



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



Programme for Country
Partnership **Ethiopia**



Ethiopia

Programme for Country Partnership

PCP Annual Report **2019**

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PCP ETHIOPIA AT A GLANCE



STATUS	Programming phase: started in September 2014 Implementation phase: started in March 2015 Completion phase: December 2020
MAIN NATIONAL POLICY/STRATEGY SUPPORTED BY THE PCP	Growth and Transformation Plan II (GTP II)
FOCUS SECTORS/AREAS	<ul style="list-style-type: none"> • Agro-processing • Textiles and apparel • Leather and leather products
MAIN PARTICIPATING MINISTRIES	Ministry of Trade and Industry Ministry of Finance Ministry of Agriculture Ethiopian Investment Commission
KEY DEVELOPMENT PARTNERS	<p>Financial Institutions: African Development Bank (AfDB), European Investment Bank (EIB), World Bank (WB)</p> <p>Bilateral/multilateral financing partners: Italian Development Cooperation Agency (AICS), European Union (EU), China, Russian Federation, Japan, Austrian Development Agency (ADA), Swedish International Development Cooperation Agency (SIDA), German Cooperation Agency (BMZ), Montreal Protocol, OPEC Fund for International Development (OFID)</p> <p>UN entities: Food and Agriculture Organization (FAO), United Nations Development Programme (UNDP), United Nations Conference on Trade and Development (UNCTAD)</p> <p>Business sector: Illycaffè and Volvo (PPDP), Calzedonia, Velocity, DBL and H&M (Project Cooperation Agreements)</p> <p>Other relevant partners: Government of Ethiopia and its specialized agencies: among others, Ethiopian Textile Industry Development Institute (ETIDI), Ethiopian Leather Development Institute (LIDI), Food, Beverages and Pharmaceuticals Industry Development Institute (FBPIDI), Meat and Dairy Industry Development Institute (MDIDI), Coffee and Tea Authority (CTA), Federal Small & Medium Manufacturing Industry Development Agency (FeSMMIPA), etc.</p>
UNIDO PROJECTS WITH FUNDING SECURED¹ (COMPLETED AND ONGOING)	Total number of projects within the framework of the PCP: 34 Total funding secured in US\$: 53,918,224 (see Annex 1)
TOTAL INVESTMENTS LEVERAGED² (CUMULATIVE)	US\$ 1,259,993,094 (see Annex 2)
TOTAL PCP VOLUME³	US\$ 1,313,911,319

¹ **Funding secured:** The total budget (net of programme support costs) under signed agreements for UNIDO programmes and projects.

² **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 channeled through UNIDO's accounts and accordingly not under the Organization's direct control.

³ **Total PCP volume:** UNIDO's portfolio with funding secured plus investments leveraged.

1. EXECUTIVE SUMMARY

Governance and coordination

During 2019, the governance structure of the PCP was revised to align with changes in the Government. The PCP's six Task Forces were consolidated into four: (i) Resource Mobilization and Partnership Management; (ii) Manufacturing; (iii) Agricultural Productivity Enhancement and Commercialization; and (iv) The newly established Investment Promotion Task Force. The PCP continues to be led by the two high-level committees comprising ministers and state ministers: (i) The Inter-Ministerial Coordination Committee (IMC); and (ii) The Joint Steering Committee (JSC). In the course 2019, the IMC and the JSC each held two meetings, and six meetings in total were held by the Task Forces: Manufacturing Task Force (1); Resource Mobilization and Partnership Management (2); Agricultural Productivity Enhancement and Commercialization (1); and Investment Promotion (2). These meetings mainly focused on reviewing progress, identifying solutions to challenges, including the technical and financial gaps of flagship projects, and synergies with parallel programmes supported by the AICS, EU and the AfDB, among others.

Partnerships and resource mobilization

The PCP has been pivotal in forging partnerships and creating synergies around the Government of Ethiopia's (GoE) industrial development priorities and PCP flagship initiatives. The PCP is a partnership of more than 20 different stakeholders, including 3 multilateral development banks, at least 7 major bilateral donors and 3 multilateral facilities, 5 private sector actors, at least 3 UN agencies and of course the GoE and its specialized agencies. Parallel funding leveraged through the PCP stands at USD 1.259 billion, while the funding pipeline for 2020/2021 amounts to approximately USD 337 million. In terms of resource mobilization efforts throughout 2019, the integrated agro-industrial park (IAIP) initiative was the recipient of the largest portion of financial investments mobilized through partnerships, amounting to USD 604 million committed by the GoE and approximately USD 644 million leveraged from development partners. For instance, in 2019, the USD 270 million EU-funded initiative "Promotion of Sustainable Agro-Industry Development (PROSEAD)", involving Korea, GIZ, ATA, IFAD, among others, and a USD 100 million AfDB project were signed into effect between the GoE and partners. The Resource Mobilization and Partnership Management Task Force is also reaching out to donors/partners to raise USD 515 million in funding for the recently developed project to support the upgrading of the agricultural production and supply system around the IAIPs. To December 2019, the UNIDO PCP portfolio amounted to approximately USD 53.9 million involving 34 TC projects. In 2019, four new technical cooperation (TC) projects kicked off.

Policy advisory services

Five studies to support the GoE in the development of comprehensive sectoral strategies were developed and endorsed in 2019 as follows: 1) A roadmap for the textile & apparel sector and 2) for SME cluster development have been endorsed at the Manufacturing Task Force meeting held in March 2019; 3) similarly, a Policy Paper was produced and endorsed by MoTI in June 2019 to support the development of a technology-oriented chemical industrial policy framework and a development roadmap; 4) furthermore, "The Ethiopian Trade Show and Exhibition Sector" study; and 5) the National Entrepreneurship Strategy developed in collaboration with UNCTAD were validated, endorsed, published and distributed to stakeholders. The strategy aims at establishing a conducive environment to foster entrepreneurship for all, with a focus on women and youth.

Highlights in PCP priority areas:

- **Agro-processing**

The status of advancement of the construction of the four IAIPs is between 50% and 70% complete as this activity is affected by resource availability in the four Regional States. The most advanced IAIP is in the SNNP Regional State (70%), followed by the IAIP in Amhara (65%), Oromia (60%) and Tigray (50%). Basic infrastructure is expected to be finalized by mid-2020 and be ready for investment. So far, approximately 150 investors have registered with the Regional Industrial Park Development Corporations (RIPDCs) in the four regions and five have already started constructing manufacturing shades within two of the parks (SNNPR and Amhara). Since the inception, the four IAIPs have been able to create approximately 21,000 jobs (27% for women). In the agro-corridors around the IAIPs, eight value chain studies and four strategic analysis and business plans were developed in collaboration with the Food and Agriculture Organization (FAO) to foster linkages between locally-sourced agricultural inputs and processing facilities within the Parks. As part of such exercises, 364 value chain actors from selected value chains were assisted through extension services and a sub-contracting scheme for 13 avocado cooperatives to supply the SNNPR Park is implemented. With respect to the Value Chain Productivity Enhancement

and Commercialization portfolio, four local value chains (Coffee, Beles, Moringa and fishery) were supported through technology transfer, capacity-building and market access. To date, more than 17,600 smallholder farmers have benefitted from agricultural extension services, while two unions and four farmers' cooperatives have upgraded their production facilities through the acquisition of new equipment or renovation of working premises. The inception phases for the Dairy 4 Development (D4D) and the Livestock Upgrading projects were finalized throughout the first semester of 2019 and are pending funding for moving into Phase II.

- **Textiles & apparel**

Employment opportunities have been created for 369 young graduates, who were recruited by T&G industries in Mekelle Industrial Park since January 2019 in synergy with the EUTF-funded SINCE Programme for which UNIDO plays an active role through monitoring and evaluation – M&E Technical Assistance. In September 2019, the Mekelle Garment College Centre of Excellence (CoE) was inaugurated in the presence of high-level officials from the Ministry of Trade and Industry (MoTI). The CoE is expected to serve as a capacity-building hub in the overall effort to increase skilled workers in industry. The CoE plans to provide trainings and support the graduation of 200 people/session/month. The expectation is to create a potentially replicable model for the rest of the country.

- **Leather & leather products**

In the framework of the Leather Small and Medium-Sized Enterprise (SME) Clusters project, the Common Production Unit was officially inaugurated in April 2019 and will allow the EIFCCOS cluster to enhance its production capacity (approximately 500 pairs of shoes per day) and diversify its production line. To date, the five clusters supported by UNIDO employ 4,852 workers, 33% more than the number recorded as baseline in 2014. Out of these 4,852 workers, 48% are women and 90% are aged below 24 years old. Out of 376 SMEs participating in these clusters, 273 SMEs have directly benefitted from technology upgrading, especially within the EIFCCOS cluster, grouping 206 SMEs. Profit margins have increased on average by 12.5% and export volumes by 8%. Under the LISEC project, the governance body was established with a Project Steering Committee (PSC) chaired by MoTI already functioning. The PSC met for the first time in July 2019, primarily with the scope of validating the Inception Report, which revised and optimized the UNIDO-LISEC component's scope of intervention and strategy. In October 2019, UNIDO organised a Study Tour to Santa Croce dell'Arno (Italy) for members of the PSC in order to provide evidence and insights about a successful example of concertation and clustering of the different leather sector stakeholders, which will serve as a model to the Modjo Leather City (MLC). In December 2019, the European Investment Bank (EIB) received the official request for financing from the Ministry of Finance (MoF) for the MLC up to USD 100 million. Furthermore, the EUD transferred to the EIB an amount of EUR 1 million to update the feasibility and other studies (e.g. EMAS) prepared by UNIDO and the GoE (e.g. LIDI, AAU) for the realization of the MLC. The MLC will be part of a special economic zone (SEZ) that will be established in the basin of Modjo for a total investment of USD 6.4 billion in the next five years.



2. INTRODUCTION

UNIDO's mandate for Inclusive and Sustainable Industrial Development (ISID) is anchored within the internationally agreed 2030 Agenda and the 2013 Lima Declaration. SDG 9: "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation" is at the core of UNIDO's mandate and working agenda. Nevertheless, achieving inclusive and sustainable industrial development requires a broader range of resources than any individual entity can provide.

To this purpose, UNIDO has embraced an innovative multi-stakeholder partnership model to promote inclusive and sustainable industrial development - the Programme for Country Partnership (PCP). Aligned with national development agendas, PCP supports Member States in achieving its industrial development goals through four key features: (i) host government ownership; (ii) selected priority sectors or areas; (iii) a multi-stakeholder partnership; (iv) and the facilitation of large-scale public and private finance.

Ethiopia was selected as one of the pilot countries to test the PCP model. Following a multi-disciplinary technical mission to the country by UNIDO during August and September 2014, consultations with development partners, the business sector and financial institutions amongst other, and under the overall leadership of the Government of Ethiopia (GoE), the PCP for Ethiopia strategic framework was signed in February 2015 and began operational in March 2015.

The PCP in Ethiopia is rooted in the country's national development strategy for the period 2015 to 2020, the Growth and Transformation Plan II (GTP II). The GTP II aims to bring about the structural transformation of the Ethiopian economy from one based on agriculture to one driven primarily by industries. The overarching objective of the GTP II is for Ethiopia to become a middle-income country by 2025, and the industrial sector is expected to play a catalytic role toward this target. The GoE has identified the development of light manufacturing and industrial zones as vehicles for accelerating industrialization, which are therefore integral parts of the PCP for Ethiopia.

The PCP focuses on three priority sectors, namely (i) Agro-Food Processing; (ii) Textiles and Apparel; (iii) Leather and Leather Products. Furthermore, three cross-cutting domains of interventions have also been identified for their potential to enable the realization of PCP's and Ethiopia's economic, social and environmental development objectives: (i) Investment & Trade Facilitation; (ii) Environment and Energy; and (iii) Institutional Capacity-Building.

The PCP is implementing three flagship programmes in each of its priority sectors and several sister programmes and projects conducive to the realization of the PCP's objectives, national goals and the Sustainable Development Goals (SDGs). A list of the ongoing and finalized projects part of the PCP since its inception is provided in the table below.



Project/Intervention	Committed Funds to PCP Projects by Q4 2019			
	Grants - UNIDO	Parallel Funding	GoE Co-financing	In-kind (Private sector)
Priority Sectors				
Agro-Processing				
Integrated Agro-Industrial Parks	7,372,097	644,537,643	604,100,000	
Coffee VC project	3,951,786			111,607
Fishery VC project	2,000,000			
Dairy for Development (D4D)	189,456			
Livestock VC Upgrading	654,000			
Beles VC Project	2,583,313			
Moringa VC Project	1,554,000			
Total Agro-Processing	18,304,651	644,537,643	604,100,000	111,607
Textiles & Apparel				
Capacity Building and Jobs in the T&G Sector (I & II)	2,469,184		2,000,000	
Total Textile and Apparel	2,469,184		2,000,000	
Leather & Leather Products				
Leather Initiative for Sustainable Employment Creation	8,188,001	8,091,518		
Leather Cluster Initiative	2,764,732		790,000	
Total Leather and Leather Products	10,952,733	8,091,518	790,000	
Cross-Cutting Interventions				
Trade and Investment Promotion				
Investment Forums (I and II)	450,000		473,934	
SME Profiling & Benchmarking	65,000			
SPX & IP	730,594			
SonderInitiative Ethiopia – Investments, VC and jobs	3,442,190			
Total Trade and Investment Promotion	4,687,783		473,934	
Energy & Environment				
ULH-MHP Technologies for Productive Use	1,532,780			
Solar-Powered Water Sanitation System (I & II)	1,116,412			
Total Energy and Environment	2,649,192			
Institutional Capacity Building				
SINCE (I & II)	1,709,741			
PPP SELAM Vocational Academy (I & II)	5,329,000			5,135,714
Women & Youth Entrepreneurship Program	1,015,364			
Other Strategy/Roadmap Development Projects	463,755			
Total Institutional Capacity-Building	8,517,860			5,135,714
PCP Coordination	1,089,499			
Total Coordination	1,089,499			
Total PCP Portfolio to December 2019	48,670,903	652,629,161	607,363,934	5,247,321

3. ALIGNMENT WITH AND CONTRIBUTION TO UNDAF

The current UNDAF for Ethiopia covers the period 2016 to 2020 and was prepared in full alignment with the GTP II, covering the years 2015 to 2020. UNIDO contributes to the UNDAF and its Joint Work Plans (JWPs) through the realization of ISID and the successful implementation of the PCP model. Accordingly, UNIDO participates in UNDAF Pillar I “*Structural Transformation and Inclusive Growth*” and Pillar II “*Resilient, Sustainable, and Green Economy*”. Moreover, UNDO leads the Industrial Results Group and contributes to the Agriculture and Climate Change ones.

As the current UNDAF approaches to an end, UNIDO is engaged in the formulation of the new United Nations Sustainable Development Cooperation Framework (UNSDCF) for Ethiopia 2021-2025. In this first stage, UNIDO has co-led the drafting of the Common Country Analysis (CCA) for the Pillar: “*Economic Transformation including Financing Landscape*” and is actively engaged in the drafting process of the new Cooperation Framework, which is expected to be finalized in the course of the first semester of 2020.

The UNIDO Regional Hub is a proactive member of the UNCT and continues to exert efforts in order to explore the opportunity that the UNDAF/UNSDCF can offer for joint programming among UN agencies. In this view, relevant inter-agency collaborations have been pursued over the past year, especially with FAO and UNCTAD, among others.

4. PROGRAMME-LEVEL RESULTS

4.1. COORDINATION AND GOVERNANCE

During 2019, the governance structure of the PCP was revised to align with changes in the Government. The PCP’s six Task Forces were consolidated into four: (i) Resource Mobilization and Partnership Management; (ii) Manufacturing; (iii) Agricultural Productivity Enhancement and Commercialization; and (iv) The newly established Investment Promotion Task Force, co-chaired by the EIC and MoTI. The PCP continues to be led by the two high-level committees comprising ministers and state ministers: (i) The Inter-Ministerial Coordination Committee (IMC); and (ii) The Joint Steering Committee (JSC).

In the course 2019, the IMC and the JSC each held two meetings, and six meetings in total were held by the Task Forces: Manufacturing Task Force (1); Resource Mobilization and Partnership Management (2); Agricultural Productivity Enhancement and Commercialization (1); and Investment Promotion (2). These meetings mainly focused on reviewing progress, identifying solutions to challenges, including the technical and financial gaps of flagship projects, and synergies with parallel programmes supported by the AICS, EU and the AfDB, among others.

The Investment Promotion Task Force’s inception meeting represented a milestone for PCP ETH since it provides a platform for major actors in the agro-industry space to promote business and investment as the IAIPs come on stream through different initiatives, including the upcoming Third International Agro-Industry Investment Forum, scheduled to take place in the second half of November 2020.

The Resource Mobilization and Partnership Management Task Force is currently engaging stakeholders and donors to mobilize USD 515 million for upgrading and modernizing the agricultural production and supply system in the agro-commodity procurement zones to ensure sustainable supply of agricultural raw materials to the four IAIPs. The funding gap assessment was financed through a USD 300,000 grant from the EUD to FAO to inform the formulation process of the Agricultural Value Chain Development and Investment Mega Programme. The assessment was conducted under the leadership of FAO with coordination support from Resource Mobilization and Partnership Management Task Force and the PCP Secretariat.

Some coordination workshops were held with UNDP, other UN agencies, and relevant counterparts involved in the work of the PCP, i.e. FAO and ILO, to discuss synergies between parallel initiatives and optimize financial resources and expertise. For instance, UNIDO engaged with partners, including the Prime Minister’s Office, AfDB, UNDP among others, in the design of the programme “*Beautifying Sheger*”, which is a major initiative of the new Government.

4.2. PARTNERSHIPS AND RESOURCE MOBILIZATION

The PCP Coordination Mechanism has been pivotal in forging partnerships and creating synergies around GoE’s industrial development priorities and PCP flagship initiatives. Indeed, the PCP can count collaborations with more than 20 different partners, including 3 multilateral development banks, at least 7 major bilateral donors and 3 multilateral facilities, 5 private sector actors, at least 3 UN agencies, and of course the GoE and its specialized agencies.

The IAIPs have been the main catalysers of financial resources and partnerships within the PCP. To date, the Resource Mobilization and Partnership Management Task Force has mobilized approximately USD 1.248 billion to support the IAIP initiative, out of which approximately USD 644.5 million is from development partners and USD 604.1 million from the GoE. To mention some of the most recent developments, the EU-led PROSEAD initiative has mobilized approximately USD 270 million and is leveraging approximately USD 122 million from other partners, including the French Development Agency, Italy and the Korea Exim Bank. Further details are provided in the following paragraphs.

In terms of reinforcing partnerships with long-lasting partners, the collaboration between UNIDO and Italy was re-emphasized in the formulation process of the new AICS's Country Programme 2020-2022, where the UNIDO PCP team was asked to submit concept notes for the funding of projects addressing the leather sector. In line with the PCP's current endeavours in the country and this sector, initiatives on clean treatment technology diffusion under the MLC and on women entrepreneurship development under the cluster project are being explored.

Another relevant initiative includes the UNIDO/PCP engagement within the USD 1 billion "Beautifying Sheger" programme initiated by the Prime Minister of Ethiopia, Abiy Ahmed. UNIDO will support this programme through the provision of technical assistance amounting to USD 1 million, mainly contributing to job creation through support to green SMEs engaged in waste management and recycling activities. The programme is sponsored by the Prime Minister's Office and sees the participation of other development partners, including AICS, UNDP, AfDB and FAO, among others. The programme aims at requalifying approximately 30 km of the Sheger river basin/stretch through the development of green spaces, job creation in sustainable livelihoods, in addition to contributing to urban tourism. A series of consultations were held with stakeholders to coordinate the different components of the programme and respective contributions. From the UNIDO side, activities are expected to kick-off beginning of 2020.

Finally, the PCP ETH has recently started exploring new alliances with other non-traditional partners in the agro-industry development space, including the new GBP 22.5 million DFID-funded "Invest Africa" project, which focuses on transactional facilitation and the promotion of FDI flows into the country and the EUR 20.5 million project "Building Rural Income through Inclusive Dairy Business Growth in Ethiopia", managed by SNV and targeting 120,000 households around the IAIP sites in the four pilot regions.

To December 2019, the UNIDO PCP portfolio amounts to approximately USD 53.9 million. Four new TC projects were approved and are kicking off/have kicked off:

- The EU-funded Programme "*Support Business Friendly and Inclusive National and Regional Policies and Strengthen Productive Capacities and Value Chains in ACP countries*" with an overall budget of EUR 8 million and approximately EUR 640.000 for Ethiopia to intervene on the creation of an FDI-friendly business and policy environment, and FDI-SME linkages facilitation.
- The second phase of the Japan-funded project "*Improving public health by solar-powered water sanitation systems in Ethiopia*", which aims at setting up a solar-powered slow filtration system to produce clean water adopting Japanese innovative technologies in Ethiopian rural areas.
- Under the EU-funded PROSEAD project, EUR 3.3 million was granted to UNIDO to assure coordination and harmonization of EU-funded initiatives around the IAIPs and address key performance issues of the Ethiopian agro-industry sector.
- The BMZ-funded project under their Special Initiative: "*Inclusive and Sustainable Industrial Development for Job Creation in Ethiopia and Senegal*" allocates EUR 3, 5 million for Ethiopia aimed to attract quality FDI, creating skills and technology transfer opportunities and backward linkages with local SMEs operating in the IAIPs ecosystem.

Upcoming new TC projects for early 2020 amount to approximately USD 10 million and include: (i) The Second Phase of the project "*Moringa Based Economic Development Programme*" jointly developed and to be implemented with FAO and which is under final approval for funding by AICS; (ii) The Second Phase of the project "Upgrading the livestock value chain in Ethiopia" financed by the South-South Cooperation Assistance Fund (SSCAF) of China is also approved and awaiting finalization of the implementation agreement; (iii) A USD 4.8 million grant from the AfDB will support the capacity-building of the institutions that will be managing the IAIPs at the federal and regional level, as well as the supervision, coordination and monitoring of the IAIPs multi-million initiative sponsored by the same Bank; it was signed in October 2019 and is pending funds release; and (iv) EUR 2 million from AICS pledged to UNIDO to provide advisory services and capacity-building support to key institutions dealing with the IAIPs and coordination and monitoring functions. The project proposal has been developed and is under revision for final approval.

In terms of soft pipeline: (i) Under the D4D project, following the approval from MoA of the “*Prefeasibility Study for the establishment a Dairy Processioning Plant*”, the USD 1.5 million budget for Phase II is still pending funding and will be subject to consultations with donors and investors within the coming months; (ii) Upon a request by the MasterCard Foundation, UNIDO has submitted an Expression of Interest for a new project (USD 9 million) that will primarily focus on youth unemployment in Ethiopia, linking to the ongoing project “*Productive work for youth and women through MSMEs*” and with a potential to expand to the IAIPs and other areas of PCP’s intervention.

Parallel funding leveraged through the PCP stands at USD 1.259 billion, while the funding pipeline for 2020/2021 amounts to approximately USD 340 million. USD 270 million under the PROSEAD multi-stakeholder initiative and the USD 100 million AfDB project have recently been signed into effect between the GoE and partners. The PROSEAD package will focus on the following key strategic axes: (i) infrastructure development; (ii) Supply chain development; (iii) Access to finance; and (iv) Institutional capacity-building.

A package of parallel funding to the PROSEAD initiative involving Italy, AfDB and Korea Exim Bank has been pledged for a total amount of approximately USD 122 million. Finalization of project documents and negotiations with MoF are ongoing. Appraisal discussions are ongoing with Poland for the allocation of USD 100 million for IAIP infrastructure development. These initiatives will contribute to filling the funding gap of USD 500 million identified to put on stream the agro-corridors supplying the IAIPs.

With respect to the MLC project, in December 2019, the EIB received the official request for financing from MoF for the MLC up to USD 100 million. Furthermore, the EUD has transferred EUR 1 million to the EIB to update the feasibility and other studies (e.g. EMAS) prepared by UNIDO and the GoE (e.g. LIDI, AAU) for the realization of the MLC. The MLC will be part of a SEZ that will be realized in the basin of Modjo for a total investment of USD 6.4 billion in the next five years.

4.3. RESULTS OF PCP ADVISORY SERVICES

Two studies to support the GoE in the development of comprehensive sectoral strategies for the textile & apparel sector and for SME cluster development were re-endorsed on the occasion of the first meeting of the Manufacturing Task Force held in March 2019. The RMPM TF will engage with partners and donors to finance a comprehensive textile sector intervention plan which, as per suggestions from the study undertaken, will focus on three key components i.e. productivity and competitiveness, product diversification and capacity-building. Similarly, the cluster development strategy was re-presented on the occasion of the first meeting of the Investment Promotion Task Force and will remain at the core of the agenda of following meetings and engagements.

The Industrial Capacity-Building Programme developed by UNIDO was validated in the presence of 70 senior officials and experts from MoTI and is being presented to donors for funding. As part of the high-level capacity-building activities promoted, a study tour to Japan, led by the Minister from MoTI, was held in May 2019 to provide exposure and experience sharing on Japan’s industrial development discourse, which is largely SME-based with practical relevance to Ethiopia.

A policy paper was produced and submitted to MoTI in June 2019 under UNIDO’s project to support the development of a technology-oriented chemical industrial policy framework and development roadmap. The exercise included: (i) research on the current development status and policy framework in Ethiopia’s chemical industry, and on sector selection and prioritization within the chemical sector; (ii) delivery of foreign development experience and R&D policies; (iii) elaboration of the current development strategy and policy in the chemical sector; and (iv) improvement of the current Chemical Technology Roadmap.

“The Ethiopian Trade Show and Exhibition Sector” study was finalized and validated by MoTI in June 2019. The study is aimed at presenting a preliminary assessment of trade show offerings in Ethiopia and the region, as well as an analysis of existing business/trade fair physical facilities in Addis Ababa. It also provides some observations on sectoral growth prospects in view of the expected demand for business/trade fair events in the country and region. The study will serve as a basis to develop a Master Plan for the realization of a new Exhibition/Conference Centre, following a formal request for support from the PM and MoTI in February 2019.

The National Entrepreneurship Strategy, following a series of consultations with dozens of stakeholders including Government counterparts, CSO, NGOs, Banks and MDBs, international organizations, etc. was finalized by UNIDO in collaboration with UNCTAD and validated by MoTI in July 2019. The strategy aims at establishing a conducive environment to foster entrepreneurship for all, but with a focus on women, youth, and social and green entrepreneurs. The strategy further aims at eliminating silos and roadblocks to business establishment and operations, building an ecosystem that takes into account regional diversities, supports rural development, and aims at creating local, higher value added in manufacturing and services. To ensure the implementation of the strategy and the recommendations included to foster entrepreneurship development and promotion, particularly regarding SMEs, an Action Plan was formulated and a coordination mechanism for entrepreneurship initiatives was established under FSMMIPA.

Finally, as part of the LISEC project, UNIDO is providing advisory services and support to the Ministry of Finance to enhance resource mobilization and strategic partnership building efforts.

4.4. TECHNICAL COOPERATION RESULTS

Key outcomes achieved in the framework of the PCP ETH from 2015 to 2019 are illustrated below.

PCP ETHIOPIA - KEY PERFORMANCE INDICATORS

AGRO-PROCESSING

- 4 IAIPs at between 50-70% construction completion status in four Ethiopian strategic regions - Amhara, Tigray, Oromia and SNNPR.

- Approx. 21,000 jobs created around the IAIPs initiative in 5 years.

- USD 644 million in investments mobilized from International Development Partners and USD 604 million committed by the Government of Ethiopia for the development of the IAIPs.

- 150 private companies ready to relocate or establish their businesses within the IAIPs as soon as operational.

- 2 International Investment Forums attracting approx 3,500 participants and several regional promotional events with the local business community organized.

- 8 Value Chain Studies and 4 Strategic Analysis and Business Plans undertaken in the four strategic agro-corridors supplying the IAIPs.

- 4 local value chains directly supported through TA, technology transfer and marketing intelligence - Coffee, Moringa, Beles and Fishery - and 2 value chain upgrading assessments undertaken - Dairy and Livestock.

- More than 17,600 smallholder farmers benefited from agricultural extension services and training in GAP in the 4 priority value chains.

- 2 Farmers Unions and 4 Cooperatives grouping approx. 25,000 smallholder farmers upgraded production facilities through the acquisition and or/renovation of new equipment.

- 6 new products from Beles and Moringa commercialized in both local and international markets.

TEXTILE AND GARMENT

- 369 new jobs created in the T&G industry in Mekelle area, Tigray region, all are women.

- 390 young women trained in Basic Technical Sewing and Soft Skills. Additional 325 people trained in Basic Technical Sewing.

- 2 training curricula on Basic Technical Sewing Operators and Soft Skills developed and handed over to Mekelle Garment College.

- 72 trainers from the Mekelle Garment College and private sector companies formed to deliver specialized training to the T&G industry's workers.

- USD 2 million mobilized by the public sector to carry out an in-depth assessment of the T&G industry in the country and develop a national strategy to further boost employment and export in the sector.

- 6 new products from Beles and Moringa commercialized in both local and international markets.

LEATHER AND LEATHER PRODUCTS

- 4,852 new jobs in the industry, out of which 48% are women.

- 376 SMEs reached in 3 strategic clusters in Addis Ababa and supported through business development services and production technology upgrading.

- 376 SMEs acquired specialized industrial skills through capacity building and on-the-job training.

- Average 12.5% increase in profit margin per unit for the SMEs in the 3 clusters.

- Average 8.3% increase in export volumes, equaling USD 5.5 million in export earnings.

- USD 780,000 mobilized from the public sector for supporting infrastructure and equipment upgrading within the 3 clusters.

- USD 15 million leveraged for upgrading the local leather value chain and for supporting the establishment of an Eco-Friendly Leather Industrial Park in Modjo City.

CROSS-CUTTING DOMAINS

- 16,041 KWH of green energy produced to supply an elementary school and 70 households in Enkule.

- 400 households gained access to drinkable water thanks to innovative solar-powered filtration systems, producing 2,500 liters of clean water per hour.

- 11 international investment promotion events held around the world to promote business opportunities in Ethiopia.

- More than 36 companies directly assisted in doing business in Ethiopia.

- 170 bankable investment proposals developed to attract potential investors in high potential businesses in the country.

- USD 650,000 from private investors invested in Ethiopian businesses in priority sectors.

- Approx. USD 1.26 billion leveraged for the industrial development of the country through the PCP and its flagship projects.

- More than 20 international institutions and donors partnered with UNIDO in the framework of the PCP.

- Approx. 222 high-level officials and experts from the GoE received capacity building in different domains. Including leadership, management as well as specialized skill development.

- 16 public institutions and agencies benefited from support in terms of capacity building and/or technology transfer.

4.4.1 AGRO-PROCESSING

Agro-industries account for the largest share of manufactured goods in Ethiopia, with food and beverages constituting approximately 52%. The improved investment climate alone, however, has not been sufficient to attract investors to the agro-processing sector in places where there is high economic potential. This is mainly due to the lack of proper infrastructure and the inadequate supply of raw materials.

In order to address some of these challenges, the PCP is supporting the establishment of four IAIPs, a priority initiative of the GoE. The IAIPs are intended to provide agribusinesses with access to common infrastructure, utilities and business services, while catalysing investments and opportunities for job creation in surrounding communities.

The status of advancement of the construction of the four IAIPs is between 50% and 70% complete as this activity is affected by resource availability in the four Regional States. The most advanced IAIP is in the SNNP Regional State (70%), followed by the IAIP in Amhara (65%), Oromia (60%) and Tigray (50%). Basic Infrastructure is expected to be finalized by mid-2020 to be able to attract private investors. So far, approximately 150 investors have registered with the respective RIPDC in the four regions and five have already start constructing within the SNNP and Amhara Parks. Since project inception, the four IAIPs have been able to create approximately 21,000 direct and indirect jobs (27% for women).

With support from UNOPS and the GoE, environmental and social impact studies for the four IAIPs and four RTCs were completed and approved by the Ministry of Environment. The Ministry has confirmed that the projects comply with the environmental requirements of the country and issued the Environment Clearance. As result of the social impact studies, a Resettlement Action Plan (RAP) was prepared and compensation payments were made to the people affected by the construction of the IAIPs and RTCs.

In the agro-corridors around the IAIPs, eight value chain studies and four strategic analyses and business plans were developed in collaboration with FAO to foster linkages between locally-sourced agricultural inputs and processing facilities within the Parks (coffee, avocado, potatoes, tomatoes, livestock, wheat and dairy, sorghum, sesame, corn, pineapple, and haricot bean). Publications on these studies are expected to be released soon by MoA for distribution to stakeholders. As part of such exercises, 364 value chain actors from selected value chains were assisted through extension services, and a sub-contracting scheme for 13 avocado cooperatives to supply the SNNPR Park is being implemented.

The RIPDCs are operational to own and manage the IAIPs in all four regions. A Federal Steering Committee and Regional Steering Committees were established and are operational. The committees are following up and providing the necessary support on implementation, as well as helping to coordinate and carry out activities necessary for the fulfilment of the IAIP development plans. As part of the capacity-building agenda to the benefit of RIPDC, MoTI and MoA, a high-level Ethiopian delegation participated in a study tour to MACFRUIT and Emilia Romagna's agro-clusters (Italy) in May 2019.

In terms of funding, the IAIPs have received financing for an amount of approximately USD 1.248 million. Additionally, a key step has been achieved in providing electrification to the Parks, thanks to a USD 2 billion financing agreement between the GoE and China. Efforts have also been devoted to attracting local investors. To this purpose, two regional promotional events were organized in Sidama and SNNPR, involving 250 local leaders and five unions, respectively.

The IAIPs have already attracted the attention of private investors. So far, approximately 150 investors have registered with the respective RIPDC in the four regions, and five have already started constructing their premises with the SNNPR and Amhara Parks. In terms of public funding, the IAIPs have received financing for an amount of approximately USD 705 million. Efforts have also been devoted to attracting local investors. To this purpose, two regional promotional events were organized in Sidama and SNNPR, involving 250 local leaders and five unions, respectively.

Finally, a stakeholder mapping took place in the four IAIP piloting regions to identify key stakeholders for the construction and operationalization of the RTCs. Stakeholders involved include cooperatives, unions, federations, universities, TVET institutes, agricultural research institutions, private sector actors and other development partners operating in the regions. Potential institutions, networks and private business operators who have the capacity, interest, and legal personality to provide standard management services, business operations, and other required technical services in the RTC facilities have been also identified.

Agricultural productivity enhancement and commercialization streams remain at the core of PCP's agro-processing pillar, being pivotal for the sustainable and inclusive development of the light-manufacturing sector in the country. In this view, four selected food value chains, namely coffee, Beles, Moringa and fishery, were supported through UNIDO-led technical

cooperation interventions for their potential to contribute to development, mainly in terms of job creation and income generating opportunities for local communities.

UNIDO's approach to value chains has focused on the following key axes: (i) Productivity enhancement through the provision of extension services to smallholder farmers; (ii) Advisory services and procurement of better productive equipment and facilities and/or promotion of technology transfer opportunities; and (iii) Facilitation of market linkages and commercialization contracts (both domestically and abroad). To 2019, six value chains were supported through the PCP: coffee, Beles, Moringa, fishery, livestock and dairy.

The coffee project has moved ahead in the establishment of the Addis Ababa Coffee Training Centre (to be built within Ethiopian Coffee and Tea Authority premises), securing the space and starting renovation works. To this purpose, a training of trainers (TOT) for 11 baristas and coffee technicians was held in Trieste, Italy, in partnership with IllyCaffè from 16 to 29 September 2019. The TOT provided up-to-date training on international standards and state-of-the-art techniques to improve the quality of coffee product and learn how to manage and maintain equipment, while experiencing first-hand how a coffee Centre of Excellence is managed.

To date, 13,613 smallholder coffee farmers received agronomic trainings, while staff from 146 cooperatives obtained trainings on cooperative management, including sustainability standards, accounting, marketing and occupational health and safety. In terms of equipment provision, three wet mill sites were renovated, 15 input provision centres were established, and 12 Cooperative Coffee Drying Centres were constructed. Moreover, the project supported the finalization and commissioning of the Union's coffee hulling station in Delo Mena. In Aleta Wondo, 100,000 indigenous shade trees were distributed to smallholder farmers in 2018, while 77,000 were distributed in June 2019 (activity still ongoing). Finally, nursery site use agreements were signed with Aleta Wondo Woreda to support the production of 100,000 disease-resistant coffee seedling, which will be ready for distribution in 2020.

With respect to Ethiopian coffee promotion, the Delo Meno Coffee variety has been classified as "Specialty Coffee" and ranked 31st among the best 76 natural coffees of Ethiopia on the occasion of the "Taste of Harvest" Competition at the AFCA Conference held in Rwanda in February 2019. This will provide members of the Burka Yadot Farmers' Cooperative Unions with premiums from the increased quality of their coffee and access to the specialty coffee market. Additionally, two delegates from the CTA were sponsored to participate in GULFood 2019 in Dubai, one of the world's major fairs on food and beverages.

Operationally at the end of 2019, the Beles project had contributed to creating job opportunities for 50 youth and women entrepreneurs at different levels of the value chain, by renovating two processing facilities, equipping them with jam processing facilities, including jam cooking, autoclave, jam jars, jar capping equipment, and providing tailored capacity-building. Subsequently, the processing of four products from Beles was incentivized and revitalized, including high quality fresh Beles fruits for export, Beles juice, Beles jam, and Beles seed oil.

Additionally, 500 smallholder farmers from three cooperatives (Beles Agame PLC - led by 14 women entrepreneurs already benefitting from phase one of the project - WBPC and Youth Entrepreneurs) in the areas around Adigrat received certification on Global GAP after benefitting from trainings delivered through UNIDO's support. Linkages were also established with collection centres and local institutions to further promote the Beles business and scaling up of operations. Within this framework, six institutions, including the NGO Mums for Mums, HELVETAS and Adigrat University, among others, were strengthened through trainings on business incubation management and marketing, food safety, farm record management, and monitoring and internal inspection on-farm and off-farm.

To promote Beles products to European and other international markets, the participation of Cooperatives' representatives in fairs was sponsored. This included, for instance, Fruit Logistical in Berlin with the aim to make contacts with potential buyers from the United Kingdom, Belgium and Qatar. Overall, five potential buyers were identified for fresh Beles fruits, at least three from Germany for Beles seed oil, existing partnerships (Austria Import) were strengthened, and promotion activities with ICE and other trade agencies will be fostered.

Activities under the project which supports the aquaculture and fishery sectors in Lake Tana continues to focus on aquaculture value chain development. A feasibility assessment for commercial fish farming development was conducted, resulting in 46 SMEs identified for potential capacity-building. As a result, 200 people were trained on fish production, handling and preservation. An additional five SMEs were selected for site upgrading to improve aquaculture technologies and practices, while four potential agro-processing businesses were identified for feed processing, gear manufacturing and input supply. In coordination with the MoA, the Fish Quality Control Regulations (FQCR) is in the process of development.

Site development studies were undertaken to identify suitable locations for the instalment of aquaculture centres, marketing and ecotourism propositions. Proposals were submitted to the Bahar Dar City Administration for follow up. Skills assessments were also conducted, and vocational training courses were developed in collaboration with Amhara University.

Value Chain Development and Commercialization Roadmaps

The 3rd Livestock Sector Development Workshop was held in March 2019 at UNIDO HQ and served as a platform to discuss cooperation and implementation modalities of the “Upgrading the livestock value chain in Ethiopia” project in 2019. It was proposed to sign a triangular cooperation agreement between UNIDO, the General Administration of Customs of China (GACC), and MoA in the view of providing a clear roadmap and action plan for the development of the livestock/meat processing sector, covering areas such as food safety, inspection, and quarantine. A Joint Technical Working Group (JTWG) is under establishment, chaired by the three main counterparts. The main objective of the JTWG is to: (i) Offer technical guidance with best experiences from China and well-informed local knowledge of the livestock sector; (ii) Provide technical support with regard to livestock production infrastructure, meat processing, and meat export; (iii) Undertake a thorough study about the current baseline scenario and identify the gaps in standards, policies, management systems as well as the capacities of institutions; (iv) Facilitate technical assistance and training to policymakers, technicians, meat handlers, entrepreneurs and smallholder farmers in accordance with their practical needs. Funding for the Phase II (USD 2 million) of the project is expected in 2020, with project documents revised and re-submitted to the South-South Cooperation Assistance Fund (SSCAF) - China funding stream. Under the “Dairy 4 Development” project, the final Inception Report was prepared, following a mission to the Amhara region, where a validation workshop was held in November 2018. The Inception Report paved the roadmap for the implementation of D4D’s Phase II, which will focus on the following components: (i) Establishment of a dairy processing facility in the Bure IAIP (Amhara); (ii) Establishment of an RTC for dairy collection and primary collection; (iii) Capacity-building for dairy value chain actors; and (iv) Facilitation of an enabling environment for dairy sector development in Ethiopia. The Phase II has an estimated budget of USD 1.5 million. Activities for the first component of Phase II already kicked-off and a Draft Pre-Feasibility Study for a Dairy Processing Plant to be established in the Bure IAIP was prepared in June 2019. The pre-feasibility study was reviewed by the State Minister for Agriculture in charge of livestock (meat and dairy) and fisheries and his team, and formally endorsed.

ERP ID	Completed project	Donor	Funding (US\$)
160110	Engineering design work for the integrated agro-industrial parks and rural transformation centres in Ethiopia	GoE	1,246,729
130316	Integrated Industrial Upgrading and Enterprise Development Approach	China	808,179
130164	Preparation of Feasibility Study & Business Plan for Piloting Integrated Agro-Food Parks (IAFP) in Ethiopia	Italy	457,293
150410	Technical support for the implementation of the integrated agro-industrial parks in Ethiopia	Italy	1,417,805
100092	Establishing Industrial Processing and Marketing of Beles-based Food Products	PTF - OPEC	2,213,000
160044	Reducing Irregular Migration in Northern Ethiopia by Establishing Processing and Marketing of Beles-based Food Products	Austria	370,312
170226	Dairy for Development (D4D) - Phase 1	Austria	189,456
140330	Establishing Moringa-based Economic Development Program to Improve the Livelihood of Rural Women in Ethiopia	Italy	1,554,000
		Sub-total:	8,256,774

ERP ID	Ongoing project	Donor	Funding (US\$)
190001	Support for the Integrated Agro Industrialization Process in Ethiopia - PROSEAD Component 5	European Union	3,442,089
130144	Improving the Sustainability and Inclusiveness of the Ethiopian Coffee Value Chain through Private and Public Partnership	Italy, Illycaffè	4,063,393
160276	Technical and institutional capacity-building for increasing production and developing the aquaculture and fisheries value chains in Ethiopia	Russian Federation	2,000,000

160252	Upgrading the livestock value chain in Ethiopia - Phase 1	Partner-ship Trust Fund-China	654,000
		Sub-total:	10,159,482
ERP ID	Pipeline project	Donor	Funding (US\$)
	Dairy for Development (D4D) - Phase 2	TBD	
	Upgrading the Livestock Value Chain - Phase 2	SSCAF	2,000,000
	Establishing Moringa-based Economic Development Program to Improve the Livelihood of Rural Women in Ethiopia - Phase 2	Italy	3,348,214
	Capacity Building and Advisory Support for the IAIPs Development	Italy	2,232,143
	Coordination AfDB Project on Infrastructural Development of the IAIPs	AfDB	4,800,000
		Sub-total:	12,380,357
Component total		US\$ 30,796,613	

4.4.2 TEXTILES AND APPAREL

An abundance of raw materials, competitive wages and low energy costs give the Ethiopian textiles and apparel sector a comparative advantage over other countries. The textile and apparel sector offers substantial opportunities for access to regional and international markets, especially as foreign direct investment is increasing. However, in order for the sector to achieve its full potential, production and supply chain inefficiencies along the cotton-to-textiles value chain need to be addressed.

The PCP Ethiopia is tackling this issue addressing the skills gap in the industry, with a flagship initiative focused on capacity-building and job creation for youth and women in migration prone areas of Ethiopia. Located in Mekelle in the region of Tigray, the initiative aims to bridge the gap between the demand of the Textile & Garment (T&G) industry for skilled workers, the abundant local manpower, and the TVET school system in the region. The project “Capacity-building and job creation for youth and women in the textile sector in migration prone areas of Ethiopia” has created employment opportunities for 369 young graduates who since January 2019 were recruited by T&G industries in the Mekelle Industrial Park, in synergy with the EUTF funded SINCE Programme for which UNID plays an active role through M&E and technical assistance. A ToT for Basic Technical Sewing Operators was delivered to 30 trainers and instructors from ETIDI, MGC and industry employees, while Soft Skills and Line Supervisor Training was delivered to another 42 operators.

In September 2019, the Mekelle Garment College Centre of Excellence (CoE) was inaugurated in the presence of high-level officials from MoTI. The CoE is envisioned as a hub to build the capacity of the system to create autonomously a sufficient number of skilled workers for the industry to develop in a socially and economically sustainable way. The CoE is expected to serve as a model potentially replicable for the rest of the country. The CoE plans to provide trainings and support the graduation of 200 people/session/month to fill the local demand for skilled and semi-skilled workers.

High-level officials from T&G sectoral associations and ministries participated in a five-day sustainable leadership training course at the Frankfurt School of Finance and Management in Germany. Topics included innovative leadership, growth models for Ethiopia, sustainable business strategies, leading innovation and change and win-win negotiations, among others. The trainings were propaedeutic to the opening of the CoE at the MGC planned for the end of 2019. To this purpose, the procured machineries and related accessories are under installation as well as renovation works at MGC premises are taking place. Similarly, a study tour to Bangladesh, led by the State Minister for Industry from MoTI and composed of 10 high-level delegates from the T&G sector was organized in May 2019. It served as a basis to explore the Bangladeshi approach to boosting local entrepreneurship, and valorising traditional products and techniques while aligning to international market demand.

ERP ID	Ongoing project / sub-programme title	Donor	Funding (US\$)
170040	Capacity-building and job creation for youth and women in the textile sector in migration prone areas of Ethiopia	Italy	2,469,184
		Sub-total:	2,469,184
Component total		US\$ 2,469,184	

4.4.3 LEATHER AND LEATHER PRODUCTS

Ethiopia’s leather sector enjoys significant international comparative advantages owing to its abundant raw materials, highly skilled workforce and low costs. However, the leather industry remains constrained by a shortage of hides and skins, outdated equipment, insufficiently skilled labour, low capacity utilization (tanneries operate below 50% of their installed capacities), and the lack of price incentives for superior quality goods. In this view, the PCP is supporting the GoE in the establishment of a leather industry cluster on the basis of an existing concentration of tanneries in the town of Modjo. Under the LISEC project, the governance body has been established. The Project Steering Committee is chaired by MoTI, already functioning and held its first meeting in July 2019, primarily with the scope of validating the Inception Report, which revised and optimized UNIDO-LISEC component’s scope of intervention and strategy on 21 October 2019. Activities until the end of 2019 focused on identifying the major immediate challenges of the tanning sector in Ethiopia, including solid waste disposal and air pollution. Technologies that would mitigate environmental challenges for the MLC were also identified and grouped in order of the process guides. Similarly, various interventions were conducted that focused on technology awareness, networking, capacity-building and enhancement of the regulatory framework. In this respect, in October 2019, LISEC coordinated a study tour to visit Santa Croce sull’Arno, a star leather cluster in Italy. The team was led by the State Minister of MoTI and comprised of senior government officials.

Within the framework of the project “*Technical Assistance Project for the Up-Grading of the Ethiopian Leather and Leather Products Industry Phase II*”, a Common Production Unit was officially inaugurated in April 2019 and will allow the EIFCCOS cluster to enhance its production capacity (approximately 500 pairs of shoes per day) and diversify its production line. Common premises for the LOMI network were secured and renovated as well as spaces at FeSMMIPA for the establishment of the Creative Hub in Addis Ababa as a centre of excellence for fostering entrepreneurship. To December 2019, the five clusters supported by UNIDO employ 4,852 workers, 33% more than the number recorded as baseline in 2014. Out of these 4,852 workers, 48% are women and 90% are aged below 24. Out of 376 SMEs participating in these clusters, 273 SMEs have directly benefitting from technology upgrading, especially within the EIFCCOS cluster, which groups 206 SMEs. Profit margins have increased on average by 12.5% and the export volume by 8%. Overall, 327 workers from the clusters benefited from capacity-building for industrial skills development in areas such as pattern design, stitching, quality control, export marketing, and cluster management, among others. This impacted on productivity per worker, which increased by twofold over the past four years. Export promotion is at the core of the project interventions, with more than 40 fairs and events assisted/organized locally and internationally. Finally, it is worth to mention that, in addition to donor funding, the project has mobilized ETB 23 million (USD 790,000) from both public and private sources to finance the renovation and qualification of common working premises.

ERP ID	Ongoing project / sub-programme title	Donor	Funding (US\$)
160086	Leather Initiative for Sustainable Employment Creation (LI-SEC)	EU	8,188,001
150201	Phase 2 (Extension) of the Technical Assistance Project for the Up-Grading of the Ethiopian Leather and Leather Products Industry	Italy	2,764,732
			Sub-total
Component total			US\$ 10,952,733

4.4.4 OVERVIEW OF CROSS-CUTTING PROJECTS

Trade and investment promotion

The new EU-funded programme “Support Business Friendly and Inclusive National and Regional Policies and Strengthen Productive Capacities and Value Chains in ACP countries” will benefit Ethiopia with approximately EUR 640,000. This joint programme of the World Bank Group, the International Trade Centre (ITC) and UNIDO will focus on two results: (i) Business-friendly, inclusive and responsible national policies and legal frameworks are implemented; and (ii) Higher productivity and competitiveness through strengthening local value chain is achieved. In Ethiopia, UNIDO will be the sole implementer focusing on meso-level interventions aimed at strengthening key institutions and their capacity to deliver on investment facilitation.

The inception mission of the project was held in September 2019 and was pivotal in engaging key local counterparts and defining core work streams. As first activity under this project, a COMFAR training for 19 participants from IPS, ATA, EIC and UNIDO was delivered in December 2019, with the aim of providing key investment promotion partners in the country with additional skills and tools to perform their functions.

The investment opportunity profiling exercise carried out by UNIDO in collaboration with MoTI was concluded, delivering 168 investment project profiles and 25 enterprise benchmarking assessments - 30 of the assisted companies are owned by women entrepreneurs (23) and managed by women CEOs (7). An investment inventory was developed and disseminated to international business partners, also in view of the Third International Agro-Industry Investment Forum.

With respect to the latter, the Investment Promotion TF set the date for the Forum in November 2020. The TF recommended to: (i) Maintain the focus of the Forum on the food and beverage industry; (ii) More effectively target investment promotion activities and participants in order to create concrete Joint-Venturing outcomes; (iii) Foster collaboration between EIC and MoTI, expected to play the leading role in the organization of the Forum. As a first step, a Technical Coordination Committee, an Organizing Committee and a Technical Task Force including staff from MoTI, UNIDO, ATA and MoF was set up to give strategic direction and implementation support to the GoE for the upcoming event.

Within the framework of Tokyo-Ethiopia Advisory Programme, business matchmaking activities between Japanese and local partner firms were conducted in the automotive and textile sectors. To this purpose, an experience sharing workshop was organized, convening MOTI, MIDI, the EIC and other relevant offices with Japanese counterparts, on the Japanese global experience and expectations in these sectors. Additional connections between Japanese textile garment international buyers and local companies were facilitated within the framework of the ongoing partnership with TIDI aimed at improving the quality of Ethiopian textile and garment products to meet Japanese quality expectations and efficiency in the delivery of products. Similarly, ad-hoc support and matchmaking services were also provided in companies operating in the horticulture, dairy and trade sectors.

Energy and environment

The project “Enhancing local capacity and promoting ULH-MHP technologies” finalized with the ULH-MHP plant fully hybridized with a PV-system and operators trained to operate the new technology. The ULH-MHP plant can now provide electricity to the nearby elementary school, households and small businesses in Fentale, Oromia. The ULH-MHP technology was also tested for operating an agro-processing plant and the Oromia Water and Energy Bureau has concluded a bidding process for the construction of the plant within the community water supply scheme. Over past few months, efforts were devoted to: (i) Provide technical support to the Enkule Birka Hydro and solar electricity users’ association to operate and maintain the plant; (ii) Provide technical support to the contractor assigned to construct the agro-processing facility; and (iii) Facilitate the handing over of the plant to the Oromia Water and Energy Bureau.

Finally, a meeting with the Ethiopian Construction Works Corporation (ECWC) and other key stakeholders was conducted with the objective to assess the possibility of establishing partnerships to promote this technology for the operation of irrigation schemes (ECWC is the main stakeholder with respect to irrigation schemes in Ethiopia). Japan is funding USD 1 for the realization of Phase II of the project “Solar-Powered Water Sanitation Systems in Ethiopia”, which will scale up the application of Japanese technologies for water sanitation in rural areas. The project kicked-off in 2019 and is setting up its governing structure, expected to be chaired by the Water Development Commission, and identifying the site for piloting the water purification technology.

Industrial skills development

The Commercial Vehicles Drivers Training Academy was successfully inaugurated on 26 March 2019 with the presence of H.E. Dagmawit Moges, Minister of Transport, and representatives from partners, namely Volvo, SIDA, the SELAM Vocational College and the Federal Transport Authority (FTA) – the main sponsors of the UNIDO-led project. Curricula were developed and equipment, including three UD trucks and one Volvo bus, was acquired from the Volvo Group for the training purpose. Trainers were recruited, both for classroom and field trainings, and trained. The Academy now provides training for up to 40 regular trainees annually. It also undertakes short-term modular training for at least 480 drivers annually from different companies around the country. So far, this public-private partnership (PPP) has supported the graduation of 87 youth in heavy duty equipment/commercial vehicle maintenance as well as commercial vehicle driving. Out of those graduating, 39 obtained gainful employment opportunities or improved their income. Twenty-three driver trainers were trained to replicate the curricula in other vocational schools.

ERP ID	Completed project	Donor	Funding (US\$)
150471	First International Agro-industry Investment Forum in Ethiopia	Partnership Trust Fund-China	250,000
120211	A PPP Project: Training Academy in Heavy Duty Equipment and Commercial Vehicles in Ethiopia	SIDA, Volvo, Selam VC	5,019,714
170052	Support to GoE on the improvement of its strategy and policy for the development of technology-based chemical industry	Korea	139,791
170072	Study to Support National Quality Infrastructure Development in Ethiopia	Partnership Trust Fund-China	52,000
170160	Improving Public Health by Solar-Powered Water Sanitation Systems in Ethiopia	Japan	231,456
170069	Formulation of Capacity-Building Program on Industrial Parks Creation and Management for PCP Ethiopia	Partnership Trust Fund-China	5,759,925
		Sub-total:	8,256,774

ERP ID	Ongoing project / sub-programme title	Donor	Funding (US\$)
170023	Second International Industry Investment Forum in Ethiopia and SME profiling	Partnership Trust Fund-China	265,000
120601	Low Carbon Low Emission Clean Energy Technology Transfer Programme	Japan	1,532,780
180206	Improving Public Health by Solar-Powered Water Sanitation Systems in Ethiopia – Phase II	Japan	884,956
160089	Stemming Irregular Migration in Northern and Central Ethiopia (SINCE)	EU	1,709,741
140347	Training Institute for Commercial Vehicles Drivers in Ethiopia: A PPP Project to Support Specialized Skills Development	SIDA, Volvo, Selam VC	5,445,000
140092	Productive Work for Youth and Women through MSMEs Promotion in Ethiopia	Italy, Austria	1,015,364
120619	HCFC phase-out management plan Phase I	Montreal Protocol	140,000
180168	Preparation of a HCFC phase-out management plan Phase II	Montreal Protocol	30,000
170051	Upgrading TVET Colleges based on the PPDP model	Partnership Trust Fund-China	35,000

190092	Inclusive and sustainable industrial development for job creation in Ethiopia and Senegal	Germany	3,442,190
180059	UNIDO ITPO Korea Advisory Programme (Global – including Ethiopia)	Korea	NA
160239	UNIDO ITPO Tokyo Advisory Programme (Global – Including Ethiopia)	Japan	NA
150037	PCP - Programme for Country Partnership in Ethiopia	China, Partnership Trust Fund	1,089,499
17004	Supporting business-friendly and inclusive national and regional policies, and strengthening productive capabilities and value chains	European Union	730,594
		Sub-total:	16,320,124
ERP ID	Pipeline project / sub-programme title	Donor	Funding (US\$)
	Women Entrepreneurship Development	Mastercard	8,000,000
		Sub-total:	8,000,000
Cross-cutting total		US\$ 30,080,049	

5. LESSONS LEARNED AND BEST PRACTICES

Government and stakeholder engagement

The PCP was developed through an extensive consultative and collaborative process with the GoE in pursuit of the Government's goal to elevate the country to middle-income status within a decade. The PCP is closely aligned to the GTP II and the Industrial Development Strategy of Ethiopia (to which UNIDO has contributed promoting industrial parks as a core strategy for industrializing the country). This alignment resulted in a strong sense of ownership, engagement and high-level commitment by senior government officials, and the effective implementation of the PCP. Such strong alignment and integration of national and PCP strategies and targets also strongly contributed to securing public funding for the PCP's flagship interventions (e.g. USD 604 million allocated from the national budget for the IAIPs by the end of 2019). Furthermore, such a financial commitment from the GoE was crucial to progressively crowd in financial resources from other sources (ODA and the private sector).

PCP governance and coordination

The PCP's coordination mechanism was able to overcome past challenges of weak inter-institutional and inter-agency linkages by grouping all government ministries/agencies responsible for industrial development in the IMC (comprising of Senior Ministers/Commissioners) and all relevant State Ministers in the JSC. This is one of the most important achievements of the PCP: breaking the institutional divide hampering collective and coordinated action by establishing a commonly-owned platform that fosters greater synergy and complementarity. A multi-stakeholder platform needs to respond to an evolving institutional structure and PCP/industrial development priorities. On the occasion of the recent change in GoE's leadership, the PCP revised its coordination mechanism to re-align to: (i) A new distribution of functions across ministries/agencies; (ii) New industrial development agendas; (iii) New PCP priorities (moving from an implementation to an exit phase); and (iv) An evolving maturity of inter-ministerial coordination and collaboration patterns.

Potential for scale up

The PCP has been able to capitalize on its advisory role, especially at a technical level, providing financial and technical “seed” resources for scaling up TC and investments in industrial development projects. This is the case for instance for the IAIPs and the MLC, where UNIDO provided expertise on the establishment of eco-industrial parks through feasibility studies and business plans, then handed over their financing and implementation to the GoE and partners which then resulted in scaling up.

6. COMMUNICATION

A strategy was prepared by the Communication and Visibility National Expert recruited under the LISEC project and implemented during the course of 2019. See the table below highlighting some of the major activities performed against the objectives set.

<ul style="list-style-type: none"> • Ensure PCP Ethiopia is promoted with tangible impacts to key players such as the government, development partners and the private sector 	<ul style="list-style-type: none"> • Used All African Leather Fair (AALF) and African Sourcing and Fashion Week (ASFW) (Nov. 2019) to promote flagship projects in the leather and textile sectors where beneficiaries of the SINCE project were supported in having a booth for product display. • UNIDO-LISEC project was officially launched during the session in the presence of key stakeholders and high-level delegates from GoE. • Facilitated timely coordination meetings of Inter-ministerial and Task Force meetings. • Conventional media attendance and coverage for PCP’s highlight events: <ul style="list-style-type: none"> • Inauguration of EFFICOS • Project signing ceremonies for IP, water and energy projects, PROSEAD • Inauguration of the Centre of Excellence at the Mekelle Garment College • African Industrialization Day • Inauguration of the UNIDO-LISEC project • Validation of the Entrepreneurship Strategy for Ethiopia
<ul style="list-style-type: none"> • Enhance national and global visibility of PCP Ethiopia using success stories and best practices from project activities 	<ul style="list-style-type: none"> • UNIDO used AALF and the ASFW platform to disseminate flyers, project briefs, promotional items with logos, and give away items were given to stakeholders. • Inclusion of success stories in UNIDO’s Regional Office Hub in Ethiopia and UNIDO Ethiopia’s Twitter account. • Shared relevant Information on UNIDO what’s up group of Ethiopia Project Coordinators apart from the regular meetings and reporting channels. • Recorded a TV panel discussion on the leather sector with a local TV agency “Afro-health” with UNIDO’s UR.

- Support partnership building through creating channels and platforms of communication for resource mobilization, integration and coordination

- UNIDO organized workshops during AALF and ASFW attended by key players in the leather sector and local media agencies:
 - Introduced UNIDO's Leather Initiative for Sustainable Employment Creation funded by EU with stakeholders.
 - Sustainable Leather & Footwear Production for International Industry – Ethiopia's position in Africa's Leather Industry
- UNIDO participated in the International Event on “Boosting Intra-African Trade, Women Taking the Lead” at AUC. UNIDO UR was one of the speakers at the opening session attended by AU Commissioner and the President of Ethiopia, where the PCP model was at the centre of the speech and a brief highlight of PCP impacts was portrayed. The event was covered by the State Television (ETV).
- The African Industrialization Day 2019 was a good opportunity for UNIDO to address both national and international audiences where UNIDO UR delivered remarks from UNIDO's DG. State Television reported the event.
- Bilateral talks with Ministers and high-level dignitaries such as the Minister of Trade and Industry of Burundi, Madagascar, Ethiopia and Rwanda were instrumental in promoting the PCP both in country and at regional level. This meeting was reported in the 1st and 2nd quarterly newsletters of the UNIDO Regional Office Hub.
- Produced the first ever UNIDO Regional Office Hub in Ethiopia quarterly newsletter.
- Reactivated the UNIDO-ETHIOPIA twitter account and a verification process undergoing to increase the reach out.
- Sent achievements to UN-IN-ETHIOPIA website for meeting a wider audience.
- Regular sharing of milestones on the UNIDO website for increased visibility with internal and external audiences.

7. UPCOMING MILESTONES AND MAJOR RESULTS EXPECTED IN 2020

Governance and coordination

The PCP will support the GoE in fully operationalizing the new Investment Promotion Task Force, and revising and strengthening its composition while reinforcing its mandate. The independent terminal evaluation of PCP Ethiopia will conclude in 2020. The results and recommendations of the evaluation will help determine the way forward, including a possible second five-year phase of the PCP Ethiopia.

Resource mobilization and partnerships

Prospects for new TC funding opportunities in early 2020 consist of approximately USD 10 million in the hard pipeline. In terms of parallel funding, the Resource Mobilization and Partnership Management Task Force will work to mobilize USD 1.5 million needed to conduct the feasibility study and develop a master plan for the establishment of a new Exhibition and Convention Centre jointly supported by the GoE and UNIDO, and build capacity to upgrade the sector for promotion of investment and conference tourism in the country. Another priority of the Task Force will be to secure approximately USD 1 million for the organization of Ethiopia's Third International Agro-Industry Investment Forum, scheduled to take place in November 2020. Continued efforts will focus on leveraging resources to fill the investment gap for the upgrading of local value chains in the selected agro-corridors around the IAIPs.

Policy advisory services

Strategies and roadmaps for industrial capacity-building, the textile sector and SME cluster development will be presented to various partners for fundraising.

TC projects highlights:

- The infrastructure development of the four IAIPs is expected to be completed in 2020 to be ready to catalyze private sector investments. Efforts will focus on continuing to promote investment opportunities in collaboration with national institutions.
- The Creative Hub under the Leather SME Clusters project will be completed and inaugurated within the FeSMMIPA premises with an innovative management framework based on a PPP model. The Hub is expected to be operational from the second quarter of 2020.
- The Addis Ababa Coffee Training Centre is expected to be finalized and inaugurated by the end of 2019.
- The realization of the Modjo Leather City will begin the start-up phase with the support of the EIB, the GoE and other development partners.

8. ANNEX 1: PCP PORTFOLIO OVERVIEW - UNIDO TC

ERP ID	PCP component	Completed project	Donor	Funding (US\$)
160110	Agro-processing	Engineering design work for the integrated agro-industrial parks and rural transformation centres in Ethiopia	GoE	1,246,729
130316	Agro-processing	Integrated Industrial Upgrading and Enterprise Development Approach	China	808,179
130164	Agro-processing	Preparation of Feasibility Study & Business Plan for Piloting Integrated Agro-Food Parks (IAFP) in Ethiopia	Italy	457,293
150410	Agro-processing	Technical support for the implementation of the integrated agro-industrial parks in Ethiopia	Italy	1,417,805
100092	Agro-processing	Establishing Industrial Processing and Marketing of Beles-based Food Products	PTF- OPEC	2,213,000
160044	Agro-processing	Reducing Irregular Migration in Northern Ethiopia by Establishing Processing and Marketing of Beles-based Food Products	Austria	370,312
170226	Agro-processing	Dairy for Development (D4D) - Phase 1	Austria	189,456
140330	Agro-processing	Establishing Moringa-based Economic Development Program to Improve the Livelihood of Rural Women in Ethiopia	Italy	1,554,000
150471	Cross-cutting	First International Agro-industry Investment Forum in Ethiopia	Partnership Trust Fund-China	250,000
120211	Cross-cutting	A PPP Project: Training Academy in Heavy Duty Equipment and Commercial Vehicles in Ethiopia	SIDA, Volvo, Selam VC	5,019,714
170052	Cross-cutting	Support to the Government of Ethiopia on the improvement of its strategy and policy for the development of technology-based chemical industry	Republic of Korea	139,791
170072	Cross-cutting	Study to Support National Quality Infrastructure Development in Ethiopia	Partnership Trust Fund-China	52,000
170160	Cross-cutting	Improving Public Health by Solar-Powered Water Sanitation Systems in Ethiopia	Japan	231,456
170069	Cross-cutting	Formulation of Capacity-Building Program on Industrial Parks Creation and Management for PCP Ethiopia	Partnership Trust Fund-China	66,964
			Sub-total:	14,016,699

ERP ID	PCP component	Ongoing projects	Donor	Funding (US\$)
190001	Agro-processing	Support for the Integrated Agro Industrialization Process in Ethiopia - PROSEAD Component 5	European Union	3,442,089
130144	Agro-processing	Improving the Sustainability and Inclusiveness of the Ethiopian Coffee Value Chain through Private and Public Partnership	Italy, Illycaffè	4,063,393
160276	Agro-processing	Technical and institutional capacity-building for increasing production and developing the aquaculture and fisheries value chains in Ethiopia	Russian Federation	2,000,000
160252	Agro-processing	Upgrading the livestock value chain in Ethiopia - Phase 1	Partnership Trust Fund-China	654,000
170040	Textiles and apparel	Capacity-building and job creation for youth and women in the textile sector in migration prone areas of Ethiopia	Italy	2,469,184
160086	Leather	Leather Initiative for Sustainable Employment Creation (LISEC)	EU	8,188,001
150201	Leather	Phase 2 (Extension) of the Technical Assistance Project for the Up-Grading of the Ethiopian Leather and Leather Products Industry	Italy	2,764,732
170023	Cross-cutting	Second International Industry Investment Forum in Ethiopia and SME profiling	Partnership Trust Fund-China	265,000
120601	Cross-cutting	Low Carbon Low Emission Clean Energy Technology Transfer Programme	Japan	1,532,780
180206	Cross-cutting	Improving Public Health by Solar-Powered Water Sanitation Systems in Ethiopia – Phase II	Japan	884,956
160089	Cross-cutting	Stemming Irregular Migration in Northern and Central Ethiopia (SINCE)	EU	1,709,741
140347	Cross-cutting	Training Institute for Commercial Vehicles Drivers in Ethiopia: A PPP Project to Support Specialized Skills Development	SIDA, Volvo, Selam VC	5,445,000
140092	Cross-cutting	Productive Work for Youth and Women through MSMEs Promotion in Ethiopia	Italy, Austria	1,015,364

120619	Cross-cutting	HCFC phase-out management plan Phase I	Montreal Protocol	140,000
180168	Cross-cutting	Preparation of a HCFC phase-out management plan Phase II	Montreal Protocol	30,000
170051	Cross-cutting	Upgrading TVET Colleges based on the PPDP model	Partnership Trust Fund-China	35,000
170049	Cross-cutting	Supporting business-friendly and inclusive national and regional policies, and strengthening productive capabilities and value chains	European Union	730,594
190092	Cross-cutting	Inclusive and sustainable industrial development for job creation in Ethiopia and Senegal	Germany	3,442,190
180059	Cross-cutting	UNIDO ITPO Korea Advisory Programme (Global – including Ethiopia)	Republic of Korea	N/A
160239	Cross-cutting	UNIDO ITPO Tokyo Advisory Programme (Global – Including Ethiopia)	Japan	N/A
150037	Coordination	PCP - Programme for Country Partnership in Ethiopia	China- Partnership Trust Fund	1,089,499
			Sub-total:	39,901,523
ERP ID	PCP component	Pipeline projects	Donor	Funding (US\$)
	Agro-processing	Dairy for Development (D4D) - Phase 2	TBD	
	Agro-processing	Upgrading the Livestock Value Chain - Phase 2	SSCAF	2,000,000
	Agro-processing	Establishing Moringa-based Economic Development Program to Improve the Livelihood of Rural Women in Ethiopia - Phase 2	Italy	3,348,214
	Agro-processing	Coordination AfDB Project on Infrastructural Development of the IAIPs	AfDB	4,800,000
	Agro-processing	Capacity-Building and Advisory Support for the IAIPs Development	Italy	2,232,143
	Cross-cutting	Women Entrepreneurship Development	MasterCard	8,000,000
			Sub-total:	20,380,357
Component total			US\$ 74,298,579	

9. ANNEX 2: INVESTMENTS LEVERAGED BY THE PCP, INCLUDING FORECAST FOR 2020

Parallel funding (USD)							
Partner	Project	Link to PCP/ UNIDO	2016	2017	2018	2019	2020/2021 (Pipeline)
GoE	Public Financing (IAIPs Infra-structure)	IAIPs	150,000,000	150,500,000	203,000,000	100,600,000	
EU	Agriculture Growth Project	Value Chains - IAIPs		75,000,000			
AICS	Agricultural Value Chain Development	IAIPs		50,223,214	37,946,429		
WB	National Quality Infra-structure	Industry - IAIPs		50,000,000			
EU	LISEC - MLC Package	LISEC - MLC			8,091,518		
AfDB	IAIP Infra-structure Development Project	IAIPs			61,330,000	100,000,000	
EU	PROSEAD	IAIPs				270,038,000	
Poland	Bilateral	IAIPs					100,000,000
Various	PROSEAD Parallel Funding (AfDB, Italy, Korea Exim Bank)	IAIPs					122,850,000
EIB	MLC	MLC					100,000,000
AICS	Bilateral	MLC					17,920,000
GoE	Textile Sector Study	Textile			2,000,000		
GoE	Leather Clusters Infra-structure	Leather			790,000		
GoE	Third International Agro-Industry Investment Forum	Investment Promotion				473,934	
Total			150,000,000	325,723,214	313,157,946	471,111,934	340,770,000

10. ANNEX 3: PROJECT FACTSHEETS

THE FOUR INTEGRATED AGRO-INDUSTRIAL PARKS

Project Objective

To establish four Integrated Agro-Industrial Parks (IAIPs) together with 6 to 8 Rural Transformation Centres (RTCs) per IAIP to facilitate substantial value chain integration and mitigate the main constraints to investments in agro-industries (infrastructure, raw material supply, and trade logistics), while improving facilitation services for investors and support services to clustered firms and to farmers in the area.

Rationale

The improved investment climate alone has not been sufficient to attract investors to the agro-food processing sector in places where there is high economic potential (such as the Economic Growth Corridors), mainly due to lack of proper infrastructure. The Government of Ethiopia is using industrial zones as a tool to accelerate investment in labor-intensive sectors. The IAIPs can lead to the transition of the Ethiopian agricultural production from being fragmented and supply-driven, to becoming organized, safe, and demand-led and high-value oriented. The IAIPs could also be instrumental in creating an environment favorable to the transformation of small agro-food processing enterprises into medium-size companies; they can play this role by offering incentives such as modest plot lease fees, and financial assistance and training.

Main Project Activities in 2019 (PROSEAD)

IAIP Coordination

- Key IAIP project implementation platforms, such as the IAIP Project Steering Committees both at Federal and Regional Government levels, leading the implementation work of the IAIPs, have been established and regularly meet. The Federal Steering Committee is chaired by MoTI.
- Coordination platforms among all stakeholders, namely “IAIP Stakeholder Meetings” are established and are regularly held in the four regions, where RIPDCs and all development partners present their projects and programs, linked to the existing IAIP governance framework, ensure synergies and minimize the overlapping of interventions. Four meetings were conducted.
- Multi-stakeholder PROSEAD Coordination Meetings are held on regular basis in order to update on work streams implementation.
- Regional IAIP Coordinators are being deployed to their respective regions. Introduction between Oromia IAIP Coordinator and Oromia RIPDC was already held, while others are planned for Q1 2020.

Resource Mobilization for IAIP implementation

- The IAIP team actively participated in the PROSEAD project proposal development and funding negotiations, which was signed in July 2019.
- Similarly, the team participated in the African Development Bank IAIP-SP. The project is approved, and agreement was signed, submitted all required forms and requests and the follow up for first disbursement is ongoing.
- Sensitization work with other potential donors has been done and identification of potential areas of interventions/cooperation with partners is on-going.

Stakeholder Capacity Building

- Several IAIP awareness creation meetings were organized for government officials to minimize the effect of misunderstanding and information gaps because of very high turn-over.
- Two IAIP study tours for the high-level federal and regional government officials were organized (State Ministers, Regional Vice Presidents, CEOs and development partners),
- Mapping of key private stakeholders around the 4 pilot RTCs was conducted by UNIDO and RIPDC.
- MoTI and the 4 RIPDCs are setting up PMUs for the management of IAIP-related projects (PROSEAD, IAIP-SP, BMZ, AICS).

Monitoring the IAIP progresses

- Joint periodic project monitoring meetings with Government counterparts in order to identify correction measures and necessary professional advises for the local governments were held.

Project Objective

To contribute to the reduction of irregular migration from Ethiopia by creating greater economic and decent employment opportunities for young men and women through the development of the Modjo Leather City Industrial Park and the Ethiopian leather industry value chain.

Rationale

According to demographic projections, more than two million young Ethiopians enter the labor market every year. Lack of economic opportunities to absorb a large labor supply, coupled with marginalization, natural disasters, and food insecurity create a set of complex drivers that act as push factors for rural-urban migration as well as international migration. The opportunities for rural migrants in urban areas are limited, and life in cities frequently does not meet migrants' expectations, perpetuating the dream of international migration. The lack of economic opportunities being one of the major drivers of migration, there is a need to create long-lasting and decent employment opportunities in urban areas within economic priority sectors that add value and are export oriented, generate high employment, have potential competitive and comparative advantages, and have multiplier effects for other sector-related industries. Despite its impressive economic growth, Ethiopia remains at a very early stage in its economic structural transformation, and industrial sector expansion is essential for sustained long-term growth and poverty reduction. Thus, the Government of Ethiopia has developed a national industrial policy with a focus on the creation of several industrial and Agro-Industrial Parks on those economic sectors that potentially have the greatest benefit for the development of the economy. This proposal is anchored to the Modjo Leather City (MLC) Industrial Park, a park that has been envisioned by the Government of Ethiopia as an environmentally friendly leather industrial district.

Description

LISEC aims to reach its objectives by intervening on three interrelated axes: (i) Advancing economic competitiveness by strengthening the leather value chain; (ii) Environmental protection by facilitating financial investments towards the establishment of an eco-friendly leather industrial park in Modjo; and, (iii) Strengthening social cohesion by supporting economic and social development initiatives for women and youth living in Modjo area and enhancing industrial and labor relations in the MLC.

Main Project Activities in 2019

- UNIDO LISEC Project fully staffed and operational, action plans and KPI identified, baseline survey completed and project outline dissemination amongst core actors in the leather value chain undertaken.
- The Project Implementing Unit (PIU) identified the major immediate challenges faced by the tanning sector in Ethiopia to solid waste disposal and air pollution. Technologies that would mitigate environmental challenges for the MLC were also identified and grouped in order of the process guides.
- The project governance structure was finally operationalized with the inaugural meeting of the Project Steering Committee chaired by the State Minister, Ministry of Trade and Industry, H.E. Mr. Teka Gebreyesus. The 2nd meeting was also held.
- Inaugural 1st and 2nd Technical Working Group meetings held endorsing the project action plans and developed TORs for service delivery under the different project Outputs.
- Modjo City Administration are committed to the establishment, training and support of youth in productive sectors. This support was further demonstrated by the Modjo City Administration through the allocation to UNIDO LISEC two shades that had been constructed for the purpose of production and show rooms for SMEs in footwear and leather goods production common user facilities. These shades will be used for the development of MSME clusters in footwear and leather goods manufacture.
- Through continuous engagement between the PIU and Government Ministry's, the overall endorsement of the UNIDO LISEC project as well as the importance of the development of Modjo Leather City has received more focus and commitment at various levels of Government in understanding the requirement and need to ensure this development being critical to the sustainability of the leather industry.
- The project coordinated a Study Tour to Italy to visit Santa Croce sull'Arno. The team was led by State Minister, Ministry of Trade and Industry, H.E. Mr. Teka Gebreyesus and comprised of Senior Government offi

- cials from the Ministry of Finance, Industrial Park Development Corporation, Oromia Regional Government, Modjo city Administration, Ethiopia Leather Industries Association, Regional Environmental Protection Agency and the European Union Delegation – Ethiopia. Key output from the Study Tour is the Public and Private sector stakeholders commitment to expand the scope of the Modjo Leather City Development from the leather industrial park but to encompass the development of Modjo City as a Sustainable Leather City.
- Various interventions were conducted that focused on Technology awareness, Networking, Capacity Building and Enhancement of the Regulatory Framework.
- UNIDO LISEC Project was officially launched during the official opening of the 11th All Africa Leather Fair and Africa Source and Fashion Week.

Outlook for 2020

- The following deliverables are expected to be produced by the project: Restructuring of project partner slaughterhouses; Functional regulatory framework for hides and skins; Improved production of hides and skins; Productivity enhancement and diversification of production from tanneries; Improved environmental compliance of partner tanneries; Capacitating MSMEs in Modjo.
- Study tours to South Africa and Barcelona, Spain are expected to be held in 2020.
- Organization of training for youth in footwear and leather goods manufacture.
- Setting up of MSME clusters in Modjo.
- Monitoring and Evaluation plans and reports and gender mainstreaming and awareness activities.
- Development of Occupational Safety and Health interventions in collaboration with ILO.
- Development of E-learning courses in collaboration with UNIDO leather Panel.

CAPACITY-BUILDING AND JOB CREATION FOR YOUTH AND WOMEN IN THE TEXTILE SECTOR IN MIGRATION PRONE AREAS OF ETHIOPIA

Project Objective

To support the GoE in the creation of decent and productive job opportunities for young women and men through the development of strategic sectors such as the textile and garment industry.

Rationale

The Textile and Garment (T&G) sector is currently undertaking a rapid expansion driven by strategic interests of both the GoE and key international investors and offers considerable opportunities to create employment of basic operators, middle management staff, low-skilled labor in large factories, as well as medium and small entrepreneurial activities. In particular, the T&G sector is suitable to generate significant employment opportunities for potential migrants and especially for women, as their participation is mainly represented (80%) in T&G factories. One of the areas holding the most potential for prospective intervention is Tigray (Mekelle and surroundings), which holds the highest potential for expansion in the short to medium term due to the actual concentration of T&G industries in the area and construction of the Mekelle Industrial Park for Textiles and Garments.

Description

The project focuses on the development of local capacities (at managerial, technical and institutional levels) in the textile industry through a public private partnership approach. This project also responds to a specific Official Request sent by the Ethiopian MoTI for supporting the T&G sector. Finally, this project has also been articulated in line with the Valletta Action Plan under the chapter development benefits of migration and addressing root causes of irregular migration and forced displacement. Two priority areas will be targeted: 1. Enhancing employment opportunities and revenue-generating activities in regions of origin and transit of migrants to enhance the professional skills and employability of young people. 2. Facilitating responsible private investments in African agro-industries and boost intra-African trade and exports of products.

Main Project Activities in 2019

Project Coordination

- Project office in Mekelle Garment College (MGC) established and properly equipped and a Project Technical Advisor has been recruited based in MGC to guarantee the quality of the training.
- The 2nd Project Steering Committee (PSC) has been conducted in October 2019.
- The establishment of MGC Centre of Excellence (CoE) stakeholders' platform was finalized to reinforce coordination with key local stakeholders (ETIDI, Private company, MGC, Mekelle university, Regional Bureaus) throughout project implementation.
- Technical assistance has been provided to ETIDI and MOTI in the process of project activities implementation.
- Sectorial synergy with development partners working in T&G in the project area, such as GIZ, SINCE/VIS, has been assured in the area of training and development of manuals.

MGC Centre of Excellence

- A Center of Excellence for skill development in the T&G sector has been established:
 - » New technology such as sewing machine, cutter, ironing, fusing, air compressor, etc. has been procured, delivered and installed with a capacity of 200 trainees per round for six weeks' time.
 - » MGC CoE was officially inaugurated on September 19/2019.
 - » Renovation works of the MGC have been conducted.

Training Manuals

- New training manuals, including videos and exercises, have been developed and approved by the project counterparts and beneficiaries, such as:
 - » Soft skill training manual for both operators and midlevel management.
 - » Technical training manual for Basic Sewing Operators training.

- » Line supervisors training manual.
- » Project brochures have been prepared, edited and printed and distributed to all stakeholders of the project.
- Training material on basic gender concepts has been prepared.

Capacity building and exposure visits

- A 5 days training program on Sustainable Leadership has been organized for 9 high-level officials in Germany.
- A 4 days TOT on Soft Skill training has been provided for 20 participants drawn from Regional TVET, Labor and Social Affairs Bureau, MGC, TVET and wereda labor and social affairs office.
- A Study Tour to Bangladesh have been organized, conducted and sponsored for a delegation of 10 higher officials from ETIDI, MOTI, Textile Association, MGC, and Regional TVET bureaus for 7 days in Dahka.
- A 5 days TOT training on Line Supervisors has been conducted for 22 trainers from MGC, ETIDI, industries.
- Half a day TOT training on gender for 22 participants from MGC's instructors and industries' trainers has been provided.
- Technical Basic Sewing Operators training for about 325 direct beneficiaries has been provided.
- A local exposure visit for 10 participants from Mekelle stakeholders and ETIDI to visit Boli Lemi and Hawassa Industrial Parks and training centers in relation to the sourcing of manpower to the parks was organized.
- Machine maintenance training provided to 8 participants from ETIDI and MGC for a duration of 10 days.
- Soft skills ToT training on newly developed movies and methodologies conducted by enterprise partners for a duration of one day for 2 participants from MGC.

Sectoral Studies

- A Technical Support Needs Assessment Study was conducted and validated for small and medium T&G industries located in Mekelle town using questionnaires and checklists.
- A Survey Assessment Study on CAD-CAM has been done on existing 7 T&G industries located in Mekelle and approved by ETIDI and MGC.
- A Gender Assessment Study has been conducted on the T&G industry for the project area and validated by all related stakeholders.

Outlook for 2020

- Procurement and installation of additional machineries and equipment for the CoE mainly on middle level management such as CAD CAM.
- Develop training manuals mainly for mid-level management specifically product development component.
- Organize TOT on product development for MGC, ETIDI and industries' representatives.
- Organize and provide training to direct beneficiaries on Basic Sewing Operator, Line Supervisor, Soft Skill and Product Development in collaboration with MGC.
- Arranging and facilitating cooperative training for trainees to visit the industry during training period.
- Provide demand driven technical support to the local small and medium garment industries.
- Develop and implement full ERP system to ETIDI.
- Develop and implement database information system to the MGC CoE.
- Reinforce the technical capacity of ETIDI, MoTI and Textile Association.

PHASE 2 (EXTENSION) OF THE TECHNICAL ASSISTANCE PROJECT FOR THE UP-GRADING OF THE ETHIOPIAN LEATHER AND LEATHER PRODUCTS INDUSTRY

Project Objective

To increase the competitiveness and turnover of the Ethiopian leather footwear and products industry SMEs, through a cluster approach.

Rationale

The Ethiopian Government through the MoTI recognized UNIDO's competence and experience in:

- Developing and upgrading the Ethiopian leather and leather products industry, supporting SMEs through the creation and organization of networks, cooperatives of small production units through public and private partnerships;
- Aligning the project activities to the relevant policy strategies of the government;
- Considering international best practices and engaging with relevant stakeholders.

The project is in line with the Ethiopian GTP II, contributing to Ethiopia long-term strategy in terms of relevant thematic policies: specifically, poverty reduction, job creation and SMEs development.

Description

At a glance, the development of mature as well as organized SMEs' networks increases the income of the small production units as well as the quality of their products. This will also create positive effects on their ability to take advantage of the economies of scale as well as to access the services provided by local institutions.

Main Project Activities in 2019

- UNIDO have been continuing offering support to the leather clusters following a participatory approach in coordination with the Government's counterparts (MoTI, LIDI and FeSMMIPA).
- As a consequence of the second Project Steering Committee (October 2019), the project addressed the development of the business plans for Merkato, EIFCCOS and Kirkos' clusters aimed at setting up the suitable environment for analyzing the performance of the installed Common Production Line of shoes for EIFCCOS (May 2019) and preparing the creation of the Creative Hub, located in Addis Ababa.
- Capacity building trainings were provided for the clusters and governmental officials (e.g. quality control, entrepreneurship, cluster development, quality management) as well as the support delivered for participating to the national and international fairs and exhibitions (e.g. AALF and Fashion Week, New Year Exhibition, Easter fair etc.).
- UNIDO put a lot of efforts to create market linkages for its beneficiaries. In this regard, B2B visits for the LOMI and EIFCCOS clusters to a Kenya fair were organized aimed at strengthening business relationships with East African Countries.
- The construction works of the Creative Hub at FeSMMIPA compound was initiated in June 2019 and UNIDO is in the process to launch the bid for equipping and furnishing it according to quality technological standards already identified through specific assessments conducted.
- It is also relevant to mention the results obtained from the continuing synergies created with other development partners working on the leather sector (e.g. WEDP and SINCE program) for the establishment of a sharing platform composed of twenty women and refugees involved in the EIFCCOS common production line.

Outlook for 2020

- In addition to the annual activities promoted by the project (capacity building initiatives, participation to exhibitions, market linkages creation), UNIDO will promote the concept of cluster development to other regions of Ethiopia following the best practice experienced with EIFCCOS. Moreover, the Creative Hub will be inaugurated (around June 2020) underlining the PPP approach which will innovatively constitute the management framework of the hub.

INCREASING THE SUSTAINABILITY AND INCLUSIVENESS OF THE ETHIOPIAN COFFEE VALUE CHAIN THROUGH PUBLIC AND PRIVATE PARTNERSHIP

Project Objective

To increase the income of smallholder farmers deriving from sustainable production, processing and marketing of the Ethiopian coffee.

Rationale

Ethiopia represents the origin of coffee and is the only place in the world where coffee grows spontaneously in forests. Coffee (which is 100% Arabica and Organic) represents a major source of cash income and employment for millions of Ethiopian families: about 20 million people live from coffee production and processing, and green coffee represented about 31% of the commodity export revenues in 2017.

Even though the Ethiopian coffee is well known and appreciated in all the world due to its unique flavor and aroma, the country doesn't fully benefit from the production of coffee. As a matter of fact, Ethiopia mainly produces and exports coffee as green beans, while most of the value added in coffee derives from the secondary processing (roasting and packaging). As data shows, in Ethiopia the roasted coffee sector is not well developed and it represents less than 3% of export value.

By using its overall value-chain approach which seeks to address the major constraints at each level of the supply chain, rather than concentrating on just one group (e.g. producers) or on one geographical location, UNIDO project aims at addressing the major gaps in the Ethiopian coffee value chain, including the lack of professional training opportunities, poor coffee processing and roasting practices, low recognition of the quality of the Ethiopian coffee.

Description

The 'Improving the sustainability and inclusiveness of the Ethiopian coffee value chain through Private and Public Partnership' Project is funded by the Italian Agency for Development Cooperation (AICS) and implemented in coordination with the Ethiopian Coffee and Tea Authority (ECTA) and in cooperation with illycaffè and Ernesto Illy Foundation.

The project aims to "increase income of smallholder farmers deriving from coffee" and unfolds over four outputs: (1) The coordination among the coffee value chain actors is improved, (2) The volume of roasted exported coffee is increased, (3) The quality of exported coffee is increased, and (4) The quality of the Ethiopian coffee is internationally recognized.

More specifically, the project is:

- Building capacities for farmers (best coffee agronomic, processing and post-harvest practices) and cooperatives (social and environmental sustainability, cooperative and financial management) to increase coffee production and quality;
- Establishing 15 Input Provision Centres, one for each target cooperative in Delo Mena and three in Aleta Wondo
- Renovating old cooperative's coffee washing machineries in Aleta Wondo, so to increase coffee quality while enhancing efficiency and environmental sustainability;
- Establishing 13 Coffee Drying Centres (CDC) in Delo Mena, each comprising of about 20 drying beds and one temporary storage;
- Creating nursery sites in Aleta Wondo for the production of high yield and disease-resistant coffee varieties (distributed to farmers);
- Supporting Farmers' Cooperative Unions (Sidama Coffee Farmers' Cooperatives Union - SCFCU - and Burka Yadot Farmers' Cooperative Union - BYFCU) in creating new market linkages and in adding value to the coffee produced in Ethiopia;
- Building capacities for the Ethiopian Coffee and Tea Authority (international study tours to coffee exporting/importing countries);
- Developing business plan and comprehensive communication strategy for Ethiopian Coffee and Tea Authority (ECTA);
- Establishing the Coffee Training Centre (CTC) in Addis Ababa within the premises of the ECTA in partnership

- with illycaffè and Ernesto Illy Foundation, and based on the model of the Università del Caffè;
- In partnership with Ernesto Illy Foundation, assigning one full scholarship every year for an Ethiopian student to attend the Master in Coffee Economics and Science in the University of Coffee of Trieste, Italy.

Main Project Activities in 2019

- First export of coffee of Burka Yadot Farmers' Union.
- Overall, agronomic training delivered to 9,364 smallholder farmers.
- Delo Mena: 10 Coffee Drying Centres (CDC) established.
- Aleta Wondo: 3 Coffee wet mill renovated.
- One full scholarship assigned.

Outlook for 2020

- Establishment and inauguration of the Addis Ababa Coffee Training Centre (in ECTA HQs).
- Agronomic training delivered to 9,000 farmers.
- Construction of 4 CDC in Delo Mena.
- Renovation of 6 coffee wet mills in Aleta Wondo.

TECHNICAL AND INSTITUTIONAL CAPACITY BUILDING FOR INCREASE IN PRODUCTION AND DEVELOPMENT OF THE AQUACULTURE AND FISHERIES VALUE CHAINS IN ETHIOPIA

Project Objective

To promote fisheries value addition with a long-term agenda of sustained nutritional food security, transformation of rural livelihoods and enhanced export market access.

Rationale

This project was proposed on request of GoE – Former Ministry of Fisheries and Livestock Development (MoFLD) then Ministry of Agriculture, and MoTI, to support the implementation of the Industrialization-led National Agriculture Transformation Plan (ATP) and related sector strategies. The project is linked to the implementation framework of the Integrated Agro-Industry Parks strategy, and the Aquaculture and Fisheries Sector Development Strategy.

Description

The project aims to develop institutional capacity via the establishment of a Fisheries and Aquaculture Training and Vocational Institute (FATVI) to support an upgraded fisheries sector; and contribute to the establishing of national human resource capacity for the sustainable promotion, efficient use and management of the fisheries sector and developing of associated fishing support industry and fish processing value chains.

The project is establishing services and facilities for integrating the predominantly small scale and subsistence fisheries value chains in the economy. Considering the number and geographical coverage of Government institutions, academia and research in fisheries, the project fills the gap of limited skills training on diversification through fish processing, and develops the nexus of fisheries to high growth sectors such as tourism. Another project intervention is the implementation of a demonstration production unit for fisheries diversification, such as gear implements, wherever possible using disposable plastic scrap.

The project also targets institutional capacity building by assisting in the establishment of relevant institutes' operational guidelines, training courses, materials and staff capacities. The established and/or upgraded service centers of FATVI will be equipped with machinery and tools appropriate for training operators and service providers in fishing, post-harvest handling and processing of fish catch.

Main Project Activities in 2019:

- Inception report validated and endorsed by the Project Steering Committee (PSC) including annual work plan, budgets and monitoring and evaluation (M&E) plan. Five PSC and four TC meetings carried out.
- Trainings on fish product quality, fish handling and preservation provided for 200 participants.
- Communication and visibility strategy including tools, target audiences and frequency drafted and endorsed by PSC, preliminary design requirements for project website drafted, press release, articles and banners issued during launch, participated in 2nd Agro-Industry Investment Forum as a UNIDO PCP project.
- Project Manager (PM) mission to conclude site propositions carried out into two potential sites and a third fish marketing and ecotourism proposition. Formal request for sites placed onto city admin deputy mayor for economic development and also with the director for infrastructure development. PM consultations carried out with city admin officials, Amhara Entrepreneur Development Centre (EDC), SMEs and women fish traders for potential rehabilitation and development of marketing, processing and landing sites. Implementation in progress.
- ASTU experts delivered preliminary layout and specifications for FABDC blocks including cage aquaculture line propositions along the costal lines of Lake Tana. Limnology data, depth measurements and observations carried out onshore Lake Tana. Final designs and BoQs in progress.
- ASTU experts carried out knowledge and skill levels assessment on fisheries studies in Bahir Dar University College of agriculture to craft short-term trainings for vocational trainers.
- Pilot trainers training carried out for 22 extension staff, experts, private sector, SMEs, vocational trainers

- and researchers in Bahir Dar on potential value-added products, food safety guidelines and fish product quality standards as well as quality certification and access to market.
- All required data gathering and assessments carried out in Bahir Dar and Addis to provide business plan and feasibility for the center, delivery to progress.
- Assessment of catchment ecology, spawning and stock requirement of the water resources in the target area undertaken by IEERAS, delivery of recommended strategy and report to progress.
- Four potential private sector and business partners identified in the areas of feed processing, gears manufacturing and input supply as well as in aquaculture business to involve into supply of inputs as well as investment collaboration.

Outlook for 2020

- To move forward as per action plan (see ongoing activities as per section above).
- Review and clearance of Terms of Reference for delivery of construction and visibility services as well as supply of equipment to FABDC.
- Develop FABDC strategy, endorsement of draft organizational structure and draft curriculum so to finalize selection of ToTs to staff FABDC when completed.
- Organize one study-tour to Astrakhan.
- Review and implement rehabilitation plan to existing women fish market and processing facility as well as an identified pilot fish landing site.

AMHARA DAIRY FOR DEVELOPMENT (D4D) PROGRAMME

Project Objective

To create jobs in Amhara region through the upgrading of the livestock sector, addressing the dairy sub-sector.

Rationale

Improving the productivity from the dairy value chain will create jobs, reduce poverty and help stem irregular migration in the region. Beyond the impact on rural people, the transformation of the agro-food sector has the potential to impact positively on urban consumers through improved dairy products at more competitive prices.

Description

The inception phase of the 10-year Government of Ethiopia (GoE)-United Nations Industrial Development Organisation (UNIDO) Dairy for Development (D4D) Programme was launched in mid-2018 with an overall goal of reducing irregular migration in the country. The Ethiopian livestock sector and the related dairy industry has high potential given its human and livestock populations, but is challenged by low productivity with demand for milk, especially ready-to-drink milks, exceeding supply at certain times of the year leading to increasing imports. Conversely, at other times due to the approximately 200-day fasting periods, milk supply can exceed demand.

Milk is a strategic food commodity in Ethiopia. Per capital consumption of milk and dairy products is estimated at 20 liters of milk equivalent annually, about half Sub-Saharan Africa as whole. Dairy imports, chiefly milk powder, amounted to ETB 1.6 billion (USD 57.5 million) per annum over the decade to 2016, roughly equal to 6.3 percent of consumption; possibly more than half the non-traditional dairy market.

As part of the UNIDO Country Partnership Programme for Ethiopia (PCP-ETH), and in response to the request to build capacity to upgrade the livestock value chain in Ethiopia, the D4D Programme has five components aimed at strengthening the dairy sector in Amhara region (see D4D roadmap).

- Establishing a dairy processing firm in an integrated agro-industrial park (IAIP);
- Establishing rural transformation centers (RTCs) for dairy collection and primary processing;
- Building the capacity of dairy sector producers;
- Dairy enabling environment;
- D4D Programme management and coordination.

The D4D Programme is supporting Ethiopia's own priorities for agriculture-based economic growth by strengthening the dairy value chain. It will complement initiatives in the country; linking them to the on-going downstream Rural Transformation Centre (RTC) and Integrated Agro-industrial Park (IAIP) Programme.

The inception phase is funded by the Austrian Development Agency. It will develop the D4D Programme in full wherein data and information for the full development of the five components will be collected, analyzed and used with partners and stakeholders to craft detailed component work plans.

The D4D Programme contributes to the Second Growth and Transformation Plan for the period 2015-2020. In addition to the IAIP and RTC programme, D4D will coordinate with the Second Agricultural Growth Programme, the Agricultural Commercialization Cluster Programme and the Livestock Master Plan

Main Project Activities in 2019

- Pre-Feasibility Study, Executive Summary & Project Profile for Dairy Processing Plant to be established in Bure IAIP has been prepared and submitted by Mahindra Consulting Engineers, Ltd, India in June 2019. The Pre-Feasibility Study & Inception Report (IR) are reviewed and cleared by MoLAR.
- Pre-Feasibility Studies, Executive Summaries & Project Profiles for the establishment of Dairy Processing Plants within the IAIPs in Baeker / Tigray & Bulbula / Oromia Regional States have been prepared and submitted by Mahindra Consulting Engineers, Ltd, India in November 2019.

Outlook for 2020

- Conducting similar pre-feasibility study for a dairy processing plant for the one remaining IAIP in SNNPR/ Yirgalem. This is expected to be covered by other ongoing IAIP projects.
- Conduction of validation workshops for the pre-feasibility studies for the four IAIPs and also deliver a D4D trainers' training workshops.
- Conduction of investment promotion for the dairy processing plants in all four IAIPs in the next Agro-Processing Investment Forum.
- The D4D Programme is now closed after no cost extension since September 2019 and solicitation for funds and implementation of the D4D Second Phase as planned in the Inception Report (IR) has to progress.

UPGRADING THE LIVESTOCK VALUE CHAIN IN ETHIOPIA

Project Objectives

To prepare a livestock sector upgrading programme for a selected region in Ethiopia.

Rationale

Ethiopia has 59.5 million head of cattle and ranks first in Africa and fifth in the world in terms of livestock population. However, this potential is not adequately utilized, among other things, due to the limited capacity of value chain actors to upgrade the production system. This undermines the competitiveness of Ethiopia's meat products in the global markets. Ethiopia's global meat market share is negligible, with 1.3% on average, of which the share of beef export is 0.5 percent in 2015.

Description

The livestock sector development is one of the key priorities of the PCP-Ethiopia and the Growth and Transformation Plan (GTP I & GTP II). The development of livestock industry has the potential to play an important role in Ethiopia's socio-economic development, particularly in pastoralist and agro-pastoralist areas. However, the key value chains based on cattle – red meat, dairy and leather – continue to face constraints that are hindering their growth and export potential.

In response, UNIDO is developing a large-scale programme to address the value chain red meat, dairy, and hides and leather sub-sectors in a selected region of Ethiopia. The programme is to be rolled-out phase by phase and the project "Upgrading the livestock value chain in Ethiopia" (160252) addresses only the initial phase of the programme. Activities under the initial phase will include the collection, collation and analysis of baseline data and information obtained from stakeholders; value chain analyses; benchmarking best experiences; establishment of project management and information sharing platform; inventory of all livestock sector-related projects or programmes and assessment of the technical capacity of counterpart institutions.

These activities will not only inform the programme document, but they are also concrete outputs and can be used to leverage additional development funds to support the development of the livestock sector in Ethiopia.

Main Project Activities in 2019

- A Joint Declaration was signed between the Minister of Agriculture of Ethiopia, the Minister of General Administration of Custom of China and UNIDO Representative and Director of Regional Hub in Ethiopia on behalf of the Director General on 14 November in Addis Ababa. The agreement will support improving the agricultural system in Ethiopia, in particular the livestock value chain development so as to create a modern and a highly productive agriculture system and promote trade.
- A funding agreement (USD 2 million) was signed for the new project 'Capacity building for upgrading livestock value chain in Ethiopia' (170180) which form the continuation of the current preparatory phase. Through this funding agreement the Government of China intends to contribute USD 2 Million from South-South Cooperation Assistance Fund (SSCAF) towards the project. An "implementation agreement" to be signed to release the funds.
- Establishment of a joint technical working group encompassing directors and senior experts from Ministry of Agriculture of Ethiopia and General Administration of Custom of China. Both institutions assigned technical experts that form part of the joint technical working group and they are currently providing technical guidance for the implementation of the project including planning of joint trainings, policy advice and preparation of implementation action plan for incoming livestock project with SSCAF.
- The 3rd livestock sector development workshop was organized on 12 March 2019 at UNIDO Headquarters, in Vienna with the participation from the General Administration of Custom of China (GACC), CGCOC Ethiopia Ltd. and UNIDO, including PCP Cambodia, PCP Ethiopia, and PCP Morocco. The workshop highlighted the cooperation and implementation modalities of the livestock project in Ethiopia and prioritized activities to be implemented in 2019.
- Consultations were also held with the CGCOC Ethiopia Ltd. and Huajian Group (private enterprises) regarding investing in the processed meat value chain in Ethiopia. In particular, CGCOC Ethiopia agreed

- to work jointly with UNIDO in areas related to establishment of disease-free zone, pilot exportation zone, and livestock agro-processing industrial park. It was proposed that within the framework of the livestock project, UNIDO can provide capacity building support for the establishment of Pilot Exportation Zone and Disease-free Zone in Ethiopia, including through improving the legal framework of inspection and quarantine, disease prevention and control system and the formulation of relevant export standards.
- Re-prioritization of the project to include the export of processed or cooked meat in addition to the original plan which focused on the export of raw meat to China.

Outlook for 2020

- Create linkage with similar national and regional initiatives, particularly with IAIPs development.
- Organize a high-level meeting between UNIDO, GACC and Ministry of Agriculture of Ethiopia in the first quarter of 2020.
- Providing capacity building training for technical experts working in the livestock sector.
- Organize a study tour for officials and experts working in the livestock sector of Ethiopia.
- Signing project implementation contract with China International Center for Economic & Technical Exchange (CICETE) for the implementation the pipeline livestock project with SSCAF.
- Preparing a TOR for Joint steering Committee and a detailed implementation action plan for the pipeline livestock project with SSCAF.
- Conduct (pre-)feasibility study for the processed meat/cooked meat value chain.
- Finalize and endorse livestock sector development programme/strategy document.

UNIDO INVESTMENT AND TECHNOLOGY PROMOTION OFFICE (ITPO) ADVISORY PROGRAMME IN ETHIOPIA - ITPO TOKYO AND ITPO KOREA

Project Objectives

To support countries in the region including Ethiopia in their efforts to achieve inclusive and sustainable industrial development by promoting foreign direct investment (FDI) and technology transfer from Japan through various activators.

Rationale

The Advisory Programmes provide Japanese and Korean enterprises and potential investors with professional consultancy services by way of information dissemination, arrangement of meetings with government agencies, support for match-making with local partners, and facilitation of visits to local companies.

Description

The program work hand –in-hand with Japanese and Korean potential companies and local partner companies in order to attract investment, partnerships, and technology transfer to each country. Besides, local government partner organizations such as investment promotion agencies, ministry of Trade and Industries, Ministry of Foreign Affairs offices, Small and Medium Enterprises development agencies and Chambers of Commences and sector associations are among the major institutions the advisory program works very closely for the attainment of its objectives.

Main Project Activities in 2019

ITPO Tokyo

- More than 30 potential Japanese investors and Japanese companies are given consultation and facilitation services in their effort to gather detailed information on the overall investment environment of Ethiopia as well as opportunities in their chosen and specific sectors.
- Support services are provided to four Japanese companies to undertake feasibility studies in the sectors of their interest.
- Support and facilitation services are provided to one Japanese company in testing the implementation and impact of its organic fertilizer in a flower farm in the Oromia regional State.
- Close follow up and support services are given to Japanese Dairy Processing company in the establishment of its plant in SNNPRS, Sidama Zone.
- Matchmaking activities are facilitated to Japanese trading companies with local firms.
- Support and facilitation services are provided to seven existing Japanese companies who are already operational in Ethiopia.
- Organized two different workshops in the Automotive and Textile sectors in partnership with Ministry of Industry of Ethiopia, JICA and GRIPS of Japan. With this workshop, Japanese industries in the specified sectors shared their experience and discussions were made on opportunities and challenges in considering Automotive Assembly in Ethiopia and production of Quality Garment products to potential Japanese market.
- Mobilized Ethiopian Companies and enabled them to participate in the B2B session organized by UNIDO ITPO Tokyo during TICAD 7 in Yokohama, Japan. As a result of our B2B discussion in Japan, participating local firms have already establishing business ties with Japanese companies.
- Successfully promoted and Introduced UNIDO ITPO Tokyo's STePP at Ministry of Science, Technology and Innovation, Ministry of Water and Energy, Ministry of Health of Ethiopia.
- ITPO Korea
- Recruitment of a National expert and embedded in EIC for assistance and close follow up on investment promotion and facilitation activities.

Outlook for 2020

In line with the overall objective of UNIDO ITPO Advisory, the following are planned to be implemented in 2020:

- Providing efficient support to operational projects of Japanese/Korean companies in the Ethiopia;
- Plan and carry out stronger support and facilitate activities of Japanese/Korean companies' projects which are under formation and those in the study phase;
- Strengthening the promotion of investment and trade; opportunities of Ethiopia to potential Japanese/Korean companies through different ways and methods;
- Carryout technology promotion activities of selected (suitable) Japanese/Korean technologies for the country;
- Organizing Ethiopian Delegate program in Japan and Korea;
- Organizing Business/investment seminar where existing and potential Japanese/Korean companies can take part;
- To work very closely with private sector associations and investment promotion agencies in Ethiopia and facilitate Japanese/Korean companies' participation in the planned investment and business seminars/exhibitions;
- Participating in national and international trade and investment seminars and forums including TICAD 7;
- Strengthen working relationship with relevant local government offices, development partners and private sector associations in support of existing and potential Japanese/Korean companies.

ENHANCING LOCAL CAPACITY AND PROMOTING ULTRA-LOW HEAD MICRO HYDRO POWER (ULH-MHP) TECHNOLOGIES FOR PRODUCTIVE USES IN ETHIOPIA

Project Objectives

To promote Ultra-Low Head Micro Hydropower technologies for enhancing access to energy for productive uses and building local capacities in Ethiopia.

Rationale

Low-Carbon Low-Emission Clean Energy Technologies (LCETs) emerged as potential solutions that can address three key global challenges of energy poverty, jobs creation and climate change. UNIDO and the Ministry of Economy, Trade and Industry of Japan (METI) are implementing this collaborative global programme to promote the rapid deployment and dissemination of LCETs technologies through demonstration projects, capacity-building and knowledge management.

Description

The project aims to safe-guard the human and environmental health of the off-grid residences so as to enhance wellbeing and productivity. In practical terms, the project is to create employment through value addition of agricultural products using low carbon low emission green energy technology. Furthermore, increases irrigation schemes efficiency through energy production.

The project is under implementation in partnership with Federal Government of Ethiopian (GoE), state government of Oromia and UNIDO.

The project, with the following five components, is heading to its closure:

- Technology Demonstration;
- Productive Uses application - promoting energy for job creation and productive activities;
- Capacity Building and Business Model development - ensuring local ownership to address sustainability aspects;
- Knowledge Management – lessons-learned, best practices;
- Advocacy and inputs for the policy intervention for scaling up of innovative energy solution in Ethiopia.

Main Project Activities in 2019

The project which was launched in 2014 is technically finalized. Since the project activities are implemented the only change is related in the handing over process of the results registered so far. Accordingly, meetings with the leadership of the Ministry of Water, Irrigation and Electricity and Oromia Water and Energy Resource Development Bureau, has been conducted.

- Transfer the responsibility of managing the site to Oromia Water and Energy development Bureau. Accordingly, introductory site visit and presentation is forwarded for the newly assigned officials and experts. As a result, the regional energy bureau and zone are following the site condition of the energy generation unit in Fentale.
- Awareness, capacity building and scaling up. With an objective of scaling up the use of the ULH-MHP technology, key sectors awareness workshop is conducted in the presence of the state minister, MoWIE. On the occasion, directors from Ministry of Industry, agriculture and financial institutions has participated.
- Specific to local manufacturing and bulk use of the ULH-MHP technology for irrigation scheme operation, the manufacturer SEABELL international and Ethiopian Constriction Works Corporation have establishing a strategic alliance for capacity development and local manufacturing.
- Productive Uses of Energy. The business plan commissioned by UNIDO is under implementation by Oromia Water and Energy resource development Bureau. The long-awaited community water purification plant and agro processing facility construction is started.

Outlook for 2020

Referring the original objective of the project, the following activities will be performed:

- Facilitation of the construction of the Agro processing plant;
- Finalizing the Handing over of the system to users;
- Reinforcing of a networking and capacity building hub for ULH-MHP technology
- Promotion of the ULH-MHP at a national level to key stakeholders with the objective of scaling-up and local production
- Establishment of monitoring and evaluation system.

Project Objectives

To improve water supply, public health and general environmental quality by introducing an innovative Japanese water sanitation technology. This technology which utilizes environmentally friendly slow sand filtration and photovoltaic electricity generating system. Thus, is

- to provide clean water through solar powered water purification technology
- to develop technical capacity of the community to independently operate the system & improve awareness on public health

Rationale

The threatening climate induced water shortage in Ethiopia is adding up to the problem indicating the necessity for a climate resilient water sanitation and supply. Innovative water purification technologies have emerged as potential solutions to the challenges at hand and promote social equality and economic growth and have further positive externalities: health cost-effectiveness, safety and security, less water pollution, greater dignity and equality between men and women, nutrient reuse, tourism, and business, etc.

Description

The project is intended to provide an option to address the potable water need of the off-grid community (especially those residing near and around the rural primary collection and aggregating centers).

The overall project objective will be achieved through technology demonstration, removal of existing barriers in access to information and technical knowledge, capacity building to better absorb and domestically replicate such technologies, knowledge management activities, identification of viable, innovative and suitable business models.

The project expected outcomes are:

- Provision of clean water through solar-powered water sanitation system
- Develop technical capacity of the community to independently operate the water sanitation system and improve awareness on public health

Main Project Activities in 2019

- Project Document signed and implementation started.
- Technology demonstration site identified and installation is partially completed.
- To capacitate experts and community, awareness on the technology, gender, operations and maintenance was conducted.
- An international Exposure visit to Indonesia was conducted to enable Water Development Commission leadership and experts on adaptation, planning and implementation of the technology to the Ethiopian context.

Outlook for 2020

- Commission the technology and handover the treatment plant to the end users.
- Support the ownership structure.
- Facilitate scaling up the use of the technology (for wider dissemination).

TRAINING INSTITUTE FOR COMMERCIAL VEHICLE DRIVERS IN ETHIOPIA: A PRIVATE PUBLIC PARTNERSHIP PROJECT TO SUPPORT SPECIALIZED SKILLS DEVELOPMENT IN ETHIOPIA

Project Objectives

To provide youth (women and men) with skills that will enable them secure long-term sustainable income; To help strengthen professional commercial vehicle drivers training in the country to meet the increasing demand of the transport, construction, agriculture and mining industries (private sector); to support the efforts of the government to scale-up the experience of demand driven, vocational training and review policies accordingly.

Rationale

Pushed by the rapidly growing economy, demand for new commercial vehicles and skilled drivers will increase sharply in Ethiopia in the near future. The commercialization of agriculture, fast increasing quantity of trade, mining, housing, roads, airports construction and the ongoing and planned mega-projects of dams, irrigation schemes construction are helping to drive economic growth. However, with expansive territories to cover, and long handling chains between farmers in rural areas and processors in urban areas, high post-harvest losses are common. Efficient transport is important in reducing such losses and professionally trained drivers are key to efficient transport.

As a land-locked country with a population of close to 100 million, limited and dysfunctional rail infrastructure totaling 681 kilometers (km) and 18 airports with paved runways, Ethiopia is highly dependent on road transport for the movement of passengers and freight.

With 65 fatalities per 10,000 vehicles, Ethiopia has one of the highest fatality rates per vehicle in the world. The majority of accidents are attributed to limited driving skills. The government plans to reduce this rate to 27 per 10,000 vehicles by the end of the GTP II in 2020.

Description

With the view of alleviating the above-mentioned challenges UNIDO has partnered with Selam Children's Village (SCV), Swedish International Development Cooperation Agency (Sida), Volvo Group and Federal Transport Authority to support the establishment of a Commercial Vehicles Drivers (CVD) Training academy in Ethiopia. This will provide an important step in meeting the demand of private sector transport companies in the country. The project aims at creating productive employment opportunities for Ethiopian youth in commercial vehicle driving and improving the shortage of skilled labor in the transport industry. The project will contribute toward reducing the alarming numbers of road traffic accidents in the country that is leading to an increasing loss of life and property.

The training school will provide up to two years of training for up to 40 regular trainees annually. It will also undertake short term modular training for at least 480 drivers annually from different companies around the country. The revenue generated from the fees charged for the short-term modular training will be an important contribution to making the school financially sustainable.

Main Project Activities in 2019

- During the period, work was focused on activities related to establishing the training institute and making it operational. The bulk of the work was related to completing the infrastructure works, i.e. the rehabilitation of the school building and earth works for the training ground, but also other activities such as furniture and ICT equipment, improved internet connection, complementing training vehicles, recruitment of instructors and completing the baseline survey. This was achieved in time for the official inauguration in March 2019. At the same time the project progressed to its next phase, start of training.
- All three planned types of training were started; regular training, short-term training and training of future instructors. With the start of short-term training, the academy is already generating revenue and work is on-going to developing a sustainability business plan. The academy's instructors were also provided training and work on setting up a staff development plan to assist continuous development of the MISALE instructors' competence is on-going.
- During the period several activities that are carried out jointly with the Federal Transport Authority were started. An important activity is the training of persons who want to become certified driving instructors themselves. The project is also working with FTA to contribute with setting the standard for what is required

- by driving schools to get a license and on improved testing methods for CVD trainer qualification.
- The project has also started work on awareness raising both specifically directed at transport companies and at the general public. Efforts were made to build the partnership and close interactions were held with the Federal Transport Authority, the Addis Ababa City Administration Transport Authority, the federal TVET, with Selam Childrens' Village and with Volvo and Sida.

Outlook for 2020

- Continue with staff capacity development.
- Delivery of Training (Regular, short-term skills upgrading and training of certified trainers).
- Conduct cooperative training with transport industries.
- Conduct Road safety awareness raising activities.
- Assist the government in developing standards for testing and certification procedures.
- Conduct HIV awareness raising among the cross-country long-distance vehicle drivers.
- Scale up of best practices to regions.

Project Objectives

To contribute to reducing irregular migration from Northern and Central Ethiopia by improving the living conditions of the most vulnerable population, including potential migrants and returnees with specific focus on youth and women.

Rationale

The SINCE Programme stems from the Valletta Action Plan and is financed under the European Union Emergency Trust Fund for Africa (EU Trust Fund) addressing the root causes of irregular migration and displacement in Africa and is managed by the Embassy of Italy in Addis Ababa in the quality of Contracting Authority.

SINCE is aligned with key Ethiopian flagship programmes among which the Agricultural Growth Programme II, the Education Sector Development Programme and of course the GTP II. In this prospect, SINCE intends to foster a more inclusive economic environment across the region and to create a more conducive environment for migrants return and reintegration by enhancing the living conditions of potential migrants and returnees through the reinforcement of existing value chains and cluster of enterprises, on the job training and capacity development of the target population in the main migrant prone woredas and regions of the country and in particular in rural towns and urban areas in Northern and Central Ethiopia.

Description

The Contracting Authority (Embassy of Italy) and UNIDO, work within an overall framework to implement the EU's international cooperation and development assistance based on the following principles underlying the monitoring, reporting and evaluation chain with respect to the implementation of EUTF SINCE Programme, requiring an organised flow of information that serves management, accountability and learning purposes:

- Information on the performance of EUTF SINCE projects throughout their implementation and on their results at output and direct outcome levels through monitoring and reporting on implementation as well as more in-depth assessment of implementation issues through project monitoring missions and evaluations where and when needed;
- In-depth assessment of both results at outcome and impact levels, and of sustainability of the projects and programmes and their value added, through individual final or ex-post project evaluations to take place at the end of or after project implementation;
- In-depth assessment of regional, zonal, woreda and thematic strategies and of instruments through strategic evaluations.

Main Project Activities in 2019

- Fine-tuned the entire Programme Monitoring System.
- Rolled the Gender Monitoring System.
- Supported the Programme with over 22 Monitoring Missions.
- Built synergies with UNIDO Textile Project in Mekelle to train and facilitate job access to over 400 women within the 18 – 25 age group.
- Built synergies with UNIDO leather project reinforcing EIFCOOS Cluster in Addis Ababa to train beneficiaries on the leather value chain.
- Built synergies with IOM in support of returnees in Amhara Region coinciding with the same woredas of intervention of SINCE Programme.

Outlook for 2020

- Ensure full fledge of SINCE Programme through UNIDO's Monitoring mandate.
- Technically support the 26 implementing partners with respect to the SINCE Programme targeted value chains (Metal Works, Textile, Leather, Construction and Agri-business).
- Provide technical support to the Embassy in Italy in Addis Ababa in monitoring the Programme.
- Supervise the IPs in ensuring that 8200 direct beneficiaries' access waged employment.

Project Objective

To bring more youth and women to contribute, as entrepreneurs, to the sustainable and inclusive industrial development of Ethiopia and to create job opportunities, which reflects UNIDO's mandate of promoting Inclusive and Sustainable Industrial Development (ISID).

Rationale

The majority of Ethiopia's population is under the age of 24, and population dynamics have shown a doubling in the total labor force over the last two decades. And although GDP growth has been promising, it has not translated into job opportunities needed for the present workforce as well as for the bulge of youth entering the workforce in the coming years. Overall, women's participation in the industrial sector accounts for only 27.9%, whereas women represent 60% of those engaged in the informal sector. The Ethiopian youth, particularly young women, constitute the bulk of urban unemployment and accounts for the largest proportion of both international and internal economically driven migration, rural-urban migration. With the large numbers entering the labour market every year, the socio-economic integration presents a great challenge for Ethiopia, and fuels the increasing levels of working migrants seeking employment. The main reasons underpinning youth and women unemployment and consequently amplifying the challenges posed by migratory movements include the limited expansion of formal employment opportunities, lack of entrepreneurial opportunities, including access to finance, and mismatch between job opportunities and available skills.

Description

The youth and women entrepreneurship promotion (YoWEP) project aimed at supporting the efforts of the Government of Ethiopia in addressing the challenges of unemployment among youth and women and the consequent rise of economically driven migration through the promotion of self-employment and entrepreneurship. By promoting the creation and development of youth- and women-led enterprises in the strategic industrial sectors, opportunities for formal employment and productive work for youth and women will be improved. By enhancing the capacities of aspiring and existing youth and women entrepreneurs, and of selected support structures including financial institutions, the entrepreneurs will be provided with the adequate tools to contribute as agents of change to the sustainable development of Ethiopia. The project thus tackled the problem by reinforcing the capacity of selected intermediary structures (incl. FSMMPA) to provide adequate services to promote the creation and development of sustainable enterprises. Furthermore, the project focused its last year efforts in strengthening the policy dialogue for entrepreneurship development, enhancing the regulatory and institutional framework in the areas of entrepreneurship, by developing a National Entrepreneurship Strategy (NES), an implementation plan, and by setting up coordination and monitoring mechanisms.

Main Project Activities in 2019

- The National Entrepreneurship Strategy has been validated during a 2-days national consultation in July 2019 and further endorsed by the Ministry of Trade and Industry in October 2019.
- An action plan for the implementation of the NES has been drafted during the said national consultation workshop and further developed.
- A mapping of on-going and planned initiatives has been conducted to identify the current effort for the development of the entrepreneurial ecosystem and the gaps.

Outlook for 2020

- A phase two of the project is currently under conception for the implementation of selected recommendations under the National Entrepreneurship Strategy.

SUPPORT TO BUSINESS FRIENDLY AND INCLUSIVE NATIONAL AND REGIONAL POLICIES, STRENGTHENING PRODUCTIVE CAPABILITIES AND VALUE CHAINS

Projects' Objective and rationale

To provide investment promotion support to investment promotion stakeholders in Ethiopia.

Rationale

This Project represents the meso-level component of a larger Programme "Supporting business-friendly and inclusive national and regional policies, and strengthening productive capabilities and value chains". The Project focuses on institutional capacity building of the Ethiopia Investment Commission and other investment promotion institutions. Capacity building will aim at strengthening investment promotion capabilities, business support programmes, marketing, monitoring, and partnerships encompassing investment promotion efforts. Based on a robust empirical foundation of FDI firm-level investor data, which will be collected/updated through the Project, IPIs will be able to better monitor FDI and its various impact channels necessary to achieve country- and regional-level Sustainable Development Goals (SDGs). Investment project profiles will be collected for global dissemination to potential foreign direct investors leveraging UNIDO's Networks such as the Investment and Technology Promotion Office (ITPO) Networks and the Network of Subcontracting and Partnership Exchange (SPX) Centres.

Main Project Activities in 2019

UNIDO held a first inception mission to the country in September 2019. The objective of the mission was to introduce the ACP Programme and hold discussions with investment promotion stakeholders about their eventual involvement in the project. In total 14 meetings were held with institutional stakeholders in the country, such as the Delegation of the European Union in Ethiopia, the Ministry of Trade and Industry, the Ethiopia Investment Commission (EIC), the Ministry of Finance, the Industrial Parks Development Corporation (IPDC), the Agricultural Transformation Agency (ATA) and other important stakeholders. The various meetings resulted in a number of important achievements including the important attestations of collaboration from the various State Ministers within the Ministry of Trade and Industry, consensus with EIC concerning the detailed project implementation approach and the ensuing work plan for upcoming work. EIC nominated the institutional focal point(s) for the upcoming programme. The PMU at UNIDO headquarters has been regularly interacting with the EIC throughout the last quarter of 2019, for instance in relation to a diagnostic questionnaire about EIC's general profile, its governance structures, its operational procedures and, most importantly, EIC's capacity building gaps which could be addressed by the Programme. The findings of the questionnaire will be essential to define the baselines for the Programme and to establish a transparent monitoring & evaluation system.

A COMFAR training was organized from 16-20 December 2019 intended for investment promotion stakeholders in the country. COMFAR is UNIDO's proprietary software for economic and financial appraisal of investment projects and scenarios forecasting. The 5-day training course served to present the internationally accepted UNIDO methodologies and tools for project formulation and appraisal including COMFAR (Computer Model for Feasibility Analysis and Reporting). This training was undertaken in the ambit of the capacity building support provided by UNIDO to Ethiopian institutions and investment promotion stakeholders with the aim at strengthening investment promotion capabilities, business support programmes, marketing, monitoring, and partnerships for better coordinated and more encompassing investment promotion efforts. 19 participants from Industrial Project Service (IPS), the ATA, EIC and UNIDO attended the training.

Outlook for 2020

Following the completion of the project's inception phase, in Q2 2020, UNIDO will start the implementation of project activities among investment promotion stakeholders, primarily with EIC but also other public and private sector entities. Work will focus on the following main themes:

- Informed FDI monitoring by Investment Promotion Agencies and other institutional stakeholders, comprising (i) collecting and analyzing firm-level data on FDI structure, performance, impact and perceptions, (ii) investment promotion strategy development, (iii) evidence-based policy advocacy;
- Improved investment promotion practices & enhanced inter-institutional coordination, comprising: (i) Investment facilitation, after-care and FDI-SME linkages, (ii) investment opportunity development and targeting, and (iii) improvement of investment-related business environment/climate through quality systems & conformity assessment.

Projects' Objective and rationale

To provide investment promotion support to investment promotion stakeholders in Ethiopia through the organization of an international investment forum for the agro-industry.

Rationale

UNIDO continues to contribute to the investment promotion framework of the country by leveraging intermediary organizations and business membership networks to strengthen investment promotion capabilities, business support programmes, marketing, monitoring, and partnerships.

Following the successful implementation of the 2nd International Agro-Industry Forum, UNIDO supported the Ministry of Trade and Industry's MoTI capacities in terms of preparing investment project profiles and benchmark assessments of enterprises as well as assessing the domestic business environment for the undertaking of trade shows and exhibitions tenable to support trade and investment development in the country.

Main Project Activities in 2019

Capacity building of Ministry of Industry for investment promotion

Immediate follow-up project activities after the Forum focused on a series of capacity building interventions earmarked to upscale the capacity of the Ministry of Industry (MoI) officials in matters related to investment project profiling and enterprise benchmarking assessment, both themes based on UNIDO's established investment promotion methodologies. These capacity building events tied in with a service subcontract issued by UNIDO to the MOI relative the delivery of investment project profiles as well as enterprise benchmarks. By end of 2019, some 168 investment project profiles and 25 enterprise benchmarks had been prepared by respective teams as part of the envisaged work plan till end of project. The investment opportunities directory was subsequently updated to incorporate additional investment opportunities to be used in various future investment promotion efforts. The investment opportunities directory was published in December 2019.

Assessment of Ethiopia's trade fair and exhibition sector

Following the 2nd International Agro-Industry Forum, the project prepared an assessment report on the Ethiopian trade show and exhibition sector aimed to advise the Ethiopian Government in its forthcoming decisions concerning future public actions / investments to facilitate the growth of the Ethiopian events industry. The project has taken stock of the various developments and events that are currently being organized in Addis Ababa to assess the capacity of existing facilities and to identify challenges and opportunities for the growth of the sector in the medium to the longer term. The draft report was discussed with the Ministry of Industry and Trade and other project stakeholders. H.E. the Minister of Trade and Industry formally approved the report in June 2019. The report was launched in December 2019 through a press release.

The report concludes with key recommendations to the Government of Ethiopia moving forward, serving to highlight key areas requiring immediate, medium and long-term solutions if the sector is to develop and grow for an enhanced contribution to economic development. There is a need for a better understanding of the interrelated interdependencies between trade shows, investment fora, specialized sector and industrial exhibitions etc., as all these converge towards a common objective of achieving a prosperity-driven, developed, internationally competitive domestic events industry. The report highlights the need for a stronger resolve by Government taking the lead to propel trade shows, fairs and exhibitions as a mirror of the country's economic, industrial and business performance and capabilities, in as much as these events serve the country first rather than organizers' short-term gains.

The report provides the basis for the preparation a new project proposal tentatively focusing on three areas: 1) improving the policy and regulatory framework for the events industry; 2) building capacity of existing event organizers to increase the quality of their services; and 3) prepare a feasibility study for the establishment of a new trade fair and exhibition centre in Ethiopia. This new project concept was handed over to the Ministry of Finance for dissemination amongst most important donors.

Hannover Messe 2019 and delegates Programme with the Investment and Technology Promotion Office (ITPO) Germany

The project together with the ITPO Germany funded and facilitated a visit of a delegate from the Ethiopian Investment Commission (EIC) to represent Ethiopia at the Hannover Messe 2019, at the BAUMA fair in Munich, Bavaria a leading trade show for mining & construction equipment, and at the Ethiopia-German economic forum. In addition, a series of bilateral meetings with German enterprises were organized. The occasion provided the delegate the opportunity to promote the existing investment opportunities and explore further cooperation and collaboration possibilities between Germany and Ethiopia. At Hannover Messe alone, Ethiopia was visibly represented as a formal co-exhibitor at the 62m2 stand. The delegate generated 21 promising investment leads which are currently still being actively followed up to transform into an investment.

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