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INDUSTRIAL DEVELOPMENT ORGANIZATION



Programme for
Country Partnership

LIVESTOCK SECTOR DEVELOPMENT WORKSHOP REPORT

UPGRADING THE LIVESTOCK VALUE CHAIN PROGRAM OF ETHIOPIA (ULVCP-ETH)

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UNIDO HEADQUARTERS VIENNA, AUSTRIA



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1. Background

The Programme for Country Partnership (PCP) is UNIDO's newest programmatic service to support Member States in accelerating inclusive and sustainable industrial development (ISID). Each programme is tailored to country needs and owned by the host government. Ethiopia, along with Cambodia, Kyrgyzstan, Morocco, Peru and Senegal, are the pilot countries for the implementation of the PCP. The PCP Ethiopia focuses on three light manufacturing sectors: agro-food processing; textiles and apparel; and leather and leather products. Livestock is one of the priority sectors for the government of Ethiopia due to its prospects for job creation, high export potential and capacities to attract private sector investment.

Ethiopia has one of the largest livestock populations in the world, ranked 1st in Africa. Despite its potential, the livestock value chains continue to face constraints that hinder their growth and export potential. The absence of commercial production system, limitation in policy and skills, shortage of animal feed, inadequate access to veterinary services and infrastructure are undermining the productivity of the sector. In response, UNIDO in close collaboration with the Government of China and Ethiopia initiated the "Upgrading the Livestock Value Chain Programme of Ethiopia" (ULVCP-ETH).

The ULVCP-ETH is envisaged to assist the government of Ethiopia to achieve targets of the Growth and Transformation Plan (GTP II) and attain middle-income status by 2025. By contributing to the drives of the structural transformation, the Programme will further contribute to the achievement of the Sustainable Development Goals (SDGs) by:

- a) Helping rural households achieve their livelihood objectives, such as food, income, etc.;
- b) Improving the quality and safety of livestock products to ensure human nutrition and health;
- c) Contributing to gender equality and women empowerment as rural women greatly contribute to the development of the small-scale livestock sector;
- d) Creating jobs and improving income by upgrading livestock outputs and establishing linkage with other industries;
- e) Improving veterinary infrastructure, research and innovation, and access to finance offers the livestock sector an opportunity to add value and achieve economic growth;
- f) Multi-stakeholder partnerships play a key role in meeting the rising global food demand while addressing related environmental, social and economic challenges.

Funded by the government of China, the preparatory phase of the ULVCP-ETH is currently under implementation. The objective of this phase is to fully develop the Programme, mobilize partners and resources, establish linkage with similar national initiatives and benchmark best experiences. It is envisaged to leverage additional development funds to support investment in integrated livestock processing industrial infrastructure. To this end, a USD 2 million technical cooperation project was developed and pending final approval.

A series of international events were organized together with partners to benchmark best experiences in the livestock industry, exchange information and forge partnership. In January 2017, the first livestock sector development workshop was held in Beijing, China, featuring high-level discussions on multi-stakeholder partnerships and partners mobilized from public and private sectors meant to work together in an effort to modernize the livestock industry of Ethiopia. Similarly, the second workshop was organized in China in August 2018 focusing on technical discussions and field visits to livestock processing industries and facilities to benchmark Chinese best implementation models. More than 10 government representatives from Ethiopia's Ministry of Agriculture (MOA), Ministry of Trade and Industry (MOTI) and Ethiopian Policy Studies Institute (EPSI) took part in the event. In addition, experts from the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) of China conducted a field investigation in Ethiopia to assess the country's status of livestock safety and quality system.

2. Objectives

The prime objective of “the third livestock sector development workshop” was to discuss cooperation and implementation modalities of the livestock project in Ethiopia and prioritize activities to be implemented in 2019. The workshop also explored additional potential areas for partnership between the General Administration of Customs of the People's Republic of China (GACC) and UNIDO within the framework of the PCPs, the South-South and Triangular Cooperation and the Belt and Road Initiative. The workshop brought together representatives from the GACC, CGCOE Ethiopia Ltd. and UNIDO, including PCP Cambodia, PCP Ethiopia and PCP Morocco.

The workshop was organized following bilateral discussions in January 2019 between UNIDO's Director of Department of Programmes, Partnerships and Field Integration, Mr. Zou Ciyong and Director General of the Department of International Cooperation of GACC, Mr. Zhang Baofeng, to establish new cooperation framework to jointly promote ISID and the 2030 Agenda for Sustainable Development.

3. Workshop summary and discussions

3.1. Upgrading Ethiopia's livestock value chain

UNIDO's Director of the Department of Agri-Business, Mr. Dejene Tezera, presented the livestock project in Ethiopia in the context of the Programme for Country Partnership (PCP), in particular PCP Ethiopia. Mr. Tezera introduced the rationale behind the development of the PCP model aiming at scaling up UNIDO's interventions in Member States through funds mobilization, focus on priority sectors and multi-stakeholder partnerships with financial institutions, private sectors, development partners, etc.

Africa's agricultural sector is dominated by traditional smallholder farmers producing food items for subsistent consumption or for exports in unprocessed products. The level of agro-industrialization is very low due to limited access to consistent and reliable infrastructure and raw materials impeding investment, added Mr. Tezera. Sustainable industrialization and scaling up of interventions for greater impact require strong partnership between private and public sectors to improve infrastructure and raw material supply where UNIDO can play coordinating role.

The project on upgrading the livestock value chain within the framework of PCP Ethiopia was developed with the objective to improve the productivity and quality of the livestock sector in Ethiopia. Livestock productivity is very low in Ethiopia both in terms of meat and milk per cow even by African standards. For example, milk production per cow is only 1.5 litre in Ethiopia compared to 4 litres on average in other African countries and up to 40 litres per day in developed countries. This shows great potential that can be exploited by improving the sector's productivity and safety. In addition, Mr. Tezera highlighted that UNIDO is assisting the government of Ethiopia to develop integrated agro industrial parks in four different regions of the country and three of them are expected to start operation at the end of 2019.

Deputy Director General GUO Xueyan of the GACC's Department of International Cooperation re-assured GACC's commitment for triangular cooperation between UNIDO, GACC and MOA to provide technical and capacity-building support, in particular for the implementation of the livestock project in Ethiopia. Ms. GUO added that the former AQSIQ signed a cooperation agreement with UNIDO to collaborate in the areas of meat inspection and quarantine. The two parties, along with the government of Ethiopia, conducted onsite safety assessment of livestock production and provided preliminary recommendations for improvement.

Following the 2018 institutional restructuring of the Government of China, the entry-exit inspection and quarantine duties of AQSIQ were transferred to GACC along with the cooperation areas of the livestock project. GACC is a full-ministerial-level government agency supervising inbound and outbound activities including customs control, port management, inspection and quarantine for entry-exit animals and plants, monitoring infectious diseases and overseas epidemics, oversees the establishment and operation of customs special control areas such as free trade zone, trade facilitation, etc.

Deputy Director General GUO Xueyan underlined that China imports animals and plants and their products from more than 100 countries. Thus, it is the responsibility of GACC to prevent the spread of diseases to China. As indicated on the report prepared by AQSIQ's team visited Ethiopia in 2017, one of the main concern of the livestock sector of the country is the presence of widespread animal diseases which causes high animal mortality. GACC sees the necessity to eradicate animal diseases of China's concern in Ethiopia, including Foot and Mouth Disease (FMD), African Horse Sickness (AHS), etc. and GACC is committed to enhance cooperation towards providing technical assistance and training in this regard. The collaboration can start by preparing a cooperation roadmap and establishing a joint working team that will implement the livestock upgrading programme in Ethiopia.

Representatives from the CGCOC Ethiopia Ltd., an important Chinese investor in Ethiopia as well as in Africa, briefed on a proposed master plan for the overall transformation of Ethiopia's livestock sector through establishing a disease-free zone, pilot exportation zone and livestock agro-processing industrial park within the disease-free zone. CGCOC Ethiopia selected a location in eastern part of Ethiopia for the establishment of a closed isolation area, where FMD will be controlled through vaccination and other veterinary measures. The area is strategically located in terms of its connectivity and access to raw materials. Moreover, in the last five year, animal diseases in the location have been under effective control due to coordinated disease surveillance and vaccination efforts, including by FAO and GIZ aid projects in Somali and Afar regions.

In the short run, the company proposed the establishment of pilot exportation zone with biosecurity measures on a land area of 2,000 hectare. The proposed pilot zone will be used to quarantine animals for 30/90 days depending to importing countries requirement with appropriate vaccination and inspection. Besides, the pilot zone also facilitates breeding and intensive livestock fattening.

Figure 1: CGCOC's potential locations for establishment of pilot exportation zone



Source: CGCOC Group, 2019. The Comprehensive Development Plan for Ethiopian Livestock Industrial Park

The CGCOC group also conducted a feasibility study to establish a livestock agro-processing industrial park in Afar region around Awash River and signed a cooperation agreement with the government of Ethiopia, the former AQSIQ and 16 Chinese private companies. The CGCOC group started its operation in Ethiopia in 2004 and implemented different major projects, including the construction of Addis Ababa-Djibouti railway, agricultural modernization, etc.

3.2. Exploring potential areas of cooperation

With the aim of expanding areas of cooperation within the framework of the PCPs, the South-South and Triangular Cooperation and the Belt and Road Initiative, UNIDO and GACC further discussed cooperation possibilities in areas such as Special Economic Zones (SEZs) for PCP Morocco and export of fruits for PCP Cambodia. It was also agreed that UNIDO and GACC could work together on border rejection research in selected countries.

Initiated in 2017, the PCP Cambodia, which is now in the programming phase, focuses on sustainable tourism; agro-industry and creative industry value chains; and industrial diversification through special economic zones. In line with the priorities of the PCP Cambodia and the functions of GACC, the cooperation areas are suggested to be focused on

trade data analysis and bilateral trade promotion, in particular border rejection research, trade standards compliance analysis and fruits import from Cambodia to Chinese market. It is suggested that such cooperation could start with knowledge sharing and further expanded to capacity building.

The PCP Morocco supports the implementation of the country's national Industrial Acceleration Plan 2014-2020, which aims to make industry a major driver of economic growth. Industrial zones, one of key components of the PCP Morocco, are expected to be upgraded through innovative approaches and reliable models of sustainable development, management and operationalization. In this regard, over the past 40 years, China has accumulated extensive experience on the development of various types of industrial parks. With a special expertise on development of free trade zones and customs special control areas, GACC participated on industrial parks knowledge sharing events organized as part of UNIDO's project titled 'establishing international guiding framework for industrial parks'. GACC welcomes more detailed information and specific requirements from PCP Morocco team to further discuss the cooperation.

4. Achievements and the way forward

The workshop consolidated the current status of livestock sector in Ethiopia and assessed progress achieved so far towards improving Ethiopia's livestock industry. Going further, additional potential areas of cooperation between UNIDO and GACC were discussed. In principle, participants of the workshop agreed on the following key issues:

- a) UNIDO and GACC are envisaged to sign a Memorandum of Understanding (MoU) on the occasion of the Second Belt and Road Forum to be held on 25-27 April 2019, in Beijing, China. The MoU will renew and expand the cooperation agreement previously signed between UNIDO and AQSIQ by including new components such as:
 - Support of the South-South and Triangular Cooperation activities of UNIDO and GACC to further promote the 2030 Agenda for Sustainable Development;
 - Cooperation on trade facilitation in developing countries, including in countries participating in the Belt and Road Initiative;
 - Implementation of UNIDO's Programme for Country Partnership in Cambodia, Ethiopia, Kyrgyzstan, Morocco, Peru and Senegal, as well as countries of future expansion.
- b) Sign triangular cooperation agreement between UNIDO, GACC and MOA to upgrade the livestock sector of Ethiopia during the official visit of GACC's Minister to Ethiopia in September 2019. The agreement will provide a clear roadmap and action plans for broader cooperation, including food safety, inspection and quarantine.
- c) Establishment of joint working group encompassing UNIDO, GACC and MOA and possible signing of the TOR establishing the joint working group during the occasion of the Second Belt and Road Forum on 25-27 April 2019 in Beijing, China. The working group jointly plans and implements technical aspects of the project. The CGCOC group will support the identification of experts by providing inputs for the TOR reflecting private sectors needs and demands.
- d) The Department of International Cooperation of GACC serves as a focal point for coordination of the livestock project and other potential UNIDO projects to be

implemented in partnership with GACC. A focal person and experts with required experience that form the joint working group will be identified by GACC depending on the needs and requirements of capacity building assistance.

- e) Establishing partnerships with similar organizations implementing livestock projects in Ethiopia, including IAEA, FAO and others to promote synergy and exchange of knowledge/expertise.
- f) PCP Cambodia and PCP Morocco teams agreed to respectively prepare brief summary indicating potential areas of cooperation with GACC containing background information and concerned action plan (see attachment 1).

Attachment 1: PCP Morocco's cooperation proposal with GACC

DEVELOPMENT OF A DIGITAL SINGLE WINDOW PLATFORM TO ENHANCE INVESTMENTS IN INDUSTRIAL ZONES



INDUSTRIAL ZONES

BACKGROUND

The proposal of technical cooperation originates from the demand of the Government of Morocco for the PCP component on industrial zones. In particular, the proposed assistance aims at addressing the planned output 3: "Increasing the national and international promotion of IZs, of their specificities and respective strengths within the MIICEN¹. This action will specially lead to the widening and the enrichment of the MIICEN internet portal on industrial zones (vertical and crosscutting approach), both in terms of foreign and national development support".

THE CHALLENGE

A number of challenges should be addressed to facilitate access to land for industrial use in Morocco in more than 100 locations of Morocco. These industrial zones are mainly developed spaces, in accordance with laws and regulations in force, expected to offer basic infrastructure and equipment required for the proper functioning of industrial units, such as access to water, electricity, ICT network, provision of security services, waste treatment facilities, etc. However, industrial zones are still suffering from a lack of planning and coordination, and regulation of those services, as well as in marketing and management of industrial reception areas.

These challenges have often resulted in low occupancy rates of industrial zones. During interviews, private entrepreneurs, especially the ones located in industrial zones, mentioned that they are not sufficiently involved at the level of development or management of these areas.

Different is also the need to upgrade industrial zones depending on the geographic location. For example, in the South, the quality of infrastructure and equipment are the current challenges and not the availability of land or price. On the contrary, in Casablanca or in Rabat, the price and availability of lands are the most important issues.

The mapping of the status of available land, equipment and services available at industrial zones, including in energy and environment areas, is the first requirement to proceed then with attracting the required public and private investments to upgrade industrial zones and enhance their occupancy rate, and ultimately investments on-site.

¹ French acronym for Ministry of Industry, Investment, Trade and Digital Economy.

THE COOPERATION WITH GACC

The General Administration of Customs of the People's Republic of China (GACC) is a full-ministerial-level government agency that oversees all the regional customs across the country with coordination function and managing, among others, the Association of Bonded Areas and Export Processing Zones of China. GACC has successfully developed and implemented a number of "Single Window" digital platforms, as an international trade facilitation measure, in Shanghai Pilot Free Trade Zone and other sites in China.

THE CONCEPT OF PROPOSED TECHNICAL ASSISTANCE

The proposal of technical assistance consists firstly in the gap analysis of land, utilities and services available at each assisted industrial zone in Morocco, including in the specialized areas of energy and environment. Further, a grid of opportunities for investments in the improvement of services and required equipment for upgrading of industrial zones will be designed. This grid will include both required investments in upgrading of overall services of industrial zones, as well as specialized ones in the areas of energy and environment.

A "single window system" will be then developed to include the assessed information in a digital platform, complementing the one available at MIICEN, and providing information:

- ◆◆ To interested foreign and local financial, business partners and donors on opportunities for investments in land management, services and equipment, to upgrade overall zone services, including in energy and environment related areas, and
- ◆◆ To foreign and local entrepreneurs, interested to locate their business in Morocco, on availability of land, equipment and services of assisted industrial zones.

THE BUDGET FOR THE TECHNICAL ASSISTANCE

The budget is mainly related to GACC expertise required for the assessment, development, monitoring and capacity building of local staff for the establishment and operations of the "single window system" for industrial zones. Upon agreement of the concept proposal, UNIDO, GACC and the Moroccan counterpart will discuss the phased levels of the technical assistance and detailed related budget requirements for cooperation.

Attachment 2: List of participants

No.	Name	Title	Organization
Permanent Mission of China to UNIDO representatives			
1.	Mr. Yao Shenhong	Minister Counsellor	Permanent Mission of China to UNIDO
2.	Mr. Wang Wan	Second Secretary	Permanent Mission of China to UNIDO
3.	Mr. Fu Liangliang	Third Secretary	Permanent Mission of China to UNIDO
GACC representatives			
4.	Ms. Guo Xueyan	Deputy Director General	International Cooperation
5.	Ms. Fan Leilei	Director	International Cooperation
6.	Mr. Huang Xiusheng	Director	Animal and Plant Quarantine
7.	Ms. He Jia	Program Manager	International Cooperation
CGCOC Group representatives			
8.	Mr. Gao Lei	Vice President	CGCOC Group
9.	Mr. Yang Pengdi	Deputy General Manager	CGCOC Ethiopia Ltd.
10.	Mr. Yin Yuxiang	Marketing Director	CGCOC Ethiopia Ltd.
11.	Mr. Peng Dajun	Agriculture Expert	CGCOC Ethiopia Ltd.
UNIDO representatives			
12.	Mr. Dejene Tezera	Director	Agri-Business Department
13.	Mr. Steffen Kaeser	Chief	Standards and Quality Infrastructure Division
14.	Mr. Zhao Jie	Industrial Development Officer	Operations Integration Division
15.	Mr. Wu Cong	Junior Professional Officer	Standards and Quality Infrastructure Division
16.	Mr. Fabrizio Condorelli	Senior Expert on Industrial Parks	Regional Division-Arab Region
17.	Mr. Eneyew Gebremenfas	Junior Partnership Expert	Operations Integration Division
18.	Mr. Hao Ding	Junior Partnership Expert	Operations Integration Division
19.	Ms. Renata Ridlovschi	Team Assistant	Operations Integration Division

Attachment 3: Workshop photos

