



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



Programme for Country Partnership
Ethiopia

PCP ANNUAL REPORT

Ethiopia



Reporting Period
2018



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



Programme for Country Partnership
Ethiopia

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PCP ETHIOPIA – AT A GLANCE

Country	Ethiopia
Status	Programming phase: started September 2014 Implementation phase: started March 2015 Expected completion date: December 2019
Principle national policy/strategy supported by the PCP	Growth and Transformation Plan II (GTP II)
Focus sectors	Agro-processing, leather and leather products, textiles and apparel
Main participating ministries	Ministry of Trade and Industry Ministry of Finance and Economic Cooperation Ministry of Agriculture
Key development partners	Financial institutions: African Development Bank, European Investment Bank, World Bank Bilateral/multilateral financing partners: Italian Agency for Development Cooperation, European Union, China, Russian Federation, Japan, Austrian Development Agency, Swedish International Development Cooperation Agency UN entities: FAO, UNDP Business sector: Illycaffè and Volvo (PPDP), Calzedonia, Velocity, DBL and H&M (MoU) Other relevant partners: Government of Ethiopia and specialized agencies (e.g. ETIDI, LIDI, CTA, FeSMMIDa, etc.)
UNIDO projects with funding secured ² (completed and ongoing)	Total number of projects: 30 Total funding (excluding programme support costs): USD 46,174,687 (including in-kind)
Total investments leveraged ³ (cumulative)	USD 793,879,445 (2018)
Total PCP volume	USD 834,751,262 (2018)

1 **NCB:** National Coordination Body established for the PCP in September 2018.

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

3 **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.

ACRONYMS

AfDB	African Development Bank
AICS	Italian Agency for Development Cooperation
AIIFE _{1/2}	First/Second International Agro-Industry Investment Forum
ATA	Agricultural Transformation Agency
B2B	Business-to-Business
CoE	Centre of Excellence
CTA	Coffee and Tea Authority
DFIs	Development Finance Institutions
EIB	European Investment Bank
EIC	Ethiopian Investment Commission
EPHI	Ethiopian Public Health Institute
ETIDI	Ethiopian Textile Industry Development Institute
EU	European Union
FAO	Food and Agriculture Organization
FDIs	Financial Development Institutions
FeSMMIDa	Federal Small and Medium Manufacturing Industrial Development Agency
GoE	Government of Ethiopia
GTP II	Growth and Transformation Plan II
IAIPs	Integrated Agro-Industrial Parks
IFAD	International Fund for Agricultural Development
ILO	International Labour Organization
ILRI	International Livestock Research Institute
IMC	Inter-Ministerial Coordination Committee
IPDC	Industrial Park Development Corporation
ISID	Inclusive and Sustainable Industrial Development
JWP	Joint Work Plan
LIDI	Leather Industry Development Institute
LISEC	Leather Initiative for Sustainable Employment Creation Project
MLC	Modjo Leather City
MoA	Ministry of Agriculture
MoFEC	Ministry of Finance and Economic Cooperation
MoEFCC	Ministry of Environment, Forest, and Climate Change
MoTI	Ministry of Trade and Industry
MoU	Memorandum of Understanding
ODA	Official Development Assistance

PCP	Programme for Country Partnership
PPDP	Public-Private-Development Partnership
PPP	Public-Private Partnership
PTF	Partnership Trust Fund
RTC	Rural Transformation Centres
SDGs	Sustainable Development Goals
SIDA	Swedish International Development Agency
SINCE	Stemming Irregular Migration in Northern and Central Ethiopia Project
SME	Small and Medium-Sized Enterprise
SNNPR	Southern Nations and Nationalities Peoples' Region
SSCAF	South-South Cooperation Assistance Fund
T&G	Textile and Garment
TC	Technical Cooperation
TVET	Technical and Vocational Education Training
UNCT	United Nations Country Team
UNDAF	United National Development Assistance Framework
UNDP	United Nations Development Programme

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1. EXECUTIVE SUMMARY

Programme governance and coordination:

After the appointment of the new Prime Minister, Dr. Abiy Ahmed Ali, and subsequently the setting-up of a new Cabinet in April 2018, there was need to brief the new team of Ministers and State Ministers on PCP Ethiopia implementation, achievements and challenges. These meetings were organized in June 2018 with the participation of all major stakeholders. The full commitment and ownership of the PCP by the new Administration was confirmed in December 2018 during the Inter-Ministerial Coordination Committee chaired by the Ministry of Trade and Industry (MoTI). As part of the continued effort to strengthen coordination, the Ministry of Finance and Economic Cooperation (MoFEC), the Ministry of Agriculture (MoA), UNIDO and the Agriculture Transformation Agency (ATA) engaged in a series of consultations and agreed with the Bill and Melinda Gates Foundation to expand the scope of a web-based resource mapping, project appraisal and monitoring system, formerly developed for MoA, to include industry-related partner-supported projects and serve as a decision-support-system for the ministries (Mol, MoA and MoFEC) and the PCP Inter-Ministerial Coordination Committee.

Funds mobilization:

With regard to the first flagship project, the Integrated Agro-Industrial Parks (IAIPs), the African Development Bank (AfDB) completed a set of scoping/appraisal missions and is now in the process of mobilizing USD 160 million in partnership with other financing institutions (e.g. the South Korean Exim Bank and the European Union) in order to support key construction elements of IAIP infrastructure. USD 61 million was already pledged by the end of 2018. The European Union (EU) is also mobilizing partners to raise another USD 240 million to support infrastructure and private sector entrepreneurship development, and capacity-building. MoFEC has started negotiating a USD 100 million soft loan with the Government of Poland after the latter showed interest to support the IAIPs' modern storage component. Moreover, through USD 100,000 from the Food and Agriculture Organization (FAO), and an additional USD 300,000 mobilized from the EU, a gap assessment study is in progress to identify agricultural development and infrastructure needs in the four agro-industrial corridors (Agro-Commodity Procurement Zones) where the pilot IAIPs are being established. This study is going to provide inputs to inform the much larger Agricultural Value Chain Development and Investment Mega Programme to be developed at a later stage. With regard to the second flagship project, the Modjo Leather City (MLC), a programme in the amount of EUR 15 million (grant) was approved by the EU in July 2018 and the European Investment Bank (EIB) has pledged half of the USD 100 million needed to build the MLC. MoFEC is reaching out to potential donors including the French Development Agency (AFD), the Italian Agency for Development Cooperation (AICS) and the German Development Bank (KfW) to raise the remaining amount. In this regard, after the visit of the Deputy Minister of Foreign Affairs of Italy in December 2018, the Government of Italy expressed its interest, in principle, to support with the remaining balance of the concessional loan for the realization of the MLC.

Investment promotion:

The 2nd International Agro-Industry Investment Forum (AIIFE2) took place from 5 to 8 March 2018. The AIIFE1 held in October 2016 attracted over a thousand visitors; 18 months later in March 2018, the AIIFE2 more than doubled that figure, with 2,300 registered participants including 300 foreign visitors. A side event was concurrently organized in collaboration with the China-Africa Trade and Investment Association where a big contingent of Chinese investors laid out their areas of interest for joint ventures and plans to develop an industrial park. Similarly, a half-a-day side event was

organized by AICS in cooperation with Emilia Romagna Region under the title: “*The Ethio-Italian Private-Public Partnership for the Sustainable Development of Agro-industries*”. This opened the venture for a possible partnership between Ethiopia and the Emilia Romagna Region in the field of agro-industries, particularly within the IAIP project. A follow-up study tour for MoI, MoFEC and MoA was organized to the region in October 2018 to share their experiences in the development of the agro-industrial sector in Italy. In terms of attracting investments into the IAIPs, there are 35 (1 FDIs), 15 (3 Joint Ventures), 13 (6 FDIs), 10 (2 FDIs) registered investors for Tigray, Amhara, Oromia and the Southern Nations and Nationalities Peoples’ Region (SNNPR) IAIPs respectively. Out of these 4 (3 Joint ventures) and 7 (2 FDIs) have signed contracts with the Regional Industrial Park Development Corporations (RIPDCs); and three and two investors started construction of shades in Amhara and SPNNR, respectively.

Highlights of PCP Ethiopia flagship activities:

Integrated Agro-Industrial Parks Component: Detailed engineering designs of the pilot and Rural Transformation Centres (RTCs) as well as the Environmental and Social Impact Assessment Study on the four pilot parks were approved and handed over to the respective RIPDCs for implementation. In this context, the construction of common facilities (market and training centre, administration building, crèche, etc.) and access roads to the four IAIPs are well underway (50%) and are expected to be completed during the second half of 2019. Within the framework of the piloting of IAIPs in Ethiopia, FAO already completed the value chains diagnostics and business plans for a number of value-chains (e.g. dairy, live animals/red meat, wheat, Irish potato and tomato in Central-Eastern Oromia) that are attracting interest from different local investors.

The Textile and Garment Component: Based on a request from MoTI, a comprehensive study on the textile and garment industry covering three components (i.e. productivity and competitiveness; product diversification; and capacity-building) was completed and endorsed by the government and key sectoral private and public stakeholders in July 2018.

The Leather and Leather Products Component: In addition to the EU-funded programme “Leather Initiative for Sustainable Employment Creation” (LISEC) that started implementation in July 2018, the leather cluster development project implemented in three clusters and networks in Addis Ababa is synergizing with 342 small and medium-sized enterprises (SMEs) involving over 3,000 workers. Particularly, thanks to the project’s intervention, an increase of 27% in women businesses has been registered. A major achievement has been the market linkage creation for the LOMI network, composed of 10 women-led companies, with a leading Swedish company active in the leather products sector as they wish to outsource the production of leather goods and accessories. The project enjoyed the visit of the Prime Minister of Italy in the quality of donor, in October 2018, who praised activities performed in terms of job creation for vulnerable people – mainly women, in fact half of the operators are among 16-34 years with 50% women) – and technology upgrading.

Among the *Agro value chains development projects*, the coffee project that is implemented in partnership with Illycaffè and the Ernesto Illy Foundation has continued assisting over 22,000 small-holder coffee farmers and 21 primary farmers’ cooperatives in two Regional States (SNNPR and Oromia) in increasing coffee productivity and quality. This has resulted in an increase of income deriving from forest coffee, in particular by 30% in its price/vs. quality, as well as increased export by 100% in the Delo Mena area, Oromia (the first time they are exporting coffee, with Italy being their main destination). Furthermore, the Coffee and Tea Authority (CTA) has endorsed and inaugurated in November 2018 the new visual, communication and branding strategy (including a new logo and website www.ethiocta.gov.et) developed by this project.

Institutional capacity-building and advisory support:

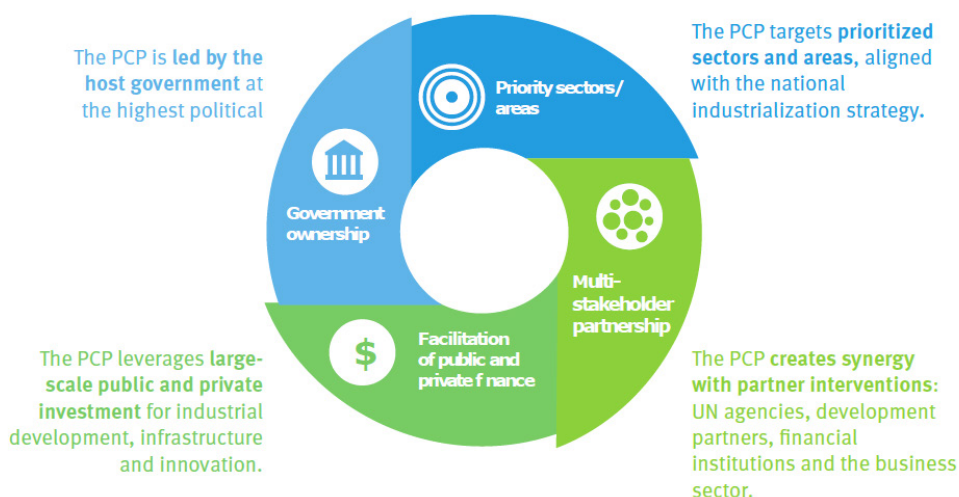
Activities have focused on the development of two sectoral roadmaps: (i) a newly developed *textile sector development strategy*, which is structured in three components: 1) productivity and competitiveness; 2) product diversification; 3) and capacity-building; (ii) and a *SME cluster development strategy* formulated by the Indian SME Foundation Consultants, which was presented, discussed and approved by 62 stakeholder institutions, including MoTI and the Federal Small and Medium Manufacturing Industrial Development Agency (FeSMMIDa).

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

Figure 1: Programme for Country Partnership (PCP) Key Features



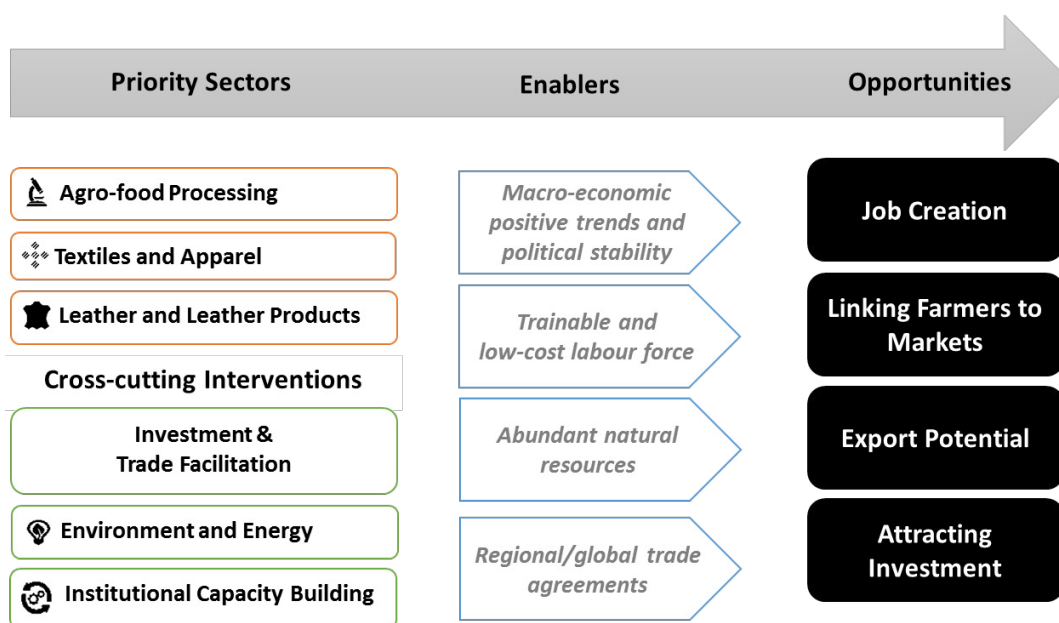
Ethiopia was selected as one of the pilot countries to test the PCP model. Following a multidisciplinary technical mission to the country by UNIDO during August and September 2014, consultations with development partners, the business sector and financial institutions, among others, and under the overall leadership of the Government of Ethiopia (GoE), the PCP for Ethiopia programme document was signed in February 2015 and began implementation in March 2015.

The PCP for 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; and (iii) leather and leather products. Furthermore, three cross-cutting domains of interventions were also identified for their potential to enable the realization of the PCP’s and Ethiopia’s economic, social and environmental development objectives: (i) investment & trade facilitation; (ii) environment and energy; and (iii) institutional capacity-building.

These sectors and domains were chosen due to their strong prospects for job creation, strong linkages to the agricultural sector and smallholder farmers, high export potential, and capacities to attract business sector investments, both domestically and abroad.

Figure 2: PCP Ethiopia Logic of Intervention



The PCP is implementing three flagship programmes in each of its priority sectors and several sister programmes and projects conducive to the realization of PCP’s objectives, national goals and the SDGs. A list of the PCP’s ongoing and finalized projects since its inception is provided in Table 1 on the next page.

Table 1: PCP Ethiopia Projects Overview (2015-2018)

Project/Intervention	Funds Committed to 2018 (USD)			
	Grants - UNIDO	Parallel Funding ¹	GoE Co-financing	In-kind (Private Sector)
Priority Sectors				
Agro-Processing				
Integrated Agro-Industrial Parks	3,972,818	201,512,648	503,500,000	-
Coffee Value Chain	4,075,173	45,000,000	-	114,000
Fishery Value Chain	2,000,000	-	-	-
Dairy Value Chain	187,539	-	-	-
Livestock Value Chain	654,000	30,000,000	-	-
Beles Value Chain	2,213,000	-	-	-
Moringa Value Chain	1,554,000	-	-	-
Total Agro-Processing	14,658,447	276,512,648	503,500,000	114,155
Textiles and Apparel				
Capacity-Building and Job Creation in the T&G Sector (I & II)	2,620,558	-	2,000,000	-
Total Textiles & Apparel	2,620,558	-	2,000,000	-
Leather and Leather Products				
Leather Initiative for Sustainable Employment Creation (LISEC)	8,374,942	6,563,927	-	-
Leather Cluster Initiative	2,827,854	-	-	-
Total Leather & Leather Products	11,202,796	6,563,927	-	-
Cross-Cutting Interventions				
Trade and Investment Promotion				
Investment Forums (1 st and 2 nd)	450,000	-	-	-
SME Profiling and Benchmarking	65,000	-	-	-
Total Trade and Investment Promotion	515,000	-	-	-
Energy and Environment				
ULH-MHP Technologies for Productive Use	1,478,780	-	-	-
Solar-Powered Water Sanitation System	231,456	-	-	-
Total Energy & Environment	1,710,236	-	-	-
Institutional Capacity-Building				
SINCE (I & II)	2,121,323	-	-	-
PPP SELAM Vocational Academy (I & II)	5,330,000	-	-	5,134,714
Women & Youth Entrepreneurship Programme	1,015,364	-	-	-
Policy/Strategy/Roadmap Development (various projects)	608,585	-	-	-
Total Institutional Capacity-Building	9,075,272	-	-	5,134,714
Total Coordination	1,089,499	-	-	-
Total PCP Portfolio to 12/2018	40,871,808	283,076,575	505,554,000	5,248,869

¹ For the source of parallel funding streams refer to Annex 1.

3. ALIGNMENT WITH AND CONTRIBUTION TO UNDAF

The current United Nations Development Assistance Framework (UNDAF) for Ethiopia runs for the period from 2016 to 2020 and was prepared in full alignment with the GTP II, covering the years 2015 - 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”. Specifically, UNIDO leads and convenes the Industry Result Group and it is mainly accountable for the outcome “*By 2020 private sector driven industrial and service sector growth is inclusive, sustainable, and competitive and job rich*”, being tasked with coordinating all UN activities in the country related to industrial development through the PCP. Moreover, the PCP also contributes to the Agriculture and Climate Change Result Groups. After the completion of the first of the two foreseen JWPs under the current UNDAF, followed by a recent mid-term review by independent consultants, the second JWP for the period of July 2018 - June 2020 is expected to be approved by the government shortly.

In view of UNIDO’s ISID mandate and the SDGs 9 and 17, broad partnerships are essential for the successful implementation of PCP Ethiopia. To this end, the UNIDO Regional Hub is a proactive member of the UN Country Team (UNCT) and continues to exert efforts in order to explore more effectively the unique opportunity that UNDAF can offer for joint programmes and joint programming among UN entities. In this view, relevant inter-agency collaborations have been forged over the past year, including with FAO and the United Nations Development Programme (UNDP), which remain key partners for the implementation of the IAIP project, among others.

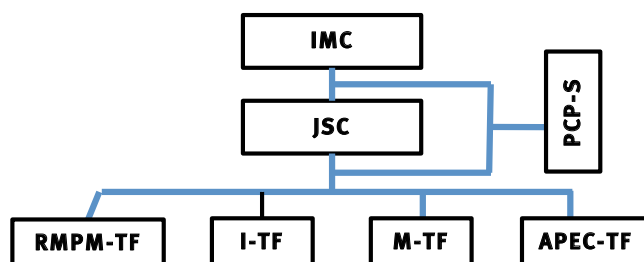
4. PROGRAMME-LEVEL RESULTS

4.1 COORDINATION AND GOVERNANCE

In terms of PCP Governance, a national coordination mechanism was established under the leadership of the GoE, bringing together all relevant ministries and PCP partners. The government-led coordination platform is composed of the High-level PCP Inter-Ministerial Coordination Committee (IMC) as an apex body on top, the Joint Steering Committee, co-chaired by MoFEC and MoTI, and technical task forces. The coordination structure was revised and modified in 2018 to fit new changes in the administrative structure of the government.

The PCP Secretariat is hosted by UNIDO. UNIDO plays a convening function, provides support to governing bodies and task forces, and serves as a neutral broker. It is housed within UNIDO’s Regional Hub in Addis Ababa. UNIDO also has a PCP Ethiopia technical team at its Vienna headquarters to support overall coordination and implementation of the PCP Ethiopia.

PCP Governance Structure in 2018



Note:

- IMC: Inter-Ministerial Coordination Committee
- JSC: Joint Steering Committee
- RMPM-TF: Resource Mobilization and Partnership Management TF
- I-TF: Investment TF
- M-TF: Manufacturing Sector (Agro-Processing, Textiles & Leather)
- APEC-TF: Agricultural Productivity Enhancement
- PCP-S: PCP Secretariat

After the appointment of the new Prime Minister, Dr. Abiy Ahmed Ali, and the subsequent setting up of a new Cabinet in April 2018, a key concern was the on-boarding of the new team of Ministers and State Ministers on PCP implementation, achievements and challenges. Full commitment and ownership of the PCP by the new Administration was confirmed.

Additionally, as part of the continued effort to strengthen coordination and the decision-support-system for ministries and the PCP, IMC, MoFEC, MoA, UNIDO and ATA engaged in a series of consultations and agreed with the *Bill and Melinda Gates Foundation* to expand the scope of a web-based resource mapping, project appraisal and monitoring system, formerly developed for MoA, to include industry-related partner-supported projects.

4.2 PARTNERSHIPS AND RESOURCE MOBILIZATION

To December 2018, the PCP has successfully mobilized approximately USD 834.7 million across the three priority sectors and the three cross-cutting domains. Funds channelled through UNIDO amount to USD 46 million, while the rest supports PCP initiatives through parallel funding streams.

Table 2: PCP Committed Funds to 2018 (USD)

Priority Sectors	PCP Committed Funds to 2018 USD	
	UNIDO-led Interventions	Parallel Funding
Agro-processing	14,772,602	780,012,648
Textiles and Apparel	2,620,558	2,000,000
Leather and Leather Products	11,202,796	6,563,927
Cross-Cutting Interventions	17,578,721	-
Coordination	1,089,499	-
Total	46,174,678	788,576,575

In terms of funding sources, the GoE contributed approx. with USD 505 million, mainly through infrastructure development investments for the establishment of the IAIPs. Moreover, the PCP has played a key role in mobilizing financial resources through bilateral funding arrangements - Italy being the main bilateral donor with approximately USD 103.7 million committed – accounting for 30% of PCP-UNIDO’s funding base and 12% in parallel funding. For a complete overview of the PCP’s funding base please refer to the charts below.

Figure 3: PCP Source of Funding (UNIDO grants) by Donor (to 2018)

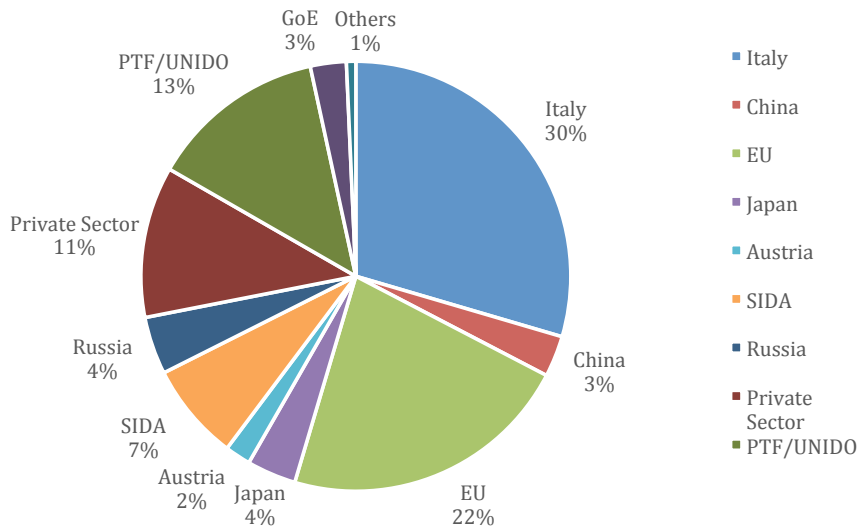
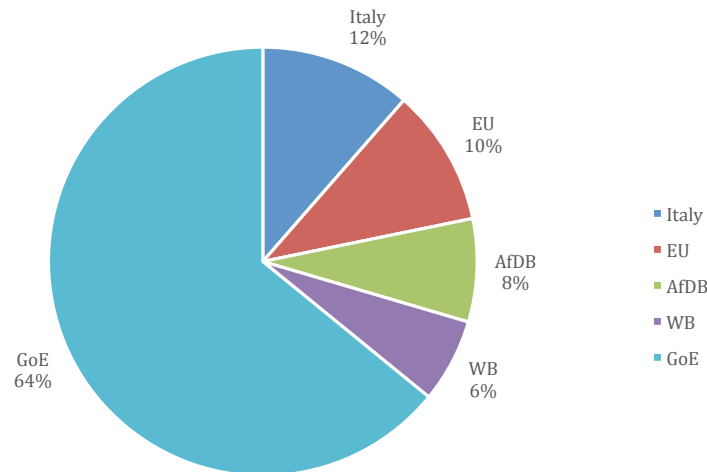


Figure 4: PCP Source of Funding (Parallel Funding) by Donor (to 2018)



The funding pipeline amounts to approximately USD 723.3 million. To be highlighted, three lending streams are under negotiations for the four IAIPs, specifically with the EU, Italy and Poland, respectively for USD 240 million (pending final approval), USD 38.7 million (both loans and grants), and USD 100 million. An additional USD 100 million will be committed by the GoE and a follow-up loan worth USD 100 million is pledged by the AfDB. Similarly, a EUR 50 million loan has been pledged by the EIB to the MLC, pending compliance with EIB requirements by the GoE and involved agencies, and an additional EUR 50 million loan is under consideration by Italy, among others. A EUR 20 million line of credit is also under negotiation with the Italian Ministry of Foreign Affairs and GoE to finance smallholder coffee farmers under the current initiative supporting the coffee value chain.

A Resource Mobilization and Partnership Management Strategy is under development within the Resource Mobilization and Partnership Management (RMPM) Task Force. Efforts are mainly devoted to diversify the PCP funding and partnership base, with a greater involvement of financial institutions and the business sector.

4.3 RESULTS OF PCP ADVISORY SERVICES

The initial phase of the Industrial Capacity-Building Programme design process for MoTI and reporting institutes was completed and validated in the presence of 70 senior officials and experts of MoTI in June 2018. The RMPM Task Force will present the strategy to donors for funding.

The COMFAR Intermediate Level Training was provided to 21 trainees from MoTI, the Ethiopian Investment Commission (EIC) and Industrial Development Institutes. Trainees have strengthened their capacity in preparing bankable project documents that were used at the Second International Agro-Industry Investment Forum.

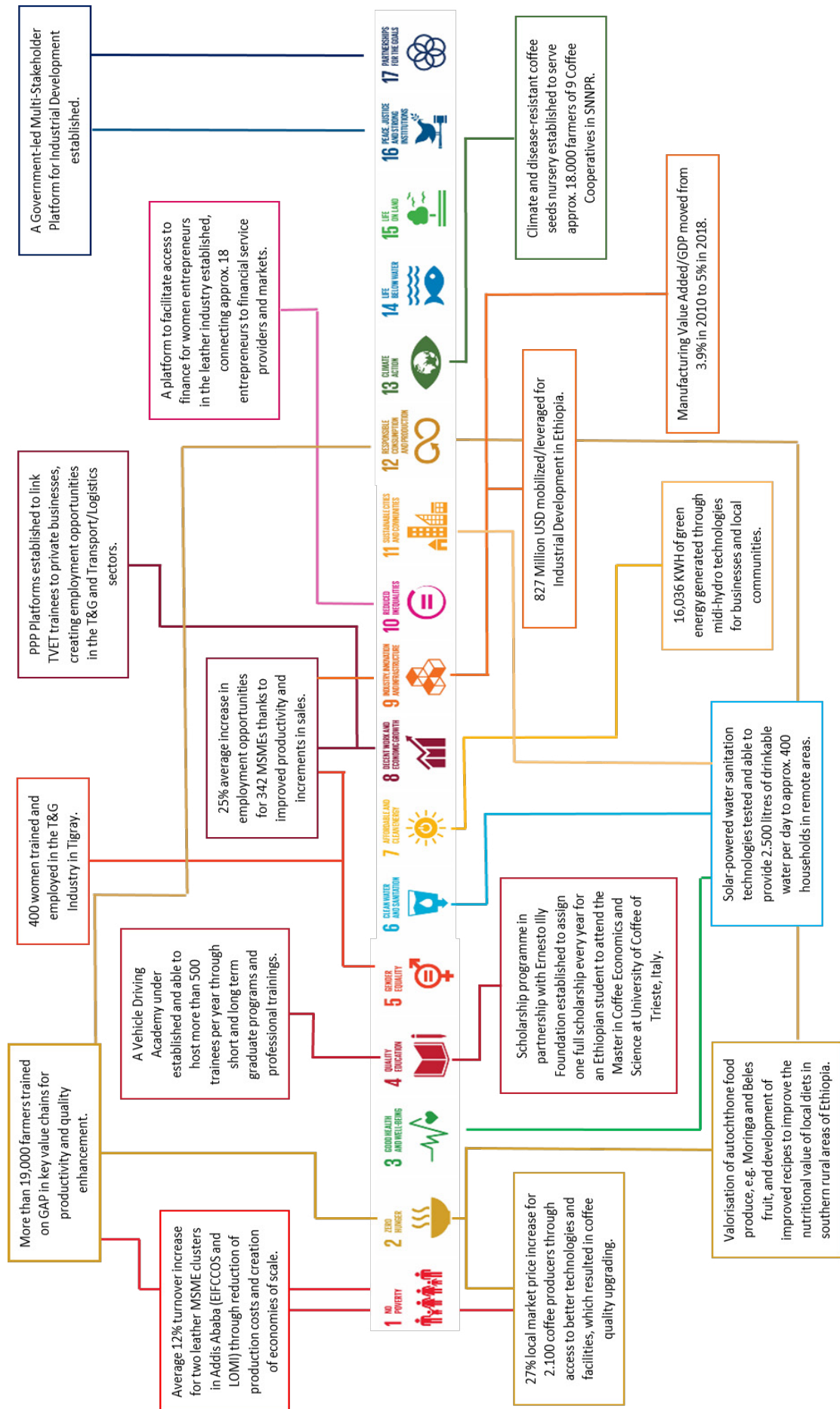
Two studies to support the GoE in developing comprehensive sectoral strategies were undertaken:

- A validation workshop involving 50 participants drawn from stakeholder institutions such as the Ethiopian Textile Industry Development Institute (ETIDI), universities, the Technical and Vocational Education Training (TVET) system and the private sector took place for three days (23-25 July 2018) on the UNIDO supported and newly developed textile sector development strategy, which is structured on three components: 1) productivity and competitiveness; 2) product diversification; and 3) and capacity-building.
- In August 2018, a comprehensive SME cluster development strategy formulated by the Indian SME Foundation Consultants (with financial support from UNIDO) was presented, discussed and approved by 62 participants representing stakeholder institutions including MoTI and the Federal Small and Medium Manufacturing Industrial Development Agency (FeSMMIDa). The validation workshop was followed by a two-day (21-23 August) training for partners (53 participants) on SME cluster programme implementation.

4.4 TECHNICAL COOPERATION (TC) RESULTS

The PCP Ethiopia results framework is strictly aligned to the achievement of SDG 9 “Industry, Innovation and Infrastructure” and SDG 17 “Partnerships for the Goals”, while contributing to other SDG targets, e.g. SDG 5 “Promote Gender Equalities and Empower Women”, SDG 8 “Decent Work and Economic Growth”, SDG 10 “Reduced Inequalities”, especially in the domains of international trade and commerce, and SDG 4 “Quality Education” through industrial skills development initiatives and capacity-building partnerships with the Ethiopian TVET system, among others. Selected achievements in 2018 and the complementarity of these achievements across the SDGs are presented in the diagram on the following page.

Figure 5: PCP Ethiopia Selected Achievements in 2018 Against the 17 SDGs



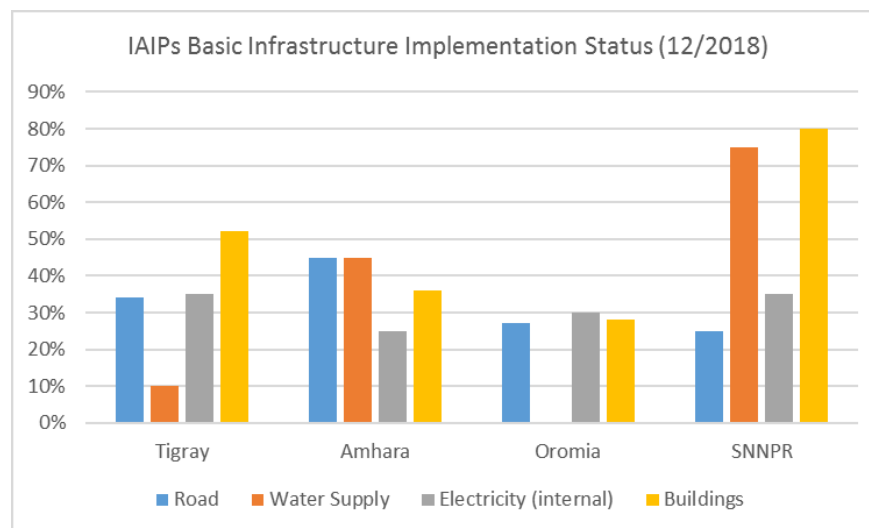
4.4.1 TC RESULTS – AGRO-PROCESSING

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 agri-businesses with access to common infrastructure, utilities and business services, while catalysing investments and opportunities for job creation in the surrounding communities.

Detailed engineering design of the IAIPs and the environment and social impact assessment study were completed, reviewed and accepted by a third party, validated and endorsed by key stakeholders, and distributed to regions, which subsequently launched the construction process. To December 2018, the construction status of the four IAIPs in Tigray, Amhara, Oromia and SNNPR stands between 30% - 50% with respect to IAIPs' respective master plans. Similarly, works to build four RTCs to supply the Parks are ongoing, with approximately 50% completion status in all the four regions.

Figure 6: IAIPs Basic Infrastructure Development Status in 2018



Specific attention has been given to assure a steady and sufficient supply of raw materials to the IAIPs once fully operational. Several value chain studies and a strategic analysis of key value chains (e.g. dairy, livestock, potatoes, fresh vegetables, etc.) have been undertaken, through effective partnerships with FAO and ATA, the Ethiopian Institute of Agricultural Research, and the Federal Cooperatives Agency, among others. Similarly, with USD 100,000 from FAO, and an additional USD 300,000 mobilized from the EU, a gap assessment study is in progress to identify agricultural development and infrastructure needs in the four agro-industrial corridors (Agro-Commodity Procurement Zones) where the pilot IAIPs are going to be established. This study is going to provide inputs to inform the much larger Agricultural Value Chain Development and Investment Mega Programme to be developed at later stage.

The RIPDCs were established in all the regions to own and manage the IAIPs. UNIDO has been providing capacity-building support to the RIPDCs to manage and oversee operations of the IAIPs, including providing support in the process of construction service procurement for on-site infrastructure and management of contracts.

Since its inception, the IAIPs have catalysed approximately USD 698 million. Out of this amount, a huge contribution (approximately USD 503 million) was committed by GoE for the infrastructure development of the Parks, restating the high priority attached by the government to this initiative.

An additional USD 478 million are being mobilized from Italy, the EU, Poland and the AfDB for both technical cooperation and infrastructure development. The IAIPs are also starting to be investment-ready for the business sector, with more than 150 companies registered with the regional IPDCs to relocate/establish their operations within the Parks. A small number of companies has already started building factories and are operating in the two Parks in Amhara and SNNPR.

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 have been supported through UNIDO-led technical cooperation interventions for their developmental potential, 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). Key achievements to 2018 from two value chains (coffee and Moringa) are reported in the box below.

Box 1: Highlights from Coffee and Moringa Value Chains in 2018

Coffee and Moringa farmers in SNNPR and Oromia - UNIDO

Extension Services Outreach

- Around 16,000 coffee farmers of two coffee unions in Aleta Wondo (SNNPR) and Delo Mena (Oromia)
- Around 3,000 Moringa growers in SNNPR

Technology Transfer and Industrial Upgrading

- Renovation of 4 coffee washing stations and construction of 10 coffee drying centres in affiliated cooperatives
- Equipment, staffing and training for the coffee training centre at CTA ongoing
- Purchase of 2 laboratory equipment for Moringa food safety controls
- 5 ha demonstration plot with advanced agronomic techniques for Moringa set up

Market Access

- Coffee export license granted to BukaYadot Farmers' Cooperative Union and export contract signed with Origini Caffè (4,320 kg of green coffee exported in 2018). The coffee produced by affiliated farmers received higher price at local markets (27% increase) due to the increased coffee quality (3 to 4 points)
- Market scoping undergoing, contacts with Green-path Food (export) and Zebym Trading P.L.C (local beverage company)



The Inception Phase of the 10-year GoE-UNIDO’s Dairy for Development (D4D) Programme was successfully finalized. The Programme aims to improve the competitiveness of the dairy value chain in the Amhara region by, among others, linking key players to the IAIP network. The Second Phase will kick-off in 2019 pending funds mobilization. Similarly, a Livestock Value Chain Study was finalized and produced a pluriennial Livestock Upgrading Programme Document, which is currently under approval by the GoE and pending funds.

4.4.2 TC RESULTS – 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 by 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 Tigray, the initiative aims to bridge the gap between the Textile & Garment (T&G) industry’s demand for skilled workers, the abundant local manpower and the TVET school system in the region.

To December 2018, 400 women within the 18-25 age group participating in the initiative were trained on soft and basic operations skills and employed by T&G industries. Such an encouraging result has been possible through the implementation of a Public-Private Partnership (PPP) platform, which facilitates the convergence of the public TVET system with the business sector.



Training session with participants at MGC in Mekelle – UNIDO

In this sense, two key partnerships were established with ETIDI and the Mekelle Garment College, which will be hosting a new T&G Centre of Excellence equipped, staffed and trained with UNIDO's support, and through four partnerships with T&G industries and corporations, including Velocity and Calzedonia, DBL and H&M.

4.4.2 TC RESULTS – LEATHER AND LEATHER PRODUCTS

Ethiopia's leather sector enjoys significant international comparative advantages owing to its abundant raw materials, abundant 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.

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. A feasibility study was undertaken by UNIDO, in collaboration with the Leather Industry Development Institute (LIDI) and the Addis Ababa University, for the establishment of an eco-friendly tanning industrial park in Modjo – the Modjo Leather City (MLC). Following this study, EUR 15 million were secured from the EU to support the PCP in: (i) strengthening the leather value chain and boosting its competitiveness; (ii) facilitating financial investments towards the establishment of MLC; and (iii) supporting local economic and social development initiatives, especially for women and youth living in Modjo, including employment programmes within the MLC.

The Leather Initiative for Sustainable Employment Creation (LISEC) project specifically focuses on: (i) improving quality and quantity of hides and skins (including grading system, training, awareness-raising) by supporting the leather value chain from slaughter houses to tanneries; ii) supporting tanneries (processing and producing finished leather) towards integration into the leather global value chain through competitiveness gains/environmental compliance, including the creation of a LIDI Regional Centre; and iii) promoting investments in/around MLC (including SME clusters) for both domestic and foreign companies.

The project is fully in line with the Ethiopian National Development Strategy and the Valletta Action Plan (elaborated by the EU in November 2015) priority areas, mainly:

- Launching projects to enhance employment opportunities and revenue-generating activities in regions of origin and transit of migrants in East, North and West Africa to enhance the professional skills and employability of young people, including the AUDA/NEPAD skills initiative, access to digital technologies, support to micro-, small- and medium-sized enterprises (MSMEs) in the formal and informal sectors and increased access to finance.
- Facilitating responsible private investment in African agriculture, agri-business and agro-industries and boosting intra-African trade and exports of agricultural products through agricultural finance initiatives and by working with like-minded organizations, with immediate effect, with a view to contribute to rural economic transformation, taking due note of the African Union's Malabo Declaration on Accelerated Agricultural Growth and Transformation for Shared Prosperity and Improved Livelihoods.

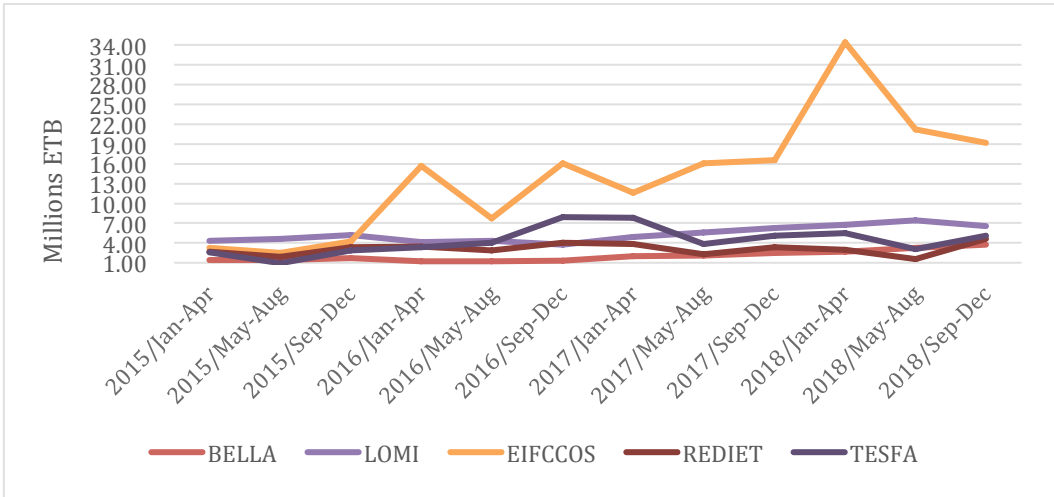
In terms of investment promotion for the MLC, out of the EUR 100 million investment estimated to realize the MLC, EUR 50 million have been pledged by the European Investment Bank (EIB), while the remaining amount will be either committed by Italy or leveraged by blending official development assistance (ODA) with domestic and/or foreign investments.



Leather footwear worker at EIFCCOS cluster – UNIDO

On the same cluster upgrading footprint, five footwear and leather goods clusters and networks in three areas located in the Addis Ababa region, namely Kirkos, Yeka and Merkato, have been supported since 2014. These clusters are approximately composed of 342 SMEs and roughly 3,350 workers.

Figure 7: Volume of Sales of the 5 Clusters and Networks (2015 - 2018, ETB)



To December 2018, thanks to the renovation of common working premises and technology upgrading, two clusters (EIFCCOS and LOMI) have been able to increase their production and turnover (approximately 12% cumulatively) with the opportunity to cut down production costs and improve efficiency. Similarly, increments in sales from partnered SMEs resulted in an increase in the number of skilled workers engaged in their daily operations – on average 25% increment in new workers since the project’s inception, with a particular focus on women and youth (half of the operators are among 16-34 years and 50% are women). Additionally, a 27% women-led businesses increase has been recorded in PCP-supported clusters.

Participation in fairs and expositions throughout 2018 (among others, the Africa Sourcing and Fashion Week - ASFW 2018, All Africa Leather Fair, Made in Ethiopia) represented an important initiative to scale-up and diversify clusters’ businesses with the aim of accessing new potential markets: the Bella cluster established subcontracting arrangements with national buyers for the production of leather accessories, while LOMI cluster members are in the process of starting to produce leather products for a company based in Sweden.

4.4.3 OVERVIEW OF CROSS-CUTTING PROJECTS

Trade and investment promotion

Trade and investment promotion is catalytic to the development of light industries in Ethiopia. Attracting foreign direct investment (FDI) and promoting regional and international trade remain at the core of PCP’s and the GoE’s strategies to facilitate the transformation of the Ethiopian economy.

To December 2018, two large-scale international investment promotion events were organized to create awareness about investment opportunities in Ethiopia, especially around the IAIPs and the GTP II’s priority sectors. These events were able to mobilize and attract to Addis Ababa a local and international business community totalling more than 3,500 businesses and entrepreneurs.

Box 2: Highlights for the 2nd International Agro-Industry Investment Forum – March 2018

For additional information:

<https://www.unido.org/events-agro-industry-investment-forum-ethiopia-aife/aife2-general-information>

- 2,350 participants
- 300 international companies represented
- 46 B2B and 11 G2B meetings held
- 345 participants to field visits to Industrial Parks and logistics facilities



The Second International Agro-Industry Investment Forum – speakers and participants – UNIDO

At the Second International Agro-Industry Investment Forum, a side event was concurrently organized in collaboration with China-Africa Trade and Investment Association where a big contingent of Chinese investors laid out their areas of interest for joint ventures and plans to develop an industrial park. Similarly, a half-day side event was organized by AICS in cooperation with the Emilia Romagna Region under the title: *“The Ethio-Italian Private-Public Partnership for the Sustainable Development of Agro-industries”* on 7 March 2018. This opened the venture for a possible partnership between Ethiopia and the Emilia Romagna Region in the field of agro-industries, particularly within the IAIP project. A follow-up study tour for MoTI, MoFEC and MoA was organized to this Italian region in October 2018 to show the systemic development of the agro-industrial sector in Italy, representing a centre of excellence in the field of agro-industries.

Similarly, other bilateral investment promotion and technology/skills transfer collaborations were facilitated. For the past year, it is worth to mention a GoE – China-Africa Trade Investment Association MoU to promote Chinese investments in Ethiopia and the MoU between GoE and Buhler Limited, the Ethiopian Millers’ Association and the African Milling School for skills development and TVET promotion.

Business matchmaking advisory services, which have included the organization of business delegations and/or study tours to Ethiopia or to partner countries (e.g. Italy and Japan) and the participation to international fairs and exhibitions, among others, were also promoted and facilitated. In the framework of the ITPO Tokyo Ethiopian Advisory Programme, country and sector specific advisory and consultancy services for more than 50 Japanese companies were provided, 7 matchmaking programmes between Japanese companies and local partners were facilitated, and follow-up activities related to investment and business activities of 10 Japanese companies operating in Ethiopia were assisted. Seventeen business missions of Japanese business delegates in Ethiopia were organized and 5 selected Japanese technologies in the area of energy, waste management, water purification and education were promoted. The Ethiopian T&G sector was introduced to 4 big Japanese companies, and among these, now ITOCHU Corporation signed an MoU with TIDI to work together and upgrade the quality of Ethiopian garment products with the ultimate plan of buying Ethiopian T&G products and distributing them through its global distribution channels.

Energy and environment

On the one side, industries are major consumers of energy and require an uninterrupted supply, which may be hard to source in isolated areas. On the other side, industries are major pollutants, posing serious challenges in terms of ecosystem preservation and environmental sustainability.

To this end, the PCP is supporting the GoE in exploring alternative and renewable energy resources, including small hydropower stations. A 10kw ULH-MHP with a 12.7kw photovoltaic plant is operational and feeds energy to an elementary school, households and businesses in the municipality of Enkule-Oromia. A feasibility study to test the applicability of the technology to agro-processing plants is ongoing.



ULH-MHP site in Enkule, Oromia – UNIDO

Eco-friendly measures have been also introduced and carefully assessed in the design of PCP's industrial complexes, including the IAIPs and MLC. With respect to the latter, a Common Waste Water Treatment Plant constitutes the main component of the Park. Based on the “polluter pays” principle, the tanneries’ effluents will be pumped in the industrial sewage network collecting other industrial discharges in a unique pumping station which will be linked to the waste water treatment plan constructed in line with the recognized international environmental standards.

Industrial skills development

Strong national institutions are essential for Ethiopia to achieve its national development goals and capitalize on the large investment flows coming into the country. The government has recently established a number of new institutions to support the industrialization process, in addition to upgrading existing ones. To assure sustainability, full buy-in and effectiveness of PCP's industrial development initiatives and programmes, institutional capacity-building of key governmental and non-governmental institutions has been at the core of its agenda.



Vehicle Driving Trainees at SELAM Vocational College – UNIDO

Throughout 2018, sectoral industrial skills development schemes were implemented with at least six public specialized agencies, including TIDI (textiles), LIDI (leather), CTA (coffee), FSMMIDA (SMEs), EPHI (food safety), and RIPDC (industrial parks). Similarly, collaborations were also established with TVET and private institutes, including the Mekelle Garment College and the SELAM Vocational Collage for the development of demand-tailored training curricula, resulting in 559 young trainees graduating with the new curricula and employed by respective sectors by end of 2018.

5. RISK MANAGEMENT (PROGRAMME-LEVEL)

Some of the risks identified and mitigation efforts of the PCP are described below:

- **Government and development partners' commitment to the PCP.** The PCP has been very successful in engaging with both government counterparts and the development community through the establishment of a well-functioning-governance architecture, headed by the PCP Inter-Ministerial Coordination Committee. In order to respond to the latest changes in Ethiopia's leadership and the subsequent restructuring, a series of on-boarding sessions were held with the new Administration and the PCP governance structure was restructured to better reflect the new status, and respond more effectively to government and PCP needs.
- **Public investment in hard industrial infrastructure.** The government's commitment to support PCP flagship projects was successfully secured with more than USD 500 million committed so far to the infrastructure development of industrial parks. Nevertheless, additional resources are needed to operationalize the Parks (e.g. external electrification), which will require further investments. Continued technical support is being provided to the government to facilitate resource mobilization efforts with the international community.
- **Investment climate.** The PCP is particularly engaged in investment promotion, considered pivotal to attract FDI and mobilize the business community to invest capital in the Ethiopian manufacturing sector. Ethiopia's investment laws aim to foster the inflow of foreign investments, capital and know-how, but such inflows need to be further mobilized. To this purpose, a new Task Force will be created to enhance the capacity of key players, e.g. the EIC, to broker both domestic and foreign investments around catalytic industrial sectors and projects.
- **Private sector's access to finance.** In addition to FDI, domestic finance is key to promoting the development of a vibrant private sector. Ethiopia still faces challenges in terms of access to finance, especially for MSMEs, which may hamper the sustainability in the medium- and long-term of industrial development strategies and actions. The PCP will try to increase engagement with local financial markets and promote financing schemes (e.g. blended finance) that facilitate the participation of domestic banks in investment projects, while creating a solid business base through capacity-building and the provision of business services.

6. LESSONS LEARNED AND BEST PRACTICES

Best practices and success factors can be highlighted under three main domains:

- Ownership and commitment**
 Engaging key Ethiopian government agencies in the initial development of the PCP programme, aligning with targets from the GTP II, conducting a series of consultation meetings and having key ministries assume leadership, were important steps to ensure full ownership and commitment from the GoE. Continued and consistent efforts in this regard have resulted in the effective implementation of the PCP with a strong sense of ownership, engagement and high-level commitment by senior government officials. This, in turn, has encouraged many partners to engage intensively in the PCP.
- Coordination**
 The first critical step in the development of the PCP and the key enabling factor for its success was to have an effective and functional coordination structure in place, given past challenges of inter-institutional and inter-agency linkages and collaboration.

One of the most significant contributions of the PCP in Ethiopia has been to break the institutional divide hampering collective and coordinated action by establishing a commonly-owned platform that fosters greater synergy and complementarity. All key agencies responsible for advancing industrial development (MoTI, MoFEC, MoA and later the Ministry of Innovation and Technology; the Environment, Forestry and Climate Change Commission; and the EIC) are all members of the PCP IMC, where they are represented at a senior minister/ commissioner level. The IMC meets regularly (every quarter) to provide strategic oversight, policy advice and solutions to challenges encountered during implementation. Reporting to the IMC is the Joint Steering Committee, comprising State Ministers. The Joint Steering Committee supervises operations led by several Task Forces. Development partners, including multilateral and bilateral agencies and financial institutions, are represented in these Task Forces according to their specific interests and expertise. Through this organizational set-up, the PCP Ethiopia has facilitated collective action and consistent resource optimization. The government and partners have developed a greater sense of ownership, which, in turn, has led to a higher level of commitment towards the success of the programme.

- Partnerships**
 Partnership building is a complex and challenging process. Government representatives played a key role in strongly advocating for the benefits to be accrued from greater alignment of individual agency interventions through the PCP and the usefulness of strengthening PCP coordination platforms to create synergy. Senior policymakers continued to lead by example demonstrating their high level of commitment. Such determined drive from the government has inspired not only an increasing number of stakeholders to come on-board but also increase their involvement, especially financial institutions to come up with relevant budget projects to support top priority government initiatives.

7. COMMUNICATION

Communication and advocacy activities have focused so far on *ad-hoc* activities related to the PCP, including the organization of road shows and targeted visits, and participation in global business and investment fairs involving senior leadership to introduce and promote the PCP and its flagship projects to the international business community. In 2018, specific attention was given to advocacy in order to consolidate PCP's coordination platforms through meetings/conferences organized by key partners and other stakeholders to increase awareness about the PCP and its components.

The largest platform that enabled the PCP to reach out to a larger audience was the *Second International Agro-Industry Investment Forum*, which took place in March 2018 involving over 2,300 participants. Two side events were concurrently organized during this Forum in collaboration with the *China-Africa Trade and Investment Association* and the *Emilia Romagna Region of Italy* to discuss business and investment opportunities and joint ventures for Italian, Chinese and local investors. The Africa Industrialization Week (19-23 November 2018) and Africa Day (22 November 2018) jointly organized by the European Investment Bank and UNIDO also presented excellent opportunities for highlighting the PCP and its achievements.

The PCP Ethiopia has hosted a substantial number of high-level delegations and visitors during this reporting year, including delegates from the Russian Federation, Nigeria, DR Congo, China, Singapore and Finland, the Reach for Change Organization, the South-South Technology and Industrial Cooperation – China, the MasterCard Foundation, the Bill and Melinda Gates Foundation, ILO, the Tony Blair Foundation and ICRA. Consultations were undertaken for information sharing on areas of common interest, especially with financial institutions and international research centres, including AfDB, the World Bank, EU, EIB, IFAD and ILRI.

8. UPCOMING MILESTONES AND MAJOR RESULTS EXPECTED IN 2019

Major efforts in 2019 will be devoted to secure the funding streams currently under negotiation, especially for the two flagships initiatives, the IAIPs and the MLC. Two other concerns that will be addressed throughout 2019 involve: (i) assuring a steady supply of raw materials to the IAIPs, strengthening the agricultural production base and linking them to the Parks; and (ii) attracting foreign and domestic firms to install operations within the Parks. With respect to the first point, the PCP will continue engaging in agricultural enhancement and industrialization initiatives with development partners in key value chains, e.g. cattle and dairy value chains among others. An agricultural Investment Mega Project is under assessment and will address major infrastructure, capacity and institutional constraints in agricultural production and supply to the IAIPs. With respect to domestic and foreign private investments within the Parks and in the four IAIP corridors, the PCP will support the holding of a 3rd Investment Forum by the end of 2019. A similar initiative will be held to facilitate investments between China and Ethiopia, with the organization of a China-Ethiopia Investment Forum in the two respective countries.

Considering the huge amount of financial and technical resources the PCP is attracting, a key objective for 2019 will consist in continuing to optimize the governance infrastructure of the PCP, already revised in 2018. This will involve, among others, the creation of new Task Forces, on Investment Promotion for instance, and the active involvement of new actors and stakeholders.

The PCP will continue working on ongoing initiatives. To mention some of the main achievements expected in 2019:

- The Agricultural Value Chain Development and Investment Mega Programme formulation process will be completed, necessary funds (estimated to be around USD 300 million) to be mobilized.
- The MLC project will have finalized the studies by IPDC to unleash the funds from the EIB (USD 50 million).
- The strategies on industrial capacity-building, textile sector competitiveness and SME clusters will be reformulated into project proposals for fundraising and commencing the implementation phase.
- The Creative Hub for the Leather Products Clusters will be completed and inaugurated within the FeSMMIDa premises with innovative management framework designed on a PPP model.
- The Addis Ababa Coffee Training Centre is expected to be finalized and inaugurated by June 2019. Illycaffè will organize specialized training for technicians and supervisors at its University of Coffee in Trieste and a Training of Trainers on coffee roasting and machineries maintenance in Addis Ababa.
- The finalization of a technical assistance project proposal, based on innovative finance and PPPs, aimed at integrating and scaling-up operations for an inclusive and sustainable development of the Ethiopian coffee sector.
- A new funding stream for strengthening the Moringa value chain is under approval by AICS. The Phase II of the project is expected to kick-off early 2019.
- Starting from 2019, the CoE at Mekelle Garment College (T&G) will train 200 people per month per training session, who will then be directly hired by industries located in Mekelle.

ANNEX 1: PCP PORTFOLIO OVERVIEW – UNIDO TC

ERP ID	PCP component	Completed projects	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	467,745 ²
130261	Agro-processing	PA: Valorisation and improved sustainability and inclusiveness of the Ethiopian coffee value	PTF	33,164
100092	Agro-processing	Establishing industrial processing and marketing of Beles-based food products	PTF - OPEC	2,213,000
170048	Leather	Comprehensive study entitled: Technical assistance for supporting the competitiveness of the Ethiopian textile industry	UNIDO	95,000
150471	Cross-cutting	First International Agro-industry Investment Forum in Ethiopia	PTF	250,000
160044	Cross-cutting	Reducing irregular migration in northern Ethiopia (Study)	Austria	372,547
120211	Cross-cutting	A PPP project: Training academy in heavy duty equipment and commercial vehicles in Ethiopia	SIDA	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	Korea	139,791
170072	Cross-cutting	PA for supporting National Quality Infrastructure Development in Ethiopia	PTF	52,000
170048	Cross-cutting	PA for Formulating a comprehensive TA programme for supporting the competitiveness of the Ethiopian textile industry	PTF	100,852
170068	Cross-cutting	PA for the establishment industrial enterprises related to electric systems and appliances and/or electronics in regional industrial clusters	PTF	30,794
			Sub-total:	10,829,515

² EUR 409,735

ERP ID	PCP Component	Ongoing projects	Donor	Funding (US\$)
150410	Agro-processing	Technical support for the implementation of the integrated agro-industrial parks in Ethiopia	Italy	1,450,175 ³
130144	Agro-processing	Improving the sustainability and inclusiveness of the Ethiopian coffee value chain through public-private partnership	Italy	4,156,164 ⁴
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
170226	Agro-processing	Dairy for Development (D4D) Phase 1	Austria	189,456
160252	Agro-processing	Upgrading the livestock value chain in Ethiopia Phase 1	PTF	654,000
140330	Agro-processing	Establishing Moringa-based economic development programme to improve the livelihood of rural women in Ethiopia	Italy	1,554,000
170040	Textiles and apparel	Capacity-building and job creation for youth and women in the textile sector in migration prone areas of Ethiopia	Italy	2,525,558 ⁵
160086	Leather	Leather Initiative for Sustainable Employment Creation (LISEC)	EU	8,374,942 ⁶
150201	Leather	Phase 2 (Extension) of the technical assistance project for the up-grading of the Ethiopian leather and leather products industry	Italy	2,827,854 ⁷
170023	Cross-cutting	Second International Industry Investment Forum in Ethiopia and SME profiling	PTF	265,000
120601	Cross-cutting	Low carbon low emission clean energy technology transfer Programme	Japan	1,532,780
170160	Cross-cutting	Improving public health by solar-powered water sanitation systems in Ethiopia	Japan	231,456
160089	Cross-cutting	Stemming irregular migration in northern and central Ethiopia	EU	1,748,776 ⁸
140347	Cross-cutting	Training institute for commercial vehicles drivers in Ethiopia: A PPP project to support specialized skills development	SIDA	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 Prot.	155,000
180168	Cross-cutting	Preparation of a HCFC phase-out management plan Phase II	Montreal Prot.	30,000
170051	Cross-cutting	PA for upgrading TVET colleges based on the PPDP model	PTF	35,000
170069	Cross-cutting	PA for formulation of capacity-building programme on industrial parks creation and management for PCP Ethiopia	PTF	65,148
150037	Coordination	PCP - Programme for Country Partnership in Ethiopia	China, PTF	1,089,499
			Sub-total:	35,345,172

3 EUR 1,270,354

4 EUR 3,640,800

5 EUR 2,212,389

6 EUR 7,336,449

7 EUR 2,477,200

8 EUR 1,531,928

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	3,424,658 ⁹
	Agro-processing	Coordination AfDB Project on Infrastructural Development of the IAIPs	AfDB	10,000,000
	Agro-processing	Coordination PROSEAD - IAIPs	EU, Italy	5,200,000
		Solar-powered water sanitation systems in Ethiopia (Phase II)	Japan	1,000,000
		Third International Industry Investment Forum in Ethiopia	GoE	560,000
			Sub-total:	22,184,658
PCP Ethiopia total (completed, ongoing and pipeline):				US\$ 68,264.345

⁹ EUR 3,000,000

ANNEX 2: INVESTMENTS LEVERAGED BY THE PCP ETHIOPIA, INCLUDING FORECAST FOR 2019

Partner	Project	Nature of funding	Allocation/Investment (US\$)				
			2016	2017	2018	2019	Total
GoE	Integrated Agro-Industrial Parks (IAIPs)	Public financing	150,000,000	150,500,000	206,800,000	100,600,000	
EU	Agricultural VC development & private sector support (IAIPs)			75,000,000			
AICS	Agricultural VC development (IAIPs)			51,369,863 ¹⁰	38,812,346 ¹¹		
WB	National Quality Infrastructure			50,000,000			
EU	Modjo Leather City & gap assessment study (IAIPs)	Matching fund (Grant)			6,563,927 ¹²		
AfDB	IAIPs infrastructure development support				61,330,000	100,000,000	
EU	Promoting sustainable agro-industry development (PROSEAD)					240,000,000	
Poland	IAIPs infrastructure development support	Bilateral (Soft loan)				100,000,000	
EIB	Modjo Leather City					57,077,626 ¹³	
AICS	Modjo Leather City	Bilateral (Soft loan)				57,077,626 ¹⁴	
AICS	Coffee value chain development	Credit line				22,831,050 ¹⁵	
GoE	T&G sector development	Public financing			2,000,000		
Total			150,000,000	326,869,863	311,706,712	677,585,574	1,466,162,149

¹⁰ EUR 45,000,000

¹¹ EUR 34,000,000

¹² EUR 5,750,000

¹³ EUR 50,000,000

¹⁴ EUR 50,000,000

¹⁵ EUR 20,000,000

ANNEX 3: PROJECT FACTSHEETS

The Four Integrated Agro-Industrial Parks

Project Objective

To establish four Integrated Agro-Industrial Parks (IAIPs) together with at least 20 Rural Transformation Centre (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 labour-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 favourable 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 Achievements in 2018

Strengthening IAIP Management

- The Regional Industrial Parks Development Corporations (RIPDCs) have been established in 4 regions to own and manage the IAIPs.
- UNIDO provided capacity building support to the RIPDCs to manage and oversee operations of the IAIPs, including providing support in the process of construction service procurement for on-site infrastructure and management of contracts. To this effect, UNIDO hired a local engineer expert for the IAIP Project Office to undertake the follow up of the detail engineering design, construction supervision and contract management and assist the RIPDCs.
- The four RIPDC CEOs, three state ministers and three director generals from MoTI, MoA and MoFEC, together with 4 experts from UNIDO, FAO and AICS participated in a study tour to Emilia Romagna Region (world class food valley), Italy from October 7-12, 2018.
- In partnership with UNDP, the management and operation manuals for the IAIPs and RTCs are under preparation and will be finalized in the first quarter of 2019.
- A stakeholder mapping study around the IAIPs and RTCs is planned in the 1st quarter of 2019 at federal and regional levels for operation and oversight of the IAIP.

IAIP infrastructure development

- In order to insure the quality of the designs of IAIPs and RTCs prepared by the Mahindra Engineering Consulting Firm (MACE), a review of detail engineering designs was held by third parties. Three firms participated in the review process: these are United Nations Office for Project Services (UNOPS), STUDIO MARTINI INGEGNERIA (Italian firm) and KATE Consulting Engineers (local firm for the RTCs design review).
- All the four RIPDCs have started construction activities for both the RTCs and IAIPs.

Environmental Sustainability & Safety Standards

- UNOPS has been commissioned to undertake the EISA studies for the four IAIPs and related RTCs that would comply with legal procedures of the GoE and the policy guidelines of AfDB. To undertake the assignment, UNOPS hired a South African consulting firm (WSP) and two local consulting firms.
- Key stakeholders including MoTI, RIPDCs and Ministry of Environment, Forest, and Climate Change (MoEFCC) have been consulted during the preparation of the reports and evaluated the draft reports produced. The studies have been approved by MoEFCC.
- The Resettlement Action Plan has been prepared, and compensation payments have been effected for the peoples affected by IAIPs and RTCs development.
- MoEFCC has confirmed that the projects comply with the environmental requirements of the country and issued the Environment Clearance on August 9, 2018.

Market Linkages (supply-side)

- 13 primary cooperatives, with 30,000 members producing Avocado are linked to a foreign investor producing avocado juice and oil in the SNNP IAIP.
- Consensus has been reached with regions on the urgency to design special intervention plans on improving agriculture productivity in the catchment areas and align ongoing different programs towards the development of the IAIPs.
- 5 in-depth value chain analysis have been completed and 3 additional studies are on progress. The three Strategic Analysis and Business Plans for (i) Cow Milk and Dairy Products, for (ii) Live Animals and Red Meat and for (iii) Wheat and Wheat Products in Central-Eastern Oromia are completed. The two Strategic Analysis and Business Plans for (iv) Potatoes and Potato Products and for (v) Fresh and Industrial Tomato in Central-Eastern Oromia are under finalization for technical clearance and circulation among partners and stakeholders. Products and the appendix for (vii) Pineapple, as well as the zero draft of the Strategic Analysis and Business Plan for (viii) Haricot Bean (green bean) are under finalization. These will be validated with Government experts and key stakeholders at federal and regional levels in January 2019.
- Six youth groups (60 youth in total) have been formed and supported – through a Letter of Agreement (LoA) with Oromia Regional State - on local production of improved tomato and potato.
- In collaboration with FAO, the Ministry of Fishery and Livestock and other stakeholders, trainings to key value chain actors (diary, fresh vegetables, fruits, etc.) have been provided. Financial inclusion projects have been promoted as well, with Coops and Unions.
- Preliminary analysis of required agro-infrastructure within the Agro Corridors completed.
- Review and analysis of selected PPPs and Business Models in Ethiopia conducted.
- 23 Government officials and FAO/IFAD staff have been trained through a joint ToT co-organized by FAO and IFAD on “Operational and Legal Aspects of Contract Farming Schemes”.
- Exchange visit from India has been organized with women’s organizations (i.e. SEWA and WISE) to share approaches and good practices to support women’s agribusiness entrepreneurship.
- Rapid incubator ecosystem infrastructure mapping is conducted - through a LoA with the African Agribusiness Incubation Network - for selected commodities and incubator services in Oromia.
- Partnership framework and implementation plan for “Introducing agribusiness incubation and acceleration services within the IAIP initiative” is prepared.

Investment Attraction

- Different road shows have been carried out locally to oversee and promote IAIP and attract investors. The Second International Agro-Investment Forum was successfully held on March 2018.
- The overall effort enabled to attract potential investors who are willing to invest in the IAIPs.

Outlook for 2019

- Establishment and strengthening of the IAIP Project implementation governance (Project Steering Committee) at the regional level and federal level.
- Project Proposal development for new funding opportunities (PROSEAD, AFDB and AICs).
- Facilitate or support the design of the IAIP legal framework development (park operations and management manuals, incentive packages, quality and safety systems and related proclamations) for the smooth operationalization of the IAIPs.
- Facilitate institutional linkages (university –industry linkages, TVET-industry linkages, and others) with IAIPs and RTCs.
- Facilitate structured and unstructured trainings for the private sector, employees and management of the IAIPs and RTC, value chain governance and supporting institutions.
- Experiences sharing and exposure visit (abroad and domestic) to develop managerial skills, technical skills and systems that helps for the operationalization of IAIPs and RTCs.
- Support institutional setup of the IAIPs (park administrations, RTC management, one-stop-shop service centre, centre of excellence, etc.)
- Support investment mobilization efforts of Regional Industrial Park Development Corporations.
- Complete value chain studies of selected commodities in the for the IAIPs.
- Support the value-chain development of the entire agro processing zone.
- Progress monitoring of IAIPs development and the catchment development.

Leather Initiative for Sustainable Employment Creation (LISEC)

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 labour market every year. Lack of economic opportunities to absorb a large labour 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 environmental 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 labour relations in the MLC.

Main Achievements in 2018

- UNIDO – LISEC Project Office is established.
- CTA (Chief Technical Advisor) has been selected and recruited.
- NPC (National Project Coordinator) has been selected and recruited.
- National Expert for tannery environment has been selected and recruited.
- Project implementation areas have been mapped.
- A review of the project document during the inception phase is underway in order to prepare a detailed action plan and project implementation strategy.
- Key baseline data is sourced from LIDI.
- JDs for Driver and National Experts are prepared and selection process have started.
- Discussions with other developmental partners engaged in the leather value chain are on-going (i.e. with Solidaridad, Enterprise Partners (DFID funded), JICA, People in Need and AICS).
- Preliminary introductory meeting with EUD is held.
- Modjo Leather City (MLC) Project has initiated engagements with MOTI.
- MLC Technical Committee is established and chaired by the State Minister for Industry. The UNIDO – LISEC NPC is a member; two meetings have been held so far.

Outlook for 2019

- Project Staff fully recruited.
- Project vehicles procured.
- Project Steering Committee (PSC) is established.
- Technical Working Groups (TWG) for each output are established.
- Detailed action plan is prepared.
- Inception report is finalized.

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 labour 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 Achievements in 2018

- The skills gap and needs assessment in synergy with the existing private garment industries in Mekelle was conducted. Main findings:
 - The industry has the plan to hire 20,000+ workers within the next three years, and additional 10,000+ to achieve full capacity within T&G sector based on market demand. Skills required:
 - Basic operators 18,084 (90.2%)
 - Middle level management 1,884 (9.4%)
 - High level management 84 (0.6%)
 - The number of job seekers for the textile industry (e.g. 18-25 years old, and above Grade 8th) has also been assessed:
 - At regional level there are around 140,000 job seekers out of these around 7,000 can be sourced from Mekelle Municipality
 - A significant number of workers are potentially available in the six woreda administrations next to Mekelle Municipality with about 13,000 job seekers.
- Organized and facilitated soft skill and technical sewing operators training for direct job opportunities to Strathmore Garment Industry located at Mekelle Industrial Park for about 400 beneficiaries. The training was organized and facilitated in close coordination with Mekelle city and zone administration, SINCE, UNIDO and Mekelle Garment College. The technical trainings have been provided by using the current machineries of the Centre that have been repaired through spare parts purchased, while waiting for the arrival of the new machineries under procurement.

- The capacity and equipment gap of the Centre within Mekelle Garment College (MGC) was assessed. Considering best practices in the Garmenting Industry, 2 types of Training Programs have been planned to capacitate the CoE. The list of required machinery and equipment for the production unit has been identified, approved by the beneficiaries and project's counterparts and under procurement. The existing management and availability and professional background of the College have also been assessed.
- ETIDI capacity building including Laboratory, Equipment's & machineries, classes and library has been assessed through a comprehensive study conducted by UNIDO and based on the best practices, findings and recommendations were given and an action plan has been developed.
- Three experts from ETIDI and MoTI were sponsored to participate in the seminar on technical textile industries organized in collaboration with the Government of Turkey.
- To facilitate the link between ETIDI and the private sector, a Project Cooperation Agreement (PCA) between ETIDI and individual 5 industries have been developed. The project contributed to the definition of the T&G strategy for the MoTI for capacity building in the T&G sector. The high level PPP platform has been established and approved the plan of action within the Project Steering Committee. Two roundtable discussions with stakeholders have been organized.

Outlook for 2019

Starting from 2019 (as planned in coordination with the industry work force needs), the CoE will train 200 people/session/month who will then be directly hired by the industries located in Mekelle.

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 Achievements in 2018

UNIDO has been continuing offering support to the leather clusters following a participatory approach in coordination with the Government's counterparts (MoTI, LIDI and FSMMIDA).

As a consequence of the Project Steering Committee (February 2018), the project addressed the development of the business plans for EIFCCOS and LOMI networks aimed at setting up the suitable environment for the arrival of the Common Production Line of shoes for EIFCCOS and allocating the premises for LOMI members.

Additionally, capacity building trainings were provided for the clusters and governmental officials (e.g. quality control, entrepreneurship, cluster development, quality management) and support was delivered to them for participating to the national and international fairs and exhibitions (e.g. AALF, New Year Exhibition, Fashion Week, etc.) and the visits planned (e.g. Merkato at Anbessa shoes factory). It is worth noting the visit arranged for the Italian Prime Minister at EIFCCOS (October 2018) and the Italian Vice-Minister of Foreign Affairs (December 2018).

Additionally, in line with the GTP II, UNIDO put a lot of efforts to create market linkages for its beneficiaries. In this regard, a partnership with a leather private company from Europe and LOMI was established and a visit organized.

The creation of the Creative Hub at FeSMMIDA compound is in the process to be launched following the agreements signed with GoE. Finally, synergies have been created with other development partners working on the leather sector (e.g. the Women Entrepreneurship Development Project – World Bank) for the establishment of a sharing platform composed of twenty women.

Outlook for 2019

In 2019, in addition to the annual activities promoted by the Project (capacity building initiatives, participation to exhibitions, market linkages creation), UNIDO will attentively follow and consequently launch the installation of the Common Production Line (shoes) for EIFCCOS and its operational assessment aimed at adding value to this cluster and its member SMEs. Moreover, the Creative Hub will be inaugurated. This Hub will follow the PPP approach and innovatively constitute the management framework of the hub itself.

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 of commodity export revenues in 2017.

Even though the Ethiopian coffee is well known and appreciated in all the world due to its unique flavour and aroma, the country doesn't fully benefit from the production of coffee. As a matter of fact, Ethiopia mainly produces and export coffee as green beans, while most of the value adding 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 21 Input Provision Centres, one for each target cooperative.
- Renovating old cooperative's coffee washing machineries in Aleta Wondo, in order to increase coffee quality while enhancing efficiency and environmental sustainability.
- Establishing 13 Coffee Drying Centres in Delo Mena, each comprising 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 the Ethiopian Coffee and Tea Authority (ECTA).
- Establishing the Coffee Training Centre in Addis Ababa within the premises of 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 Achievements in 2018

- Creation of new communication and branding strategy for ECTA.
- First export of coffee of Burka Yadot Farmers' Union.
- Overall, agronomic training delivered to 9,364 smallholder farmers.
- Delo Mena: 10 Coffee Drying Centres are established.
- Aleta Wondo: 3 Coffee wet mills are renovated.
- 15 Input Provision Centres are established.
- One full scholarship has been assigned to an Ethiopian applicant.

Outlook for 2019

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

Establishing Moringa Based Economic Development Program To Improve The Livelihood Of Rural Women Of Ethiopia

Project Objective

To improve the nutrition and income of the targeted rural women/communities in Southern Nations and Nationalities and People Regional State through the development of the moringa value chain.

Rationale

Improving the livelihoods and contributing to food & nutrition security of the rural communities through the development of the moringa value chain. The rural farmers, especially women, will benefit from the income generation activities derived from the entire value chain.

Description

The project target groups are represented by women and rural communities with special attention to local institutions in SNNPR. UNIDO is training the beneficiary farmers, with special consideration of women, to produce and process moringa leaves and seeds, taking into account health and sanitation parameters and having as priority to combat malnutrition in small children and pregnant lactating women. Moreover, the technical and infrastructural capacity development of the project assists the farmers' groups to create diversification for income generation through entrepreneurship capacity development.

Main Achievements in 2017/2018

- Pilot project site was identified; 30 ha of land were secured. Under the pilot initiative the first pilot demonstration unit of 5 ha was developed to demonstrate the improved production system. One ha for seed production and tree planting, with intercropping option, and 4 ha dense-planting system has been established.
- The Ethiopian Public Health Institute (EPHI) capacity has been strengthened through a provision of laboratory equipment. Two important laboratory instruments, amino acid analyser and fat analyser were procured and installed, to enable the Institute to conduct the complete nutrition profiling of *M. stenopetala*. Furthermore, international networking has been established between the Italian Public Health Institute, Istituto Superiore di Sanita' to improve the technical capacity of EPHI and other relevant institutes through training and knowledge transfer, especially on research laboratories and testing laboratories. The collaboration between Istituto Superiore di Sanita' and local institutes shall be stipulated in the form of an MoU.
- Institutional support has been provided to the Ethiopian Food, Medicine and Health Care Administration and Control Authority for developing a regulatory framework to ensure the marketing and distribution of moringa products. Within this context: a) the policy document on Traditional/Herbal Medicines and Herbal Supplements was completed b) a draft proclamation and directives were developed and presented to the relevant authorities for review and presented to the Council of Ministers for endorsement, and subsequently submitted to the House of Representatives for approval.
- Arba Minch University and Hawassa University have been supported to conduct baseline nutritional assessments. The assessments included household surveys of the existing handling practices, preparation and processing techniques of moringa in the lowlands of Arba Minch ZuriaWoreda.
- Targeted beneficiaries, the rural women of Arba Minch ZuriaWoreda, have been trained on improved production and processing techniques. Product development training, knowledge transfer, (e.g. moringa soap production) has been conducted to introduce new aspects of moringa use.
- Moringa based improved recipes were developed, based on the study conducted on consumption patterns of moringa and ways to improve the nutritional values of foods consumed in Arba Minch area. A nutrition analysis was performed on the different kinds of moringa leaves (i.e. young, old, dry fresh), sensory evaluation was conducted on the improved recipe. A communication strategy, a training manual and communication tools, such as recipe card, leaflet, billboard were developed as well. Training sessions on balanced diet, malnutrition, nutrition during the first 1000 days, complementary food, and dietary diversity have been conducted. Nutritional values of moringa, Hygiene & Sanitation have been emphasised on training modules.

- In terms of government contribution, the moringa value chain is considered as a strategic project for the regional government. The Regional Government financed the construction of a post-harvest unit and borehole to supply water for irrigation. The transformation of the underutilized resources, Moringa, to a marketable product and the demonstration of rural-agro processing technology in GamoGofa zone, which is a potential area for other horticulture products processing, is creating future opportunities. The intention of the regional government is to creating a centre of excellence for moringa post-harvest handling and agro-processing. The Government anticipates to replicate the lessons learned to other zones in SNNPR, as well as to promote moringa at national level.
- A feasibility study has been conducted considering an organic production on the allocated land (30 ha). The study provided a sound base for the establishment of a moringa seed system, for the processing of leaves and moringa oil, and for the scaling-up of the pilot initiative (diversification and marketing). The potential of *M. stenopetala* as a commercial product that can penetrate the commercial market structure both locally and internationally is clear.

Outlook for 2019

The second phase of the project has been developed jointly with FAO and submitted to donors (expected to be finalized in the 1st quarter of 2019). In the second phase of the project the following activities are envisaged to be conducted:

- Conduct a detailed market assessment for moringa (both species) and moringa products for animal consumption and human consumption including for medicinal use, in order to identify products requirements: quantity, quality, and continuity of supplies.
- Develop capacity of public Institutions (e.g. Bureau of Industry, Bureau of Agriculture and Livestock Resources, Cooperative Agency).
- Strengthen the capacity of regulatory authorities (e.g. EPHI/FMHACA/ESA) to ensure quality, certification and registration of *M.stenopetal* in the global market.
- Develop agribusiness skills (e.g. management, marketing, maintenance and services, etc.) of cooperatives and pre-cooperative groups to run the processing unit.
- Support the establishment of processing units for moringa-based products including for the pilot on *M. Oleifera*.
- Develop training procedures, manuals for the Coop members, and conduct trainings based on the concepts and principles of the Food Quality and Safety procedures.
- Support the communities in developing new products in collaboration with the private industries (Moringa oil, cosmetics etc.).
- Develop capacity of value chain actors on GAPs, and GMPs.
- Support the development and promotion of moringa based products, to create market opportunity (e.g. collaborate with industries to development new products), in line with national and international regulatory frameworks (in synergy with Output 3).
- Facilitate forward and backward linkages between value chain actors (linking with national and international markets).
- Carry out baseline survey and gender analysis in the new intervention areas.
- Develop Project factsheets, videos and other promotional material (including media local campaigns, awareness raising initiatives at national and international).

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 - Ministry of Fisheries and MoTI, to support implementation of the Industrialization led national Agriculture Transformation Plan 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 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 institutions of government, academia and research in fisheries, the project fills the gap of limited skills training on diversification through fish processing, and developing 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 utilizing wherever possible using disposable plastic scrap.

The project also targets institutional capacity building by assisting in the establishment of relevant institute operational guidelines, training courses, materials and staff capacities. The established and/or upgraded service centres 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 Achievements in 2018

- Inception report has been validated and endorsed by the project steering committee including the annual work plan, budgets and monitoring and evaluation plan. Three PSC meetings have been carried out, a fourth in progress targeting January 2019.
- Two trainings, each for five days, on fish product quality, fish handling and preservation have been provided to 55 participants.
- Communication and visibility strategy including tools, target audiences and frequency have been drafted and endorsed by PSC, preliminary design requirements for project website also have been drafted, while press release, articles and banners have been issued during the project launch. The project had also participated in the 2nd Agro-industry International Investment Forum as a UNIDO PCP project.
- The Project Manager mission to conclude the site selection has been carried out to three potential sites. Formal request. Consultations were carried out with city administration officials, Amhara Entrepreneur Development Centre, SMEs and women fish traders for potential rehabilitation and development of marketing, processing and landing of the pre-selected sites.
- ASTU experts delivered preliminary layout and specifications for fishery technologies, including cage aquaculture line propositions along the costal lines of Lake Tana. Limnology data, depth measurements and observations have been carried out onshore Lake Tana. Final designs and Bill of Quantities are 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 have been carried out with UNIDO's recruited International Expert 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 assessment have been carried out in Bahir Dar and Addis to provide business plan and feasibility for the centre, delivery to progress.
- Assessment of catchment ecology, spawning and stock requirement of the water resources in the target area are undertaken.
- Four potential private sector and business partners have been 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 2019

- 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, a fishery location in Russia located in the upper part of the Volga delta.
- Review and implement rehabilitation plan of existing women lead fish markets and processing facilities 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 GoE - 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 litres 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, 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 centres (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 RTCs and IAIPs projects.

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, analysed and used with partners and stakeholders to craft detailed component work plans. The inception phase will also deliver a D4D trainers' training workshop and a pre-feasibility study for the proposed Bure dairy processing firm.

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

Main Achievements in 2018

- August: First inception team field technical mission to Amhara region, situation assessment, Federal and Amhara region dairy stakeholder meetings have been held.
- September: Preliminary Inception report was submitted with detailed component work plans and budgets.
- November: D4D inception/validation workshop was held in Bahir Dar on 22 November, 2018.
- December: Final inception report was submitted to UNIDO.

Outlook for 2019

- Solicitation for funds and implementation of the D4D Second Phase as planned in the Inception Report (IR).

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 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" 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 Achievements in 2018

- International workshop and technical expert study tour was organized in China;
- New technical cooperation project proposal (USD 2 million) was developed and endorsed by counterparts and pending final approval and fund release.
- General Administration of China (reassured partnership commitment for the joint implementation of the current and incoming livestock project.
- Chinese Academy of Agricultural Mechanization Science agreed to partner with UNIDO on dairy development project in Ethiopia.
- Draft livestock sector capacity development programme/strategy document prepared.

Outlook for 2019

- Create linkage with similar national and regional initiatives, particularly with IAPs development;
- Establish a cattle/meat industry information sharing platform with the MoU for sharing information and coordinating actions pertaining to the development of the sector;
- Organize a high level meeting between UNIDO, the General Administration of China and the Ethiopian MoU in the first quarter of 2019 to endorse joint technical working group and action plan for 2019;
- Validation and endorsement of livestock sector capacity development strategy or programme document and action plan for incoming project to be funded by the South-South Cooperation Assistance Fund (SSCAF).

Second International Agro-Industry Investment Forum in Ethiopia

Project Objective

To highlight Ethiopia's favourable investment climate in agro-industry and allied sectors, promote specific investment opportunities in key light manufacturing sectors, and facilitate business linkages among international and national participants.

Rationale

The Second International Agro-Industry Investment Forum, held from 5 to 8 March 2018 in Addis Ababa, was co-organized by the Government of Ethiopia and UNIDO as a follow-up to the first forum held from 5 to 7 October 2016. The event was organized within the framework of the PCP Ethiopia, a multi-stakeholder partnership model launched in 2014 to support the country in achieving its industrial development goals, with a focus on the agro-food processing, leather and textile sectors.

Main Achievements in 2018

The forum featured a high-level opening, two full days of panel discussions covering topics from Ethiopia's investment climate to financing options, to specific opportunities in agro-food processing textiles and garments, leather and leather product sectors, and agro-industry allied sectors. It also highlighted investment opportunities in the four integrated agro-industrial parks being developed within the framework of PCP Ethiopia. The forum included an exhibition showcasing 80 booths, mostly representing domestic companies, institutions and supporting agencies. 11,000 contacts had been facilitated during the Forum.

In preparation for the event, UNIDO updated the directory of investment opportunities prepared for the first forum featuring 58 Ethiopian companies operating in the agro-food processing, textiles and leather sectors. The investment opportunity profiling exercise was concluded with MoTI delivering 168 investment project profiles and 25 enterprise benchmarking assessments.

A minimum of 45 formal business-to-business (B2B) meetings were arranged between Ethiopian companies and foreign investors over the course of the forum.

A total of 345 participants took part in organized field visits. Participants had a choice of four different destinations: the Bole Lemi Industrial Park, the Dukem Eastern Industrial Zone, Ethiopian Airlines cargo and the Ethiopian railway substation. They visited garment factories, shoe factories and a tile factory within the industrial parks.

Several agreements were also signed on the side-lines of the forum. UNIDO and the Chinese Academy of Agricultural Mechanization Sciences signed a MoU to work together to promote agro-industry development and technology transfer, including in PCP countries. The Government of Ethiopia signed an agreement with the China Africa Trade Investment Association and with three of its member companies to facilitate Chinese investment in Ethiopia, as well as an MoU with Buhler Limited, the Ethiopian Millers' Association and the African Milling School.

Outlook for 2019

A 3rd Investment Forum will be organized in October 2019.

UNIDO Investment And Technology Promotion Office (ITPO) Tokyo Advisory Program in Ethiopia

Project Objectives

The main objective is 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 Program provides Japanese enterprises and potential Japanese 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 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.

In the Advisory Program, investment and technology promotion delegates are invited for a short-term stay (average 2 weeks) in Japan, to promote the delegate's country as a possible destination for Japanese investment or technology transfer. Promotional activities include country presentation seminars and business meetings where projects from the delegate's country are presented.

Main Achievements in 2018

- Provided consultancy services and sector specific relevant investment trade and technology related information to more than 60 existing and potential Japanese companies.
- Matchmaking activities with local enterprises have been conducted for 12 Japanese companies in Ethiopia.
- The Delegate program was conducted by inviting a representative from Ethiopian Investment commission who conducted discussions and company visits to more than 20 companies in Japan.
- Ethiopia's investment and trade potentials have been promoted to potential Japanese companies in Japan.
- Support and facilitation services have been addressed to Japanese companies who are operating in Ethiopia in investment, trade and technology promotion activities.
- Professional consultancy and support services have been provided to Japanese trading companies – existing and potential companies.

Outlook for 2019

In line with the overall objective of UNIDO ITPO Tokyo's regional advisory service in the Eastern part of Africa, the following activities are planned to be implemented in 2019:

- Providing efficient support to operational projects of Japanese companies in Ethiopia.
- Plan and carry out stronger support and facilitate activities of Japanese companies' projects which are under formation and those in the study phase.
- Strengthen the promotion of investment and trade; opportunities of Ethiopia to potential Japanese companies.
- Carryout technology promotion activities of selected Japanese technologies for the country.
- Organize and carry out the Ethiopian Delegate program in Japan.
- Organize Business/investment seminar where existing and potential Japanese companies can take part.
- Work very closely with private sector associations and investment promotion agencies in Ethiopia and facilitate Japanese companies' participation in the planned investment and business seminars/exhibitions.
- Participate in national and international trade and investment seminars and forums.
- Strengthen work relationship with relevant local government offices, development partners and private sector associations in support of existing and potential Japanese 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 Achievements in 2018

The project which was launched in 2014 is heading to its closure and is registering the following results:

- Mechanism for Project Execution established - A Project management unit is established at UNIDO Regional Office. The PMU through the leadership of UNIDO Regional Office and the project steering committee and the close engagement of the Technical Committee is monitored and evaluated to achieve its objective through, site visits, meetings and reports.
- ULH-MHP Technology demonstration site - A 10KW ULH-MHP with a 12.7KW PV plant is operationalized and is currently feeding energy into an elementary school, households and business in Enkulekeble. The power unit is managed by EnkuleBirka solar and MHP user's association and back stopped by Lecon Plc local representative of SBI and Ingrosec.
- Awareness and capacity building - Local capacity to plan, install and use ULH-MHP technology has been transferred through specialized onsite trainings and exposures to high and medium level energy and irrigation experts and the private sector. Along the way, parts of the ULH-MHP are manufactured locally and a local company and higher learning institute are engaged in the process of installation, testing and verification.

- Productive Uses of Energy - Based on the interest of the local community, the facts on the ground and its feasibility, a business plan for value addition of this technology use on onion and tomato, service provision for energy and water supply was identified. The business plan development is commissioned by UNIDO and funds for constructing the processing facility have been allocated by Oromia Bureau of water, mineral and energy. Furthermore, the bureau is financing the water and energy supply to the processing plant and community.
- To own and operate the energy system and the agro processing plant a user's cooperative/ association is established and operationalized.

Outlook for 2019

Referring to the original objective and plan of the project, the following issues are considered as outstanding and will be implemented in 2019:

- Improvement on trash trap and management.
- Facilitation of the construction of the Agro processing plant.
- Implementation of business plans.
- Finalizing the House to house electrification and community water supply system establishment.
- Handing over the system to users.
- Strengthening the ownership structure / entity.
- Reinforcing of a networking and capacity building hub for ULH-MHP.
- Promotion of the ULH-MHP at a national level for all sectors players with the objective of scaling-up.
- Establishment of monitoring and evaluation system.
- Facilitation of cooperative capacity building in technical and financial management.

Improving public health by solar-powered water sanitation systems in Ethiopia

Project Objectives

The overall objective of the project is 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. An 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 centres).

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:

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

Main Achievements in 2018

- Project Management Unit is established.
- Appropriate technology is identified.
- An inception workshop is organized in the presence of State Minister MoWIE HE Negash Wegasho and dignitaries from the Embassy of Japan and UNIDO.
- A feasibility study is conducted in selected regions for water treatment plant installation.

Outlook for 2019

- Identify suitable location and Install the Solar powered water purification technology.
- Conduct awareness raising and capacity building activities of the technology for an off-grid setting.
- Facilitate establishment of the ownership structure.
- Handover the treatment plant to the end users.

Training Institute for Commercial Vehicle Drivers in Ethiopia: a private public partnership project to support specialized skills development in Ethiopia

Project Objectives

- Provide youth (women and men) with skills that will enable them secure long-term sustainable income
- 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).
- 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 totalling 681 kilometres (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 GTPII in 2020.

Description

With the view of alleviating the above mentioned challenges UNIDO has partnered with Selam Children's Village, Swedish International Development Cooperation Agency (SIDA), Volvo Group and Federal Transport Authority to support the establishment of a Commercial Vehicles Drivers 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 labour 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 Achievements in 2018

During the reported period, much of the project activities have been focused on finalizing activities that are vital for the launching of the training academy and starting of the commercial vehicle driver trainings. In particular, the following points have been achieved:

- Various training equipment were acquired for the training academy including simulators, trucks and a Passenger bus.
- A building in which classrooms for theoretical teaching and a room for simulator training was identified and rehabilitation works are underway.
- Training ground for practical vehicle driving was acquired from Selam and construction is in progress.
- New curriculum modules were developed and waiting for approval by relevant authorities.
- Occupational standard, an assessment tools and teaching and learning materials were developed.
- Highly skilled trainers were recruited and passed through training of trainer courses.

Outlook for 2019

- A training institute for Commercial Vehicles Drivers is established and operational.
- Trainers in CVD are trained to deliver up-to-date training.
- Young trainees (40 women and men) are enrolled in the training program, graduate as CVDs and obtain gainful employment opportunities.
- In addition, at least 480 drivers from different transport companies will participate in a skills upgrading program.
- Reduced road traffic accidents by introducing mandatory road safety training.
- Experience of the PPDP training institute is incorporated in the national framework in vocational schools and truck drivers' schools.
- HIV prevalence rate reduced among the truck drivers.

Stemming Irregular Migration in Northern and Central Ethiopia ñ SINCE

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.

To create greater economic and employment opportunities by establishing inclusive economic programmes that create employment opportunities (especially for young people and women with a focus on rural towns and urban areas of Addis Ababa and the most migration-prone regions of Ethiopia - Amhara, Tigray, Oromia, SNNPR) including vocational training, support of micro and small enterprises and start-up of small livelihood activities. Some actions will in particular support returnees once they have returned to their places of origin.

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, in particular:

- (i) 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.
- (ii) In-depth assessment of both results at outcome and impact levels, and of sustainability of the projects and programmes and their value ad, through individual final or ex-post project evaluations to take place at the end of or after project implementation.
- (iii) In-depth assessment of regional, zonal, woreda and thematic strategies and of instruments through strategic evaluations.

Main Achievements in 2018

- Setup of the entire Programme Monitoring System has been achieved.
- Setup of Gender Monitoring System has been achieved.
- The Programme was supported with over 18 Monitoring Missions.
- Synergies have been built with UNIDO Textile Project in Mekelle to train and facilitate job access to 400 women within the 18 – 25 age group.
- Synergies have been built with IOM in support of returnees in Amhara Region coinciding with the same woredas of intervention of SINCE Programme.
- Outlook for 2019
- Ensure full fledged of SINCE Programme through UNIDO's Monitoring mandate.
- Technically support the 26 implementing partners with respect to their 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.



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For more information, please visit:

<https://www.unido.org/programme-country-partnership/ethiopia>



**Programme for Country Partnership
Ethiopia**



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