provide well skilled and ethically equipped workers to the employers.
- The issue of minimum wage policy shall be given attention and minimum wage amount shall be set to solve the deceptions and abuse on salary scale by employers;
- The internal working environment of the IPs/firms needs to be supervised and corrected in the areas of OHS, workers' rights, and job security; these need the active and direct involvement of the local authorities; and
- Researches and various mechanisms of assessing the current status of the function of the IPs/firms need to be continually conducted and come up with alternatives or solutions.

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APPENDIXS

APPENDIX - A

A Joint Research Proposal by Oromia State University and Oromia Planning and Economic Commission

Structured Interviews for Firm and Industrial Park Managers

1. What do you think are the contributions of Industrial Parks to the country/region?
   1.1. In stimulating investment
   1.2. In creating employment
   1.3. In attracting foreign direct investment
   1.4. In diversifying export base
   1.5. In substituting import
   1.6. In transferring technology and skills
   1.7. In increasing foreign exchange earnings
   1.8. In making connection to the global value chain
   1.9. In fostering sustainable growth (eco-industry)
2. What benefits do the local communities obtaining from Industrial Parks/firms? Social responsibilities (health, school, participation in community project, infrastructure, skills)
3. How do you evaluate the Ethiopian government's policy in relation to Industrial Parks development?
4. How do you evaluate the operation of industrial parks?
5. Is there smooth institutional coordination between concerned government institutions (Ethiopian investment commission, IPDC, etc.) and industrial parks? Explain your reasons.
6. Is there one-stop service in the park that provides all services expected from it?
7. How do you evaluate the performance of Industrial parks/firms in line with standard indicators applicable universally?

7.1. Economic Performance Indicators
- Good economic governance
- Economically-enabling site & infrastructure 'hardware'
- Economically-enabling services 'software'

7.2. Social Performance Indicators
- Socially-appropriate site and social infrastructure
- Occupational health and safety
- Social inclusiveness

7.3. Environmental Performance Indicators
- Environmentally-appropriate site

- Green infrastructure

8. Do you think that they have attained the objectives they were established for?
9. Employees related issues
   9.1. Employment modalities
   9.2. Procedures and openness in employment
   9.3. Promotion and demotion practices
   9.4. Workers' rights
   9.5. Workers benefits
   9.6. Coordination with concerned bodies
   9.7. Gender sensitive employment policies
10. Do you have grievance redressing mechanisms?
10.1. Policies or guidelines
10.2. Committees
11. What are the major challenges confronting the parks/firms that affect their performance?
12. What solutions would you suggest to overcome these challenges?

APPENDIX - B

A Joint Research Proposal by Oromia State University and Oromia Planning and Economic Commission

Interviews for EIPDC, EIC and Regional Officials

1. Would you please explain how the establishment of IPs was originally planned?
2. In relation to **site selection** –
   2.1. How was the location selected?
   2.2. What criteria were used to identify the sites?
3. What were the government's major objectives in establishing the IPs?
   3.1. Are the objectives met?
4. How do you evaluate the implementation of legal frameworks in IPs?
   4.1. What are their major strengths?
   4.2. What are their major weaknesses?
   4.3. What do you suggest to improve them?
5. Are there well-defined powers and functions sharing between federal government institutions authorized to run the IP and the state government of Oromia?
   5.1. What major gaps are there?
   5.2. Would you please suggest the solutions to fill up the gaps?
6. What additional privileges do firms in the IP were/are getting in comparison to those operating outside the IP?
7. What do you think are the contributions of Industrial Parks to the country/region?
   7.1. In Stimulating investment

7.2. In creating employment
7.3. In attracting foreign direct investment
7.4. In diversifying export base
7.5. In substituting import
7.6. In transferring technology and skills
7.7. In increasing foreign exchange earnings
7.8. In making connection to the global value chain
7.9. In fostering sustainable growth (eco-industry)

8. What benefits do the local community expected to obtain from Industrial Parks/firms?
8.1. Have they been obtaining the benefits?
9. How do you evaluate the performance of Industrial parks/firms in line with standard indicators applicable universally?

9.1. Economic Performance Indicators
- Good economic governance
- Economically-enabling site & infrastructure 'hardware'
- Economically-enabling services 'software'

9.2. Social Performance Indicators
- Socially-appropriate site and social infrastructure
- Occupational health and safety
- Social inclusiveness

9.3 Environmental Performance Indicators
- Environmentally-appropriate site
- Green infrastructure

10. What are the major challenges confronting the parks/firms that negatively affect their performance?
11. What solutions would you suggest to overcome these challenges?

APPENDIX – C

Joint Research Proposal of the Oromia State University and the Oromia Planning and Economic Commission

Questions for Managers and Employees_I

Dear participants of this study,

The research questionnaire entitled **"Assessment of Performance, Contributions and Challenges of Oromia Industrial Parks"** was conducted in collaboration with the Oromia State University and the Oromia Planning and Economic Commission. This study aims to scientifically explain the facts on the ground regarding issues related to

industrial parks, thereby suggesting relevant policy adjustments to decision makers. Thus, we assure you that the information to be collected through these questionnaires will not be used for any other purpose as your cooperation and participation plays an important role in conducting this research. Therefore, to participate in this study:

A. I agree

B. I do not agree

General Direction

Answer the questions based on the questions requirements.

Part I: General Research Information (write in the blank space given)

IP Name and Site	
Company Name and Type	
Code/name of Informant	
Date (DD/MM/YYYY)	
Name of the person collecting the evidence	
Name of Supervisor	

Part II: Respondents Background Information

S/No.	**Socio-demographic characteristics**	**Possible response [Show by Circling]**
1.	Age of the Respondent	_____in full/complete years
2.	Gender of the respondent	1=Male 2=Female
3.	What was your job prior to joining the company?	1= Student 2=I have been working for another company 3= Agriculture 4= Small business 5= Unprofessional daily work 6=If there is any other, please_____
4.	What is your position in the company?	1=Employee 2=Line manger 3=company manager
5.	Level of education	1=No formal education 2=Reading and writing 3=Elementary level (grades 1-6)

		4=High school (grade-8) 5= Secondary(9-12) 6=Above 2nd level including preparation 7=Diploma/Degree 8=2nd degree or above
6.	Religion	1=Orthodox 2=Catholic 3=Protestant 4=Muslim 5=Worship 6=Other (describe)_____
7.	Marital Status	1=Never married 2=Currently married 3= Divorced 4=Separated 5= Widowed 6= Please specify any other_____
8.	Years and months you were in the area:	Years_____ Months_____
9.	Is your birthplace here?	1=Yes 2=No
10.	Question no. 9 If No, indicate your place of birth.	Region_____ Zone/city_____ Wopreda_____

PART III: Questions related to Industrial Parks in Oromia

Degree of Agreement: Choose one answer from the options provided for each question that best describes the statement. Remember: 1= Very Low, 2= Low, 3= Neutral, 4= High and 5= Very High.

S / N	Items	**1**	**2**	**3**	**4**	**5**
1	Evaluation of the performance level of firms in line with the standard indicators					
1 . 1	Economic performance indicators					
A	**Good economic governance**					
	Positive economic return in terms of employment					
	Positive economic return in terms of net export					

	Positive economic return in terms of local supplies					
	Existence and functioning of a formal Industrial Park marketing department/unit					
B	**Economically-enabling site & infrastructure 'hardware'**					
	Phased site development strategy and implementation					
	Proximity to urban center					
	Proximity to appropriate highway					
	Proximity to power transmission or distribution grid					
	Unencumbered land title					
	Proximity to microwave tower (for broadband GSM, mobile telephony and Wi-Fi connectivity)					
	Proximity Operational Airport					
C	**Economically-enabling services 'software'**					
	Regular, Scheduled Maintenance of buildings					
	dedicated Rapid-Response or Emergency Maintenance					
	Dedicated or localized industrial park Business Support					
	Industrial Park user enterprises have access to specific financial support programs					
	Dedicated One-Stop Shop/Single-Window in industrial park					
	E-government services dedicated to the industrial park					
	Presence of mechanical cargo loading and off-loading services for users					
	Presence of on-site banking					
	Presence of ATM Facilities					

	Presence of Human Resources Agency & Recruiting Services					
	Presence of manpower training services, in coordination with recognized specialized technical training institutions in various fields					
	Presence of Trade Certification services or Quality, Product, Process Standards					
1 . 2	**Social Performance Indicators**					
A	**Socially-appropriate site and social infrastructure**					
	Proximity to public transportation (i.e., bus, subway or light- railway)					
	Proximity to residentially zoned areas					
	Presence of outdoor street-lighting throughout the Industrial Park					
	Childcare facilities					
	Presence of On-site Incident Response Centre					
	Disabled-inclusive building design (i.e., access ramp and elevator in each building)					
	Industrial Park provision of utilities to adjacent communities					
	On-site common cafeteria/canteen/restaurant/catering					
B	**Occupational Health and Safety**					
	HIV Prevalence					
	Unwanted Pregnancy					
	Expenditure on health and safety (EHS) in industrial park					
	Existence of Internal Park Operation Fire Safety Guidelines					

	On-site hospital, clinic or dispensary within industrial park					
	Public or common night transportation or blue-light system in place in industrial park					
	Fire alarms and access by fire services in Industrial Park					
	First-aid room or kit in each building					
	Presence of CCTV cameras in place					
	Presence of security patrols in place					
C	**Good Labor Relations and Handling**					
	Presence of clear labor Complaint handling mechanism					
	Functionality of clear labor Complaint handling mechanism					
	Presence of Third-Party Authorized Labor Inspectors or Counsellors					
	Absence of instances of child labor and forced labor					
	Rights to Assemble, Unionize, engage in Collective Bargaining, and Strike in the IP					
	Fair amount of salary payment					
D	**Social inclusiveness**					
	Inclusion of disadvantaged groups or disabilities in industrial park					
	Fair treatment for female workforce in industrial park					
	Participation of women in management of operator and resident firms					
	Equal payments for female and male for same work in industrial park					
	Industrial Park Operator-organized Inclusiveness or Sensitivity training or events					
	Absence of instances of child labor.					

1 . 3	**Environmental Performance Indicators**					
A	**Environmentally-appropriate site**					
	Project ESIA(Environmental and Social Impact Assessment) conducted and filed with appropriate authorities					
	Industrial Park situated on redeveloped brown field site, with the effective possibility of expansion					
	Internal Zoning Plan adopted					
	Site compatibility with Land Use Master Plan as regards Human Settlement, non-agricultural use and environmentally-sensitive areas, such as forests, wetlands, mangroves, floodplains, wildlife refuges					
B	**Green infrastructure**					
	Water, electrical and gas meters and load management systems in place, as appropriate to the services offered					
	Air quality monitoring system & infrastructure in place in Industrial Park					
	Presence of an off-site landfill for industrial park solid waste management					
	Presence of toxic and hazardous waste collection, storage and treatment or disposal management system					
	Presence of Public Wastewater Sewerage System					
	Presence of Wastewater Treatment Plant (WWTP)					
	Presence of sustainable rain and storm water collection					
	Presence of Organic Composting reception point (for organic, vegetable and soil waste transformation into fertilizer and/or of Bio-digesters)					
2	Contribution of industrial parks to the country/region					

2 . 1	In Stimulating investment					
2 . 2	In creating employment					
2 . 3	In attracting foreign direct investment					
2 . 4	In diversifying export base					
2 . 5	In substituting import					
2 . 6	In transferring technology and skills					
2 . 7	In increasing foreign exchange earnings					
2 . 8	In making connection to the global value chain					
2 . 9	In fostering sustainable growth (eco-industry)					
3	Factors hindering the performance of IPs					
3 . 1	Lack of effective administrative capacity					
3 . 2	Shortage of foreign exchange					
3 . 3	Inadequate local public utilities					
3 . 4	Limited financial sources					
3 . 5	Inefficient logistics					
3 . 6	Inappropriate location of the park					
3 . 7	Comparative disadvantage in labor					

4. If any other challenges that hindered the full implementation of Industrial Parks please state/describe----------

5. What solutions do you suggest to solve the mentioned problems?----------

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APPENDIX - E

A Joint Research Proposal by Oromia State University and Oromia Planning and Economic Commission

Questionnaires for Employees_II

Dear Respondents

These questionnaires were developed to collect data for research entitled "**Assessment of the Performance, Contributions and Challenges of Industrial Parks in Oromia**" undertaken jointly by Oromia State University and Oromia Planning and Economic Commission. The study is aimed at scientifically articulating the reality on the ground concerning industrial parks related issues and thereby suggests relevant policy interventions to decision makers. Thus, your sincere cooperation and transparency play an important role in conducting this study and the data to be collected through these questionnaires will not be used for any other purposes.

General Direction

Part I: Survey General Information

Part II: Question on Level of Agreement on the Situations of Industrial Parks in Oromia.

Please select a single answer from the option given in each question that you feel best describes the statement. Remember that: 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5= Strongly Agree.

S/N	Items	1	2	3	4	5
1.	You have gotten better economic benefit from the IP					
2.	The Industrial Park has uniquely creating job opportunities to the local community					
3.	The park/firm contributed to the local community in various ways					
4.	The park has created a favorable working environment to employees					
5.	It encourages knowledge sharing					
6.	You are aware of industry parks code of conduct and culture					
7.	There is a mutually-agreed dispute settlement mechanism for conflicts arising within an industrial park					
8.	Worker's strikes in parks are frequent					
9.	There is strong operational administration and management					

	in the park					
10.	Concerned governmental officials jointly works with the firms in relation to workers' right					
11.	The park offers attractive wages to employees					
12.	The park works towards performance-oriented and transparent incentive systems					
13.	Fair punishment for ill performance					
14.	Employee's turnover is high in the park					
15.	The firm has clear and accessible promotion policy					

Part IV: Employment, salary and Job security of IP workers

16. How long have you been working in this Firm? ----------in years.
17. Employment position

    27.1. Initial position_____

    27.2. Current position _____

18. Do you have a written agreement? 1= Yes 2= No
19. If your response to the question No 16 is Yes, which is the type of your work agreement

    1= Permanent 2= Contractual

20. How would you rate the likelihood of losing your job? ----------

    1. Very likely
    2. Quite likely
    3. Quite unlikely,
    4. Very unlikely

21. Regarding Salary

    19.1. Amount of initial salary _____

    19.2 Current salary_____

Part V: Gender Based Discrimination Condition in IP

22. Have you have faced **<u>gender-based</u>** discriminations and violations of rights in your work place?

No	Gender-based discriminations and violations of rights	1=Yes 2=No
32.1	Discrimination in promotion	
32.2	Discrimination in recruitment	

32.3	Discrimination in access to non-wage benefits	
32.4	Unfair salary compared to men with the same trainings and experience	
32.5	Verbal abuse	
32.6	Physical abuse	
32.7	Sexual harassment	
32.8	Others, *specify* _____	

Part VI: Health care service and Safety

23. Have you ever visited health centre of this factory? (1 = Yes, 2 = No) ----------

(If No, skip to question no. 35)

24. If **Yes** for Q#22, how do you rate the availability of health facilities and referral system at your work place?

No.	Health facilities and referral system	1 = facilities are available 2=facilities are moderately available 3 = facilities are not available at all
34.1	Medical equipment	
34.2	Medicines and pills	
34.3	Health professionals	
34.4	Counselling services	
34.5	Referral and linkage system to higher health facilities	
34.6	Health insurance coverage	

25. How do you evaluate your work safety? ----------

1=Perfectly safe, all safety materials and procedures are in place
2=Somehow safe, some safety materials and procedures are in place
3=Not safe at all, safety materials and procedures are lacking

26. How do you rate your access to support systems (e.g. toilets, water etc.) at your work place?

    1=All support systems are available

    2=Few support systems are available
    3=Support systems are not available

27. Could you please tell us whether you are a member of the following committees/associations and your level of influence in these committees/associations?

No.	Committees/ associations	Member of this committee/ association? 1 = Yes 2 = No	Degree of participation in the decision-making? 1= To great extent 2= To some extent 3= Never
37.1	Management committee		
37.2	Recruitment committee		
37.3	Discipline Committee		
37.4	Labour union		
37.5	Saving and credit association		
37.6	Women association (only Female workers)		
37.7	Others, *specify*_____		

Part VII: Non-wage benefits for IP workers

38. Have you received any of the non-wage benefits from your current employer in the past 12 months?

No.	Non-wage benefits	1=Yes 2=No
38.1	Free/subsidized foods	
38.2	Free/affordable housing or housing allowance	
38.3	Free/subsidized transportation or transportation allowance	

38.4	Access to free/subsidized health facility for you or your family	
38.5	Access to free/subsidized sport facilities for you or your family	
38.6	Access to education/ training, or allowance	
38.7	Access to counselling services	
Benefits for Female workers		
38.8	Breastfeeding leave/time	
38.9	Access to Free/ subsidized day care for kids	
38.10	Family planning services	
38.11	Others, *specify*_____	

39. What are the challenges that hindered the full implementation of Industrial Parks? Please state/describe them ----------

40. What solutions do you suggest to solve the mentioned problems?----------
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