

FEDERAL NEGARIT GAZETTE

OF THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

CONTENTS

Regulation No...../2015

Industrial Parks Regulation

Council of Ministers Regulation No...../2015

Council of Ministers Regulation on Industrial Parks

This Regulation is issued by the Council of Ministers pursuant to Article ... and ... of the Definition of Powers and Duties of the Executive Organs of the Federal Democratic Republic of Ethiopia) and Article 32/1/of the Industrial Parks Proclamation No. 886/2015:

Part One

General

1. Short Title

- (1) This Regulation may be cited as the “Industrial Parks Regulation”.

2. Definitions

In this Regulation, unless the context otherwise requires:

- (a) “Certificate of Industrial Park Residency” means the certificate issued by the Commission to any natural person, authorizing the person to reside in a designated residential area in an Industrial Park in accordance with this Regulation and applicable laws.
- (b) “Infrastructure” means the basic physical facilities, installations, utilities, and related services enabling Industrial park economic and residential activity, including but not limited to roads, bridges, drainage facilities, sewers, reservoirs, dams, as well as electrical generation, transmission and distribution networks, wastewater and refuse treatment facilities, solid-waste disposal systems, transportation networks, as well as water treatment plants, water distribution, and telecommunications networks.

- (c) “Interest”, when used in relation to land or other assets, means any legal right to such assets, including, but not limited to, leasehold interest, concessionary interest, license, franchise, security interest, future interest, or any other right of occupancy, use, or development.
- (d) “Measure”, when used in reference to an action taken by a government entity, shall include laws and administrative actions including but not limited to:
- i. The granting, modification, suspension, recession, denial of any license, certificate, permit and approval or authorization;
 - ii. The conclusion of any agreement, contract, or lease;
 - iii. Actions related to planning, land use, zoning, development, construction, nationalization, or expropriation; or
 - iv. The imposition of any administrative Penalties.
- (e) “Interagency Agreement” means a legally binding agreement among government entities defining the operational framework among them in application of the Industrial Parks program.
- (f) “Penalties” means any administrative, monetary and non-monetary actions imposed on developer, operator and enterprises, or contractors, including reprimands, restrictions on activities, fines, termination, and suspension and cancellation of permits.

3. Powers of the Board and Commission Powers

Without prejudice to the powers and responsibilities of the Board, Commission and competent authorities under applicable laws, the Board shall have additional powers and the details will be specified in the Board directives.

Part Two

Industrial Park Developers, Operators and Enterprise

Rights of Industrial Park Developer and Operator

4. Pursuant to Articles 5-8 of the Industrial Parks Proclamation

1. Any Industrial park developer shall have the right to :-

(a) Enter into contracts with private third parties for the development, operation and servicing of Industrial Park land, buildings and other assets, including on-site and off-site infrastructure, as well as delegate any of their rights or obligations to said third parties, except that:

- i. The Industrial Park Developer shall at all times bear ultimate legal responsibility and liability for all rights and obligations assigned to it, regardless of whether it has delegated those responsibilities;
- ii. All parties having received delegated rights or obligations from Industrial Park Developers shall be jointly and severally liable with the Industrial Park Developers for the delegated rights and obligations;
- iii. All parties with delegated rights or obligations must be reasonably capable of performing the responsibilities delegated to them at the same quality and level of competence as required of the Industrial Park Developer; and

iv. All parties shall be subject to such Board Directive rules as may be established in this regard.

(b) Exercise right envisaged in the proclamation, investment agreement and land lease agreement.

(2) Any Industrial Park Operators shall have the right to:

(a) Adopt operational rules and procedures to govern the day-to-day activities of their respective Industrial Parks;

(b) Establish and enforce Industrial Park rules and regulations compatible with public policy norms upon delegation by the Commission, including standards for construction, planning, traffic circulation and parking, hours of activity, noise ordinances, security, disposal of waste, and similar matters;

(c) Recommend Penalties to the Commission for violations or omissions of the Industrial Park Operators' rules and regulations in accordance with guidelines specified by Board Directive or Commission Circular Letter;

(d) Enforce Penalties on behalf of the Commission or other Competent Authorities upon delegation of the Commission by performing such actions as preventing activities in violation of any government Measure from occurring in the Industrial Park; and

(e) Enter into contracts with private third parties for the operation and servicing of Industrial Park land, buildings and other assets, including on-site and off-site infrastructure, as well as delegate any of their rights or obligations to said third parties, except that:

i. The Industrial Park Operator shall at all times bear ultimate legal responsibility and liability for all rights and obligations assigned to it, regardless of whether it has delegated those responsibilities;

ii. All parties having received delegated rights or obligations from Industrial Park Operators shall be jointly and severally liable with the Industrial Park Developers for the delegated rights and obligations;

iii. All parties with delegated rights or obligations must be reasonably capable of performing the responsibilities delegated to them at the same quality and level of competence as required of the Industrial Park Operator; and

iv. All parties shall be subject to such Board Directive rules as may be established in this regard.

3. Any Industrial park developer shall have the obligation to:

- a) Develop their respective Industrial Parks:
 - v. In a reasonable commercial fashion;
 - vi. In conformity with international good practices and their legal obligations; and
 - vii. Consistent with the long-term sustainable economic and human development goals of Ethiopia;
- b) Adhere to all conditions in the applicable Industrial Park Developers Agreement.
- c) Develop an effective environmental and social management system approved by the Commission.
- d) Maintain legal responsibility for all actions of any Industrial Park Operator, sub-developer or specialized service provider selected by it and ensure that contracts with them require as a binding condition that they comply with all Applicable Law, including this Regulation and any Board Directives; and

4. Any Industrial park operator shall have the obligation to

- a) Operate their respective Industrial Parks:
 - i. In a reasonable commercial fashion;
 - ii. In conformity with international good practices and their legal obligations; and
 - iii. Consistent with the long-term sustainable economic and human development goals of Ethiopia;
- b) Adhere to all conditions in the applicable Industrial Park Operators Agreement;
- c) Implement and maintain an effective environmental and social management system designed by the Developer and approved by the Commission.

- d) Monitor and supervise activities in the Industrial Parks for compliance with Applicable Law;
- e) Submit to the Commission an annual report the details of which shall be provided in the Board Directive.
- f) Ensure equal treatment and avoidance of discrimination in the delivery of services to Industrial Park End Users;
- g) Promote the Industrial Park to potential Industrial Park End Users both domestically and internationally;
- h) Notify the Commission immediately upon becoming aware of any violation or non-compliance with Applicable Law in the relevant Industrial Park; and

5. The obligation on Industrial Park Developers, Operators, and Enterprises under Articles 6/8, 8/7, 10/5 and 28/4 of the Industrial Parks Proclamation to replace expatriate personnel with domestic personnel shall be fulfilled once the Operator, with the input of the Ministry of Industry, the Industrial Parks Association and the Commission, implements a program under which Industrial Park Developers, Operators and Enterprises provide training courses that transfer skills and knowledge to domestic personnel to enable them to become employed or be promoted within the business.

- a) An agreement shall be formed among the relevant Industrial Parks Developer, Operator, Enterprises, and the Commission providing details specific to the training program for each Industrial Park and the respective signatories' training, financing, program delivery and management responsibilities in the program context.
- b) The program shall be accompanied by specific binding targets.

6. The Obligation on Operators under Article 8/5 of the Industrial Parks Proclamation to link domestic manufacturing companies with Industrial Park Enterprises shall be fulfilled once the Operator, with the input of the Commission, establishes an Industrial Parks Enterprise input supplies and vendor program. The program shall be accompanied by specific binding targets.

7. The Board shall specify procedures for the selection of Industrial Park Developers and Operators through Directives.

8. The Industrial Parks Development Corporation shall be subject to the Board's direction and shall primarily serve as a promoter and catalyst for effective development, operation, management, and investment in Ethiopia's public Industrial Parks.
9. The Industrial Parks Development Corporation, as one of its key public developer responsibilities, shall work with Ethiopia's national public infrastructure and utility companies and other Competent Authorities to plan, and ensure they put in place, all supporting infrastructure needed outside each Industrial Park.
 - a) The Industrial Parks Development Corporation shall coordinate the required capacity and timeframe of the infrastructure delivery under Interagency Agreements with the parties referenced in this Article.
 - b) If the infrastructure has not been delivered on time or according to plan, the Industrial Parks Development Corporation shall put such infrastructure in place itself. The Ministry of Finance and Economic Development shall transfer the required budgetary funds for the infrastructure delivered under such circumstances from the Competent Authorities' budgetary allocations to the Industrial Parks Development Corporation.

5. Industrial Park Enterprises and Investment

Rights and obligation of Industrial Park Enterprise

5. Pursuant to Articles 9-12 of the Industrial Parks Proclamation, Industrial Park Enterprises shall have the following rights and obligations
 1. Any Industrial Park Enterprise shall have the right to:
 - (a) Receive services from the Commission, all other Competent Authorities, the Industrial Park Operator, Developer and all other contracted service providers in a consistent fashion and not subject to any discrimination;
 - b) Conduct any activity not specifically prohibited by Applicable Law;
 - (c) Determine the prices of any of its goods or services sold inside or outside an Industrial Park;
 - d) Exercise its recourse to the Industrial Parks dispute settlement mechanisms conferred under Applicable Law;

- e) Be free of requirements to obtain any further permits, licenses, or other certifications other than those which are specified under the Industrial Parks Proclamation, this Regulation, or Board Directive.
- f) Assign or transfer their Industrial Park Investment Permits, except that:
 - i) The Commission must provide prior written approval of the transfer or assignment.
 - ii) The party receiving the Permit must apply for the Permit in the same manner as all other Industrial Park Investment permit applicants. The Commission shall expedite, if feasible, the party's application by incorporating established facts and evidence from the transferor's Permit.
 - iii) If its application is approved, the party receiving the permit shall assume all rights and obligations of the transferor's Industrial Park Permit.
 - iv) Any transfer or assignment that is carried out in violation of these provisions shall have no legal effect.

(2) Any Industrial Park Enterprise shall have the obligation to:

- a) Notify the Commission prior to any change in activities that relates to the conditions upon which the Industrial Park Investment Permit was issued.
- b) Pay all applicable taxes, charges, and service fees as published in fee schedules and instructions on the Industrial Parks One-Stop Shop website
- c). Manage all waste produced as a result of its activities
- d). Maintain all company books, records, accounts, and financial statements in accordance with Applicable Law.
- e) Record any information necessary for customs control purposes related to goods within the Industrial Park belonging to the business as specified under Board Directive or other applicable laws.
- f) Independently and promptly notify the OSS of any actual or potential discrepancy discovered between its records and the unique identifier used in the Revenue and Customs Authority tracking system or other relevant customs entity.

- g) Assume full responsibility and liability for all goods declared and all goods that are unaccounted for. Goods declared but unaccounted for are presumed to have been unlawfully transferred from an Industrial Park Customs-Controlled Area to the Customs Territory
- h) Cooperate with the Commission and all other Competent Authorities by granting such entities access to its premises to conduct any lawful inspection and to share all records and books as may be required to ensure compliance with all Applicable Law.

6. Business Registration and compliance

- (1) The Board and Commission shall establish uniform, streamlined, simple, flexible, and transparent registration and permitting requirements and procedures applicable to Industrial Park End Users.
- (2) To achieve this end, and in accordance with its powers described in Article **Error! Reference source not found.** of this Regulation, the Board shall issue Directives establishing, consolidating, combining, and replacing all procedures and requirements required by other Competent Authorities, including all registrations, certifications, permits, licenses, and similar approvals, as necessary to reduce the overall number or complexity of such documents.

7. Bankruptcy and Liquidation

- 1. The bankruptcy or liquidation of Industrial Park Developers, Operators, Enterprises and Residents shall be executed in accordance with the laws and regulations in force regarding bankruptcy and liquidation in Ethiopia, matters dealing with implementation procedure by Board directives.

8. Tax Administration

- 1. The Industrial Parks OSS shall receive any federal, state, and local tax returns required from Industrial Park End Users and coordinate all tax inspections, audits, collections, complaints, and appeals by Competent Authorities.
- 2. The Board, in coordination with the Ethiopian Revenue and Customs Authority, shall specify by Directive:
 - a) The types of itemized deductions allowable from gross income for Industrial Park taxpayers;

- b) Rules for determining the source of income, whether from within the Industrial Parks, outside the Industrial Parks in Ethiopia, or foreign countries, and for taxing income based on its source;
- c) Apportionment of costs of goods and services and deductions of Industrial Park taxpayers;
- d) A system for assigning registration and tax identification numbers;
- e) Procedures for Industrial Park taxpayer filing, reporting, bookkeeping, and payment through the Industrial Parks OSS; and
- f) Procedures for administering, assessing, enforcing, and adjudicating appeals with respect to taxes, fines, fees, customs duties, and all documentation related thereto, through the Industrial Parks OSS.

9. Customs Administration

1. Designated Industrial Parks may consist in part or whole of Customs-Controlled Areas, which are outside the Customs Territory of Ethiopia.
2. Goods and services leaving the Customs Territory and entering a Customs-Controlled Area in an Industrial Park are deemed exports and are entitled to duty drawback.
3. Goods and services entering the Customs Territory from a Customs-Controlled area in an Industrial Park are deemed imports and are subject to the assessment of import duties, excise taxes, fees, levies, and other customs charges, on the basis of VAT tax-paid and dutiable Most Favored Nation treatment, in accordance with the provisions of customs and tax legislation in force in the Customs Territory.
4. Goods and services entering a Customs-Controlled Area in an Industrial Park from foreign territories or from other Customs-Controlled Areas industrial Parks are exempt from all customs or import duties, levies, tariffs, VAT, excise, or other Ethiopian taxes applicable to imported goods and services.
5. Goods and services transferred between a Customs-Controlled Area in an Industrial Park and foreign territories or other Customs-Controlled Areas in other Industrial Parks, whether entering or exiting, and between a Customs-Controlled Area in an Industrial Park and the Customs Territory, whether entering or exiting, shall enjoy the following exemptions, except as otherwise provided for under Applicable Law:

- a) Exemption from quantitative restrictions, minimum export requirements, or any other trade-related restrictions;
- b) Exemption from application of any quota or export duties on import or export trade, except as provided under this Regulation or Board Directives;
- c) Exemption from any restriction or limitation based on whether goods or services are for functional purposes, storage, exhibition, assembly, manufacture, further processing, or re-exporting;
- d) Exemption from any restriction on a foreign supplier's credit for acquisition of foreign machinery, spare parts, raw materials, inputs, or means of transportation for use in an Industrial Park;
- e) Exemption from further licensing requirements, except as otherwise indicated in this Regulation and Directives issued pursuant to it; and
- f) Exemption from any requirement for approval from any Government institution save the Ethiopian Revenue and Customs Authority.

6. All merchandise considered, under applicable treaties and legislation, to have been substantially transformed into a finished export product in any Industrial Park shall be deemed as originating in Ethiopia, provided that such export products satisfy the applicable rules-of-origin and international treaties in force.

7. Procedures for the determination of the Ethiopian content in Industrial Parks goods and services shall be established in a subsequent Directive to be issued by the Board.

8. The Commission, in collaboration with the Ethiopia Revenue and Customs Authority shall implement a comprehensive and automated customs tracking system for goods entering or leaving an Industrial Park Customs-Controlled Area.

9. The tracking system shall:

- a. Record all admittance, removal, transformation, or destruction of goods within Industrial Park Customs-Controlled Areas;
- b. Identify and track the location of all goods in each Industrial Park Customs-Controlled Area;

- c. Reconcile the admittance, removal, transformation, or destruction of goods within the Industrial Park Customs-Controlled Areas with required inventories and records of Industrial Park End Users; and
 - d. Identify potential illegal transfer of goods between Industrial Park Customs-Controlled Areas and other territories for investigation.
10. The Commission, in collaboration with the Ethiopia Revenue and Customs Authority, shall assign to all goods within each Industrial Park Customs-Controlled Area a machine-readable Industrial Park Unique Identifier, which shall be associated with the following information:
- a. Industrial Park End User information and all Industrial Park Investment Permits;
 - b. Beginning cost or value of the goods, cumulative additions and removals, adjustments to cost, and current balance of goods, by date and quantity;
 - c. Location of the goods, given an extant status;
 - d. Process state of goods, as applicable;
 - e. Status of goods with regard to admission, storage or transit, sale, removal, destruction, customs duty, and tax; and
 - f. Status of any consequent scrap, waste, and by-products in appropriate dates and quantities, whether retained as unique goods, sold, transferred, or destroyed, with regard to: admission, storage, process state, sale, removal, destruction, customs duty, and tax.
11. Every Industrial Park Enterprise, as well as every Developer and Operator, with activities in a Customs-Controlled Area must maintain an automated inventory-control and record keeping system containing records matching the information required in each Industrial Park Unique Identifier for the purpose of reconciling the two sets of records.
12. To the extent possible, the customs tracking system and associated rules shall be developed in accordance with prevailing international standards, including in particular those specified in the International Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention).
13. The Board, in collaboration with the Ethiopia Revenue and Customs Authority, shall establish, by Directive or Interagency Agreement:

- a. Provisions for the performance of its functions through the Industrial Parks OSS, as provided for in this Regulation and its Directives;
- b. Organization and specification of customs controls, valuation of customs charges and exemptions, as well as Rules of Origin, goods identification, examination, inspection, and interdiction procedures for implementation by the Ethiopian Revenue and Customs Authority through the Industrial Parks OSS; and
- c. Streamlined procedures for the entry and exit of individuals to and from the Customs-Controlled Areas.

14. Details of this provision will be specified through a Board Directive issued pursuant to this Regulation.

Part Three

Industrial Park Work Permits and Residence

Industrial Park Expatriate Entry, Work Permits, and Residency

10. Pursuant to Articles 13-18 of the Industrial Parks Proclamation

1. The Board and Commission shall encourage and ensure the increasingly free movement of all factors of production, including labor, goods, services, capital, and ideas, in order to attract investment, promote job creation, and enhance Ethiopia's competitiveness in the global economy.
2. To achieve this end, and in accordance with the powers described in Article 32 sub article 2 of the Proclamation, the Board shall issue Directives establishing procedures and requirements for the issuance of separate immigration authorizations to expatriates valid within the Industrial Parks, beyond those immigration authorizations broadly applicable throughout Ethiopia. Such authorizations shall be processed and issued through the Industrial Park OSS, including procedures for expatriate visitors, work permits, and expatriate residency in the Industrial Parks
3. The Commission shall conclude an Interagency Agreement with the Security, Immigration, and Refugee Affairs Authority, in order to coordinate and collaborate in expeditiously and

efficiently reviewing applications and support letters for immigration visas and work permits, conducting background checks, issuing and renewing associated visas and work and residency permits, and seeing to their subsequent proper respect by all Competent Authorities.

11. Eligibility for Certificate of Industrial Park Residency

1. As provided in Article 14 of the Industrial Parks Proclamation, the Board shall issue Directives that fully consolidate all procedures and requirements required by other Competent Authorities for the registration of Industrial Park Residents. It shall assign to the Commission the task of fully and independently administering such procedures, including the issuance of Industrial Park Residence Permits, whenever an Industrial Park includes individuals dwelling onsite.

Part Four

Guarantees and Protection, and National Treatment

12. National Treatment

Pursuant to Article 19 of the Industrial Parks Proclamation

1. The Board, Commission, and all other Competent Authorities shall accord to all Industrial Park End Users of foreign nationality, treatment no less favorable than that accorded to national investors with respect to the establishment, acquisition, management, and sale or other disposition of an Industrial Park investment.
2. Industrial Park Developers, Operators and Enterprises shall:
 - a) Be entitled to freely exercise any economic activity other than those prohibited by applicable laws.
 - b) Not be subject to any minimum capital requirements when reinvesting profits in existing or new projects.

Part Six (I) Designation and Access to Land

13 .Industrial Park Designation and Modification

Pursuant to Article 25 of the Industrial Parks Proclamation,

1. Any party, including private-sector parties, government entities or public-private entities, may propose to designate a site as an Industrial Park by submitting a proposal to the Commission. Required content for such proposals shall be specified by Board Directive.
2. Proposals under the previous sub Article may refer to either developed or undeveloped land and may be submitted by current leaseholders or others with interests in the land.
3. The Board shall review proposals to designate sites as Industrial Parks and decide whether or not to designate the sites, based on the proposals' merits.
4. Sites shall be selected for Industrial Parks designation based on the following criteria:
 - a. Industrial economics and dynamics, such as the presence of business activity and private-sector support for designation in the area;
 - b. Accessibility and connectivity, such as major transportation links, labor markets, and distribution hubs in the area;
 - c. Infrastructure and environmental criteria, such as roads, fresh water or water distribution networks in the area, wastewater treatment facilities, and flood risk;
 - d. Social infrastructure, such as schools, hospitals, hotels, places of worship, and retail businesses in the area; and
 - e. Land availability and suitability for development.
5. In addition, the Board shall approve or reject proposals to designate an Industrial Park based on:
 - a. The likely impact upon social conditions, health, or cultural values in the area; and
 - b. Development impact potential, including the likelihood of:

- i. Raising the quality of life and expanding opportunities for lower-income populations;
 - ii. Producing positive social and economic spillover effects outside the proposed Industrial Park;
 - iii. Positively influencing regional or national infrastructure planning;
 - iv. Skills development and training of the workforce;
 - v. Increased economic diversification;
 - vi. Increased wages and working standards; and
 - vii. Reliable testing and catalyzing of beneficial reforms for nation-wide implementation
6. In making its decision, the Board shall rely on the opinions and documentation supplied by the proposing party, local leaders, all potentially vulnerable groups in the area proposed for designation, public comments and community meetings, and all other outside materials, opinions, or expert advice it considers useful.
7. The Board may classify an Industrial Park as sector-focused, including if appropriate as a “Free Trade Zone,” a “Freeport” or “Special Economic Zone”, in whole or in part.
8. The Board may also classify an Industrial Park as a “Hybrid Zone” in which any the classification of zones permitted under the Industrial Parks Proclamation are combined or co-located in the same Industrial Park.
9. The Board shall make a specialized designation wherever the materials submitted in support of designation convincingly demonstrate that:
 - c) There is strong market demand for such specialization;
 - d) Such specialization advances the identified development goals of the nation, state or locality;
 - e) The location to be designated is well suited for such specialization; and
 - f) The zone has been requested by the Developer to be so specialized.
10. The Commission shall, under Board supervision, coordinate mapping and surveying, land allocation and leasing, leasehold registration, land use and planning, and environmental management of proposed and designated Industrial Park sites.

14. Acquisition of Industrial Park Land and other Immovable and Movable Assets

Pursuant to Article 22 of the Industrial Parks Proclamation,

1. All Industrial Park Developer, Operator and Enterprise may acquire Industrial Park land on a leasehold basis of any duration up to 99 years, renewable at the option of the lessee, and may acquire other immovable assets, such as buildings and infrastructure, on any basis.
2. Applicant Industrial Park Enterprises shall have recourse against Industrial Park Developers or Operators, as the case may be, for failure to provide agreed Industrial Park land, buildings, or infrastructure as well as any agreed utility connections to them, in a timely manner. Similarly, Industrial Park Developer Applicants shall have recourse against the Industrial Park Development Corporation (IPDC) for failure to provide agreed Industrial Park land, buildings or infrastructure to them from the IPDC's land banks, in a timely manner. Such recourse may be in accordance with their agreement or applicable law.
3. Rights, including leaseholds, in any Industrial Park developed lands or other assets in the Industrial Parks may be freely transferred, held, or controlled in any way consistent with the laws of Ethiopia, without any required authorization of the Commission and Board or any other government entity, provided that:
 - a. The rights transferred do not exceed the scope of the rights held by the transferor; and
 - b. The Industrial Parks Proclamation, Regulation, applicable law or any agreement between the parties does not prevent such transfer, holding, or control.
4. All rights in Industrial Parks land and other immovable assets may be mortgaged for up to the full value of the land and/or other assets as appropriate.
5. In accordance with Articles 11 and 17 of the Industrial Parks Proclamation, the Board shall prevent speculation of Industrial Park land, buildings, or infrastructure by Industrial Park Developers, Operators, Enterprises, or Residents, through Directives. Such Directives shall further define prohibited activities and assign the Commission the role of implementing the Directives, including monitoring and enforcing compliance and tracking the fair market lease value of Industrial Park land or other immovable assets.
6. As provided in Article 22 of the Industrial Parks Proclamation, the Board shall establish additional procedures and requirements governing:

- a) The acquisition of land and other assets in the Industrial Park, including any standard contract terms with Industrial Park Developers, Operators, and Enterprises;
- b) Selection of Industrial Park Developers and Operators, including all construction project bidding rules;
- c) Land use and planning restrictions and the modification thereof; and
- d) All development, building, and occupancy codes and standards, including the issuance of related permits applicable in the Industrial Parks.

Part Six

Socio-Environmental Management

15. Socio-Environmental Management System, including for Compensation and Resettlement

1. Following a successful Application to designate a site as an Industrial Park, all licensed Developers shall be required to submit a Socio-Environmental Management System, incorporating the following elements:

- a) A Social Impact Assessment;
- b) Stakeholder Identification and Analysis and Community and Vulnerable Groups Engagement and Consultation;
- c) A Social Management program; and
- d) Reporting Plan providing for appropriate Information Disclosure to concerned stakeholders.

2. The Social Impact Assessment should generate appropriate social baseline data, impacts analysis, and mitigation measures. All relevant adverse impacts on the livelihoods of affected persons and communities within the project area of influence shall be assessed. The Developer shall in this context specifically identify vulnerable individuals and groups affected by the project, as well as propose and implement measures so that

adverse impacts do not fall disproportionately on them and they are not disadvantaged in sharing the Industrial Park's development benefits and opportunities.

3. Taking into account the findings of the Social Impact Assessment, the Developer shall establish and manage a program of mitigation and performance improvement measures and actions that address the identified social risks and impacts. An Action Plan will:

- a) Describe the actions necessary to implement the various sets of mitigation measures or corrective actions to be undertaken;
- b) Prioritize these actions;
- c) Include the time-line for their implementation;
- d) Be disclosed to the affected individuals and communities and
- e) Include a Compensation and Resettlement Action Plan, if necessary, which shall describe various sets of mitigation measures or corrective actions to be undertaken in this context.

4. The dispute settlement provisions of this Regulation shall facilitate the reception, as well as the prompt and transparent resolution of affected individuals' and communities' concerns and grievances about the Developer's social obligations and impact mitigation actions.

16. Socio-Environmental Management

Pursuant to Article 24 of the Industrial Parks Proclamation,

1. The Board and Commission, working with the Ministry of Environment and Forests, shall ensure that:

- a) Land, air, and water resources in and around the Industrial Parks are maintained and managed no less stringently than in other areas of Ethiopia; and
- b) The social and cultural context within which each Industrial Parks exists is considered and the Industrial Parks serve to protect and empower indigenous peoples, local communities, and disadvantaged and vulnerable groups as defined by gender, age, race, creed, national origin, disability, or sexual orientation.

2. To fulfill these obligations, the Board shall issue a Directive establishing requirements and procedures for environmental management in the Industrial Parks for implementation by the Commission.

3. Upon designation of an Industrial Park, the Commission shall:

- a) Undertake a baseline survey and establish environmental quality standards for the Industrial Park;
- b) Identify and establish procedures for addressing existing environmental challenges and concerns;
- c) Designate protected areas, if appropriate, and
- d) Oversee the implementation of an environmental and social management system by the Industrial Park Developer and Operator for each Industrial Park.

4. The environmental and social management system for each Industrial Park shall provide for actions that mitigate potential negative social, cultural, health, and environmental effects that the project may have upon existing communities within and surrounding the Industrial Park.

5. The Board shall establish procedures and requirements for issuance of Industrial Park Environmental Permits, which shall consolidate and completely satisfy all other environmental permits, licenses, or certification requirements otherwise imposed on Industrial Park End Users under other laws.

- a) Such Permits shall be issued to an Industrial Park Developer or Operator upon approval of an environmental and social impact assessment and to all Industrial Park Enterprises upon approval of an environmental impact assessment.
- b) All impact assessments shall include a mitigation action plan and an impact statement.
- c) Requirements for the posting of such Permits and for the modification and transfer of Permits shall be specified under Board Directive.

6. The Commission shall ensure and oversee the proper management of solid waste, control of water quality and treatment of waste water, and the supply of water and sewerage in the Industrial Parks.

7. To ensure environmental compliance, the Commission shall:

- a) Maintain an Industrial Park Environmental Database and Pollution Inventory, which shall include comprehensive environmental data for each Industrial Park;
- b) Require Industrial Park Environmental Permit holders to monitor and report on their environmental performance in accordance with the conditions stated in their Permits;
- c) Inspect Industrial Park facilities and conduct environmental audits of facilities and areas as necessary to ensure compliance with Applicable Law;
- d) Effectively address all instances of non-compliance by identifying responsible parties, imposing Penalties, and requiring corrective and preventive actions as necessary; and
- e) Protect public health and apply quarantine measures as necessary and in coordination with the Ministry of Health.

8. The Commission shall form Interagency Agreements with the National Environmental Management Authority and/or the Ministry of Environment and Forest to freely share all information requested by either, provide for the management of the environment through the Industrial Parks OSS, and coordinate all inspections and other environmental compliance Measures.

Part Seven

17. Labor Affairs

Pursuant to Article 28 of the Industrial Parks Proclamation,

1. The Ministry of social and labor affairs shall establish the rules and procedures on labor issues in consultation with the ministry of industry in the basis of tripartite modality.
2. The Commission shall conclude an Interagency Agreement with the Ministry of Labor and Social Affairs, in order to govern and coordinate inspections of working conditions, the sharing of information derive there from, and the enforcement of Applicable Law in this regard.
3. The Commission shall conclude an Interagency Agreement with the Ministry of Industry to facilitate a vocational and technical training program with Industrial Park Enterprises and workers and to facilitate the matching of Industrial Park labor needs with the technical and

vocational training institutes' curricula, as well as employment of their graduates in the Industrial Parks.

4. Without prejudice to the minimum standards set in this regard in the labor law, Special severance pay and redundancy norms may be established through labor contract negotiation or collective bargaining.

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Tripartite modality

A tripartite council which shall be referred here in after as council shall be established in industrial parks in order to solve labor disputes through joint discussion and consultation.

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Organization of tripartite modality

Any tripartite council shall have the following members:

1. Representative of ministry of labor and social affair at the one stop shopchair person
2. A representative of industrial parks.....member
3. A representative of industrial parks employees association.....member
4. The ratio of membership shall be two from the chair person and one from each member
However the total number of members shall be 8-12.

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Tasks and responsibilities of the council

The council shall have the following tasks and responsibilities

1. Shall find solution through tripartite modality for issues arising in industrial parks.
2. Where the council fails to solve any issue it shall forward same to the one stop shop service along with its recommendation.

3. Shall conduct or cause to be conducted preliminary studies in order to identify possible labor relation issues.

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Working procedure of the council

The council shall:

1. Conduct its business through meeting
2. Convene at least once in two weeks
3. Pass its recommendation by consensus; where consensus is not reached the majority recommendation shall be forwarded along with alternative opinion of the minority.

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The council's chairperson shall;

1. Chair the council
2. Follow up implementation of the council's recommendations
3. Direct communication of the council
4. Assign the secretary of the council from among members or external source

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The council's secretary shall have the responsibility to;

1. Dispatch the invitation and agenda of the meeting to the members of the council;
2. Record minutes of the council and be custodian of same;
3. Follow up detail implementation of recommendation of the council;
4. Ensure the services of the secretarial office.

Part Eight

Regulatory Organs and Grievance Procedure

24. Board and Commission Procedures

Pursuant to Article 29 of the Industrial Parks Proclamation.:

1. The Board shall ensure that the Commission is properly equipped and, if necessary, reorganized to carry out the functions assigned to it under this Regulation, no later than 90 days of its adoption.
2. Appointment, removal and terms of Board Members, conflict of interest standards, and voting procedures shall be provided for by Board Directive.
3. The Commission may delegate any regulatory function assigned to it under Applicable Law by Interagency Agreement or other agreement with a governmental, non-governmental, or private entity, provided that delegating such functions:
 - a) Would improve their quality, efficiency, or effectiveness;
 - b) Would not result in a conflict of interest; and
4. Would not be contrary to the public purpose and would not therefore in any way be deleterious to human or animal health, environment, national security, or morality.

The Commission may delegate any non-regulatory service functions to Industrial Park Developers, Industrial Park Operators, or other contracted private service providers.

5. The Board shall establish and recommend a special system to appropriate government organ; flexible, competitive and fair hiring, termination and firing practices, civil-service employee selection criteria, special criteria and technical bases for evaluating and assessing the performance of Commission civil servants, setting wages, bonus ,other incentives and salaries, promotion, and human-resource management protocols.

25. Industrial Parks One-Stop Shop (OSS)

Pursuant to the OSS responsibilities assigned in Article 27 of the Industrial Parks Proclamation,

1. The Commission shall establish an Industrial Parks One-Stop Shop (OSS).
2. The OSS shall be fully authorized to define, perform, facilitate, and/or mediate, as appropriate, all regulatory requirements under Applicable Law, including those by all Competent Authorities, for Developer, Operator and Enterprise and others as appropriate. It shall aim to provide Industrial Park Developer, Operator and Enterprise with efficient and user-friendly customer assistance and access to government.
3. The OSS may regulate and provide services in the following areas, among others specified by Board or Commission Measure:
 - a) Processing investment approvals, including the review, issuance, renewal, and replacement of licenses, registrations, permits, certificates and all other related authorizations ordinarily required under Applicable Law;
 - b) Land use and building approvals;
 - c) Processing proposals to designate sites as Industrial Parks and applications for Development and Operation of Industrial Parks;
 - d) Oversight of Industrial Parks Developers and Operators;
 - e) Environmental permits and certificates;
 - f) Industrial Park visas, and work and residency permits,
 - g) Labor and employment-related registrations and compliance requirements;
 - h) Tax and customs registration and administration, including certificates of origin and conferral of customs incentives;
 - i) Dispute resolution and complaints handling on behalf of the Commission, Board, and all Competent Authorities; and
 - j) Advisory services, investment and land acquisition facilitation, and post-investment support based on appropriate research and OSS User demand for such services.
4. The—Commission shall conclude Interagency Agreements with all Competent Authorities that are relevant to the OSS and Industrial Park Developer, Operator and Enterprise.

5. The Interagency Agreements shall provide for the staffing of the OSS with highly-qualified members of all Competent Authorities with sufficient decision making authority to expedite all submitted administrative requests.
6. The Commission shall have supervisory authority over all Competent Authorities regarding the Industrial Parks, including all representatives and other staff members in the OSS.
7. The OSS shall set, impose, enforce, and collect all user fees and charges applicable to Industrial Park Developer, Operator and Enterprise and others as appropriate sufficient to perform its responsibilities.
8. The OSS may provide its services online through its website, via telephone or email, and through face-to-face communication to all Industrial Park End Users.
9. All utilities providers to the Industrial Parks, such as power, water, sewerage, and solid waste management companies, shall offer services and assistance through the OSS, including connection and payment services, via the OSS website, phone, email, and in-person representatives in the OSS Service Centers.
10. The OSS shall have a headquarters either in Addis Ababa or one of the Industrial Parks and shall maintain on-site service centers in each Industrial Park staffed with personnel from the Commission and, if necessary, representatives of other Competent Authorities.
11. OSS personnel shall be present and maintain regular office hours at each OSS Service Centre in accordance with a schedule to be adopted by Commission Circular Letter and accompanying standard operating procedures. For service centers with less demand from OSS Users, a rotation may be established under which OSS personnel visit each OSS Service Centre at regularly scheduled times and dates. All such schedules shall be made available and regularly updated on the Industrial Parks OSS website.

26. Security and Law Enforcement

1. The Commission shall form an Interagency Agreement with all relevant Federal, Regional, City administration and local security and law enforcement entities, including:
 1. The Ministry of Justice;
 2. The Security, Immigration, and Refugee Affairs Authority; and

3. The Federal Police Commission.
2. The Signatories of Interagency Agreement referenced in the previous sub Article shall establish procedures for:
 - a) Preventing the unauthorized transit of goods into or out of any Customs-Controlled Area in an Industrial Park;
 - b) Preventing the movement of foreign nationals without proper authorization into or out of an Industrial Park in accordance with a Board Directive relating to Industrial Park expatriate services; and
 - c) Preventing criminal activity in the Industrial Parks.
3. The Commission shall ensure that Federal Police officers and/or such other law enforcement agents as the Commission deems necessary shall be present inside the Industrial Parks to maintain order.
4. The Commission shall have primary responsibility for enforcing the Industrial Parks Proclamation, Investment Proclamation, this Regulation, and all Measures of the Board and Commission within the Industrial Park.
5. Federal, Regional, City administration and local security enforcement agencies shall, in accordance with any Interagency Agreement formed:
 - a) Assist the Commission in the enforcement of the Industrial Parks Proclamation, Regulations, Board Directives or Commission Circular Letters upon request of and through the coordination of the Commission.
 - b) Inform the Commission and Board of every crime committed within an Industrial Park; and
 - c) Inform and coordinate their activities with the Commission and Board when implementing any security procedure or measure in an Industrial Park.

27. Issuance of Reprimand, Suspension, and Revocation of Permit

Pursuant to Articles 29/2, 30, and 31 of the Industrial Parks Proclamation,

1. The Commission shall:
 - a) Ensure, with the cooperation of Industrial Park Developers and Operators, the application of all Applicable Law within the Industrial Parks.

- b) Conduct such Industrial Park-related administrative, investigative, enforcement activities as may be necessary to ensure the application of the Industrial Parks Proclamation, this Regulation, the Directives, or any license, permit, certificate, or agreement issued or executed pursuant to them, including through monitoring and inspections, documentary and physical audits, seizures, goods sequestrations, facilities closures, and other Penalties imposed on Industrial Park Developers, Operators and Enterprise.
 - c) Coordinate its investigations and freely share information derived there from with relevant Federal, Regional, City administration and local security and law enforcement agencies to the maximum extent possible.
 - d) Recommend to Competent Authorities the imposition of such quarantines as may be necessary to protect human, animal and/or plant health within the Industrial Parks.
 - e) Refer any violations of Applicable Law arising out of the Industrial Parks program to the appropriate enforcement authorities.
 - f) Sue any party it deems appropriate to ensure the full and proper implementation of Applicable Law.
- (2) The Commission and Board may rely on all Federal, Regional, City administration and local security law enforcement entities to enforce Penalties after all rights to bring complaints under the Industrial Park Dispute Resolution have expired. Monetary Penalties may be enforced by court order of attachment of property.
- (3) The Board shall detail through Directives the specific modalities for implementation of this Article, including procedures for enforcement, the types of Penalties that the Commission or Board may impose on Industrial Park End Users and Commission or Board officials, and guidelines for the imposition of Penalties. Such Directives shall control and guide the imposition of Penalties authorized under the Industrial Parks Proclamation.

Part nine

Administrative measures of the Board and Commission

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Grievance committees

1. There shall be established a Board grievance committee and a commission grievance committee which shall provide opinion complaints of aggrieved persona to the Board and Commission respectively.
2. The Board or the Commission shall immediately refer any complaint lodged by an aggrieved person to the respective grievance committee indicated in sub-article 1 of this article.

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Nomination of committee members

1. The board grievance committee and the commission grievance committee members shall be appointed by the Board and the Commission respectively.
2. The members of both grievance committees shall be appointed from among Commission employees and the industrial park developer or industrial park operator, industrial park enterprise or industrial park resident as appropriate.
3. Membership ratio of grievance committee shall be two from the Commission and one from the others as appropriate (2:1)

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Tasks and responsibilities of grievance committees shall be as follows:

1. The Commission grievance Committee shall investigate grievance lodged by contesting the administrative measure taken by any competent authority and forward its opinion for decision to the Commission.
2. The Board grievance Committee shall examine grievance lodged by any person against the decision of the Commission and forward its opinion for decision to the Board.

3. Any grievance to the Board or Commission shall be submitted within 30 days of the taking of the administrative measure causing grievance.

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Grievance investigation

1. The Board grievance hearing Committee or the Commission grievance hearing Committee, upon receipt of grievance shall forward same through a form prepared for this purpose to the Board against whom such complaint is lodged indicating that it submit its response within 10 days.
2. The party upon whom summon is served shall present its response on the date of adjournment.
3. The grievance hearing committee shall also specify the date on which hearing of pleadings of the parties shall take place.
4. On the date of the adjournment the grievance hearing committee shall hear the pleading of the aggrieved party and also the response of the other party and adjourn the case for examination.
5. The grievance committee shall, where appropriate, request the production of evidence (oral or documentary) in order to substantiate the opinion for decision to be submitted to the Board or the Commission as the case may be, within 20 days of receipt of the complaint.
6. The Commission or the Board may confirm, cancel or vary the opinion for decision submitted by the respective grievance hearing Committee.
7. The Commission or Board shall render decision on the complaint submitted by the aggrieved party within 30 days of receipt of same.

Part Nine

Miscellaneous

32. Industrial Park Advisory Committees and the Industrial Parks Association

1. The Commission shall establish, appoint members to, and chair an Advisory Committee for each Industrial Park.

a) The Advisory Committees shall consist of standing and non-standing members from:

i) The relevant state and local authorities;

ii) The Industrial Park Developer, Operator, and any sub-developer(s) and operator(s), and Industrial Park Enterprises; and

iii) Representatives from any established Industrial Park Resident Associations and community associations from adjacent communities.

b) Each advisory committee shall meet at least once per quarter and shall coordinate all of its activities with the Commission.

c) The advisory committees shall have the following roles and responsibilities:

i) Advising on the development of the Industrial Park;

ii) Locating sources of assistance for development of the Industrial Park;

iii) Coordinating the connection of the Industrial Park to infrastructure networks in the adjacent areas;

iv) Disseminating information to the public regarding the Industrial Park program in general, as well as regarding the specific Industrial Park in their locality;

v) Promoting investment in the Industrial Park;

vi) Contributing to proper security and policing in the Industrial Park under Applicable Law;

vii) Devising and promoting activities linked to the Industrial Park for the benefit of the local population, including as regards the production and supply of raw materials, miscellaneous products and services, and foodstuffs for Industrial Park End-Users;

viii) Assessing and reporting on any difficulties in the operation of the Industrial Park in their locality; and

ix) Advising on the resolution of implementation problems pertaining to the Industrial Park in their locality.

2)An Industrial Parks Association shall be established as a non-profit organization consisting of Industrial Park Developers, Operators, sub-developers and sub-operators, specialized service providers, Industrial Park Enterprises, and any established Industrial Park Residents associations, as members.

a)The Industrial Parks Association shall be directed by a General Assembly of Members and managed by a fifteen member board of directors, elected for two-year terms, including a President, Executive Vice-president, Secretary, Treasurer, and Directors representing specific investment sectors.

b)The mission of the Industrial Parks Association shall be to promote its members' development and competitiveness in the international marketplace.

c)The goals of the Industrial Parks Association shall be to:

i)Represent and defend the interests of the Industrial Parks sector and to promote an enabling climate for its development;

ii)Position Ethiopia's Industrial Parks to become the country's principal economic engine and to contribute to making the country an ideal destination for foreign investment, as well as the production of world class goods and services.

d)To accomplish these goals, the Industrial Parks Association shall:

i) Participate in various business, trade, investment, industry, management, economic, and vocational training organizations and bodies; and

ii) Conclude institutional agreements with these bodies that:

- a) Enhance Industrial Parks' vocational training, labor relations climate, social responsibility, and government policy;
- b) Raise knowledge about and promote investment in its member Industrial Parks; and
- c) Secure benefits for its members from various parties.

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Advisory committees

Industrial Parks Advisory Committees and Industrial Parks Association

- 1. The Commission shall appoint an Advisory Committee for each Industrial Parks.
- 2. The Advisory Committees shall consist of the following members:-
 - a. Representative from the relevant regional government;
 - b. The Industrial Park Developer, Operator and Industrial Park Enterprises;
 - c. Representative from adjacent Industrial Park communities.

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- 1. The Advisory Committee shall have the following roles and responsibilities:-
 - a. Advising on the development of the Industrial Park;
 - b. Locating sources of assistance for development of the Industrial Park;
 - c. Coordinating the connection of the Industrial Park to infrastructure networks in the adjacent areas;
 - d. Disseminating information to the public regarding the Industrial Park program;
 - e. Promoting investment in the Industrial Park;
 - f. Contributing to the proper security and policing in the Industrial Park under applicable law;
 - g. Devising and promoting activities linked to the industrial park for the benefit of the local population, including as regards the production and supply of raw materials, miscellaneous products and services and foodstuffs for Industrial Park End Users;

h. Advising on the resolution of implementation problems pertaining to the Industrial Parks in their locality.

35. Consultation of Federal ,Regional and city Authorities

1.) The Board and Commission may:

- a) Consider the opinions and input of state and local government entities when making any decision on designation of an Industrial Park.
- b) Provide state and local government entities with the opportunity to be party to any relevant Interagency Agreement formed by the Commission with Competent Authorities to coordinate regulatory licensing, permitting or certification requirements that consolidate procedures or requirements otherwise imposed by the relevant state or local governments.
- c) Facilitate state and local government entities' measures to reduce tax administration and procedures, by having Industrial Park End Users' tax returns and other filings, and all tax inspections, audits, collections, complaints and appeals, coordinated through the Industrial Parks OSS.

2. In order to promote the strength of local areas, create a demand for local products and services, and generate benefits for the state and local population in terms of infrastructure development and economic diversification, each Industrial Park will be required to:

- a) Be predicated upon the existence of appropriate human development conditions for an Industrial Park, including as regards the suitability of the proposed site in light of its cultural context, as well as the perspectives and rights of the local population;
- b) Be harmonious with all adopted state and local master-plans and zoning plans, as well as with any economic and social development plans, at the time of its approval and of any extension of its perimeter;
- c) Obtain input from local authorities through the Commission, as regards its Development Agreement;
- d) Properly manage or protect the natural resources, environment, historical assets, archaeology, and culture of the locality in which it is located;

- e) Ensure the participation of the local population in its benefits, including through linkage programs for the supply of raw materials, inputs, miscellaneous products and services, and foodstuffs, treating sales by local vendors to any Customs-Controlled Area within the Industrial Park as exports for tax and duty purposes;
- f) Coordinate its implementation with the relevant state and local authorities through the Commission, in particular as regards identification of its required workforce;
- g) Collect and remit to the state and local authorities, through its One-Stop Service, any taxes as may be due to them under Applicable Law;
- h) Promote cultural investment for tourism and recreational purposes, leveraging the unique potentialities linked to the historical, cultural features and traditions of the state and the locality in which it is located, enabling the participation of the local population in planning projects and activities generating jobs and revenues for them, in particular in ecotourism, agriculture, horticulture and animal husbandry, handicrafts, and ethnic and cultural promotion; and
- I) Market itself based on the conditions and assets of the State and locality in which it is located.

36. General Implementation and Cooperation Requirements from Competent Authorities

Pursuant to Articles 34 and 27/2 of the Industrial Parks Proclamation;

1. The Commission and Board shall take all Measures necessary to implement this Regulation.
2. All Competent Authorities shall have a duty to cooperate with the Board and Commission in its implementation of this Regulation by concluding Interagency Agreements including those provided for in this Regulation as well as all others necessary to coordinate activities requiring joint participation.
3. Such Interagency agreements shall grant the Commission the ability to consolidate and perform in a streamlined fashion as many regulatory and government-service functions for Industrial Park End Users through the OSS as practically feasible and may include provisions for the following activities, as deemed necessary:

- a) Facilitating training to upgrade the capacity of the Industrial Parks OSS as specified under this Regulation, and its Directives or associated Interagency Agreements.
- b) Sharing information with the Commission and Industrial Parks OSS through procedures specified under this Regulation, its Directives or associated Interagency Agreements.
- c) Seconding personnel as requested, with such seconded personnel subject to the administrative management of the party hosting the personnel but with salaries paid by the seconding party.
- D) Coordinating inspections so as to avoid unnecessary disruption or interference of the normal and lawful activities of Industrial Park End Users.
- e) Granting full recognition and fully enforcing all Industrial Park related approvals, licenses, permits and certificates, issued under this Regulation and its Directives.
- f) Appointing liaisons to handle inter-agency communications with the Commission as necessary.
- g) Fully complying with and enforcing the decisions of the Board, or any dispute resolution panel appointed by it, when resolving any complaint submitted to it.

37. Transitional Provisions

Without prejudice to the powers and functions given to the competent authorities under the Industrial Park proclamation and applicable law, on previous regulatory functions shall be exercised by the Board or commission.

38. Date of Effectiveness

This Regulation shall take effect on the date of its publication in the Negarit Gazeta.

Date

Signatures

General comments

- We have selected provisions whereby the IP proclamation has referred to the regulation to be covered and which this draft did not cover. These provisions are:

Article 2(26), Article 5(3), Article 22(5), Article 23, Article 26, Article 29(3)&(6), Article 30(1)&(5)

- We have selected or propose provisions which are better covered in the directives to be issued by the Board. This are:-

Article 9(2)(a)-(j) , Article 12(9)(10)(11),Article 21(3)(5),Article 22(12),Article 24(3),Article 28(1) b& c

DRAFT