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INDUSTRIAL DEVELOPMENT ORGANIZATION



Programme for Country Partnership  
Ethiopia



# Programme for Country Partnership for Ethiopia 2017 Progress Report





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## 1. EXECUTIVE SUMMARY

This report highlights the main activities and key achievements of the Programme for Country Partnership for Ethiopia (PCP-ETH) for the period of January to December 2017. PCP-ETH is continuing to contribute to the successful implementation of Ethiopia's second Growth and Transformation Plan (GTP II) and to addressing challenges associated with structural transformation.

2017 saw strengthened partnerships with the government (federal and regional), United Nations agencies, financial institutions, business sector entities, bilateral and multilateral organizations and other development partners, including through increased partner engagement in PCP-ETH national coordination bodies.

Significant achievements in 2017 include a growing interest to finance large-scale projects, namely the development of integrated agro-industrial parks (IAIPs) and the Modjo Leather City (MLC), as well as other PCP-ETH initiatives.

The Government of Ethiopia (GoE) made an important contribution of USD 620,000 to finance environmental and social impact assessments for the four pilot IAIPs and associated rural transformation centres. With regard to the MLC, UNIDO technical support helped the GoE to secure funding for the establishment of the park. The MLC will be an industrial park focused on the leather industry and equipped with a common wastewater treatment plant. The European Investment Bank (EIB) intends to fund up to 50 per cent of the loan required for MLC construction. UNIDO will further support MLC development through a new large-scale programme approved for funding by the EU entitled "Leather Initiative for Sustainable Employment Creation". The latter aims at creating employment opportunities through the development of the Ethiopian leather industry and the MLC. UNIDO will receive EUR 7.8 million as part of the above-mentioned programme for which the EU has earmarked EUR 15 million.

Other notable achievements include: enhanced operational efficiency of the Regional Industrial Park Development Corporation through capacity-building support; leather clusters effectively linked to tanneries; training provided (e.g. entrepreneurship skills

development for women and youth, solar technology, improved production systems in coffee, maintenance of heavy duty machines and the operation of digital medical devices); a new UNIDO project aimed at job creation and addressing capacity-building in the textile sector accepted for funding by the AICS; and preparations underway for Ethiopia's Second International Agro-Industry Investment Forum aimed at promote private investment in key manufacturing sectors.

The inception phase of the institutional capacity-building component of PCP-ETH launched over the course of 2017. The project will support the Ministry of Industry in the development of a comprehensive capacity-building framework aimed at further strengthening the Ministry's position in the implementation of the GTP II. A range of training courses were conducted, including on corporate executive leadership, corporate human resource and finance development, as well as intermediate-level training on UNIDO's Computer Model for Feasibility Analysis and Reporting software (COMFAR).

With the scope of PCP-ETH further expanding in 2017, two additional task forces were established as part of the PCP's national coordination mechanism. Each task force is designed to lead the development and implementation of comprehensive plans aimed at attaining GTP II targets in strategic intervention areas (see figure 1 for the new coordination structure). The new task forces will focus on: (1) metal, chemicals and construction inputs; and (2) livestock and fishery productivity enhancement and commercialization (to be active in 2018).

The PCP-ETH monitoring and evaluation system is now fully operational. An internal reporting system provides inputs to monthly, quarterly, biannual and annual reports allowing for continuous monitoring of Programme activities. The PCP also underwent an independent mid-term evaluation in 2017. There are currently fourteen UNIDO managed projects under PCP-ETH, amounting to USD 25.2 million (see Funds Mobilization Report, Table 1).

The structure of the present report follows PCP-ETH national coordination arrangements. It comprises a section for each active task force.

## 2. BACKGROUND

Following the Lima Declaration, UNIDO developed a new programmatic service to advance inclusive and sustainable industrial development (ISID) in Member States – the Programme for Country Partnership (PCP). Ethiopia and Senegal were selected as the first two countries to pilot the new approach. UNIDO conducted high-level scoping missions in late 2014 to consult with relevant stakeholders and develop the first pilot PCPs. In December 2015, Peru became the third PCP pilot country. In December 2017, UNIDO expanded the PCP to additional regions as part of the piloting phase – Cambodia for the Asia and Pacific region and Kyrgyzstan for the Europe and Central Asia region. In 2018, a new PCP pilot will be added to the Arab region to complete the piloting phase.

A multidisciplinary technical team undertook a mission to Ethiopia during August and September 2014 to design the Programme. PCP-ETH was developed after consultations with development partners, the business sector and financial institutions, under the overall leadership of the Government of Ethiopia (GoE). In February 2015, the PCP-ETH project document was approved by the GoE and project implementation began in March 2015.

The PCP is rooted in the industrial development strategy of Ethiopia. It aims to support the Government in the implementation of the GTP II and in addressing challenges associated with structural transformation. The key features of the PCP are: (1) ownership and leadership of the host government; (2) selected priority sectors or areas; (3) a multi-stakeholder partnership; and (4) the facilitation of large-scale public and private investment.

PCP-ETH focuses primarily on three light manufacturing sectors: (1) agro-food processing; (2) textiles and apparel; and (3) leather and leather products. These sectors were selected based on their prospects for job creation, strong linkages to the agricultural sector, high export potential and ability to attract private sector investment, as well as taking note of UNIDO's comparative advantage to deploy an array of technical assistance services in these sectors.

## 3. KEY ACHIEVEMENTS PER TECHNICAL TASK FORCE

The following sections summarize key achievements over the course of 2017 for each of the PCP-ETH task forces.

### 3.1 RESOURCE MOBILIZATION AND PARTNERSHIP MANAGEMENT

2017 saw continued efforts in the mobilization of partnerships and resources, an essential part of the PCP approach. A growing interest from donors and partners to finance integrated agro-industrial parks (IAIPs) and other PCP-ETH initiatives was observed, notably through requests for detailed information on possible intervention areas. To this end, UNIDO developed documents detailing the cost breakdown (investment requirements) by IAIP component for the four pilot parks.

Partnerships were strengthened with the African Development Bank (AfDB), the European Union (EU), the European Investment Bank (EIB), the Food and Agriculture Organization (FAO), the Italian Agency for Development Cooperation (AICS), the United Nations Development Programme (UNDP), the United Nations Conference on Trade and Development (UNCTAD), UNWOMEN, the United Nations Capital Development Fund, the World Bank Group, and the Government of China, among others.

Preparations commenced for the Second International Agro-Industry Investment Forum to be held from 5 to 8 March 2018 at the Millennium Hall in Addis Ababa. The Government of Ethiopia committed a budget of 17 million Ethiopian Birr for the organization of the Forum. The preparation process is led by the PCP-ETH Joint Steering Committee under the leadership of the Ministry of Finance and Economic Cooperation (MoFEC), a Technical Organizing Committee led by a State Minister of the Ministry of Industry, and different sub-teams at UNIDO headquarters and in the field.

In an effort to better coordinate activities within the PCP, the Resource Mobilization and Partnership Management Task Force (RMPM TF) made an inventory of PCP-related donor/partner supported projects and programmes. The preliminary mapping

identified 54 projects. The projects and programmes were assigned to the six PCP-ETH task forces for follow-up and support. As this was a preliminary step, further efforts will be made by RMPM TF members and other partners to develop a comprehensive list to capture all new, ongoing and pipeline projects and programmes in support of ISID.

During the year, eleven project documents were developed by UNIDO. These include proposed projects on: (1) Establishing regional industrial clusters in selected areas of Ethiopia; (2) Linking producers and processors through rural transformation centres (RTCs) in Oromia, Ethiopia; (3) Upgrading the livestock value chain; (4) Training institute for commercial vehicle drivers in Ethiopia – a public-private partnership project to support specialized skills development; (5) A large-scale project on small and medium-sized enterprise (SME) manufacturing industrial cluster development; (6) Establishing a model Technical and Vocational Education and Training (TVET) school in Ethiopia based on the public-private development partnership model; (7) Improving Ethiopia's strategy and policy for the development of a technology-based chemical industry; (8) Trade facilitation capacity-building for the GoE to establish demand-driven services in the four IAIPs; (9) Institutional capacity development for the GoE to generate sector and market intelligence for ISID; (10) Technical assistance for supporting the competitiveness of the Ethiopian textile industry; and (11) Developing fisheries value chains in the Amhara and SNNP<sup>2</sup> regions. In addition, documents detailing the cost breakdown (investment requirements) by components for the four pilot IAIPs were also developed.

An agreement was signed with the Swedish International Development Cooperation Agency (Sida) and AB Volvo to fund a project entitled "Training institute for commercial vehicle drivers in Ethiopia – a public-private partnership project to support specialized skills development in Ethiopia", with a total budget of USD 5,445,000.

An agreement was signed with the Russian Federation to fund a project on aquaculture and fisheries value chains in the Amhara and SNNP regional states, for a total budget of USD 2,260,000<sup>2</sup>. The project has the objective to develop fisheries value chains in the area

of Lake Tana, Amhara region, and the lakes Abaya and Chamo in the SNNP region.

Agreement was signed with the Italian Agency for Development Cooperation (AICS) to fund a project on textiles and garments, budgeted at EUR 2,500,000. The project addresses capacity-building and job creation in the textile sector with a focus on youth and women in migration-prone areas of Ethiopia.

Partnerships were also strengthened with Chinese partners in the context of the ULVC-ETH programme<sup>3</sup> at an inception workshop focused on improving breeding, quarantine systems and the quality infrastructure in Ethiopia. UNIDO will continue working with the Ethiopian Ministry of Livestock and Fisheries to partner with the Ministry of Agriculture of China, the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) and the Ministry of Commerce (MOFCOM) of China to facilitate the development of quality infrastructure for the Ethiopian livestock value chain. For the inception phase of the ULVC-ETH programme, USD 739,020 was received from MOFCOM. To strengthen the partnership, expert group meetings and visits to four regions of Ethiopia covering more than 19 public and private institutions were organized in April 2017. Additionally, two concept notes were prepared and submitted to the South-South Cooperation Assistance Fund (SSCAF).

A delegation from the Chinese Academy of Agricultural Mechanization Sciences led by President WANG Bo met with Director General LI Yong on 3 March 2017 to explore possible areas of cooperation in agribusiness and agro-industry development, in particular within the framework of PCP-ETH. A workshop was held to allow both entities to gain a better understanding of their respective areas of expertise.

As a component of the ULVC-ETH programme, a three-year project entitled "Capacity-building for upgrading the livestock value chain in Ethiopia" was developed, approved by UNIDO and submitted to the SSCAF. Funding of USD 2,000,000 is expected in 2018. When approved, it will be the first United Nations project to be financed by the Government of China under the SSCAF. The project was jointly developed by UNIDO and AQSIQ. The objective of the project is to develop the meat export market and improve the competitiveness of meat value chains in Ethiopia through capacity-building interventions.

1 Southern Nations, Nationalities and Peoples' region.

2 Full project name: Technical and institutional capacity-building for increased production and development of the aquaculture and fisheries value chains in Ethiopia.

3 Full project name: Upgrading the livestock value chain in Ethiopia.

To attract investment to the livestock sector, the ULVC team prepared a draft investment promotion action plan. In addition, a draft partnership framework agreement was developed between UNIDO and the EXIM Bank of China, focusing on the livestock processing sector in Ethiopia and overall industrial park development.

The Ministry of Finance and Economic Cooperation of Ethiopia held advanced discussions with the European Union (EU) concerning EUR 40 million in grants and concessional loans and with the Italian Agency for Development Cooperation (AICS) for EUR 40 million to support development of IAIPs, agricultural value chains and vocational training centers.

The GoE made an important contribution of USD 620,000 to finance environment and social impact assessments (ESIA) for the four pilot IAIPs and the associated RTCs.

UNIDO met with representatives of the Ministry of Science and Technology (MoST) and the World Bank (WB) in Addis Ababa to discuss the newly developed and soon to be approved USD 50 million WB project on national quality infrastructure and agreed, in principle, on the critical importance of ensuring an active role for UNIDO during the implementation of this project. A subsequent workshop was held at UNIDO headquarters in Vienna between MoST and UNIDO representatives. The discussed areas of UNIDO intervention include the development of a national quality policy for Ethiopia, conformity assessments of IAIP value chains and support with the development of technical specifications for the procurement of equipment. It was concluded that MoST and UNIDO shall finalize a cooperation agreement in due time, using the Standard Form of Agreement for use by World Bank borrowers.

UNIDO's technical support helped the Government of Ethiopia to secure funding for the establishment of the Modjo Leather City (MLC), an industrial park focused on the leather industry and equipped with a common wastewater treatment plant. The European Investment Bank will fund up to fifty per cent of the loan required for MLC construction. UNIDO was also granted funding for a new technical cooperation project part of a large-scale programme aimed at creating employment opportunities through the development of the Ethiopian leather industry and in particular the MLC. Titled "Leather Initiative for Sustainable Employment Creation (LISEC)", the programme will be implemented by UNIDO and Ethiopia's Industrial Park Development Corporation (IPDC), in collaboration with national and international

non-governmental organizations. UNIDO will receive EUR 7.8 million as part of the above-mentioned programme, for which the EU has earmarked EUR 15 million.

In an effort to promote collaboration and coordination among initiatives in the field of entrepreneurship development, the YoWEP project<sup>4</sup> team took part in a large number of meetings with governmental and non-governmental organizations active in this field. As a result, partners like Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), EU, UNCTAD, UNDP and the WB have been actively engaged in project activities to improve the entrepreneurial ecosystem in Ethiopia through policy dialogue and capacity-building. In particular, cooperation was initiated with GIZ, the Entrepreneurship Development Centre (EDC) and UNCTAD as part of the National Entrepreneurship Strategy Technical Task Force, and with the Aspen Network of Development Entrepreneurs to collaborate and align interventions on the ecosystem mapping exercise. The Government of Canada has also showed interest in contributing financially and technically to the coordination of these initiatives. A proposal for the establishment of a coordination platform for the reinforcement of the Ethiopian entrepreneurial ecosystem was therefore submitted.



The COFFEE project<sup>5</sup> secured an additional EUR 2.5 million from AICS and the project was approved for extension of the second phase until 2020. Furthermore, a potential partnership with the European Union Delegation to Ethiopia on the Organized Coffee Forum and overall project was initiated.

<sup>4</sup> Full project name: Productive work for youth and women through SME promotion in Ethiopia.

<sup>5</sup> Full project name: Improving the sustainability and inclusiveness of the Ethiopian coffee value chain through private and public partnership.

The UNIDO Japanese Investment and Technology Promotion Office (ITPO Tokyo) in Addis Ababa continued its provision of supporting services and information to Japanese companies and individual investors conducting feasibility studies and trade facilitation services throughout the year. As a result, a number of Japanese companies are expanding their business relationships with Ethiopia in different sectors. Among the initiatives, UNIDO ITPO Tokyo worked to increase the Ethiopian Horticulture Development Agency's awareness of the specific needs and demands of the Japanese flower market to facilitate access of Ethiopian companies in the Japanese market. A leading Japanese flower auction market is conducting a study to improve the supply chain of the Ethiopian floriculture industry and invited members of the Ethiopian Horticulture Producer Exporters Association (EHPEA) and selected flower farm owners and operators to Japan to visit flower farms, flower auction markets and research centers.

ITPO Tokyo also facilitated a visit to Ethiopia for 20 Japanese companies as part of a business delegation from Japan, Africa and the Middle East. The 20 Japanese companies were from the manufacturing, trade, logistics and finance sectors. At this occasion, the Ethiopian Investment Commission (EIC) and a Japanese investment company signed a Memorandum of Understanding (MoU) to develop and manage a Japanese Special Zone within the second phase of the Bole Lemi industrial park. Upon signing of the MoU, both parties expressed their commitment to work together to bring more Japanese manufacturers to invest in Ethiopia.

With the support of EHPEA and of the German Import Promotion Desk (IPD), the BELES<sup>6</sup> project team identified and met with potential international buyers of Beles products. A tentative exploration mission for the commencement of business partnerships to the project site is scheduled for mid-2018. In particular, buyers from Germany and the United Kingdom showed strong interest in exploring the possibility of establishing business partnerships with local Beles cooperatives and the established Beles Agame Plc. under the UNIDO BELES project.

### 3.2 AGRO-PROCESSING

The development of IAIPs and associated RTCs is an integral part of the agro-food component of PCP-ETH. IAIPs will focus on adding value to locally-sourced agricultural products and address constraints to business sector development. The parks will provide firms with access to infrastructure and utilities as well as business services. At the same time, they will serve as a platform for catalyzing investment and job creation. RTCs will also be set up around each IAIP. They will serve as aggregation points with modern pre-processing and market facilities, connecting the parks with the surrounding rural communities<sup>7</sup>.

The final infrastructure designs for the four pilot IAIPs and associated RTCs were submitted by Mahindra Consulting Engineers Limited, taking into consideration comments of the United Nations Office for Project Services (UNOPS) assigned to review the designs. All documents have been handed over to UNOPS for a final comprehensive review. The Regional Industrial Park Development Corporations (RIDPCs) have received the lands allocated to the IAIPs and connected RTCs, and an incentive package is now in place for IAIPs.

ESIAs were commissioned to UNOPS and are underway for the four pilot IAIPs. The IAIP Environment and Social Impact Assessment Project Board held its second meeting to discuss the progress of the study conducted by UNOPS. A working group was established comprising representatives from MoI, relevant Institutes under MoI and UNIDO field office experts to work closely with UNOPS and provide technical support to expedite the study. UNOPS has submitted the scoping report to MoI and UNIDO for comment.

The Regional Industrial Park Development Corporation (RIDPC) – the regional government's principal body and agency for the promotion, implementation and management of the IAIPs – was endorsed and is now operational.

In order to ensure a sustainable supply of agricultural raw materials to the IAIPs in the required quality and quantity, the Ministry of Agriculture and Natural Resources (MoANR) and Ministry of Livestock and Fisheries (MoLF) are in the process of developing comprehensive agriculture, livestock and fishery productivity enhancement and commercialization plans

<sup>6</sup> Full project name: Reducing irregular migration in northern Ethiopia by establishing industrial processing and marketing of Beles food products.

<sup>7</sup> Refer to "Integrated Agro-Industrial Parks in Ethiopia" for more detail.



for agro-industrial growth corridors where the four pilot IAIPs will be established, with the support of UNIDO and FAO. Two multi-disciplinary teams of experts – drawn from various ministerial departments, the Agricultural Transformation Agency (ATA), the Ethiopian Institute of Agricultural Research, the Federal Cooperatives Agency and FAO – are assigned to develop the implementation plans. This activity is a clear example of how the PCP is building partnerships and creating synergy.

The UNIDO-led project<sup>8</sup> on agricultural value chain development to support the creation of a pilot IAIP in the Oromia region and to create synergies with existing efforts, such as the Agricultural Growth Program, the Agricultural Commercialization Clusters initiative, and the Livestock Masterplan will be an integral part of this process. The project is implemented by FAO and UNIDO and funded by the AICS.

Regular meetings are being held at the recently established inter-ministerial committee to align IAIP development with other existing initiatives and to improve the supply of raw materials for companies investing in the parks. Consensus was reached with Ethiopian regional governments on the urgency to design special intervention plans on improving agricultural productivity in the catchment areas and further aligning ongoing programmes towards the development of IAIPs.

Mol delegates promoted IAIPs at several investment forums over the period of May 22 to 31 2017, namely in Rome, Milan, Brussels, London, Stuttgart and Hannover. The forums in Germany were organized by the Ethiopian Embassy in Japan, in collaboration with MoFA, Mol, EIC and IPDC, and with the support of UNIDO. The forums in Italy, Belgium and the United Kingdom were organized by BonelliErede. The Ethio-German business day held in Stuttgart and Hannover was organized by the two respective governments.



<sup>8</sup> Full project name: Technical support for the implementation of an integrated agro-industrial park in Ethiopia.

### 3.3 AGRICULTURAL PRODUCTIVITY ENHANCEMENT AND COMMERCIALIZATION

Ethiopia's industrial development strategy is agriculture-led and export-oriented. It focuses on labour-intensive industries with a large market and broad linkages to the rest of the economy, industries that use agricultural products as inputs, are export-oriented and import substituting, and that can contribute to faster technology transfer. Enhancing both the productivity and the commercialization of agriculture is therefore considered central towards achieving the overall goal of the national development strategy of Ethiopia: the structural transformation of the economy from lower to higher productivity economic activities, from agriculture to manufacturing.

As part of the component of the IAIP project led by FAO, an analysis report was produced which focuses on mapping value chains of five strategic commodities selected after consultation with MoANR (wheat, tomato, potato, red meat and dairy), MoLF and other key stakeholders. The aim of the analysis is to provide an indication of investments in agro-infrastructure required to fully develop the agro-commodity procurement zones of the IAIP in the Oromia region, drawing on available information. A document detailing a strategic analysis and business plan for cow milk and dairy products was subsequently completed. The document is already being used at the MoLF to plan interventions in support of the development of the dairy value chain in the central-eastern Oromia as well as in the other three IAIPs in Amhara, SNNP and Tigray. Following the blueprint of the first study, the development of a strategic analysis and business plan for red meat and live animals is ongoing.

Also as part of the same component, training of trainer workshops were conducted to refine training curricula for dairy value chain actors and government extension workers. Based on this activity, MoLF and the Oromia Bureau of Livestock and Fishery will up-scale capacity development activities in support of dairy value chain development in Central-Eastern Oromia.

In partnership with illycaffè, the COFFEE project team conducted feasibility studies for the renovation of wet mills in three cooperatives in the town of Aleta Wondo, for the establishment of coffee drying centers in Delo Mena to improve coffee quality, and for the establishment of a coffee training center at the Coffee Authority premises in Addis Ababa. A business plan was

prepared for the establishment of a roasting facility at the Sidama Coffee Farmers' Cooperative Union. Moreover, a national branding and communication strategy for "Ethiopian Coffee" was developed to improve international promotion and marketing.

On-farm support activities and training for the development and improvement of the COFFEE value chain progressed during 2017. Training on sustainable production systems, coffee stumping, cooperative management, cupping and social standards were conducted and technical assistance on compost preparation and its application to coffee trees provided. On-farm activities resulted in the establishment of a coffee seedling nursery for the distribution of selected and improved varieties of coffee seedlings to farmers and 15 input provision centres in Delo Mena and Aleta Wondo.

UNIDO supported the modernization of the value chain of high value Cactus Fruits (in Amharic: Beles) by developing processing capacity for Beles products and facilitating their export. With the support of regional and zonal authorities and local stakeholders, target beneficiaries of the BELES project were identified. The technology necessary for the renovation and upgrading of small-scale processing units was identified and efforts to transfer technology to beneficiaries are ongoing. Furthermore, a field study tour was organized to initiate a partnership between the German IPD and the established Beles Agame Plc. As a business facilitator with German and European markets, the IPD can consolidate market channels and provide recommendations. An Italian fruit exporting company has conducted a fact finding business visit to farmers and Beles Agame Plc. with the aim of starting a sample dispatch test to major European fruit retailers. A Tunisian company has expressed interest and commitment to partner with the Beles Producers and Processors Association.

Demarcation of the pilot project site was completed for the MORINGA project<sup>9</sup>. Links between the Ethiopian Public Health Institute (EPHI), the Food, Medicine and Health Care Administration and Control Agency, the Ethiopian Standards Agency and the Ministry of Health were established with regard to the formulation of the Moringa standards and regulatory framework. In addition, an agreement was concluded between the

Moringa Task Force, the EPHI and UNIDO to work in collaboration. Moringa Nutrient profiling was done by EPHI and a first Technical Advisory Group meeting was held. The bid process related to the construction of the Moringa pilot processing plant was awarded to a construction company and works have started.

In an effort to upgrade the livestock value chain in Ethiopia through improved breeding systems for cattle, a forum was organized at the National Artificial Insemination Center to discuss how to forge effective partnerships and ensure the center's active participation in project implementation. During the meeting, officials and experts gave constructive suggestions that will be taken into account during the formulation process of the breeding component of the project. Preparatory activities focused on the compilation of baseline studies for the feed and fodder component, including an analysis of the animal feed value chain, the identification of key actors, processes and constraints for the development of the feed industry in Ethiopia.

The UNIDO project for the development of the aquaculture and fisheries value chains through capacity-building concluded its inception phase in 2017; the project office is now operational to start the implementation phase. Training and business development infrastructure needs were assessed and the criteria for site selection were set. The project's Technical Working Group conducted field visits to potential hosting sites for the Fishery and Aquaculture Business Development Centre (FABDC) and provided recommendations. In parallel, partnerships with Russian technical institutions were initiated and, in November 2017, an expert group from Astrakhan City and the Joint Ethio-Russian Ecological Expedition conducted a field visit to the project site area in Bahir Dar. The expert group collected information to prepare recommendations on the development of the FABDC, paving the ground work to develop training curricula and plan workshops for Ethiopian experts, along with data gathering for future cooperation with Russian institutes and partners.



9 Full project name: Establishing a moringa-based economic development programme to improve the livelihood of rural women in Ethiopia.

### 3.4 TEXTILES AND LEATHER

Ethiopia's leather industry enjoys significant international comparative advantages. However, limited planning during the establishment of leather tanneries has led to difficulties in monitoring and mitigating pollution. In response, the PCP is supporting the GoE in the establishment of a leading-edge leather industry cluster on the basis of an existing concentration of tanneries in the town of Modjo. UNIDO, in collaboration with the Ethiopian Leather Industry Development Institute (LIDI) and Addis Ababa University, prepared a feasibility study for the establishment of the MLC. As described in section 3.1, the LISEC programme was approved by the EU for a total of EUR 15 million and will be implemented by UNIDO and other national and international partners. It aims at the comprehensive development of the leather value chain in the Oromia region (to support the realization of the MLC). A task force that will facilitate the implementation of the MLC initiative was established by the MoI. The task force comprises representatives of MoI, the RIPDC and LIDI.

In the LEATHER project<sup>10</sup> a database of medium- and large-scale leather companies was created in an effort to promote direct linkages among SMEs with tanneries, sole producers, and leather component importers and distributors, and to facilitate joint and bulk purchasing of raw materials. Within the database, a profile of female shoe producers was finalized by selecting and adding women entrepreneurs from the list provided by the WEDP project<sup>11</sup> of the WB. Two clusters (EIFCCOS<sup>12</sup> and LOMI) were linked with the ELICO<sup>13</sup> tannery. The facilitation of negotiations for the leasing of new machinery by the leather clusters was also initiated during the year, with UNIDO experts investigating the possibility of launching calls for proposals among EU partners.

Cooperation agreements were signed with the Federal Small and Medium Manufacturing Industry Development Agency (FeSMMIDA) and the LIDI as part of the LEATHER project. Leather cluster work plans, including training and capacity-building and communication work plans, were developed and shared with institutional partners (LIDI and FeSMMIDA) and

approved by the AICS who is funding the project. As a result, UNIDO supported FeSMMIDA in the preparation of a plan to create leather workshops and a leather creative hub within its premises. The facilities will serve both to train and to foster innovation and creativity in the sector. UNIDO also delivered technical trainings on: design and pattern development; upper and insole preparation, cutting and stitching; lasting and sole attaching techniques; materials wastage reduction; and quality and productivity improvement.

The UNIDO ITPO Tokyo office in Addis Ababa supported the participation of Japanese firms in the leather goods and leather garment manufacturing sector to enable the export of products to the very high-end Japanese market therefore generating foreign currency. In addition, efforts were made to transfer knowledge on the Japanese high tech leather manufacturing technologies to workers in domestic factories. Thanks to the support provided by ITPO Tokyo, two Ethiopian leather manufacturing firms are expanding the types of products they are producing, and increasing their export and market share in the Japanese market. In addition, a Japanese garment product quality inspection company is setting up a quality inspection center in Ethiopia. The establishment of a Japanese non-profit organization was initiated in Addis Ababa with the objective of providing vocational training for the leather garment and leather goods manufacturing sector.

In addition to the support provided in the leather sector, the ITPO Tokyo office in Addis Ababa also provided continuous support to a Japanese garment and a textile product quality assurance firm which is now setting up its branch in Ethiopia. The Japanese firm will be instrumental in globally promoting textile and garment products from Ethiopia. Also, with support of ITPO Tokyo, a number of Japanese companies are expanding their business relationships with Ethiopia. A Japanese garment and textile products quality inspection company is in the process of setting up its branch office in Ethiopia. The operation is expected to attract more Japanese garment and textile buyers.

An abundance of raw materials, a vast labour force, favorable wages and low energy costs give the Ethiopian textile sector a competitive advantage over other countries and regions. The UNIDO TEXTILE project<sup>14</sup>,

10 Full project name: Upgrading of the Ethiopian leather and leather products industry - Phase II.

11 Full project name: Women entrepreneurship development project for Ethiopia.

12 Ethio-International Footwear Cluster Cooperative Society Ltd.

13 Ethio-Leather Industry Company.

14 Full project name: Capacity-building and job creation for youth and women in the textile sector in migration-prone areas of Ethiopia.

with a budget of EUR 2,500,000, was accepted by AICS. The project addresses capacity-building and job creation for youth and women in the textile sector in migration-prone areas of Ethiopia. The project's inception phase strategy was defined and presented to the MoI, local stakeholders and project counterparts (partners), including the project's donor. As a result of the inception phase's launch, data collection on the socioeconomic underpinnings of the textile and garment industry in Tigray started accordingly.

### 3.5 SMALL AND MEDIUM MANUFACTURING INDUSTRIAL CLUSTERS

The Government of Ethiopia, with support from UNIDO, developed a plan to facilitate growth of small and medium-sized industrial enterprises through developing 34 industrial clusters of sizes 50, 100 and 250 hectares across all regions of the country and in two city administrations. Additional industrial clusters will be established in a phased manner. A project document for a large-scale project on regional industrial cluster development was produced. The objective is to establish regional industrial clusters to accelerate growth and increase the manufacturing sector's contribution to gross domestic product. UNIDO is supporting the government in developing a national strategy on industrial clusters. MoI and MoFEC are discussing funding opportunities with partners.

A renewable energy expert was fielded to Addis Ababa and conducted a rapid appraisal based on stakeholder consultations with the objective to identify and recommend a road map for the establishment of industrial enterprises related to electric systems and appliances and/or electronics in regional industrial clusters. The rapid appraisal report is planned to lead to a project document for the GoE to integrate electrical systems and appliances and/or electronics-related industrial enterprises in regional industrial clusters.

Following the mapping and diagnostic of selected leather clusters compiled in 2016, UNIDO continued to support their development in an effort to improve the productivity and quality of a sector largely dominated by micro, small and medium-sized enterprises, most of which are located in Addis Ababa. During the year, activities focused on building capacity both at an institutional and manufacturing level, supporting the participation of women-led enterprises and improving the working premises of the supported clusters.

A study tour for high-level GoE officials to Italy was successfully conducted. They visited leather clusters in Milan and Florence as examples of good practices for cluster development in Addis Ababa.

### 3.6 CAPACITY-BUILDING

The inception phase of the institutional capacity-building component of PCP-ETH launched. The project will support the MoI in the development of a comprehensive capacity-building framework aimed at further strengthening the Ministry's position in the implementation of the national industrialization strategy. During the inception phase, UNIDO will support the Ministry's task force in developing a strategic document to prioritize areas for capacity-building interventions, propose a road map for improvement of the organizational and technical capabilities at the federal and regional levels, as well as help to design pilot initiatives aimed to strengthening collaboration between ministry-led institutes and the business sector.

COMFAR<sup>15</sup> intermediate-level training was provided to 21 trainees from the MoI, the EIC and selected industrial development institutes. Trainees will be able to prepare bankable project documents that will be used at the Second International Agro-Industry Investment Forum in Ethiopia.

Training on industrial policy, Kaizen, industrial zones, cluster development and IAIP development was provided to 38 new staff members of the IPDC of the Tigray regional state. The training was organized by MoI and held in Mekelle.

A platform was established for universities to take part in addressing the capacity-building and technology transfer needs of the IAIP Baeker in Tigray, and the IAIP Bure in Amhara. A workshop on university-industry linkages was organized on 29 April and 7 June 2017 in Mekelle and Bahir Dar respectively, in order to discuss the draft action plan for 2017/18. A Steering Committee and a Technical Working Group were established to follow up and oversee the implementation of the action plan.

<sup>15</sup> UNIDO's Computer Model for Feasibility Analysis and Reporting.

The Heavy Duty Equipment and Commercial Vehicles Academy (HDECoVA) continued to provide training in line with international standards of quality and well-equipped modern workshop infrastructure and demand-driven curricula. It has continued to contribute to institutional change in the vocational training system in Ethiopia and serves as a pilot model that can be up-scaled and replicated by other vocational training centers. To this aim, a workshop was organized to identify how HDECoVA good practices could be adopted by other TVET schools. It involved representatives from the Federal TVET Agency, Addis Ababa TVET Agency, college deans and department heads from thirteen TVET colleges, as well as experts from UNIDO. The HDECoVA model has attracted a lot of interest as an effective model to transform the vocational technical training system in Ethiopia.

The UNIDO Start and Grow Entrepreneurship Training Toolkit was finalized and customized under the YOWEP project. It aims to build business development service capacity of beneficiary financial and non-financial institutions and SME entrepreneurs. Training was delivered to more than 45 representatives from these institutions, of which 16 were selected as Master Trainers. The latter will be mentored in 2018 to train youth and women entrepreneurs and disseminate such trainings to other colleagues. Similarly, UNIDO's COMFAR LITE trainings were delivered to 24 trainees from the same institutions.

Training on corporate executive leadership, corporate human resource and finance development was facilitated for 120 chief executive officers and senior staff of RIPDCs, officials and experts of MoI, as well as institutes under MoI. Out of the total trainees, 25 attended the corporate finance training, 18 were trained on corporate human resource and 77 on corporate executive. The trainings were arranged in three rounds and all were held at the Ethiopian Aviation Academy. Subsequent to the training, a one day experience-sharing visit was organized for the trainees at the Eastern Industrial Park and the Allana Food processing park. One day training on corporate leadership was also organized for 27 regional state industrial park board members of the four regional states.

The team from the LCET project<sup>16</sup> supervised the work of Ingrosec, a Japanese international company, for the finalization of the installation and hybridization of a photo-voltaic (PV) solar system to the ultra-low head micro hydropower system. The company concluded the configuration, fine-tuning and testing of the 12.7 KW PV systems and conducted onsite training for local operators.

A technical task force for the formulation of a national entrepreneurship strategy was established under the MoI, with the support of the YOWEP project. The task force – formed by focal persons from YOWEP-UNIDO, MoI, GIZ, EDC, the Ethiopian Development Research Institute (EDRI), FeSMMIDA and UNCTAD (other ministries will join later), revised the terms of reference for the formulation of the strategy and the mapping exercise of the current entrepreneurial ecosystem. A call for proposals was launched by the YOWEP project and the EDRI was selected to conduct a situational analysis of the current regulatory framework and strategies and research on entrepreneurship, together with a mapping of the main actors to be conducted in collaboration with GIZ, UNCTAD and ANDE. The mapping exercise is expected to be finalized by January 2018.

A diagnostic analysis on the current strengths and weaknesses of university entrepreneurship curricula was conducted by the YOWEP team, in partnership with LUISS University from Rome, Italy. A report was finalized with key recommendations on content, methodologies, university-industry linkages and technology transfer activities. The report was shared with key stakeholders (including the Ministry of Education and MoI) and project partners. Based on the results of the diagnostic, a 5-day training of trainers workshop on entrepreneurship education methodologies was conducted for 22 lecturers from seven Ethiopian universities. The team also facilitated the process of signing an MoU between the Axum and Bahir Dar Universities and LUISS University with the objective to build their capacity regarding entrepreneurship education and development, and reinforce university-industry linkages. In parallel, three project cooperation arrangements and guidelines were signed with FeSMMIDA, the Development Bank of Ethiopia and ENAT Bank for the reinforcement of business development services towards youth and women entrepreneurs and the dissemination of trainings to other institutions.

<sup>16</sup> Full project name: Enhancing local capacity and promoting ultra-low head micro hydro power technologies for productive uses in Ethiopia.

UNIDO was appointed to conduct the monitoring and evaluation (M&E) of the SINCE<sup>17</sup> project. An international M&E expert was contracted to finalize the monitoring handbook for future SINCE implementation, with the support of the UNIDO SINCE team. The handbook was endorsed by the SINCE project manager from the Italian Embassy.

The MORINGA value chain training unit maintenance was finalized. Thanks to the successful delivery of on-the-job training (in collaboration with the Regional Bureau of Women and Children, 110 women were trained on nursery operation techniques, crop management, land preparation and filling, mulching, etc.), 5 hectares of the pilot project site were fenced and prepared, and seedling and transplanting of 20,000 Moringa plants were achieved.

In the BELES project, training needs for upgrading product quality and the development of food safety protocols to meet EU export standards were assessed and submitted to the Austrian Import Information Hub and the processes were initiated to obtain the Global GAP and HACCP<sup>18</sup> for essential food safety certifications.

Throughout the year, the COFFEE project delivered numerous trainings to improve the management of cooperatives and the productivity of the value chain; 18 Farmers' Trainers in Aleta Wondo were trained on the application of Samsung tablets and started support activities for farmers using the tablets for data collection and encoding, among others. Training on business plan preparation was delivered to 14 individuals of whom 12 were from three coffee cooperatives and 2 were experts from the local cooperative promotion office. Leaders of the three coffee cooperatives, with staff and government officers, also received financial management training in Aleta Wondo. Four draft manuals for coffee agronomy training were developed in the local language for capacity-building of cooperative farmers in Delo Mena. 145 farmers attended training on best agronomic practices and farm management in the coffee sector, representing the 12 assisted cooperatives in Delo Mena. In Aleta Wondo, 171 individuals received training on environmental and social responsibility, ethics, first aid for occupational health and safety requirements,

5,089 farmers on sucker and shade tree management, and 2,731 on farm weeding.

A COFFEE study tour to learn about best practices in Brazil was organized in 2017. It was attended by high-level officials and policymakers of Ethiopian institutions linked to the coffee sector, such as the Minister of Agriculture and Natural Resources, the Director General of the Coffee Authority, and the presidents of the Oromia and SNNP regional states, the two major coffee growing regions of Ethiopia.

Through the support of the ITPO Tokyo office in Ethiopia, collaboration was established between the Shibaura Institute of Technology, a Japanese center for promotion of education innovation, the Addis Ababa Institute of Technology and Mekelle University. The objective is to support qualified graduates in the fields of technology through training exchange programmes.

### 3.7 METAL, CHEMICALS AND CONSTRUCTION INPUTS

In order to support the development of a technology-oriented chemical industry in Ethiopia, UNIDO conducted a review of current strategies and policies related to the sector and developed a technical assistance project document for funding.

In order to promote ultra-low head micro hydropower (ULH-MHP) technology for productive use in Ethiopia, the LCET project established collaboration with the Adama Science and Technology University. Construction was finalized at the pilot site and a third party output test (to verify the power plant output) was conducted with positive results: the installed ULH-MHP power plant has generated more than 10KW. A cooperative to own and operate the ULH-MHP has been established. The LCET project successfully concluded in December 2017 with the installation and fine-tuning of the ULH-MHP system, which is now fully operational. This allows the electrification of 110 households. Operation and maintenance training for 10 community and energy experts was also provided in order to ensure long-term sustainability of the system.

Japanese firms in the metal, medical, solar technology and agricultural product export sectors are introducing their products in Ethiopia with the support of the ITPO Tokyo project and supporting technology transfer in the medical field. Thanks to ITPO facilitation, medical equipment supplier companies established their

17 Full project name: UNIDO technical assistance to the project "Stemming irregular migration in northern and central Ethiopia".

18 Hazard Analysis and Critical Control Points.

businesses or expanded their operations and are currently supporting the Ethiopian health sector as part of their corporate social responsibility initiatives. Training workshops were provided to radiologists/doctors in Addis Ababa on new digital medical devices, enabling medical professionals in local hospitals and health centers to perform their regular activities in a more accurate and efficient manner. Additionally, a Japanese metal engineering and technology company has identified a local partner in the metal and aluminum recycling business.

### 3.8 COORDINATION

As PCP-ETH evolved, it also required an expansion and update of the management structure. In 2016, the revised management structure established six technical task forces to better address funds mobilization, an expansion of the scope of implementation and increasing coordination with diverse development partners. With the scope of the Programme further expanding in 2017, two additional task forces were established (see figure 1). The new structure has further simplified reporting and communication lines by: (1) allowing the four key ministries to fully devote their energies to managing and guiding task forces leading the agriculture-linked priority sectors (i.e. task forces for agro-processing; textiles and leather; agricultural productivity enhancement and commercialization; and livestock and fishery productivity enhancement and commercialization<sup>19</sup>; and (2) enabling the MoI, together with partners, to manage the sector-specific intervention areas (i.e. task forces for metal, chemicals and construction inputs; SME clusters; and capacity-building).

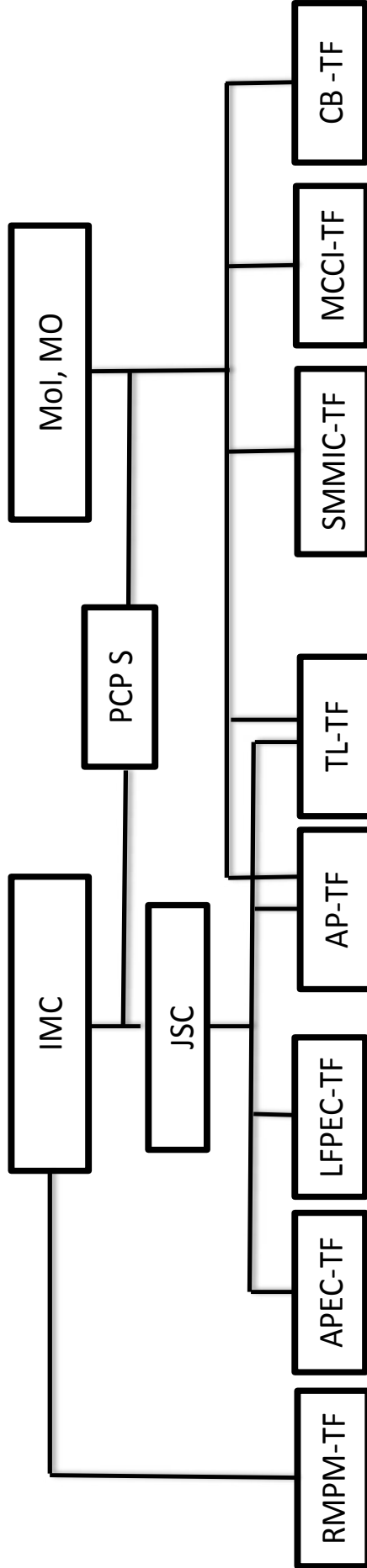
Three inter-ministerial meetings were held as planned during the period. The third high-level inter-ministerial meeting on agricultural productivity enhancement and commercialization was held in March 2017. The fourth such meeting was held on 7 July 2017 and was attended by the leadership of the MoI, MoANR and MoLF. The fifth regular meeting of the high-level PCP-ETH Inter-Ministerial Coordination Committee was held at MoANR in November 2017. The committee reviewed progress made against the status updates presented by MoI, MoANR, MoLF, UNIDO and FAO, and provided guidance on the implementation of PCP-Ethiopia initiatives going forward.

In October 2017, a high-level delegation including permanent missions in Vienna and UNIDO Executive Board members visited Ethiopia to get first-hand knowledge of how the PCP works, including progress achieved to date. The visit featured different consultation meetings with senior government officials and partners and a visit to industrial parks as well as the LIDI. An independent mid-term evaluation of the PCP was carried out in 2017 for which the evaluation team visited Ethiopia to collect information and meet with counterparts and development partners. Extensive consultations were also carried out at UNIDO headquarters as part of the evaluation.



<sup>19</sup> As an outcome of the 5th High-Level Inter-Ministerial Committee meeting, the agricultural productivity enhancement and commercialization task force was split into two.

FIGURE 1: PCP MANAGEMENT STRUCTURE



Note: IMC (High-Level Inter-Ministerial Committee); MoI, MO (Ministry of Industry, Minister’s Office); JSC (Joint Steering Committee); RMPM-TF (Resource Mobilization and Partnership Management Task Force); APEC-TF (Agricultural Productivity Enhancement and Commercialization Task Force); LFPEC-TF (Livestock and Fishery Productivity Enhancement and Commercialization Task Force); AP-TF (Agro-Processing Task Force); TL (Textiles and Leather Task Force); SMMIC-TF (Small and Medium Manufacturing Industry Clusters Task Force); MCCI-TF (Metal, Chemicals and Construction Inputs Task Force); CB-TF (Capacity-Building Task Force); and PCP S (PCP Secretariat).



## 4. MONITORING AND EVALUATION

The monitoring and evaluation system is now fully operational. The internal reporting system provides inputs to monthly, quarterly, biannual and annual reports allowing for continuous monitoring of Programme activities. The PCP underwent a mid-term review in 2017 and the full report is expected at the beginning of 2018.

## 5. PROGRESS IN RELATION TO OBJECTIVES AND OUTPUTS

Progress towards achieving the overall objective and outputs of the PCP-ETH<sup>20</sup> can be evaluated for some of the activities. Activities for the establishment of four IAIPs (Output 1 under Outcome 1) are well underway as the management structures for the parks are already in place and construction of infrastructure has commenced. Activities to upgrade selected value chains around the four IAIPs are also ongoing (Output 2 under Outcome 1). As part of the development of RTCs and of the ULVC programme, appropriate handling facilities, food safety and other quality control management standards and effective traceability systems are being developed. Activities to promote investment in the four pilot IAIPs (Output 3 under Outcome 1) are nearly completed. Most of the foreseen institutional capacity- building activities were conducted (Output 4 under Outcome 1). Investment in garment production and export (Output 3 under Outcome 2) was promoted. In addition, a feasibility study to establish the MLC and activities related to leather goods and leather footwear cluster development have contributed towards meeting market requirements (Output 2 under Outcome 3). In terms of coordination, the management structure was further adjusted to better meet the requirements of the expanding programme (Output 1 under Outcome 4), a national resource mobilization mechanism is in place (Output 1 under Outcome 4) and the monitoring system is operational (Output 2 under Outcome 4), thus completing outcome 4.

<sup>20</sup> Please see the PCP-ETH project document for details.

## 6. UPCOMING KEY ACTIVITIES

In 2018, UNIDO will continue to work on a range of activities using momentum built during 2017. The execution of PCP Ethiopia's two large-scale projects – the establishment of IAIPs and the MLC – will constitute key activities in the coming year. Another priority will be to integrate the livestock programme with these two projects. UNIDO, together with FAO, will continue work on value chains connected to the IAIPs, focusing on promoting linkages between farmers and industries. Based on decisions of the 5<sup>th</sup> High-Level Inter-Ministerial Committee meeting, a new large-scale agriculture investment project aimed at upgrading agriculture and livestock production and supply systems to supply raw materials for the IAIPs is being developed for funding. Organizing the Second International Agro-Industry Investment Forum will also be an important activity in 2018.



**SECOND INTERNATIONAL  
AGRO-INDUSTRY  
INVESTMENT FORUM**

**5 to 8 MARCH 2018**  
ADDIS ABABA | ETHIOPIA

## 2017 FUNDS MOBILIZATION REPORT

**TABLE 1: ONGOING PROJECTS AND FUNDS MOBILIZED**

PCP component	ERP ID	Project title	Project duration	Donor (s)	Total project budget	UNIDO budget (if different)	Implementation status (%)
<b>AGRO-PROCESSING</b>	150410	Technical support for the implementation of an integrated agro-industrial park in Ethiopia	Dec. 1, 2015 – Dec. 31, 2018	Italy	EUR 1.27 million	EUR 0.748 million	45%
<b>AGRO-PROCESSING</b>	160252	Upgrading the livestock value chain in Ethiopia	Dec. 19, 2016- Dec. 31, 2018	Partnership Trust Fund	USD 0.654 million		67%
<b>LEATHER AND LEATHER PRODUCTS</b>	150201	Phase 2 (Extension) of the Technical Assistance Project for the Up-Grading of the Ethiopian Leather and Leather Products Industry (SAP 101072)	March 1, 2016 – Feb. 28, 2019	Italy	EUR 2.48 million		25%
<b>AGRO-PROCESSING</b>	130144	Improving the sustainability and inclusiveness of the Ethiopian coffee value chain through public-private partnership	Jan. 1, 2015 – Dec. 31, 2019	Italy	EUR 3.54 million		44%
<b>AGRO-PROCESSING</b>	140330	Establishing Moringa-based economic development programme to improve the livelihood of rural women of Ethiopia	Jan. 29, 2015 – Sep. 30, 2019	Trust Fund for Increased Food Security through agribusiness, Italy	EUR 0.87 million		65%

<b>AGRO-PROCESSING</b>	160044	Reducing irregular migration in northern Ethiopia by establishing industrial processing and marketing of Beles-based food products	Nov. 1, 2016 – Oct. 29, 2018	Austria	USD 0.332 million		42%
<b>AGRO-PROCESSING</b>	160276	Technical and institutional capacity-building for increasing production and developing the aquaculture and fisheries value chains in Ethiopia	Feb. 2, 2017 – Mar. 31, 2021	Russian Federation	USD 2 million		12%
<b>CROSS-CUTTING</b>	160089	UNIDO technical assistance to the project “Stemming irregular migration in northern and central Ethiopia” - SINCE	July 1, 2016 – Dec. 17, 2017	European Union	EUR 1.53 million		58%
<b>CROSS-CUTTING</b>	120601	Enhancing local capacity and promoting ultra-low head micro hydro power technologies for productive uses in Ethiopia	Nov. 21, 2012 – Aug. 31, 2019	Japan, Trust Fund for Renewable Energy for Productive Uses	USD 1.3 million		100%
<b>CROSS-CUTTING</b>	120211	A Private Public Partnership Project: Training Academy in Heavy Duty Equipment and Commercial Vehicles in Ethiopia	June 1, 2012 - Dec. 1, 2018	Sweden	USD 5 million		100%
<b>CROSS-CUTTING</b>	140092	Productive work for youth and women through SMEs promotion in Ethiopia	March 25, 2015 – Dec. 31, 2018	Regular budget, Austria, Italy	EUR 0.81 million		50%

<b>TEXTILES AND APPAREL</b>	170048	Technical assistance for supporting the competitiveness of the Ethiopian textile industry	2017-2018	UNIDO PA (PTF)	EUR 0.095 million		85%
<b>TEXTILES AND APPAREL</b>	170040	Capacity-building and job creation for youth and women in the textile sector in migration-prone areas of Ethiopia	Sep. 1, 2017 – Aug. 31, 2020	Italy	EUR 2.21 million		5%
<b>CROSS-CUTTING</b>	160239	UNIDO ITPO Tokyo, regional advisory programme in Ethiopia, Rwanda, Uganda and Burundi	Jan. 1, 2017 – Dec. 31, 2022	Japan	n/a		n/a
<b>Sub-total EUR</b>					12.81 million (USD 15.91 million)	12.28 million (USD 15.25 million)	
<b>Sub-total USD</b>					9.29 million	9.29 million	
<b>Total funding secured by PCP Ethiopia</b>					<b>USD 25.2 million</b>		
<b>Funding secured for UNIDO</b>					<b>USD 24.5 million</b>		

**DEFINITIONS:**

- **Funding mobilized/secured:** The total budget (excluding programme support costs) under signed agreements for UNIDO programmes and projects as of December 2017. This includes joint programmes/projects with details specified, as applicable.
- **Implementation status:** Reflects amount (in percentage) of UNIDO's project budget spent to date (total expenditures divided by total UNIDO project budget).
- **Currency conversion:** Based on the UN Rate of Exchange EUR 1 = USD 1.2422 (February 2018).

**TABLE 2: PIPELINE PROJECTS AND FUNDING EXPECTED IN 2018-2019**

PCP component	ERP ID	Project title	Project duration	Donor (s)	Total project budget (USD)	UNIDO budget (if different)	Remarks/status
<b>CROSS-CUTTING</b>	170051	Upgrading a TVET school based on the PPDP mode	2018-2022	China	USD 2 million		Project document in development
<b>LEATHER AND LEATHER PRODUCTS</b>	160086	Leather Initiative for Sustainable Employment Creation (LISEC)	2018-2022	EU	EUR 15 million	EUR 7.750 million	UNIDO will receive total EUR 7,336,449 excl. psc. to implement component 1 of the programme.  Other 2 components will be implemented by national and international partners.  LISEC to be supported by parallel financing from the EIB for MLC infrastructure development.
				UNIDO PTF	EUR 100,000	EUR 100,000	PTF co-financing to support partnership mobilization
					Total: EUR 15.1 million	Total: EUR 7.850 million	

<b>AGRO-PROCESSING</b>	160252	Upgrading the livestock value chain in Ethiopia	2018-2020	SSCAF of China	USD 2 million		Project document approved by EB, submitted to SSCAF
Sub-total (EUR)					15.1 million (USD 18.76 million)	7.85 million (USD 9.75 million)	
Sub-total (USD)					4 million	4 million	
<b>Total funding expected for PCP Ethiopia</b>					<b>USD 22.76 million</b>		
<b>UNIDO funding expected</b>					<b>USD 13.75 million</b>		

**DEFINITIONS:**

- **Funding expected:** A projection on TC projects and related contributions that are currently under advanced preparation and negotiations with donors where the related funding agreement between a donor and UNIDO is anticipated to be concluded in the indicated calendar year.
- **Currency conversion:** Based on the UN Rate of Exchange EUR 1 = USD 1.2422 (February 2018).

**TABLE 3: INDICATIVE FIGURE OF FUNDS LEVERAGED BASED ON UNIDO INTERVENTIONS WITHIN THE FRAMEWORK OF THE PCP**

PCP component	UNIDO technical intervention	Description	Sources	Indicative figure (USD)	Remarks
<b>LEATHER AND LEATHER PRODUCTS</b>	Feasibility study for the Modjo Leather City (MLC)	Generated investment flow of around USD 100 million through blended financing: EU grant of EUR 15 million (LISEC project) and investment of EUR 100 million to support the establishment of MLC	EIB, AICS and other development partners	100,000,000	Secured/ in progress
<b>AGRO-FOOD PROCESSING</b>	Feasibility studies for 4 pilot integrated agro-industrial parks (IAIPs)	GoE has allocated USD 300 million for IAIP infrastructure development	GoE, DBE	300,000,000	Secured/ in progress
		Euro 15 million grant and Euro 25 million soft loan for development of IAIPs, agricultural value chains and vocational training centers	Italy	40,000,000	Secured/ in progress
		Euro 45 million for agri-value chain development, Euro 15 million for Coffee value chain development, Euro 15 million TVET development	EU	75,000,000	Secured/ in progress
<b>Total projected until 2020</b>				<b>USD 515 million</b>	

**DEFINITION:**

- **Funding leveraged:** Financial contributions allocated by public or private partners towards objectives pursued in a PCP. They are contributed partly as a result of UNIDO interventions within the framework of the PCP. Such resources are not channelled through UNIDO's accounts and accordingly not under the Organization's direct control.







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