



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



Programme for Country
Partnership **Ethiopia**



ETHIOPIA

Programme for Country Partnership — PCP

Annual Report **2020**



SUSTAINABLE DEVELOPMENT GOALS

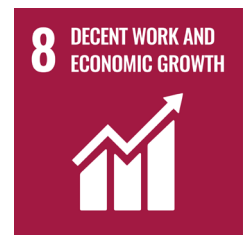


TABLE OF CONTENTS

1.	EXECUTIVE SUMMARY	3
2.	INTRODUCTION	6
3.	ALIGNMENT WITH AND CONTRIBUTION TO UNSDCF	8
4.	PROGRAMME-LEVEL RESULTS	8
	4.1. COORDINATION AND GOVERNANCE	8
	4.2. PARTNERSHIPS AND RESOURCE MOBILIZATION	9
	4.3. RESULTS OF PCP ADVISORY SERVICES	9
	4.4. TECHNICAL COOPERATION RESULTS	10
	4.4.1 AGRO-PROCESSING	11
	4.4.2 TEXTILES AND APPAREL	13
	4.4.3 LEATHER AND LEATHER PRODUCTS	14
	4.4.4 OVERVIEW OF CROSS-CUTTING PROJECTS	14
	4.5. RESPONSE TO COVID-19	19
5.	LESSONS LEARNED AND BEST PRACTICES	20
6.	COMMUNICATION	21
7.	UPCOMING MILESTONES AND MAJOR RESULTS EXPECTED IN 2021.	23
8.	ANNEX 1: PCP PORTFOLIO OVERVIEW - UNIDO TC	25
9.	ANNEX 2: INVESTMENTS LEVERAGED BY THE PCP	29
10.	ANNEX 3: HIGH-LEVEL COUNTERPART ENGAGEMENT	30
11.	ANNEX 4: PCP ONGOING PROJECTS - FACTSHEETS	31
12.	ANNEX 5: PROPOSED NEW PCP ETHIOPIA COORDINATION STRUCTURE	61
13.	ANNEX 6: OFFICIAL REQUEST FROM THE GOVERNMENT OF ETHIOPIA FOR SUPPORT WITH THE CONTINUATION OF THE PCP	64



PCP ETHIOPIA AT A GLANCE

STATUS

Programming phase: Started September 2014
Implementation phase: Started March 2015
Completion phase: December 2020
PCP Ethiopia continuation 2021-2025 in formulation

PRINCIPLE NATIONAL POLICY / STRATEGY SUPPORTED BY THE PCP

Growth and Transformation Plan II (GTP II) 2015-2020

FOCUS SECTORS

Agro-processing
Leather and leather products
Textiles and apparel

MAIN PARTICIPATING MINISTRIES

Ministry of Trade and Industry
Ministry of Finance
Ministry of Agriculture
Ethiopian Investment Commission

KEY DEVELOPMENT PARTNERS

Financial Institutions: African Development Bank (AfDB), European Investment Bank (EIB), World Bank (WB)

Bilateral/multilateral financing partners: Italian Development Cooperation Agency (AICS), European Union (EU), China, Republic of Korea, Russian Federation, Japan, Austrian Development Agency (ADA), Swedish International Development Cooperation Agency (SIDA), German Cooperation Agency (BMZ), Montreal Protocol, OPEC Fund for International Development (OFID)

UN entities: Food and Agriculture Organization (FAO), United Nations Development Programme (UNDP), United Nations Conference on Trade and Development (UNCTAD)
Business sector: illycaffè and Volvo, Calzedonia, Velocity, DBL and H&M (MoU), China National Textile and Apparel Council (CNTAC)

Other relevant partners: Government of Ethiopia and its specialized agencies. Among others: the Ethiopian Textile Industry Development Institute (ETIDI), the Ethiopian Leather Development Institute (LIDI), the Food, Beverages and the Pharmaceuticals Industry Development Institute (FBPIDI), the Meat and Dairy Industry Development Institute (MDIDI), the Coffee and Tea Authority (CTA), the Federal Small & Medium Manufacturing Industry Promotion Agency (FeSMMIPA), etc.

UNIDO PROJECTS WITH FUNDING SECURED (COMPLETED AND ONGOING)

Total number of projects within the framework of the PCP: 36
Total funding secured in US\$: 57,888,288.00
Total expenditures to end of current reporting period: \$ 37,605,350.00
Total balance available: \$20,282,938

TOTAL INVESTMENTS LEVERAGED (CUMULATIVE)

\$1,834,111,308.00

TOTAL PCP VOLUME

\$1,891,999,596.00

1. EXECUTIVE SUMMARY

GOVERNANCE AND COORDINATION

The initial five-year implementation phase of the Programme for Country Partnership for Ethiopia (PCP Ethiopia) came to an end in December 2020, following an independent evaluation which highlighted the strong national ownership of the PCP and identified the strengthening of partnerships through effective governance and coordination as one of the most significant contributions of the PCP in Ethiopia. The programme is firmly established as a commonly-owned platform supported by a robust and flexible governance/coordination structure that has fostered greater synergy and complementarity towards advancing inclusive and sustainable industrial development (ISID).

Due to the COVID-19 outbreak in March 2020 and the declaration of the five-month State of Emergency until 31 August 2020, the coordination platform could not meet as expected, especially, the Task Forces. However, the Joint Steering Committee (JSC) comprising State Ministers from the Ministry of Finance (MoF), Ministry of Trade and Industry (MoTI) and Ministry of Agriculture (MoA) met regularly to discuss the introduction of a more consolidated and lean coordination structure that would ensure regular engagement of decision makers for collective actions, which is viewed as indispensable for addressing challenges and gaps in the Government's efforts to build, in particular, a vibrant agro-industrial sector.

PARTNERSHIPS AND RESOURCE MOBILIZATION

At the beginning of 2020, the Resource Mobilization and Partnership Management Task Force (RMPM TF) led by the State Minister of FIN, started to facilitate the disbursement of the newly injected USD 330 million of public investment funding, in addition to the USD 122.8 million leveraged from financial institutions to support the integrated agro-industrial parks (IAIP) flagship initiative in 2019/2020. Furthermore, the Task Force had already started reaching out to partners to leverage an additional USD 515 million to fill the investment gap for the upgrading of the agricultural production and supply system, including agricultural infrastructure development in the selected agro-corridors around the IAIPs. The Government of Ethiopia has submitted a funding proposal to the European Investment Bank (EIB) for up to USD 100 million to finance the construction of the Modjo Leather City (MLC). The total amount of resource leveraged from public and private finance sources thus far stands at 1,834,111,308.

A UNIDO PCP portfolio of approximately USD 10 million was expected to be raised in new technical cooperation (TC) funding during the course of 2020. However, due to the COVID-19 outbreak in March 2020, the declaration of the five-month State of Emergency and civil unrests, these plans were delayed as most of the donors' representatives were operating outside the country. In spite of these challenging moments, to support the IAIP initiative, two new proposals were developed, submitted to the Italian Agency for Development Cooperation (AICS) and approved in December 2020 (one for a Euro 22 million soft loan for the MoTI and one for a UNIDO 2 million TC project). The second phase of the agro-value chain "moringa" project was signed by the AICS in May 2020 for a total value of Euro 3 million to be implemented in cooperation with FAO. Implementation started in September 2020. Another NORAD funded Euro 1.8 million project on "Honey Market Access and Trade Capacity- Building" has gone through a review process at MoTI, implementation expected to commence during the 1st quarter of 2021. Ushering in a new partnership with the Global Environmental Facility (GEF), a USD 3.1 million project is in the pipeline to support the promotion of circular economy through sustainable chemical and waste management in the textile sector. A new project entitled "Sustainable Textile Investment and Operation in Ethiopia" was also developed and funded through a trilateral agreement between the Governments of Ethiopia, Germany and China for a total of USD 800,000. UNIDO and GIZ were selected as implementing agencies for the Chinese funded part (USD 400,000) while GIZ for the German-funded part (USD 400,000). Furthermore, a number of other pipeline projects, including the development of a partnership model for de-risking investment in the Ethiopian coffee sector, women entrepreneurship, improving Ethiopia's event industry and SPX are expected to be financed and launch during 2021. In total, the UNIDO project portfolio financing generated stands at USD 57,888,288.00 (out of this USD 5,162,301 were in-kind contributions). This brings the overall financing raised within the PCP framework to USD 1,891,999,596.00 (total cumulative portfolio).

POLICY ADVISORY SERVICES

During the course of 2020, particular emphasis was given to working with MoTI within the UN Country Team to provide support to micro-, small- and medium-sized enterprises (MSMEs) affected by the COVID-19 pandemic. A COVID-19: Survey on industrial policy response was conducted with the State Minister of MoTI in cooperation with UNIDO's Policy, Research and Statistics Department. Furthermore, the Office of the Minister of MoTI, requested the UNIDO Regional Office Hub for Ethiopia to support the updating of the Industrial Strategy, which dates back to 2003; this activity is being conducted in cooperation with Dalberg, which was contracted by MoTI (funded by AfDB).

ALIGNMENT WITH THE UN SUSTAINABLE DEVELOPMENT COOPERATION FRAMEWORK AND COOPERATION WITH THE UN COUNTRY TEAM

Under the UNDAF for Ethiopia that covered the period 2016 to 2020 and was prepared in full alignment with the GTP II, UNIDO contributed to its Joint Work Plans (JWPs) through the programmes and projects under implementation within the PCP Ethiopia. Accordingly, UNIDO participated in UNDAF Pillar I “Structural Transformation and Inclusive Growth”, under which it led the Industry and contributed to the Agriculture Results Groups. In addition, UNIDO participated in Pillar II “Resilient, Sustainable and Green Economy” and contributed to the Climate Change Results group. The new United Nations Sustainable Development Cooperation Framework (UNSDCF) 2020-2025 with its four pillars: i) people ii) peace iii) prosperity and iv) planet, is the result of consultations carried out by the various members of the UNCT in Ethiopia with various national authorities. With UNIDO mainly to contribute to the People, Prosperity and Planet pillars, all UN entities are to work through the four main pillar groups, responsible for programme coordination and implementation of the UNSDCF, including joint biannual work plans and the development of joint programming.

HIGHLIGHTS IN PCP PRIORITY AREAS:

Agro-processing

The Prime Minister’s Office started in February 2020 an evaluation of the IAIPs with the aim of speeding up the finalization of the construction of the four IAIPs. The construction is 70% complete and affected by challenges of a lack of utilities such as electricity (the budget for electricity is already allocated by the Federal Government), water facilities and waste water treatments. This led to the preparation of a Master Plan in May 2020 and a timeline indicating responsibilities of each of the GoE’s institutions, both at the Federal and at the regional levels. It is expected that the basic infrastructure will be finalized by the end of 2021. So far, 203 investors have been registered by the Regional Industrial Park Development Corporations (RIPDCs) in the four regions and 12 have signed agreements and are operating in the IAIPs. All the 12 companies are privately-owned: eight are locally-owned business, two are joint ventures, and two are foreign firms (i.e. China and Saudi Arabia).

With respect to the agricultural value chain productivity enhancement and commercialization portfolio, seven local value chains (Coffee, Beles, Livestock, Moringa, Honey, Dairy and Fishery) have been supported through technology transfer, capacity-building and market access. With the coffee project, to date, more than 17,600 smallholder farmers have benefitted from agricultural continuation services, while two Unions and four Farmers’ Cooperatives have upgraded their production facilities through the acquisition of new equipment or the renovation of working premises. The inception phases for the Dairy-4-Development (D4D) project was finalized and the preparatory phase of the Livestock Upgrading project is under implementation with a focus on developing a strategy for meat industry upgrading. The Livestock project was approved for funding by China in December 2020. This will allow to move to the implementation phase. The fishery and aquaculture project in the Amhara Regional State has designed the establishment and the operationalization of the Fishery and Aquaculture Business Development Center (FABDC). The FABDC model features a vocational and technical training services, referred to as Fisheries and Aquaculture Technical and Vocational Training Institute, or FATVI. The second phase of the moringa value chain development project, funded by the AICS was signed. The inception phase commenced in September 2020 for a period of three months. The work plan of the inception phase encompasses the development of a nutrition-sensitive value chain, training needs assessment of the regulatory system, developing processing capacity, technology transfer and access to markets.

Textiles and apparel

After the inauguration of the Mekelle Garment College Centre of Excellence (CoE), the CoE was expected to serve as a main capacity-building hub in the overall effort to supply the industry with skilled workers. During the first six months of 2020, the project was involved in: 1) Training on basic operators’ skills and soft skills was provided. Hence, 135 beneficiaries were trained at the centre in collaboration with VIS and linkages were established with the garment industry to create job opportunities for the trainees after the completion of the training. Also, 100 beneficiaries were trained on basic technical skills and soft skills in collaboration with MAA Garment PLC for direct employment by the industry. The project “Sustainable textile investment and operation in Ethiopia” was designed under the triangular cooperation agreement between Ethiopia, China and Germany. The project’s objective is to improve the ESG standard of Ethiopia’s textile sector through capacity-building and awareness-raising for Chinese and Ethiopian investors/factory managers and their local business partners with a potential of scaling-up and replication elsewhere in Africa and Asia.

Leather and leather products

In the framework of the Leather SME Clusters project and as a consequence of the Project Steering Committee (PSC), since January 2020, the UNIDO project team worked on the finalization of the Creative Hub, a physical space allocated within the FeSMMIPA compound to foster entrepreneurship. The construction works were finalized in August 2020, and the procurement processes for equipment and furnishing is completed. Under the Leather Initiative for Sustainable Employment Creation (LISEC) project, various studies were commissioned during the year, namely studies on: productivity, competitiveness and diversification of the leather value chain in Ethiopia; setting up of the ELIDI regional centre in Modjo; MSMEs cluster footwear and leather goods cluster development in Modjo; energy audit and waste to energy; solid waste and odour

management; gender assessment of project beneficiaries along the leather value chain; impact of COVID-19 on the leather industry in Ethiopia; these studies are ongoing. Further studies to be contracted include: hides and skins management syllabus development; and the restructuring of slaughterhouses and hides and skins premises.

Supporting COVID-19 response and recovery efforts

UNIDO actively participated in the COVID-19 socio-economic impact assessment on the Ethiopian economy, impact assessments, surveys, and other studies on SMEs and the manufacturing and labour sectors, in collaboration with various partners, including UNDP, FAO, IFAD and ILO. UNIDO TC projects (particularly the IAIPs, leather clusters, textile and MISALE projects) supported awareness-raising and helped enterprises re-purpose their manufacturing lines to produce personal protective equipment (PPE), thus helping to sustain businesses and employees, in addition to material support worth USD 200,000 in PPE and 1,180 litres of sanitizers.

PCP Ethiopia's continuation

As the PCP Ethiopia's initial five-year implementation period formally concluded in December 2020, the PCP Ethiopia leadership team represented by the Ministers and State Ministers of MoF, MoTI and MoA, expressed its commitment and support to sustain the PCP approach in Ethiopia, building on key recommendations of the independent evaluation of the programme that recommended to extend the PCP Ethiopia by a second five-year time period. The Government of Ethiopia, through the Ministry of Finance, submitted an official request to UNIDO for technical support in the implementation and continuation of the PCP; the UNIDO Secretariat approved the continuation of the PCP Ethiopia in October 2020, building on the recommendations of the independent evaluation and the PCP Ethiopia Achievement Report. The PCP Ethiopia Continuation programme document will be developed in line with the Home-Grown Economy Reform Programme (GTP III), the COVID-19 National Response Programme, the UNSDCF for 2020-2025, and other strategies and plans influencing the country's industrial ecosystem, including the Third Industrial Development Decade for Africa (IDDA III).

Success factors and challenges, and lessons learned

Effective governance and coordination was key for success. One of the most significant contributions of PCP Ethiopia has been the establishment of a commonly-owned platform supported by a robust and flexible governance/coordination structure that fostered greater synergy and complementarity. A living and adjustable structure governed by an inter-ministerial coordination committee of ministers where key development partners are actively involved has facilitated collective action and consistent resource mobilization/optimization. Albeit changes in the Government's administration structure and leadership turnover have presented some challenges, the PCP has remained resilient and continued advancing implementation. Going forward, the national PCP leadership has proposed a consolidated coordination structure and a plan to address implementation-level challenges to ensure commercially viable agro-industrial parks. The further consolidated, lean coordination structure will ensure regular engagement of decision makers for collective action and address institutional gaps and challenges faced by the Government in its efforts to build a vibrant agro-industrial sector, and facilitate resource mobilization and the leveraging of partnerships.



2. INTRODUCTION

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

Within this context, UNIDO developed an innovative multi-stakeholder partnership model, the Programme for Country Partnership (PCP) to promote ISID. Aligned with the national development agenda, the PCP supports Member States in achieving their industrial development goals through several key features: i) Government ownership ii) a multi-stakeholder partnership; iii) the facilitation of large-scale public and private finance; iv) a strong analytical framework; v) selected priority industrial sectors/areas; and vi) a monitoring and evaluation system for measuring progress and programme-level impact.

Ethiopia was selected as one of the first pilot countries for the PCP model. Following a multi-disciplinary technical mission to the country by UNIDO during the summer of 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 programme document was signed in February 2015 and implementation started 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 at bringing about 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 and hub in light manufacturing in Africa by 2025, and the industrial sector is expected to play a catalytic role toward this target. The GoE has identified the development of industrial zones and parks as vehicles for accelerating industrialization, which are therefore integral parts of the PCP for Ethiopia.

The PCP focused on three priority sectors, namely (i) Agro-food processing; (ii) Textiles and apparel; (iii) Leather and leather products. Furthermore, three cross-cutting 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 and trade facilitation; (ii) Environment and energy; and (iii) Institutional capacity-building. As such, PCP ETH is implementing three flagship programmes in each of its priority sectors and several other programmes and projects aimed at the realization of the PCP's objectives, national goals and advancing the Sustainable Development Goals (SDGs).



Project/Intervention	Committed Funds to PCP Projects by Q4 2020			
	UNIDO TC	Parallel Funding	GoE Co-financing	In-kind (Private sector)
Priority Sectors				
Agro-Processing				
Integrated Agro-Industrial Parks	11,986,924	770,735,857	934,100,000	
Coffee VC project	4,235,788			111,607
Fishery VC project	2,000,000			
Dairy for Development (D4D)	155,480			
Livestock VC Upgrading	739,020			
Beles VC Project	897,020			
Moringa VC Project	2,678,286			
Total Agro-Processing	22,692,518	770,735,857	934,100,000	111,607
Textiles & Apparel				
Capacity Building and Jobs in the T&G Sector (I & II)	2,696,250		2,000,000	
Sustainable textile investment and operation in Ethiopia	263,275			
Promotion of Circular Economy in the Textile/Garment Sector through the Sustainable Chemicals and Waste Management in Ethiopia	100,000			
Total Textile and Apparel	3,059,525		2,000,000	
Leather & Leather Products				
Leather Initiative for Sustainable Employment Creation	8,188,001	126,011,518		
Leather Cluster Initiative	2,964,019		790,000	
Total Leather and Leather Product	11,152,020	126,011,518	790,000	
Cross-Cutting Interventions				
Trade and Investment Promotion				
Investment Forums (I and II)	485,095		473,934	
SME Profiling & Benchmarking	170,000			
SonderInitiative Ethiopia – Investments, VC and jobs	3,084,202			
Total Trade and Investment Promotion	3,739,297		473,934	
Energy & Environment				
ULH-MHP Technologies for Productive Use	1,368,727			
Solar-Powered Water Sanitation System (I & II)	971,278			
Total Energy and Environment	2,340,005			
Institutional Capacity Building				
SINCE (I & II)	1,709,741			
PPP SELAM Vocational Academy (I & II)	10,074,914			5,050,694
Women & Youth Entrepreneurship Program	1,006,420			
Other Strategy/Roadmap Development Projects	1,024,349			
Total Institutional Capacity-Building	13,815,424			5,050,694
PCP Coordination	1,089,499			
Total Cross-Cutting	20,984,225			
Total PCP portfolio to December 2020	57,888,288	896,747,375	937,363,934	5,162,301

3. ALIGNMENT WITH AND CONTRIBUTION TO UNSDCF

Under the UNDAF for Ethiopia that covered the period 2016 to 2020 and was prepared in full alignment with the GTP II, UNIDO contributed to its Joint Work Plans (JWPs) through the programmes and projects under implementation within the PCP Ethiopia. Accordingly, UNIDO participated in UNDAF Pillar I “Structural Transformation and Inclusive Growth”, under which it led the Industry and contributed to the Agriculture Results Groups. In addition, UNIDO participated in Pillar II “Resilient, Sustainable and Green Economy” and contributed to Climate Change Results group.

A year before the UNDAF 2016-2020 ended in June 2020, the UN Country Team (UNCT) started to work on the formulation of the new United Nations Sustainable Development Cooperation Framework (UNSDCF) for Ethiopia covering 2020-2025, in which UNIDO actively participated. Accordingly, in the first stage, UNIDO co-led the drafting of the Common Country Assessment (CCA) for the Pillar: “Economic Transformation including Financing Landscape”, which was followed by the preparation of the new Cooperation Framework document. As of July 2020, the UNSDCF for Ethiopia 2020-2025 was completed and signed by the Government (MoF) and the RC/HC in September 2020. The overall responsibility for the UNSDCF will lie with the Minister of Finance on behalf of the Government of Ethiopia and the UN Resident and Humanitarian Coordinator. As implementation of the cooperation framework starts, a joint Steering Committee will be established, co-chaired by the Minister of Finance and the UN Resident and Humanitarian Coordinator, to oversee the implementation of the UNSDCF. The Steering Committee will meet regularly to review implementation progress.

The new UNSDCF with its four pillars: i) People; ii) Peace; iii) Prosperity; and iv) Planet is the result of consultations carried out by the various members of the UN family in Ethiopia with various national authorities to ensure it reflects national priorities. With UNIDO mainly to contribute to People, Prosperity and Planet pillars, all UN entities are to work through the four main pillar groups responsible for programme coordination and implementation of the UNSDCF, including through joint bi-annual work plans and the development of joint programming. In addition to the pillar groups, a number of ad hoc thematic groups will be created as needed to advance particular areas related to the UNSDCF, including youth, gender mainstreaming, human rights, and data and statistics. While the UNSDCF provides the overall vision for UN system-wide engagement in country, it will be implemented through the country programmes of its specific UN agencies, funds and programmes, as well as through joint programming in priority areas where it is of strategic importance to leverage a wide range of UN capacities and resources. Progress made against the overall commitments outlined in the UNSDCF will be jointly monitored by the Government of Ethiopia and the United Nations on an annual basis and reviewed at mid-term.

The UNIDO Regional Office Hub is a proactive member of the UNCT and continues exerting efforts in order to explore the opportunity that the UNSDCF can offer for joint programming among UN agencies with the view to scale-up the PCP approach in support of the Government and the achievement of the SDGs. In this regard, inter-agency collaborations were pursued over the past year, especially with FAO, UNDP and UNCTAD, UNCDF, and ILO among others.

4. PROGRAMME-LEVEL RESULTS

4.1. COORDINATION AND GOVERNANCE

The initial implementation timeframe of PCP Ethiopia came to an end in December 2020 after having completed an independent final evaluation that highlighted strong national ownership and identified strengthened partnerships through effective governance and coordination as one of the most significant contributions of the PCP in Ethiopia. In this context, the PCP Ethiopia has established a commonly-owned platform supported by a robust and flexible governance/coordination structure that fostered greater synergy and complementarity. All key agencies involved in advancing industrial development are members of the PCP national coordination body, the Inter-Ministerial Coordination Committee (IMC), where they are represented at a senior minister/commissioner level. Reporting to the IMC is the Joint Steering Committee (JSC) comprising State Ministers. The JSC supervises operations led by several Task Forces (TFs) specifically responsible for: 1) Resource Mobilization and Partnership Management (RMPM), led by MoF; 2) Manufacturing, led by MoTI; 3) Agricultural Productivity Enhancement and Commercialization, led by MoA; and 4) Investment, led by EIC. Development partners, including multilateral and bilateral agencies and financial institutions, are represented in these Task Forces according to their specific interests and expertise, and actively involved in the RMPM. Through this organizational set-up, PCP Ethiopia has facilitated collective action and consistent resource optimization. Due to the outbreak of COVID-19 pandemic and the declaration of the five month State of Emergency until 31 August 2020, the coordination platform could not meet as expected, especially, the TFs. However, the JSC comprising State Ministers from MoF, MoTI and MoA met to discuss the introduction of a more consolidated and lean coordination structure that would ensure constant engagement of decision makers for collective

action is indispensable to circumvent institutional challenges and effectively deal with gaps confronting the Government in its efforts to build a vibrant agro-industrial sector. A first draft of this new structure was endorsed in a meeting of the State Ministers on 15 May 2020, but will require refining also in view of the continuation of PCP Ethiopia. A new set of appointed State Ministers took over the national leadership of PCP Ethiopia. Introductions and high-level briefings on the flagship programmes were undertaken, which will be followed by a formal on-boarding meetings involving all new senior officials before commencing the regular inter-ministerial coordination committee meetings of ministers and state ministers..

4.2. PARTNERSHIPS AND RESOURCE MOBILIZATION

The Resource Mobilization and Partnership Management Task Force (RMPM TF) led by the State Minister of FIN, started to facilitate the disbursement of the newly-injected USD 330 million public investment funding on top of the USD 122.8 million mobilized from DFIs to support the IAIP flagship project in 2019/2020. Furthermore, the Taskforce had already stated reaching out to partners to leverage an additional USD 515 million to fill the investment gap for the upgrading of the agricultural production and supply system, including agricultural infrastructure development in the selected agro-corridors around the IAIPs. The Government of Ethiopia submitted a funding proposal to the EIB for up to USD 100 million to finance the construction of the MLC. The total amount of resources leveraged for industrial infrastructure and institutional capacity-building from public and private finance sources thus far stands at 1,834,111,308.00. This amount added to the leveraged TC project financing described below of USD 57,888,288.00 brings the total raised amount under the PCP to USD 1,891,999,596.00.

As to project financing, a UNIDO portfolio (approx. USD 10 million) was expected to be raised in new TC funding during the course of 2020, but due to the COVID-19 outbreak in March 2020, the declaration of a five-month State of Emergency and the civil unrests experienced in 2020, these plans have been delayed as most of the donors' representatives were operating outside the country. In spite of these challenges, two new proposals (one proposal for MoTI of Euro 22 Million soft loan and one for UNIDO 2 million technical assistance) were developed, submitted to the Italian Agency for Development Cooperation (AICS) and approved in December 2020. Ushering in a new partnership with the Global Environmental Facility, the GEF, a USD 3.1 million project for circular economy in the textile sector is in the pipeline, and is expected to be launched soon. The second phase for the agro-value chain "moringa" project was signed by AICS in May 2020 for a total value of € 3 million to be implemented in cooperation with FAO, and started its implementation in September 2020. Another NORAD funded 1.8 Million Euro project on "Honey Market Access and Trade Capacity-Building" has gone through a review process at MoTI, with implementation expected to commence during the first quarter of 2021. A new project entitled: "Sustainable Textile Investment and Operation in Ethiopia" was also developed and funded through a trilateral agreement between the Governments of Ethiopia, Germany and China for a total of USD 800,000. UNIDO and GIZ were selected as implementing agencies for the Chinese funded part (USD 400,000), while GIZ for the German-funded part (USD 400,000). The project's objective is to improve the environmental and social governance (ESG) standards of the Ethiopian textile sector through capacity-building and awareness-raising for Chinese and Ethiopian investors/factory managers, including their local business partners, with a potential scaling-up and replication elsewhere in Africa and Asia. Cooperation will be sought with the UNGC, ETIDI, and the China National Textile and Apparel Council (CNTAC).

Furthermore, following meetings between UNIDO and the Federal Small and Medium Manufacturing Industry Promotion Authority (FSMMIPA) in September 2019, FSMMIPA submitted a request letter to UNIDO on 27th February 2020, expressing its willingness to host a Subcontracting and Partnership Exchange (SPX) function, while confirming that the foreseen intervention of the SPX clearly aligns with the mandate of the Authority. In response, a concept note was developed for FeSMMIPA requesting for the agency to support the mobilization of the required Euro 1 million via the established protocols engaging MoF. Moreover, USD 1.5 million is expected to be raised in cooperation with the Ministry of Trade and Industry (MOTI), to fund a new project to strengthen Ethiopia's event industry, including a feasibility study and master plan development for the establishment of a new Exhibition and Convention Centre in a bid to promote investment and conference tourism in the country, based on discussions between UNIDO Director's General and the Ethiopian Prime Minister in November 2018. Currently, the total UNIDO project portfolio financing generated stands at USD 57,888,288.00 (out of this USD 5,162,301.00 was in-kind contributions).

4.3. RESULTS OF PCP ADVISORY SERVICES

The main focus of PCP Ethiopia remained helping the GoE to create a conducive environment to fast-track ongoing flagship projects through effective stakeholder partnerships, deliberations and policy dialogue. During the first six months of 2020, particularly emphasis was placed to working with the MoTI within the UNCT to provide support to MSMEs affected by the COVID-19 pandemic. A *COVID-19: Survey on industrial policy response* was conducted with the State Minister of MoTI in cooperation with UNIDO. Other publications produced by UNIDO during the past three months on different thematic areas related to MSMEs in the post-COVID-19 era were shared with MoTI.

Furthermore, UNIDO is supporting the MoTI in the updating of the Industrial Strategy launched in August 2003, in closed cooperation with the *Dalberg: Global Consulting Firm* in an exercise being supported by the AfDB.

4.4. TECHNICAL COOPERATION RESULTS

Key outcomes achieved in the framework of the PCP ETH from 2015 to 2020 are illustrated below.

KEY PERFORMANCE INDICATORS

AGRO-PROCESSING

- 4 IAIPs at 70% construction completion status in four Ethiopian strategic regions - Amhara, Tigray, Oromia and SNNPR.
- Approx. 21,000 jobs created around the IAIPs initiative in 5 years.
- USD 122 million in investments mobilized from International Development Partners and USD 330 million committed by the Government of Ethiopia for the development of the IAIPs.
- 203 private companies ready to relocate or establish their businesses within the IAIPs as soon as operational.
- 2 International Investment Forums attracting approx 3,500 participants and several regional promotional events with the local business community organized.
- 5 Value Chain Studies and 7 Strategic Analysis and Business Plans undertaken in the four strategic agro-corridors supplying the IAIPs.
- 7 local value chains directly supported through TA, technology transfer and marketing intelligence - Coffee, Moringa, Beles and Fishery - and 2 value chain upgrading assessments undertaken - Dairy and Livestock.
- More than 13,000 worker jobs protected during the COVID-19 pandemic; 17,600 smallholder farmers and woman fish producers benefitted.
- 2 Farmers Unions and 5 Cooperatives grouping approx. 25,000 smallholder farmers upgraded production facilities through the acquisition and or/renovation of new equipment.
- 3 new products were commercialized in both local and international markets: avocado, corn oil, honey.

TEXTILE AND GARMENT

- USD 5.9 million mobilized to carry out an in depth assessment of the T&G industry in the country and develop a national strategy to further boost employment and export in the sector.
- 135 new jobs created in the T&G industry in Mekelle area, Tigray region.
- 235 young women trained in basic sewing and soft skills. Additional people trained in basic technical sewing.
- 8 studies/strategic analysis undertaken.

LEATHER AND LEATHER PRODUCTS

- 4,852 new jobs in the industry, out of which 48% are women.
- 376 SMEs reached in 3 strategic clusters in Addis Ababa and supported through business development services and production technology upgrading.
- 130 SMEs acquired specialized industrial skills through capacity building and on-the-job training.
- Average 12.5% increase in profit margin per unit for the SMEs in the 3 clusters.
- Creative Hub established at FeSMMIPA, machinery procured and delivered to SMEs as part of the capacity building effort in the leather sector.
- USD 10.9 million mobilized from the public sector for supporting infrastructure and equipment upgrading.
- USD 100 million leveraged for upgrading the local leather value chain and for supporting the establishment of an Eco-Friendly Leather Industrial Park in Modjo City.
- 10 studies/analytical work undertaken including competitiveness of leather sector, setting up of LIDI regional centre in Modjo; MSME cluster footwear and leather goods cluster in Modjo.

CROSS-CUTTING DOMAINS

- Effective PPP involving the GOE, UNIDO, SIDA and Volvo Company supporting a model Mesale Training Academy (MTA): partnership involved 56 transport companies, 15 NGOs & Government agencies.
- More than 170 Japanese and 80 Korean companies, and more than 200 investment promotion agencies directly assisted in doing business in Ethiopia.
- 160,041 KWH of green energy produced to supply an elementary school and 70 households.
- 500 households gained access to drinking water thanks to innovative solar power filtration system, producing 8,400 litres of clean water per day.
- 247 persons (90 female) trained; 195 persons improved their income level; 54 new jobs created.

SUMMARY

- More than 20 stakeholders have partnered with UNIDO within the framework of the PCP, including Government agencies, international institutions and development partners.
- In total, over USD 1.89 billion leveraged in public and private financing to support industrial infrastructure development and institutional capacity-building (cumulative 2015-2020; including UNIDO's technical cooperation portfolio and funding leveraged).
- Multi-stakeholder partnership that has led to substantive investments in industrial infrastructure development and institutional capacity-building.

4.4.1 AGRO-PROCESSING

The Prime Minister's Office started in February 2020 an evaluation of the IAIPs with the aim of speeding up the finalization of the construction of the four IAIPs that is 70% complete considering the challenges presented by a lack of utilities, such as electricity, water and waste water treatments. This led to the preparation of a Master Plan in May 2020 and a timeline indicating responsibilities of each GoE's institution, both at the Federal and at the regional levels. It is expected that the basic infrastructure will be finalized by end of 2021. So far, 203 investors have been registered by the RIPDCs in the four regions; 12 have signed agreements and are operating in the IAIPs. All the 12 companies are privately-owned, eight are locally-owned business, two are joint ventures and two are foreign firms (from China and Saudi Arabia). UNIDO is implementing three projects (EU-funded PROSEAD, AfDB -under the IAIP-SP, BMZ-funded INOE, while a fourth one, funded by AICS, is expected to start in 2021). The overall budget is about USD 15 million with a timeframe of 3 to 5 years. UNIDO has a double role: 1) Supporting the GoE at federal and regional levels in the coordination and M&E of the overall IAIP initiative; and 2) Providing technical assistance to MoTI, RIPDC, investors, cooperatives on several topics, ranging from public management, to public economic planning, value chain development, access to finance, decent jobs, gender mainstreaming, and protection of women against violence.

Due to the outbreak of the COVID-19 pandemic in March 2020, the ongoing projects implemented by UNIDO were delayed, but project teams were able to conduct activities such as: 1) Establishment of the governance structure; 2) a baseline survey for the three active projects; 3) M&E framework for the three active projects; 4) communication strategies of the three projects; 5) suitable investors and cooperatives to support in the following years for building effective value chains linked to the RTCs and 4 IAIPs; and 6) the inception phase of the BMZ-funded project completed and inception report presented to the donor. Other activities are currently ongoing, such as the gender in agri-business analysis, the agriculture and agro-processing study, the national quality and safety system assessment, the assessment of the incentive scheme, the development of promotional strategies for the 4 parks, and the RTCs workshops. The inception phase of PROSEAD and IAIP-SP will be completed in February 2021.

During this first year of implementation, UNIDO organized two meetings of the federal steering committee (FSC) (May and October 2020) and four PROSEAD/IAIP-SP coordination meetings (6 February 2020, 23 April 2020, 28 July 2020 and 4 November 2020). These FSC meetings have been key for following the overall implementation of the IAIP programme (funded by several donors and composed of a dozen of projects), while the PROSEAD/IAIP-SP coordination meetings have been key in following the implementation process and sharing information with other development partners (AICS, KOIKA, BMZ, GIZ/Agriculture, DFID, IFC). UNIDO contributed as well to the organization of four technical sub-groups on agriculture (chaired by AICS), skills development (chaired by GIZ), investments (chaired by DFID), and access to finance (chaired by IFAD). UNIDO serves as the secretariat of these sub-groups that are functionally linked to the PROSEAD/IAIP-SP Coordination Meetings

Under the BMZ-funded INOE project, UNIDO implemented a job protection initiative against COVID-19 benefitting around 13,000 workers (construction workers, workers in manufacturing companies, SMEs). In this context of the COVID-19 pandemic, protective material was distributed and the regional health bureaus conducted trainings for the workforce. Two new proposals were developed, submitted to AICS and are waiting for approval (one proposal for a Euro 22 million soft loan to the MoTI and one for a UNIDO 2 million TC project). The projects aim at sustaining the development of the national food quality system in the regions, parks and RTCs (in partnership with the Emilia Romagna development agency, ARTER), at linking investors and cooperatives to the RTCs and IAIPs, and at preventing gender violence in the parks and RTCs (realized by UNODC).

With respect to the value chain productivity enhancement and commercialization portfolio, seven local value chains (Coffee, Beles, Livestock, Moringa, Honey, Dairy and Fishery) have been or are in the pipeline to be supported through technology transfer, capacity-building and market access. With the coffee project, to date, more than 17,600 smallholder farmers benefitted from agricultural continuation services, while 2 Unions and 4 Farmers' Cooperatives upgraded their production facilities through the acquisition of new equipment or the renovation of working premises. The inception phase for the Dairy-4-Development (D4D) project was finalized throughout 2019 and the preparatory phase of the Livestock Upgrading project is under implementation with a focus on developing a strategy for upgrading the meat industry. Both projects are pending funding for moving to Phase II. The fishery and aquaculture project in the Amhara region has designed the establishment and operationalization of the Fishery and Aquaculture Business Development Center (FABDC). The FABDC model features vocational and technical training services, referred to as the Fisheries and Aquaculture Technical and Vocational Training Institute, or FATVI. Furthermore, a Farmers' Fishery Cooperative Union is upgraded, renovated and constructed for fish processing and marketing. Similarly, the project upgraded and established a market shade for women fish traders. The Farmers' Cooperative Union consisted of more than 200 members and created job opportunities for over 20 employees. The market shade for women fish trading is being finalized and more than 60 women will benefit through supplying safe

and quality processed fish. The construction and upgrading of the Centre of Excellence (CoE) at the Bahir Dar Polytechnic College was launched. The CoE is expected to be an innovative learning and knowledge management center as well as a practical demonstration site for the fisheries and aquaculture sub-sector. The second phase of the moringa value chain development project, funded by AICS was signed. The inception phase commenced in September 2020 for a period of three months. The work plan of the inception phase encompasses the development of nutrition sensitive value chain, training and capacity needs assessment of the regulatory system, developing processing capacity, technology transfer and access to markets.

Funding

ERP ID	Completed project	Donor	Funding (US\$)
160110	Engineering design work for the integrated agro-industrial parks and rural transformation centres in Ethiopia	GoE	1,263,131
130316	Integrated Industrial Upgrading and Enterprise Development Approach	China	983,980
130164	Preparation of Feasibility Study & Business Plan for Piloting Integrated Agro-Food Parks (IAFP) in Ethiopia	Italy	522,253
150410	Technical support for the implementation of the integrated agro-industrial parks in Ethiopia	Italy	1,444,114
100092	Establishing Industrial Processing and Marketing of Beles-based Food Products	PTF - OPEC	530,904
160044	Reducing Irregular Migration in Northern Ethiopia by Establishing Processing and Marketing of Beles-based Food Products	Austria	366,116
170226	Dairy for Development (D4D) - Phase 1	Austria	155,480
140330	Establishing Moringa-based Economic Development Program to Improve the Livelihood of Rural Women in Ethiopia	Italy	1,085,893
		Sub-total:	6,351,871

ERP ID	Ongoing project	Donor	Funding (US\$)
190001	Support for the Integrated Agro Industrialization Process in Ethiopia - PROSEAD Component 5	European Union	3,567,839
190018	Coordination AfDB Project on Infrastructural Development of the IAIPs	Government of Ethiopia (AfDB)	4,205,607
130144	Improving the Sustainability and Inclusiveness of the Ethiopian Coffee Value Chain through Private and Public Partnership	Italy, Illycaffè	4,235,788
160276	Technical and institutional capacity-building for increasing production and developing the aquaculture and fisheries value chains in Ethiopia	Russian Federation	2,000,000
160252	Upgrading the livestock value chain in Ethiopia - Phase 1	Partnership Trust Fund-China	739,020
	Establishing Moringa-based Economic Development Program to Improve the Livelihood of Rural Women in Ethiopia - Phase 2	Italy	1,592,393
		Sub-total:	16,340,647
		Total	US\$ 22,692,518

ERP ID	Pipeline project	Potential Donor	Estimated funding (US\$)
	Upgrading the Livestock Value Chain - Phase 2	SSCAF	2,000,000
	Capacity Building and Advisory Support for the IAIPs Development	Italy	2,232,143
	UNIDO partnership model for de-risking investments in the Ethiopian coffee sector	Italy	3,000,000
200017	Honey Market Access and Trade Capacity Building	AfDB	2,160,000
		Sub-total:	9,392,143

4.4.2 TEXTILES AND APPAREL

Capacity-building and job creation for youth and women in the textile sector in migration prone areas of Ethiopia

After inauguration, the Mekelle Garment College Centre of Excellence (CoE) was expected to serve as a main capacity-building hub in the overall effort to supply the industry with skilled workers. During the first six months of 2020, the project was involved in: 1) Training on basic operators' skills and soft skills. Hence, 135 beneficiaries were trained at the centre in collaboration with VIS and linkages were established with the garment industry to create job opportunities for the trainees. Another 100 beneficiaries were trained on basic technical skills and soft skills, in collaboration with MAA Garment PLC, for direct employment by the industry; 2) Conduct of a study on labour sourcing for the garment industry, in collaboration with EP, to facilitate the supply of trained human power to the existing industry located in the industrial park and outside the industrial park in Mekelle; 3) Conduct of a study for the Tigray Polytechnic College to identify areas of training for basic operators and mid-level management; 4) Conduct of a gender issue assessment study on the effects of COVID-19, in cooperation with MoTI and ETIDI, on 11 garment industries; 5) Procurement and distribution of hand sanitizers to the garment industry and partner institutes in Mekelle; 6) Developing a database information system for the Mekelle Garment College (MGC); 7) Procurement of a CAD/CAM and standby generator for CoE; 8) Development of a two mid-level management manuals related to product development, in cooperation with ETIDI; 9) Conduct of a TOT training on line supervisors for the private sector. The project is on standstill since September 2020 due to internal conflict. UNIDO is working as part of a UN team for the elaboration of the Response and Recovery Plan for Tigray that will be implemented in the course of 2021.

Sustainable textile investment and operations in Ethiopia

The project was designed under the triangular cooperation agreement between Ethiopia, China and Germany. The project's objective is to improve the ESG standard of Ethiopia's textile sector through capacity-building and awareness-raising for Chinese and Ethiopian investors/factory managers and their local business partners with a potential for scaling-up and replication elsewhere in Africa and Asia. The project will be implemented by UNIDO in cooperation with UNGC, ETIDI, CNTAC, and GIZ. The following key activities were implemented: (1) The establishment of a coordination team; (2) Contract agreement with implementing partner (CNTAC) signed; (3) Questionnaires to undertake baseline data collection designed in three languages (i.e., Chinese, English, Amharic); (4) ESG requirements of international brands and policy documents are reviewed and further studies are ongoing; (5) Baseline data, particularly from Chinese-owned industries' management staff is collected; (6) Cooperation with the United Nations Global Compact initiated; (7) TOR for local implementing partner (ETIDI) prepared; and (8) Project Steering Committee meeting successfully conducted.

ERP ID	Ongoing project / sub-programme title	Donor	Funding (US\$)
170040	Capacity-building and job creation for youth and women in the textile sector in migration prone areas of Ethiopia	Italy	2,696,250
190414	Sustainable textile investment and operation in Ethiopia	China	263,275
200231	Promotion of Circular Economy in the Textile / Garment Sector through the Sustainable Chemicals and Waste Management in Ethiopia	GEF	100,000
		Total	US\$ 3,059,525

4.4.3 LEATHER AND LEATHER PRODUCTS

In the framework of the Leather SME Clusters project and as a follow-up to Project Steering Committee (PSC) decisions, since January 2020, UNIDO has been working on the finalization of the Creative Hub, a physical space allocated within the FeSMMIPA compound to foster entrepreneurship. The construction works were finalized in August 2020 and the procurement process for equipment and furnishing has been completed. Moreover, in collaboration with LIDI UNIDO has finalized the identification and procurement of common machineries for the LOMI network. Out of 376 MSMEs participating in these clusters, approximately 130 directly benefited from technology upgrading, especially within the EIFCCOS and LOMI clusters. With the COVID-19 pandemic, the five beneficiary clusters were supported by the project with short-term response initiatives, among others the provision of hand sanitizers at the workplace, promotional banners and other similar materials, audio players, and supporting the re-purposing of production (masks). In addition, UNIDO conducted two research activities (Preliminary Impact Assessment of COVID-19 on SMEs and Rapid Gender Assessment) regarding the impact of the COVID-19 pandemic on the leather sector by targeting project beneficiaries in Addis Ababa. To further strengthen the COVID-19 response of SMEs, UNIDO also finalized the identification raw material support needs for the clusters.

Under the Leather Initiative for Sustainable Employment Creation (LISEC) project, UNIDO is mandated to work on the first component of the EUTF-funded LISEC project, which aims at advancing economic competitiveness by strengthening the leather value chain. This component has three main outputs, namely: 1) Improve quality and quantity of hides and skins (H&S - including a grading system, training, awareness raising) by supporting the leather value chain from slaughterhouses to tanneries; 2) Support tanneries (processing and producing finished leather) towards integration into the global leather value chain through competitiveness gains/environmental compliance, including the creation of a Leather Industry Development Institute (LIDI) Regional Centre; and 3) Promoting investments in/around MLC (including medium, small and micro enterprise clusters) for both domestic and foreign companies.

The governance body established as a Project Steering Committee is chaired by MoTI. It is operational and complemented by respective Technical working Groups (TWGs) for each output guiding implementation and addressing cross-cutting institutional mandates. In December 2019, the EIB received the official Request for Financing from MoF for the MLC up to USD 100 million. Furthermore, the EUD has transferred to the EIB the EUR 1 million to update the feasibility and other studies (e.g. EMAS) prepared by UNIDO and the GoE (e.g. LIDI, AAU) for the realization of the MLC. This was later decommissioned to support the GoE in mitigating the COVID-19 pandemic. The MLC will be part of a special economic zone that will be realized in the basin of Modjo for a total investment of USD 6.4 billion in the next five years. During the 2nd, 3rd and 4th quarters (October 2019-June 2020) various studies were commissioned. This includes studies on: Productivity, competitiveness and diversification of the leather value chain in Ethiopia; setting up of a LIDI regional centre in Modjo; MSME cluster footwear and leather goods cluster development in Modjo; energy audit and waste to energy; solid waste and odour management; and a gender assessment of project beneficiaries along the leather value chain. These studies were completed and validation workshops were held in order to finalize the reports for official handover to the GoE in early 2021. Studies that are ongoing include hides and skins management syllabus development. Additional studies to be contracted include the restructuring of slaughterhouses and hides and skins premises, and slaughterhouse by-product utilisation. The Modjo City Administration is supporting this project and has reaffirmed its partnership, including by providing facilities to accommodate: Project office in Modjo; a common manufacturing facility to accommodate equipment and operations for the establishment of the Modjo Footwear and Leather Goods Cooperative Society (MFLGCS); and the establishment of the LIDI Regional Centre to be accommodated within the TVET facility in Modjo.

ERP ID	Ongoing project / sub-programme title	Donor	Funding (US\$)
160086	Leather Initiative for Sustainable Employment Creation (LISEC)	EU	8,188,001
150201	Phase 2 (Extension) of the Technical Assistance Project for the Up-Grading of the Ethiopian Leather and Leather Products Industry	Italy	2,964,019

Total			US\$ 11,152,020
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4.4.4 OVERVIEW OF CROSS-CUTTING PROJECTS

Under the SINCE programme, UNIDO, in close collaboration with the Embassy of Italy, organized and carried out M&E missions through the field locations of INCE. Following the outbreak of the COVID-19 pandemic and the limitation of movement in the country, UNIDO supported the Embassy of Italy in April 2020 in developing a distant monitoring tool for the implementing consortia to ensure the continuation of M&E activities on a bi-monthly basis. With regard to SINCE programme visibility, UNIDO organized a SINCE-focused photographic exhibition at the Addis Ababa National Theatre, an event where 20 pictures and 7 project posters were exhibited, which was attended by over 300 participants at its opening celebration. Moreover, UNIDO continued visibility activities and coordinated the preparation of promotional videos and a photo booklet. In August 2020, UNIDO distributed the first batch of printed booklets, while a second batch of booklets was delivered on October 2020. Furthermore, in September 2020, UNIDO completed 11 short-cut videos featuring interviews with beneficiaries and one long-cut video showcasing the achievements of the SINCE programme. In May 2020, UNIDO started the procurement of technical equipment to support both public TVETs and SME clusters targeted by the Programme.

Under the ongoing Japan-funded project “*Low Carbon Low Emission Clean Energy Technology Transfer Programme*”, the ultra-low head micro hydropower (ULH-MHP) technology from Japan was successfully installed in Fentale woreda, Ethiopia. After completing all project activities, UNIDO undertook the handover of the ULH-MHP plant to the Oromia Water Resource and Energy Development Bureau (OWERDB), which was initially identified and agreed as the project beneficiary by the Project Steering Committee comprised of national stakeholders. In February 2020, OWERDB recommended UNIDO to handover the plant to Enkule and Birka Solar and Hydroelectric service cooperative society (Cooperative). To ensure sustainability, UNIDO in coordination with the project stakeholders, provided additional support to the Cooperative through activities such as providing financial support for procurement of the equipment needed for the productive use center, and organizing trainings on operation and maintenance (O&M) of the ULH-MHP plant, among others. In June-July 2020, UNIDO held discussions with the contractors on the activities to be implemented as well as the allocated budget. The implementation of these activities is expected to start by the end of 2020.

In parallel to the handing over of the ULH-MHP plant to the Cooperative, UNIDO worked on facilitating discussions between the Japan Asia Group (JAG), which is the provider of the technology for the LCET programme, and the Ethiopian Construction Works Corporation (ECWC). The two parties have shown interest in building a partnership with the purpose of further promoting the ULH-MHP technology in Ethiopia. Starting from January to May 2020, JAG and ECWC worked on developing a draft Memorandum of Understanding (MoU) on future cooperation. The draft of the MoU envisages, among other aspects, to establish a framework for cooperation between parties and facilitate knowledge and skills transfer on the design, manufacture, assembling, installation, and O&M of the ULH-MHP. Since September 2020, regular meetings are held between JAG, ECWC, and UNIDO to discuss the draft of the MoU and identify the course of action for starting the implementation of new ULH-MHP projects in Ethiopia.

UNIDO, in partnership with the Ethiopian Water Development Commission (WDC), concluded the Japan-funded project “*Improving public health by solar-powered water sanitation systems in Ethiopia*”. Also funded by Japan, the project “*Improving Public Health by Solar-Powered Water Sanitation Systems in Ethiopia – Phase II*” is ongoing and seeks to replicate knowledge and experiences gained through the first phase. Phase 1 completed all project activities at the rural Chancho woreda site. As a result, the Chancho woreda has now access to clean water serving 500 people, and the community is able to independently operate and maintain the solar-powered water sanitation system. Building community capacities in areas of sanitation, hygiene and gender awareness have contributed significantly to reduce mortality rates and the further spread of the COVID-19 pandemic during 2020. Phase 2 foresees to replicate and scale-up the benefits to other rural communities in Ethiopia with the installation of multiple solar-powered water sanitation systems using Japanese technology. The system would provide at least 8,400 liters of clean water per day in total. An initial site scoping study was conducted to over 17 sites in February 2020 and UNIDO completed the procurement of all necessary equipment and services in March 2020. UNIDO and the WDC have been coordinating imminent planned project activities, such as carrying out a social and environmental screening of the potential sites and making a final decision on the site selection as soon as travel constraints are lifted.

Misale Driver Training Academy is a flagship project developed in the context of public-private development partnership (PPDP) with the VOLVO Group, a global company manufacturing commercial vehicles, the Swedish International Development Cooperation Agency (SIDA) and the Selam Vocational Training College to support specialized skills development in commercial vehicle driving. The Misale project was conceived following the success of a similar public-private development partnership project in Heavy Duty Equipment and Commercial Vehicle maintenance, HDECoVA. The project aims to create productive employment opportunities for Ethiopian youth in commercial vehicle driving and to improve the shortage of skilled labor in the transport industry. The project is contributing towards reducing road traffic accidents and improving road safety in the country. The Misale driver training academy project seeks also to transform the commercial vehicle drivers training undertaking in Ethiopia by introducing a model training academy with an international standard curriculum, taking into consideration the needed skills, using state-of-the-art driving training equipment as well as international best

practices. It serves as a model training academy and contributed to Government efforts to transform privately-owned vehicle driving schools in the country. The training academy is currently equipped with the state-of-the-art driver training equipment such as simulators, interactive touch screens as well as modern vehicles and various educational materials thus training participants to acquire the required knowledge, skills and attitudes to become professional commercial vehicle drivers. Since much of the bulk infrastructure works was completed in 2019, such as the rehabilitation of the school building complex, earth works for the training ground construction and other activities such as equipping the training academy with furniture and ICT equipment, complementing training vehicles obtained from Volvo and the recruitment of instructors, the project progressed towards providing commercial vehicle driver training. In 2020, emphasis was given to developing the competences of trainers and assuring the technical and financial sustainability of the training academy, in addition to conducting training in different categories, as well as strengthening partnerships. As such, several activities were carried out jointly with the Federal Transport Authority, including the training of persons who wish to become certified driving instructors. Those who successfully completed the training and qualified in the assessment became certified driver trainers in different private schools. They work in different government transport organizations as technical vehicle inspectors and as assessors/examiners, among other positions, thus contributing to capacity development efforts of the country. The project is also working with the Federal Transport Authority (FTA) to set up a standard for what is required by driving schools to get a license, and to improve testing and certification methods for commercial vehicle drivers and trainer qualifications. The training academy has been providing skills upgrading driver training to drivers from various transport companies. As part of capacity development, the training academy organized a TVET Management online training for TVET leaders of the Selam technical and vocational college. The Misale Driver Training Academy trainers were involved in upgrading curriculum modules as well as preparing various new training modules for different training programmes (both for theory and practical trainings). Major achievements in training and employments creation include: 247 persons participated in different training programmes, out of which 90 are female trainees; 195 persons improved their income level; 54 new jobs were created; and 13 are looking for a job while the project is discussing with different transport companies how to facilitate this. In the activities of the academy stakeholders involved include: 56 transport companies and other private industries, 15 NGOs and governmental institutions, 17 teaching and management staff, and 10 TVET institutions.

In 2020 and as part of the PPDP partnership, Volvo contributed an additional state-of-the-art Volvo FH truck, which is boosting training in Misale. In addition, the project procured a Coaster Bus to provide training options for youth, especially female bus drivers. The project organized a COVID-19 awareness-raising campaign for the transport sector to help reduce the virus spread. TV and radio spots, poster and banners were used to raise awareness. Together with the Selam technical and Vocational College, the project developed a guideline on how to resume TVET training taking into consideration the COVID-19 pandemic.

The annual Learning and Knowledge Development Facility (LKDF) forum was held on 7 October 2020 under the theme of Green Skills for a Sustainable Future. Through a combination of plenary sessions, virtual booths, networking opportunities and expert-led workshops, the LKDF Forum 2020 provided a virtual venue to discuss the future of skills and jobs. In particular, the Forum discussed how public and private sector partners can work together to reduce the mismatch between supply and demand for skills.

As part of the ongoing EU-funded project *“Support to business friendly and inclusive national and regional policies, strengthening productive capabilities and value chains”*, UNIDO is concluding the inception phase. The national-level component for Ethiopia was endorsed by MoF in 2020. It foresees capacity-building provided to IPIs, mainly to the Ethiopia Investment Commission (EIC) on various aspects of investment promotion and facilitation. Through the initiative of UNIDO, a preliminary agreement was reached with the IDA (Investment Development Agency) Ireland to provide capacity-building support to EIC in the form of a twinning arrangement. The project’s FDI survey interventions shed light on FDI impact, investor perceptions and needs of investors through an aftercare logic. As part of the FDI survey process, parts of the existing EIC investor database would receive updates which would benefit investor aftercare support services implemented by EIC. UNIDO will also support the development of investment opportunities, and work with EIC and other IPIs to support the systematic identification, promotion and mobilization of investment to the country. To date, a total of 155 investment opportunity profiles from Ethiopian companies seeking joint venture investment opportunities were identified, formulated and uploaded on an investment promotion portal, which will be officially launched in 2021. This followed a UNIDO-led capacity-building activity related to the Computer Model for Feasibility Analysis and Reporting (COMFAR) covering Basic, Advanced and Training-of-Trainers levels, held in the country in December 2019 and February 2020. In view of the demand for further COMFAR trainings, UNIDO supported the process of having certified COMFAR trainers in the country.

The Investment and Technology Promotion Office (ITPO) Tokyo organized and participated in an online global investment promotion seminar that brought together Japanese investors interested in investing in Africa/Ethiopia, investment promotion agencies, Chambers of Commerce, diplomats and UNIDO ITPO Tokyo teams. In the seminar, the UNIDO ITPO Tokyo Advisor in Ethiopia made a presentation on the measures taken by the Ethiopian Government to support investors and business institutions to lessen the effect of COVID 19 on their investment business activities. In addition, the ITPO Tokyo Ethiopian Advisory programme, which is part of ITPO Tokyo’s African Advisory service, has been performing different types of activities

to support existing and potential Japanese investors. The ITPO advisor also participated in organizing an online investment and business seminar, which brought together more than 170 Japanese companies with more than 200 companies from 15 African countries (including Ethiopia, Uganda, Rwanda and Burundi), as well as investment promotion agencies, private sector associations and diplomats.

The Investment and Technology Promotion Office (ITPO) Korea in collaboration with the Ethiopian Investment Commission and Korea Trade Investment Promotion Agency (KOTRA) organized a webinar on “*Business Opportunities in the Pharmaceutical and Medical Supplies Sector in Ethiopia and Its Implications under the Africa Continental Free Trade Area Agreement (AfCFTA)*”, with the aim of fostering trade, technological innovation and investment in the pharmaceutical and medical supplies sector between the private sector in the Republic of Korea and in Ethiopia. The event brought together government regulatory and procurement agencies, business leaders, professionals, policymakers, and health practitioners offering insights on the business climate and sector-specific incentives in Ethiopia. Fifty-seven participants attended the webinar and 70 business-to-business and business-to-government meetings were facilitated. In addition, ITPO Korea launched an online consultancy service platform to bridge private firms in the two countries’, by providing support to Ethiopian SMEs seeking partners in Korea, providing insight on the enabling environment to existing and potential Korean investors, and promoted more than 80 business opportunities/public procurements in Ethiopia to the Korean business community.



Funding

ERP ID	Completed project	Donor	Funding (US\$)
150471	First International Agro-industry Investment Forum in Ethiopia	Partnership Trust Fund-China	220,095
170023	Second International Industry Investment Forum in Ethiopia and SME profiling	Partnership Trust Fund-China	265,000
120211	A PPP Project: Training Academy in Heavy Duty Equipment and Commercial Vehicles in Ethiopia	SIDA, Volvo, Selam VC	5,019,714
170052	Support to GoE on the improvement of its strategy and policy for the development of technology-based chemical industry	Korea	139,791
170072	Study to Support National Quality Infrastructure Development in Ethiopia	Partnership Trust Fund-China	52,000
170160	Improving Public Health by Solar-Powered Water Sanitation Systems in Ethiopia	Japan	231,456
170069	Formulation of Capacity-Building Program on Industrial Parks Creation and Management for PCP Ethiopia	China	66,964
140092	Productive Work for Youth and Women through MSMEs Promotion in Ethiopia	Italy, Austria	1,006,420
120619	HCFC phase-out management plan Phase I	Montreal Protocol	140,000
180168	Preparation of a HCFC phase-out management plan Phase II	Montreal Protocol	30,000
170051	Upgrading TVET Colleges based on the PPDP model	Partnership Trust Fund-China	35,000
150037	PCP - Programme for Country Partnership in Ethiopia	China, Partnership Trust Fund	1,089,499
17004	Supporting business-friendly and inclusive national and regional policies, and strengthening productive capabilities and value chains	European Union	730,594
160089	Stemming Irregular Migration in Northern and Central Ethiopia (SINCE)	European Union	1,709,741
		Sub-total:	10,736,274

ERP ID	Ongoing project / sub-programme title	Donor	Funding (US\$)
120601	Low Carbon Low Emission Clean Energy Technology Transfer Programme	Japan	1,368,727
180206	Improving Public Health by Solar-Powered Water Sanitation Systems in Ethiopia – Phase II	Japan	739,822
140347	Training Institute for Commercial Vehicles Drivers in Ethiopia: A PPP Project to Support Specialized Skills Development	SIDA, Volvo, Selam VC	5,055,200
190092	Inclusive and sustainable industrial development for job creation in Ethiopia and Senegal	Germany	3,084,202
180059	UNIDO ITPO Korea Advisory Programme (Global – including Ethiopia)	Korea	NA ¹
160239	UNIDO ITPO Tokyo Advisory Programme (Global – Including Ethiopia)	Japan	NA ²
		Sub-total:	10,247,951
	Total		US\$ 20,984,225.00

ERP ID	Pipeline project / sub-programme title	Potential Donor	Funding (US\$)
190128	Improving the performance of Ethiopia's events industry	TBD	1,995,000
180078	Establishing a Subcontracting Partnership Exchange (SPX) Centre in Ethiopia	TBD	1,100,000
		Sub-total:	3,095,000

4.5. RESPONSE TO COVID-19

The Regional Hub and all projects under PCP Ethiopia were actively engaged in COVID-19 response and recovery activities. The contributions ranged from participating in mitigation and job retention initiatives, participating in various studies on the impact of the pandemic, supporting the repurposing of enterprises to manufacture protective items, to directing the provision/donation of personal protective equipment (PPE). Highlights include the following:

- Providing over USD 200,000 worth of PPE to the Ministry of Trade and Industry for the workers of the four Integrated Agro-Industrial Parks and Rural Transformation Centres to implement COVID-19 prevention measures.
- In July 2020, UNIDO, through the project Phase 2 (Extension) of the *Technical Assistance Project for the Upgrading of the Ethiopian Leather and Leather Products Industry* and in synergy with the beneficiary EIFCCOS, distributed 1,180 litres of hand sanitizers to individual businesses: EIFCCOS, LOMI and Merkato. The project also disseminated awareness-rais-

¹ Total Global Project Budget: US\$ 1,017,700

² Total Global Project Budget: US\$ 1,807,630

ing audio clips on COVID-19-related prevention measures in three local languages: Amharic, Oromifa and Tigrinya.

- EIFFCOS, the leather cluster supported by the current UNIDO AICS-funded project, adjusted the use of the common production line for shoes by adding face masks to the roster of products.
- UNIDO's Regional Office Hub in Ethiopia worked with FAO, IFAD and ILO, under the leadership of UNDP and the RC/HC Office, in the preparation of the socio-economic impact assessment of COVID-19 on the Ethiopian economy.
- As part of UNDS response in the country, UNIDO collaborated with ILO in carrying out a rapid survey on the impact of COVID-19 on the labour sector, particularly in the private and manufacturing sector.
- UNIDO's IAIP project supported standard operating procedures for the Yirgalem IAIP and RTCs, and the agricultural raw material suppliers in the Yirgalem area. It addresses preventing COVID-19 transmission during harvesting, processing, transportation and marketing of products such as avocado.
- UNIDO's IAIP project coordinated with the BMZ-funded Sonder Initiative on COVID-19 mitigation and job retention interventions, and handed over PPE material to enterprises working in the Yirgalem IAIP/RTC at the Hawassa RIPDC office.
- UNIDO's INOE project supported enterprises such as the Friendship Electromechanical Enterprise with the provision of strategic support that enables to sustain its operations but also create additional jobs.
- Under the BMZ-funded INOE project, UNIDO supported a job protection initiative benefitting around 13,000 workers (construction workers, workers in manufacturing companies, SMEs). Protective material against COVID-19 was distributed and the regional health bureaus conducted trainings for the workforce.
- In 2020, the Misale Training Academy project organized a COVID-19 awareness-raising campaign in the transport sector to help reduce virus spread. TV and radio spots, and posters and banners were used to raise awareness. Together with the Selam technical and Vocational College, the project developed a guideline on how to resume TVET training taking into consideration the COVID-19 pandemic.

5. LESSONS LEARNED AND BEST PRACTICES

Effective governance and coordination are key for success: one of the most significant contributions of the PCP Ethiopia has been to establish a commonly-owned platform supported by a robust and flexible governance/coordination structure that fostered greater synergy and complementarity. All key agencies involved in advancing industrial development (MoTI; MoF; MoA; the Ministry of Innovation and Technology; the Environment, Forestry and Climate Change Commission; and the Ethiopian Investment Commission, among others) are members of the PCP national coordination body, the Inter-Ministerial Coordination Committee (IMC), where they are represented at 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 (JSC) comprising State Ministers. The JSC supervises operations led by several Task Forces specifically responsible for: 1) Resource Mobilization and Partnership Management (RMPM), led by MoF; 2) Manufacturing, led by MoTI; 3) Agricultural Productivity Enhancement and Commercialization, led by MoA; and 4) Investment, led by EIC. Development partners, including multilateral and bilateral agencies and financial institutions, are represented in these Task Forces according to their specific interests and expertise, and actively involved in the RMPM. Through this organizational set-up, PCP Ethiopia has facilitated collective action and consistent resource optimization. In addition to partnership building, the convening power of the PCP and its coordination set up has contributed to the progress made with top priority Government initiatives since their inception (i.e. the pilot IAIPs, the Modjo Leather City, and the Small and Medium Manufacturing Industry Cluster).

The need to introduce a consolidated and lean coordination structure, and plan to address implementation level challenges from the outset. A consolidated and lean coordination structure that ensures constant engagement of decision makers for collective action can help address institutional gaps and challenges faced by the Government in its efforts to build a vibrant agro-industrial sector, and facilitate resource mobilization and the leveraging of partnerships. Towards the conclusion of the initial implementation timeframe of the PCP Ethiopia, the national PCP leadership team decided to expand the scope of operations of the programme with satellite offices (reporting to the PCP Secretariat) in key Government agencies, composed of specialized professionals, to support increased operational efficiency (See Annex 5 on the PCP coordination structure).

6. COMMUNICATION

A strategy was prepared by the Communication and Visibility National Expert recruited under the LISEC project and implemented during the course of 2019/20. See the table below highlighting some of the major activities performed.

OBJECTIVE	ACHIEVEMENTS
<p>Ensure PCP Ethiopia is promoted with tangible impacts to key players such as the government, development partners and the private sector</p>	<ul style="list-style-type: none"> • Covered signing ceremony for handing over of PPE to the Ministry of Trade and Industry under the AIP project on the UNIDO Ethiopia Twitter account and quarterly newsletter. (See Annex 4 on selected pictures) • Project signing ceremony for <i>Establishing a Moringa-based Economic Development Programme to Improve the Livelihood of Rural Women in Ethiopia - Phase 2</i>, reported in local media. • Hosted the signing of a trilateral agreement among Ministry of Trade and Industry of Ethiopia and German Development Cooperation (GIZ) and the Government of China on 10 December 2020, a project “Sustainable Textile Investment and Operation in Ethiopia”. (See Annex 4 on selected pictures) • Promotion of the jointly organized virtual event on how the pandemic is impacting the SDGs, specifically SDG 9, and the Agenda 2030 in the UNIDO-RO quarterly newsletter. The meeting was held on 22 October 2020 with the participation of UNIDO’s Director General, Mr. Li Yong and Dr. Arkebe Equbay, Minister and Senior Advisor for the Prime Minister of Ethiopia, among others. • UNIDO, represented by Ms. Aurelia Calabrò, UNIDO Representative and Director of the Regional Office Hub in Ethiopia, participated in the webinar on “Doing Green Business in Ethiopia”, which was hosted and moderated by UNIDO ITPO Italy on 21 October 2020. • UNIDO efforts in promoting the inclusive and sustainable industrial development agenda of Ethiopia were recognized by Professor Dr. Arkebe Oqubay, Senior Minister and Special Adviser to the Prime Minister of Ethiopia, as indicated in OECD’s data, analysis and recommendations on the health, economic, financial and societal impacts of COVID-19 worldwide. • UNIDO was represented at the inauguration of the Entoto Natural Park in Addis Ababa, which was hosted by the Prime Minister of Ethiopia. • UNIDO ETH participated in the webinar on “<i>Business Opportunities in the Pharmaceuticals and Medical Supplies Sector in Ethiopia and its Implications under the Africa Continental Free Trade Area (AfCFTA)</i>” hosted by UNIDO ITPO Korea. • UNIDO ETH was represented in the webinar on “Achieving inclusive and sustainable industrialization and the SDGs in a post-pandemic world”, on 20 October 2020. • Conventional media attendance and coverage for PCP’s highlight events: <ul style="list-style-type: none"> • Ethiopian Broadcasting Corporation Business news coverage on the leather industry in Ethiopia and UNIDO LISEC contributions to the sector. • Ethiopian Broadcasting Corporation covered the news on “Ethiopia and the United Nations in Ethiopia Sign the United Nations Sustainable Development Cooperation Framework (2020-2025)”.
<p>Enhance national and global visibility of PCP Ethiopia using success stories and best practices from project activities</p>	<ul style="list-style-type: none"> • PCP ETH was presented as a success story at the 2020 Asia Evaluation Week. • Inclusion of success stories in UNIDO’s Regional Office Hub in Ethiopia and UNIDO Ethiopia’s Twitter account. • Reviewed recorded TV panel discussion on the leather sector with a local TV agency “Afri-health”. • Linked UNIDO social accounts with key counterparts such as MOTI and LIDI.

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

- Produced the 3rd, 4th and 5th UNIDO Regional Office Hub in Ethiopia quarterly Newsletters.
- Increased followers of the UNIDO-ETHIOPIA Twitter account and a verification process undergoing to increase the reach out.
- Timely update of project milestones to UN-in-ETHIOPIA website to reach out to a wider audience.
- Sharing of milestones on the UNIDO website for increased visibility with internal and external audiences.
- Complied local media contact lists and periodic media outlet assessment results.



7. UPCOMING MILESTONES AND MAJOR RESULTS EXPECTED IN 2021

7.1. PCP ETHIOPIA CONTINUATION - PROGRAMME DESIGN

As the PCP Ethiopia initial five-year implementation period concluded at the end of 2020, the PCP ETH leadership team represented by the Ministers and State Ministers of MoF, MoTI and MoA, expressed its commitment and support to sustain the PCP approach in Ethiopia, building on key recommendations of the independent final evaluation of the programme, which recommended to extend the PCP Ethiopia by another five-year period. The Government of Ethiopia, through the Ministry of Finance, submitted an official request to UNIDO for technical support in the implementation and continuation of the PCP, indicating also the areas where the GoE wishes to be supported (see Annex 6). The UNIDO Secretariat approved the continuation of the PCP Ethiopia in October 2020, building on the recommendations of the independent evaluation and the PCP ETH Achievement Report.

It is anticipated that the PCP Ethiopia continuation programme document will be developed in line with the *Home-Grown Economy Reform Programme* (GTP III), the COVID-19 National Response Programme, the UNSDCF 2020-2025, and other strategies and plans influencing the country's industrial ecosystem, including IDDA III. The PCP Ethiopia leadership team has expressed its commitment to mainstream and institutionalize the PCP at several meetings of stakeholder platforms, such as the JSC and RMPM TF. This was reconfirmed at the Inter-Ministerial State Ministers meeting of 20 April 2020, when it was decided to adopt a new, leaner coordination structure for the PCP, which would be supported by a Secretariat with an expanded scope and mandate. On 7 May 2020, H.E. Ahmed Shide, Minister of Finance, conveyed an official request to UNIDO for the continuation of PCP Ethiopia, on behalf of the Government of Ethiopia, requesting technical assistance for the formulation and implementation the continuation of PCP ETH, indicating also the areas where the GoE wishes to be supported (see Annex 5).

The Ethiopian Reform Agenda aims at overcoming existing challenges through a comprehensive and synchronized set of measures in 3 main areas: macro-economic (correcting imbalances and safeguarding macro-financial stability), structural (creating an enabling environment for investment) and sectoral (focusing on key sectors where Ethiopia has great potential such as : agriculture, manufacturing, mining, tourism, ICT and Creative Industries) reforms. The overall developmental goals for the next 10 years can be summarized as follows:

- Sustain a rapid and inclusive economic growth setting the country on a path to prosperity;
- Build a resilient and diversified middle income-level economy achieved through: Building a dynamic private sector; Raising agricultural productivity and modernization of agriculture; Diversification, technological upgrading, and innovation; Inclusive and sustainable industrialization and urbanization; Inclusive digital economy;
- Eradicate extreme poverty and hunger, and reduce the proportion of people living in poverty by half;
- Build human capabilities: Affordable health care; Quality education to relevant school-age children; Safe drinking water; Affordable, reliable and clean energy and transportation services;
- Build an emerging market economy-level modern policy and institutional framework;
- Build an efficient, resilient, and well-functioning financial market system that provides affordable access to finance to investors and consumers.

With regard to the COVID-19 pandemic response, it should be noted that the pandemic struck when Ethiopia is building on its strong foundation of progress but navigating some vulnerabilities. It is expected that to respond to the COVID-19 National Response, three programs will be developed where the PCP Ethiopia will play a pivotal role particularly in the post-crises phase when the country will need the revitalization of its economy based on a close interaction between agriculture and manufacturing, and the formal and informal sectors with the main aim at creating jobs. The three joint programmes are moving along the following lines: (i) Assistance for MSMEs, especially in urban areas and those in the informal sector. In this regard, activities will focus on supporting MSMEs through cluster development, improving TVETs and supporting the creation of a Creative Eco-Hub to strengthen the sustainable development of selected value chains such as leather and textiles; (ii) Job creation in urban areas (including industrial parks), targeting formal and informal workers at risk of losing their jobs or already unemployed. This will be linked to the National Strategy on Entrepreneurship Development endorsed by the Ministry of Trade and Industry, prepared by UNIDO in cooperation with UNCTAD; and (iii) Assistance to farmers and rural enterprises in value chain recovery and the food security. This programme will link to the four IAIPs and selected value chains, such as coffee, with innovative financing schemes to be promoted.

The PCP Ethiopia continuation will also focus on the implementation of flagship projects, e.g., the four pilot IAIPs and the Modjo Leather City. The textile sector may be maintained as a potential target sector rather than a priority sector, although with the ongoing COVID-19 pandemic, it could be reconsidered for repurposing of production. Increased attention will be given to the private sector, in particular with regard to the IAIPs and private investment for building production facilities. An enhanced monitoring, evaluation and reporting system will also be introduced in line with the UNIDO's integrated results and performance framework (IRPF), based on the theory of change.

7.2. TC PROJECTS - UPCOMING MAJOR ACTIVITIES:

- IAIP infrastructure development is expected to be completed by the end of 2021 and be ready for private sector investment. Efforts will be devoted to continuing the promotion of investment opportunities, in collaboration with concerned institutions.
- The Creative Hub under the Leather SME Clusters project will be completed and inaugurated within the FeSMMIPA premises with an innovative management framework designed on a PPP model. The Hub is expected to be operational beginning of 2021 after being equipped with high-quality materials (e.g. 3D printers) and modern furnishing, and is expected to play an important role in the post-Covid-19 period in Ethiopia.
- Support the establishment of a common production facility for the women-led LOMI leather network.
- LISEC activities will continue with trainings of hides and skins\production stakeholders as well as MSMEs in Modjo on footwear and leather goods manufacture; the establishment of common manufacturing facilities in Modjo for the MSME clusters; and the establishment and equipping of LIDI Regional Centre in Modjo.
- Strengthening of the garment Centre of Excellence at the Mekelle Garment College; capacity-building for training institutes, industries and beneficiaries; and linking of training beneficiaries with the garment industry to create job opportunities and develop training manuals; and the Training of Trainers for the training institute and garment industry trainers.
- The project on Sustainable Textile Investment and Operation in Ethiopia is expected to reach completion by the end of 2021. The upcoming expected results include: A baseline study report and intervention strategies; awareness and understanding of the Ten UNGC Principles among T&G Industries raised; the ESG implementing capacity and performance monitoring of target T&G industries upgraded; cooperation and partnership between Chinese-African T&G industries strengthened; ESG-Knowledge-Hub established; and best practices disseminated. The lessons learned and the best practices are envisioned to be replicated to other African and Asian countries.
- Implementation of the project preparation phase: This entails a detailed assessment of the textile and garment sector; identification of opportunities for circular economy; awareness-raising and public education; stakeholder consultation and mobilization; and preparation of the project document for GEF endorsement on the promotion of circular economy in the textile and garment sector.
- Continuing data quality checks and supporting the CA in preparing the finalized monthly distant monitoring tools, ensuring the appropriate delivery and official handover of the procured technical equipment, and delivery of additional visibility materials to the Italian Embassy (booklets). The realization of the Modjo Leather City will begin the start-up phase with the support of the EIB, GoE and other development partners.
- Building competences in the coffee sector through the establishment of the Addis Ababa Coffee Training Centre to be inaugurated in the 2nd quarter of 2021. The overall aim of the Coffee Training Centre, which takes lessons from the illycaffè experience with the University of Coffee, focuses on the development of the Ethiopian coffee value chain by addressing the limited professional training opportunities in the country. More specifically, by providing a training excellence in close collaboration with the private sector partner, Ethiopian coffee stakeholders will be able to advance their technical and theoretical knowledge.
- In 2021, with the support of ITPO Tokyo, Japanese Dairy Processing plant, Food for Future is under establishment in the “Sidama” Region. Furthermore, ITPO Tokyo Ethiopian Advisory Service will also continue to facilitate the investment and business activities of the Japanese Leather Goods and Leather Garment manufacturing company in Ethiopia – “Ándu Amet” Leather – in its effort to repurpose its production and increase the production volume of face masks to supply the country in the face of the pandemic.
- In 2021, ITPO Korea plans to organize a workshop on market trends of the Republic of Korea, regulatory frameworks and standards targeting exporting members of the Ethiopian Leather Association and CAWEE. In addition, other planned activities include participation in the 2021 International Conference on Public Health in Africa scheduled for May 2021 and the Africa Industrialization Week in November 2021.
- The Creative Hub is also expected to be inaugurated during the 2nd quarter of 2021 and a partnership is foreseen with KfW, Germany, for the upgrading of the FeSMMIPA facilities and workshops to sustain Creative Hub operations, and support new start-ups and job opportunities.

8. ANNEX 1: PCP PORTFOLIO OVERVIEW - UNIDO TC

ERP ID	PCP component	Completed project	Donor	Funding (US\$)
160110	Agro-processing	Engineering design work for the integrated agro-industrial parks and rural transformation centres in Ethiopia	GoE	1,263,131
130316	Agro-processing	Integrated Industrial Upgrading and Enterprise Development Approach	China	983,980
130164	Agro-processing	Preparation of Feasibility Study & Business Plan for Piloting Integrated Agro-Food Parks (IAFP) in Ethiopia	Italy	522,253
150410	Agro-processing	Technical support for the implementation of the integrated agro-industrial parks in Ethiopia	Italy	1,444,114
100092	Agro-processing	Establishing Industrial Processing and Marketing of Beles-based Food Products	PTF- OPEC	530,904
160044	Agro-processing	Reducing Irregular Migration in Northern Ethiopia by Establishing Processing and Marketing of Beles-based Food Products	Austria	366,116
170226	Agro-processing	Dairy for Development (D4D) - Phase 1	Austria	155,480
140330	Agro-processing	Establishing Moringa-based Economic Development Program to Improve the Livelihood of Rural Women in Ethiopia	Italy	1,085,893
150471	Cross-cutting	First International Agro-industry Investment Forum in Ethiopia	Partnership Trust Fund-China	220,095
170023	Cross-cutting	Second International Industry Investment Forum in Ethiopia and SME profiling	Partnership Trust Fund-China	265,000
120211	Cross-cutting	A PPP Project: Training Academy in Heavy Duty Equipment and Commercial Vehicles in Ethiopia	SIDA, Volvo, Selam VC	5,019,714
170052	Cross-cutting	Support to the Government of Ethiopia on the improvement of its strategy and policy for the development of technology-based chemical industry	Korea	139,791
170072	Cross-cutting	Study to Support National Quality Infrastructure Development in Ethiopia	Partnership Trust Fund-China	52,000
170160	Cross-cutting	Improving Public Health by Solar-Powered Water Sanitation Systems in Ethiopia	Japan	231,456
170069	Cross-cutting	Formulation of Capacity-Building Program on Industrial Parks Creation and Management for PCP Ethiopia	Partnership Trust Fund-China	66,964
140092	Cross-cutting	Productive Work for Youth and Women through MSMEs Promotion in Ethiopia	Italy, Austria	1,006,420

ERP ID	PCP component	Completed project	Donor	Funding (US\$)
120619	Cross-cutting	HCFC phase-out management plan Phase I	Montreal Protocol	140,000
180168	Cross-cutting	Preparation of a HCFC phase-out management plan Phase II	Montreal Protocol	30,000
170051	Cross-cutting	Upgrading TVET Colleges based on the PPDP model	Partnership Trust Fund-China	35,000
170049	Cross-cutting	Supporting business-friendly and inclusive national and regional policies, and strengthening productive capabilities and value chains	European Union	730,594
150037	Coordination	PCP - Programme for Country Partnership in Ethiopia	China- Partnership Trust Fund	1,089,499
160089	Cross-cutting	Stemming Irregular Migration in Northern and Central Ethiopia (SINCE)	EU	1,709,741
			Sub-total:	17,088,145

ERP ID	PCP component	Ongoing projects	Donor	Funding (US\$)
190001	Agro-processing	Support for the Integrated Agro Industrialization Process in Ethiopia - PROSEAD Component 5	European Union	3,567,839
190018	Agro-processing	Coordination AfDB Project on Infrastructural Development of the IAIPs	Government of Ethiopia (AfDB)	4,205,607
130144	Agro-processing	Improving the Sustainability and Inclusiveness of the Ethiopian Coffee Value Chain through Private and Public Partnership	Italy, Illycaffè	4,235,788
160276	Agro-processing	Technical and institutional capacity-building for increasing production and developing the aquaculture and fisheries value chains in Ethiopia	Russian Federation	2,000,000
160252	Agro-processing	Upgrading the livestock value chain in Ethiopia - Phase 1	Partnership Trust Fund-China	739,020
	Agro-processing	Establishing Moringa-based Economic Development Program to Improve the Livelihood of Rural Women in Ethiopia - Phase 2	Italy	1,592,393

ERP ID	PCP component	Ongoing projects	Donor	Funding (US\$)
170040	Textiles and apparel	Capacity-building and job creation for youth and women in the textile sector in migration prone areas of Ethiopia	Italy	2,696,250
190414	Textiles and apparel	Sustainable textile investment and operation in Ethiopia	China	263,275
200231	Textiles and apparel	Promotion of Circular Economy in the Textile / Garment Sector through the Sustainable Chemicals and Waste Management in Ethiopia	GEF	100,000
160086	Leather	Leather Initiative for Sustainable Employment Creation (LISEC)	EU	8,188,001
150201	Leather	Phase 2 (Extension) of the Technical Assistance Project for the Up-Grading of the Ethiopian Leather and Leather Products Industry	Italy	2,964,019
120601	Cross-cutting	Low Carbon Low Emission Clean Energy Technology Transfer Programme	Japan	1,368,727
180206	Cross-cutting	Improving Public Health by Solar-Powered Water Sanitation Systems in Ethiopia – Phase II	Japan	739,822
140347	Cross-cutting	Training Institute for Commercial Vehicles Drivers in Ethiopia: A PPP Project to Support Specialized Skills Development	SIDA, Volvo, Selam VC	5,055,200
190092	Cross-cutting	Inclusive and sustainable industrial development for job creation in Ethiopia and Senegal	Germany	3,084,202
180059	Cross-cutting	UNIDO ITPO Korea Advisory Programme (Global – including Ethiopia)	Republic of Korea	NA ³
160239	Cross-cutting	UNIDO ITPO Tokyo Advisory Programme (Global – Including Ethiopia)	Japan	NA ⁴
			Sub-total:	40,800,143
			Total	US\$ 57,888,288

³ Total Global Project Budget: US\$ 1,017,700

⁴ Total Global Project Budget: US\$ 1,807,630

ERP ID	PCP component	Pipeline projects	Potential donor	Estimated funding (US\$)
	Agro-processing	Upgrading the Livestock Value Chain - Phase 2	SSCAF	2,000,000
	Agro-processing	UNIDO partnership model for de-risking investments in the Ethiopian coffee sector	Italy	3,000,000
	Agro-processing	Capacity-Building and Advisory Support for the IAIPs Development	Italy	2,232,143
	Agro-processing	Honey Market Access and Trade Capacity Building	NORAD	2,160,000
190128	Cross-cutting	Improving the performance of Ethiopia's events industry	TBD	1,995,000
180078	Cross-cutting	Establishing a Subcontracting Partnership Exchange (SPX) Centre in Ethiopia	TBD	1,100,000
			Sub-total:	12,487,143

9. ANNEX 2: INVESTMENTS LEVERAGED BY THE PCP

Partner	Project	Link to PCP/ UNIDO	2016	2017	2018	2019	2020
GoE	Public Financing (IAIPs Infra-structure)	IAIPs	150,000,000	150,500,000	203,000,000	100,600,000	330,000,000
EU	Agriculture Growth Project	Value Chains - IAIPs		75,000,000			
AICS	Agricultural Value Chain Development	IAIPs		50,223,214	37,946,429		3,348,214
WB	National Quality Infra-structure	Industry - IAIPs		50,000,000			
EU	LISEC - MLC Package	LISEC - MLC			8,091,518		
AfDB	IAIP Infra-structure Development Project	IAIPs			61,330,000	100,000,000	
EU	PROSEAD	IAIPs				270,038,000	
Various	PROSEAD Parallel Funding (AfDB, Italy, Korea Exim Bank)	IAIPs					122,850,000
EIB	MLC	MLC					100,000,000
AICS	Bilateral	MLC					17,920,000
GoE	Textile Sector Study	Textile			2,000,000		
GoE	Leather Clusters Infra-structure	Leather			790,000		
GoE	Third International Agro-Industry Investment Forum	Investment Promotion				473,934	
Total			150,000,000	325,723,214	313,157,946	471,111,934	574,118,214
Grand Total (Parallel Funding, 5 years)			1,834,111,308				

10. ANNEX 3: HIGH-LEVEL COUNTERPART ENGAGEMENT



Inter-Ministerial Coordination Committee of State Ministers meetings (April, May and June 2020)

SIGNING CEREMONIES OF COOPERATION AND SUPPORT AGREEMENTS



Handover of PPE to MOTI



A tripartite agreement for introducing environmental and social standards for the textile industry

11. ANNEX 4: PCP ONGOING PROJECTS - FACTSHEETS

THE FOUR INTEGRATED AGRO-INDUSTRIAL PARKS

Objective

To establish four Integrated Agro-Industrial Parks (IAIPs) together with at least 20 Rural Transformation Centres (RTCs) per IAIP to facilitate substantial value chain integration and mitigate the main constraints to investments in agro-industries (infrastructure, raw material supply, and trade logistics), while improving facilitation services for investors and support services to clustered firms and to farmers in the area.

Rationale

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

Main Project Activities in 2020 (PROSEAD, IAIP SP, BMZ SI)

IAIP Coordination

- Regular meetings of the established key IAIP project governance structure continues. The Federal Steering Committee chaired by MoTI met twice during the year. The regional steering committees in the four regional states are chaired by their respective regional vice-presidents. During the year, three regional steering committee meetings have been organized.
- Coordination platforms among development partners, are established and are regularly held every three months. In these meetings all implementing partners present the status of the programs they are implementing. Other relevant stakeholders active in agro-industrial development are invited as well. Sub-groups on investment, skill development, supply chain and access to finance meet every six months to closely look at specialized components.
- UNIDO regularly participates to the meeting of the PMO Economic Cluster IAIP coordination Committee meetings which regroup key government stakeholders and seek to align interventions and solve key bottlenecks such as power, water, foreign currency and effluent treatment plants.
- Several technical coordination platforms (Investment technical committee, Value Chain Development technical committee and Food Safety Quality and Traceability technical committee) have been established at federal level to shape services dedicated to the IAIP under the leadership of MoTI.
- Similar platforms (Investment taskforce, VCD taskforce, Skill and Capacity Development taskforce) have been established at regional level under the leadership of the regional PSC.
- With the recruitment of Communication and Knowledge Management expert and a Monitoring and Evaluation expert, the UNIDO team is almost complete. In the first quarter of 2021, a Regional Coordinator for Amhara will be recruited. Moreover, as per the request of MoTI, since July 2020 two experts have been detached at 50% of their time to provide support on engineering and M&E to the newly created Directorate for IAIP.

Resource Mobilization for IAIP implementation

- UNIDO contributed to the drafting of a project proposal by MoTI for setting up decentralized food quality and safety systems. A project proposal to provide technical support on the above area has been drafted as well.
- Both projects have been approved in December 2020 by the Italian Agency for Development Cooperation and will be funded respectively by a 22 MEUR soft loan to the GoE and a 2 MEUR grant to UNIDO.

Stakeholder Capacity-Building

- The regional coordinators (RC) are supporting the RIPDC in planning, organization of workshops/steering committees/taskforces and M&E on a regular basis.
- An investment promotion workshop has been organized in Addis Ababa in the presence of public authorities and potential investors in the parks. Investors were provided comprehensive information about IAIPs investment opportunities.
- Rural Transformation Centers (RTCs) workshops have been organized in Oromia (Shashamane RTC, Bale Robe RTC and Maki Batu RTC) and SNNP regions (Dilla RTC). These workshops aim at creating awareness on RTCs amongst the regions' authorities, private sectors, farmers' cooperative unions.

- IAIP development master plans have been developed for the four parks by the UNIDO IAIP team, presented at the PMO Economic Cluster meeting, and endorsed for implementation.
- In accordance with the capacity building plan developed last year, a training on IAIPs programs was provided to MoTI female staff members.

Studies for the sector

Various select studies are on progress and completed:

Finalized studies

- The inception phase study for the BMZ SI has been finalized and presented at the inception workshop.
- The Environmental and Social Impact Assessment (ESIA) studies for the four IAIPs have been updated in coordination with the RIPDC.
- IAIP ACPZs baseline survey for PROSEAD, IAIP SP and BMZ SI Projects have been finalized.
- A survey of 200+ investors registered at the 4 RIPDC have been realized in July 2020. The survey is to be updated every 6 months.

Studies on progress

- The update of the Investors Survey is ongoing
- IAIP and RTCs Operation and Management Manuals preparation has been commissioned to a consultancy and is progressing well.
- IAIP Investment promotion strategy for federal and regional levels and review of the incentive package in the IAIPs have been commissioned to an international consultancy and is progressing well.
- The Situation Analysis of Gender in Agriculture and Agro-processing sector in the ACPZs of the 4 IAIPs has been commissioned to a consultancy and is progressing well.
- The Situation Analysis of Agro Processing and Agribusiness in the four ACPZs has also been commissioned to a consultancy and is progressing well.
- A Study on the Ethiopian Food Safety, Quality and Traceability System has also been commissioned to a consultancy and is progressing well.

COVID Mitigation and Job retention

- Under BMZ SI support to 13,000+ workers in the 4 IAIPs has been delivered in order to mitigate the impact of COVID-19. The supported involved training on COVID-19 prevention and mitigation realized in collaboration with the respective regional health bureaus and provision of materials such as thermometers, face mask and shield, detergents, water points, and sanitizers.
- Moreover, support was also extended for sectoral offices via MoTI.

Communication and knowledge management

- The communication strategy for PROSEAD, IAIP-SP and MBZ SI has been developed.
- Both technical and financial support provided for the inauguration of Bure IAIP.
- Various communication materials developed and disseminated via various channels.

Monitoring the IAIP progresses

- PMU units established in the four regional IPDCs.
- Support provided for RIPDCs' annual planning.
- Monitoring and Evaluation Framework developed for PROSEAD, IAIP-SP and BMZ SI projects.
- Joint periodic project monitoring meetings with Government counterparts in order to identify correction measures and necessary professional advises for the local governments were held. Moreover, field monitoring was organized for Government counter parts.

Outlook for 2021

- Finalize and validate studies on progress.
- Inception phase of PROSEAD and IAIP-SP to be realized in March 2021.
- Continue regular stakeholders' meetings at federal and regional level.
- Continue support to MoTI and RIPDC.
- Continue Rural Transformation Centers workshops.
- Continue implementation of the capacity building plan targeting MoTI, RIPDC and RIC.
- Support on the inauguration of IAIPs.
- Support selected value chain development via FDI attraction, capacity building and facilitation of access to finance for local agro-processing companies and cooperatives.
- Cluster and support of MSMEs for job creation.

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

Objective

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

Rationale

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

Even though the Ethiopian coffee is well known and appreciated in all the world due to its unique flavor and aroma, the country doesn't fully benefit from the production of coffee. As a matter of fact, Ethiopia mainly produces and 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), it is implemented in coordination with the Ethiopian Coffee and Tea Authority (ECTA) and in cooperation with illycaffè and Ernesto Illy Foundation.

Being the scope of the project to increase the value and the sustainability of the coffee sector in Ethiopia, some deliverables are expected to increase its socio-economic aspects as well as environmental resilience. At farm, cooperative and union level, the increasing income from better market opportunities resulting from the quality process scale-up required from the national and international markets will be assessed.

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 in detail the project has intensively worked on:

At farmers' cooperative level

- Building capacities for farmers (best coffee agronomic, processing and post-harvest practices) and cooperatives (social and environmental sustainability, cooperative and financial management) to increase coffee production and quality.
- Establishing 15 Input Provision Centres, one for each target cooperative in Delo Mena and three in Aleta Wondo
- Renovating old cooperative's coffee washing machineries in Aleta Wondo, so to increase coffee quality while enhancing efficiency and environmental sustainability.
- Establishing 14 Coffee Drying Centres (CDC) 12 in Delo Mena and 2 in Aleta Wondo, each comprising of about 20 drying beds and one temporary storage.
- Creating nursery sites in Aleta Wondo for the production of high yield and disease-resistant coffee varieties (Produced and distributed almost 130.000 pest – resistant coffee seedlings and 150.000 coffee shade trees for increase the coffee ecosystem biodiversity).

At union level

- 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;
- Creating Business Plan, Formulate business model and develop management and supervisory system of the Unions, Analyzing brand essence and propose it to the unions' management in a tailored communication strategy.

At institutional level

- Building capacities for the Ethiopian Coffee and Tea Authority (international study tours to coffee exporting/importing countries);
- Developing business plan and comprehensive communication strategy for Ethiopian Coffee and Tea Authority (ECTA);
- Establishing the Coffee Training Centre (CTC) in Addis Ababa within the premises of the ECTA in partnership with illy-caffè and Ernesto Illy Foundation, and based on the model of the Università del Caffè;
- In partnership with Ernesto Illy Foundation, assigning one full scholarship every year for an Ethiopian student to attend the Master in Coffee Economics and Science in the University of Coffee of Trieste, Italy.

Main Project Activities in 2020

- Agronomic training delivered to 9,000 farmers.
- Construction of drying tables in the 12 CDC in Delo Mena and 1 in Aleta Wondo.
- Establishment of 1 new drying center in Aleta wondo.
- Renovation of 6 coffee wet mills in Aleta Wondo.
- 2 full scholarship for Master in Coffee Economics and Science.
- Distribution of 129.000 coffee seedling and 150.000 shade tree.
- Finalization of the CTC renovation work.
- Procurement of full equipment and furniture for the CTC.
- Procurement of furniture for the CTC.
- Developed and completed CTC sustainability business plan.
- Project mid-term review/evaluation.

Outlook for 2021

- Establishment and inauguration of the Addis Ababa Coffee Training Centre (in ECTA HQs).
- Provide institutional support to ECTA for the CTC training activities kick-off.
- Organize a promotional campaign for the CTC training services.
- Support BYFCU and SCFCU in linking with the international market and marketing the processed coffee.
- Prepare the final project evaluation with a communication plan aimed at describing the main results achieved by the project, with videos and pictures of the project target area and related interventions, testimonies with project beneficiaries and interviews with local authorities and other stakeholders.
- To conduct and provide gender integrated training at CTC level as well as adopt the gender mainstreaming approach in the above mentioned communication plans.
- Conduct/support the final project evaluation.

MARKET ACCESS AND TRADE-CAPACITY BUILDING SUPPORT FOR HONEY PRODUCTS

Objective

To strengthen the capacity of quality infrastructure institutions and service providers to serve the honey value chain development, enhance compliance capacity of honey SMEs to foreign standards and regulations and promote a culture of quality among stakeholders in the honey sector, to ultimately improve market access and increase export opportunities of honey products from Ethiopia to foreign markets.

Rationale

As one of the country projects under the Global Market Access Programme concluded with the Norwegian Agency for Development Cooperation (Norad), the project plans will achieve its objective through the following interventions:

- Support NQI authorities, institutions and service providers to strengthen their institutional and technical competence, and ensure the availability and international recognition of all conformity assessment services required for honey quality assurance and exportation to EU countries, while promoting quality assurance and traceability at every stage of the honey VC and a favorable business environment for honey exporters;
- Support SMEs to address gaps in meeting standards for food safety management, traceability and organic honey, and improve their access to business support services, especially those related to quality assurance;
- Raise awareness and spread a culture of quality among the main stakeholders in the honey VC to increase their demand for quality infrastructure services and improve sustainability of the national quality infrastructure system in Ethiopia.

Even though the Ethiopian coffee is well known and appreciated in all the world due to its unique flavor and aroma, the country doesn't fully benefit from the production of coffee. As a matter of fact, Ethiopia mainly produces and 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.

Main Project Activities in 2020

Project proposal development and consultation

UNIDO conducted a mission in Addis Ababa in February 2020 and met the Ministry of Trade and Industry, Ministry of Agriculture, Ethiopian Apiculture Board (EAB), Ethiopian Honey and Beeswax Producers and Exporters Association (EHBPEA), honey exporters and NGOs. During the mission, UNIDO informed relevant stakeholders of the framework of the GMAP programme on market access, and the proposed intervention components. UNIDO also conducted assessment and identified the supply-side challenges and constraints in terms of quality assurance, compliance and traceability faced by the Ethiopian honey value chain in promoting access to international markets; investigated and conducted mapping of international development cooperation in the honey sector in Ethiopia, which aimed to avoid duplication and overlapping with other technical cooperation in the honey sector.

A full-fledged project proposal has been developed and thereby, UNIDO launched in July 2020 the consultation process with MoTI, MoA and sector associations on the project proposal. In collaboration with the Regional Office Hub in Ethiopia, So far UNIDO has been incorporating comments and inputs from those Ministries, sector associations and other private sector actors.

Analysis of Quality infrastructure for the honey value chain in Ethiopia

Due to COVID and related travel restrictions, through the GMAP PA resources UNIDO hired a national expert to analyze the honey value chain in Ethiopia and those business support services including the quality infrastructure institutions and service providers. The analysis focuses on the market opportunities as well as gaps or challenges encountered by various honey value chain actors in producing quality honey products and complying with international standards and foreign market requirements. On the other hand, the analysis also conduct a mapping of the required service capacity for quality assurance and trade standards compliance, and identify gaps in providing necessary quality infrastructure services based on needs of the private sector especially those SMEs. The analysis provide a basis and pave the way for a more detailed and comprehensive in-depth value chain analysis on the honey sector in inception phase.

Outlook for 2021

- Finalization of the project proposal and Validation through consultation on a wide basis when the situation allows.
- Joint Launch of the project with stakeholders.
- Initiation of project implementation including the inception phase.

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

Objectives and Rationale

This project has the objective of promoting institutional capacity building through the establishment or upgrading of a Fisheries and Aquaculture Business Development Centre (FABDC). This will support the development of the fisheries sector of Ethiopia and diversification of the related industry value chains. The project is expected to contribute to the national strategic objectives of economic diversification, efficient use and management of fisheries and aquaculture resources, and improved economic livelihoods. The expected outcome is developed and well-coordinated national institutional capacity with adequate human capacity, providing quality training and support services to develop the respective sector value chains. The low levels of productivity along the fisheries value chain has limited the sector and its producers' contribution to supply of quality and nutritious food, and their potential for transformation of dependent livelihoods and has driven fisheries to human induced-unsustainable exploitation pressures on many of the most underutilized fishing water resources of Ethiopia. Primarily, aquaculture and restocking of existing fisheries and water bodies such as ponds can be one of the strategies that could benefit from technical support, to complement and enhance the sector contribution to nutritional food security, and secure a sustainable environmental conservation and development pathway for the sector.

Besides, the project is undertaking activities to establish an e-learning platform at the FABDC to facilitate knowledge management and dissemination that could narrow the knowledge and skill gap observed in the sector. The project provides technical assistance services that focus on enhancing capacities to achieve and sustain nutritional food security outcomes. This is done through the development of inclusive value chains, poverty reduction, and by safeguarding the environment like careful restoration of fish. The direct beneficiaries are vocational skills learners and training service providers (long term beneficiaries); and the immediate beneficiaries are the Center of Excellence institutions, and demonstrational or pilot small fisheries manufacturing enterprises (SME's), including existing producers in capture fisheries and aquaculture value chains, as well as ancillary industries.

Main Project Activities in 2020

- **Business linkages and partnerships with higher education and research institutions, federally and globally**
Strengthened partnership with Bahir Dar University School of Fisheries and Wildlife with the aim of engaging them in the post-project activities continuous support. The university has been committed to provide Personal Protective Equipment and processing utensils for the fish processing and marketing facility to assist equipping and operationalization of the upgraded sites. The university is mobilizing resources to strengthen fishery and aquaculture sector in connection with knowledge sharing and soft skill development. A Memorandum of Understanding was reached between the Bahir Dar University and the Astrakhan State Technical University for continuous knowledge exchange beyond the project, enhancing biological and scientific collaboration in the context of a joint Russian-Ethiopian Biological Expedition which has been operating. Similarly, Bahir Dar Fishery and Aquatic Life Research Center brought on board and actively participated in project activities. For instance, after a series of conversations they came up to an idea of optimal use of hatchery facility built in the center. Besides, the research center developed a costed technical proposal for fish restocking and restoration plan.
- **Ecological roadmap, including a plan for restocking and restoration plan of Lake Tana fish resources**
Consultations were held with ANRS Livestock Development and Promotion Agency, Bahir Dar University and Amhara Regional Agricultural Research Institute on the feasibility of fish restocking in Lake Tana. All the three government agencies brought on board and expressed support to discuss possibilities of rolling out the plan for restocking and restoration initiative in close collaboration with UNIDO and the Astrakhan State Technical University.
- **Bahir Dar Center of Excellence (CoE) as part of the Fisheries and Aquaculture Business Development Center**
The Center of Excellence under the FABDC is designed, based on UNIDO approaches of institutional capacity building and value chains development. The Center is envisaged for use in introducing, training and implementing capacity building activities for fisheries. The location of the CoE is set on the premises of the Bahir Dar Polytechnic College, close to major fish production resources and markets including processing and marketing businesses on Lake Tana with the aim of enhancing the skills and know-how of the established or upgraded vocational training institutes and partners. The management and professional staff of the Centre will support the development of the training modules, curricula and methodological materials in support of creation of value chains within the aquaculture and fisheries sector. The Center is expected to benefit the estimated 3,500 registered fishers on Lake Tana and to enhance services to small-scale enterprises in fish-processing and marketing. It will thereby help increase production from aquaculture, contributing to nutritional food security and creation of diversified employment opportunities.

The Project's main deliverables in 2020

- Bill of quantity or technical specifications and design for the FABDC were developed in close collaboration with the ASTU and national and international experts. Upgrading civil works of the FABDC launched and partially completed.
- Hands-on technical trainings provided for the three project site beneficiaries. A wide range of training topics were covered in three sessions such as Good Hygienic Practice, conservation and value addition of fishery and aquaculture products, business management and marketing. A total of 600 people were trained and 150 of them were female, reaching an extended of 2,000 people on Best available technologies, best management practices and international standards in 2020.
- Completed the upgrading of Tana Haik Fishery Cooperative and signed the certificate of acceptance. This site is ready to give service to the cooperative and a couple of practical trainings were conducted using the upgraded fish processing facility.
- With very close follow up from the project team the construction and upgrading of the Kebele-13 fish processing and trading facility come to an end and signed certificate of acceptance with the contractor, beneficiary and UNIDO.
- Provision of Personal Protective Equipment (PPEs) to project beneficiaries in response to COVID-19 pandemic. A liter of hand sanitizer and 5 facemasks for each were provided to a total of 75 project beneficiaries particularly for women engaged in fish trading in an open market.

Outlook for 2021

- As this year is end of the project phase, UNIDO has to finalize main project tasks and properly handover the assets to the beneficiaries with supported documents. Establishment of the CoE is the primary focus of the project and once the center is established the launching of e-learning platform will integrate in it. It is also crucial to work closely with partners to equip and operationalize the three project sites (Tana Haik, Kebele -13 fish processing and trading, and Center of Excellence). Working very closely with Bahir Dar University could potentially assist the effort undertaking towards equipping and operationalization of the facilities. Optimizing the use of experts to increase the project's visibility; in this matter, communication experts would play a great role. Furthermore, establishing the e-learning platform at the CoE and undertaking fish restocking in Tana Haik are some of the areas to address.

UPGRADING THE LIVESTOCK VALUE CHAIN IN ETHIOPIA

Objective

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

Rationale

Ethiopia has about 60 million head of cattle and ranks first in Africa and fifth in the world in terms of livestock population. However, this potential is not adequately utilized, among other things, due to the limited capacity of value chain actors to upgrade the production system. This undermines the competitiveness of Ethiopia's meat products in the global markets. Ethiopia's global meat market share is negligible, with 1.3% on average, of which the share of beef export is 0.5 percent in 2015.

Description

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

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

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

Main Project Activities in 2020

- Secured USD 2 million funding for the new livestock project. Implementation agreement (USD 2 million) was signed for the new project 'Capacity building for upgrading livestock value chain in Ethiopia' (170180) which form the continuation of the current preparatory phase. The project documents and its annex were revised based on the comments from the donor.
- A livestock development strategy document was revised based on the draft 10 years plan of the Ministry of Agriculture of Ethiopia. New priorities indicated in the 10 years plan were incorporated into the strategy document.
- Continues engagement with a joint technical working group encompassing directors and senior experts from Ministry of Agriculture of Ethiopia and General Administration of Custom of China. Both institutions assigned technical experts that form part of the joint technical working group and they are currently providing technical guidance for the implementation of the project including planning of joint trainings, policy advice and preparation of implementation action plan for incoming livestock project with SCAF.
- Consultations were held with the Wageningen University and Austrian Agricultural Cluster to strengthen cooperation focusing on skills development, exchange of knowledge and technology transfer within the framework of the livestock project.
- Potential skills development area focusing on Food Safety Management were identified, and contacts established with the European Chair in Food Safety Microbiology, Laboratory for Food Microbiology at Wageningen University & Research. The Food Safety Management programme consists of the following courses, including Food Related Hazards, Good Hygienic Practices, HACCP, Hygienic Design, Food Preservation and Sampling & Monitoring.
- A detailed work plan is prepared for the new livestock project for year 2021 and shared with donor. The work plan will be revised and approved during the project steering committee meeting or project launching. In addition, a business continuity plan was also prepared to align some of the activities in line with the COVID -19 situation.

Outlook for 2021

- Organize a virtual project launching of the new livestock project in cooperation with GACC, Ministry of Agriculture of Ethiopia and other stakeholders in Ethiopia.
- Establish center of excellence for livestock industry skill development.
- Providing management and technical capacity building training for experts and officials working in the livestock sector.
- Organize the livestock sector development event in Ethiopia (tentative).

- Conduct baseline studies and prepare inception report for the new project in consultation with MOA and GACC.
- Establish project steering committee and formalize the joint technical working group.
- Identification of priority markets for diversification of export of livestock products and facilitate negotiations.
- Conduct (pre) feasibility studies for the export of processed or cooked meat products.
- Finalize, validate and endorse livestock sector development programme/strategy document.
- Create linkage with similar national and regional initiatives, particularly with IAIPs development.

IMPROVED RURAL LIVELIHOODS THROUGH SUPPORTING THE MORINGA VALUE CHAIN DEVELOPMENT IN SOUTHERN NATIONS, NATIONALITIES AND PEOPLES' REGION, ETHIOPIA

Objective

To contribute to poverty reduction, food and nutrition security and sustainable use of natural resources in SNNP regional state, towards the achievement of targets set by Ethiopia's national development plans.

Rationale

The Government of Ethiopia targets the Agriculture sector to play a vital role in the Gross Domestic Product growth, job creation, foreign exchange earnings, and small & medium enterprises (SMEs) development over the years. Over the past two decades, the food security situation in Ethiopia such as in Southern Nations, Nationalities and Peoples' Region (SN-NPR) has highly improved benefitting from the relatively favorable agro-ecological situation. However, about 30% of rural population lives below the poverty line and there is a prevalence of malnutrition including children under five years of age.

Description

Funded by the Italian Agency for Development Cooperation (AICS), the Project, being implemented by the United Nations Industrial Development organization (UNIDO), the Food and Agriculture Organization (FAO) and the Bureau of Agriculture and Natural Resources Development (BoANR) under the government of Ethiopia, will focus on improving food and nutrition security and livelihood of rural households, targeting especially rural women, through the development of an inclusive and sustainable Moringa Value Chain (MVC). Built on the achievements of the initial pilot phase implemented to develop value-adding rural agro-processing units that could support the organization of women farmers clusters, the Project is designed to enhance economic empowerment and poverty reduction, food and nutrition security and sustainable use of natural resources in SNNP Regional State, towards the achievement of targets set by Ethiopia's national development plans, by scaling-up moringa production and productivity, strengthening the value chain through integrated utilization of natural resources, and improve value addition through processing and marketing in a sustainable way.

Main Project Activities in 2020

- UNIDO establishment of Joint Project Office in Hawassa to further facilitate project implementation with implementing partners FAO and BoANR as of November 2020 and Project Steering Committee is in the process of being established.
- Beneficiaries and target intervention locations have been identified.
- Potential marketing partners have been identified so far. Preliminary operation modalities, collaboration terms and conditionals are under discussion.
- The link with EHPI and EFDA (Former FMHACA) has been re-established. EPHI assigned two researchers as focal persons to liaison with UNIDO and to participate in the TAG. EPHI capacity development plan is under development, with consultation of the Experts assigned. EFDA, expected to assign focal person to facilitate the implementations.
- The development of the selection criteria of the beneficiaries, assessment of the beneficiaries' capacity will be part of the intervention that follows up the identification of the intervention areas. The gender baseline assessment will also be used as an input to define the quality and standards of the trainings. On-progress.
- The major infrastructures requirement of the Pilot project site and the processing unit is identified, preliminary assessment also done by BoANR. Involving the relevant stakeholders of the regional government regarding the infrastructural development is critical. E.g. RIPDC, Power supply etc.
- Monitoring and evaluation framework developed, that includes define baseline indicators and targets, means of verification of the indicators at the General Objective, outcome and output levels.
- Communication strategy and Communication and visibility materials developed.
- Gender baseline assessment and gender mainstreaming plan of action under development.
- Major operations of the rehabilitation of demonstration site is finalized.

Outlook for 2021

- Completion of Inception phase and beginning the implementation phase and subsequent activities.
- Commence with capacity development of processing facilities, including procurement of equipment for upgrading of facility.
- Reach out to more private sector stakeholders in order to establish partnerships with the aim of strengthening the moringa value chain through various moringa based products.
- Publish visibility materials to promote the moringa value chain.

LEATHER INITIATIVE FOR SUSTAINABLE EMPLOYMENT CREATION (LISEC)

Objective

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

Rationale

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

Description

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

Main Project Activities in 2020

- The project governing structure has met regularly, both the PSC and respective TWGs.
 - ▶ During the year various studies were commissioned:
 - ▶ Productivity, competitiveness and Diversification of the leather value chain in Ethiopia; Setting up of LIDI regional centre in Modjo;
 - ▶ MSME cluster footwear and leather goods cluster development in Modjo; Energy audit and Waste to energy;
 - ▶ Solid waste and odour management; Gender assessment of project beneficiaries along the leather value chain;
- These studies were completed and validation workshops held in order to finalize the reports for official handover to GOE early 2021.
- Modjo City Administration has been fully supportive of the project and reaffirming further the partnership have provided facilities to accommodate;
 - ▶ Project office in Modjo;
 - ▶ Common Manufacturing facility to accommodate equipment and operations for the establishment of Modjo Footwear and Leather Goods Cooperative Society (MFLGCS);
 - ▶ Establishment of LIDI Regional Centre to be accommodated within the TVET facility in Modjo with trainers both from LIDI and the TVET.
- In view of the COVID-19 pandemic and the various protocols (MOH and GOE state of emergency) effected during the year, the PIU was able to revise the project activities through a reprogramming exercise that ensured project timelines were met through realigning timings for activities that were implementable and postponing to other periods those affected by the protocols.
- Gender analysis assessment of beneficiaries was undertaken across the three outputs. The gender analysis assessment report was completed incorporating feedback from UNIDO, EUD and the study team. In addition to this, gender-dimension has been addressed in output 1,2 and 3 related studies (raw H&S marketing framework regulation study; LIDI report on productivity, competitiveness and product diversification as well as LIDI regional lab report; and SME business plan technical document). Gender-issues were included in a tripartite MoU for LISEC partners under the three outputs.
- Gender Working Groups (GWG) were established with the project beneficiaries as well as project partners.

Outlook for 2021

- Procurement of equipment for the establishment of:
 - ▶ Common Manufacturing facility to accommodate equipment and operations for the establishment of Modjo Footwear and Leather Goods Cooperative Society (MFLGCS);
 - ▶ LIDI Regional Centre to be accommodated within the TVET facility in Modjo with trainers both from LIDI and the TVET
- Studies to be subcontracted:
 - ▶ Hides and Skins management syllabus development;
 - ▶ Restructuring of slaughterhouses and hides and skins premises;
 - ▶ Slaughterhouse by-product utilization.
- Creating technological linkages with chemical companies that promote sustainable leather manufacture;
- Training workshops in technologies in sustainable leather manufacture;
- Hosting identified technologies in LIDI for further dissemination to tanneries in Ethiopia
- Study tours to South Africa and Barcelona, Spain are expected to be held in 2020 (subject to the prevailing COVID-19 protocols) .
- Organization of training for youth in footwear and leather goods manufacture.
- Setting up of MSME clusters in Modjo.
- Monitoring and Evaluation plans and reports and gender mainstreaming and awareness activities.
- Development of Occupational Safety and Health interventions in collaboration with ILO.
- Development of E-learning courses in collaboration with UNIDO leather Panel.

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

Objective

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

Rationale

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

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

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

Description

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

Main Project Activities in 2020

Creative HUB

Physical construction activities of the Creative Hub have been completed 100%.

Creative Hub Equipment:

- Supply of IT Equipment for the Creative Hub (Ethiopia): technical materials and equipment (e.g. 3D printers) and procurement is finalized in all its process (where the shipment is ongoing).
- Supply of contract/customized furniture for the Creative Hub (Ethiopia): all furnishing items have been carefully selected in all their details and the procurement process is concluded. Also, the furniture has arrived at Djibouti port.

Agreement reached with the local private sector for businesses' involvement in the creative hub.

The creative Hub concept, logo, member rules and regulations, an open call for membership, and membership fees are completed and presented to government counterpart FeSMMIPSA and has been approved.

LOMI Cluster:

- LOMI Common machines: UNIDO in collaboration with LIDI technical team have selected machines to equip the beneficiaries. The procurement process is concluded, and the items have arrived in Ethiopia. The supplier will install the machine at both LOMI manufacturing sites.
- LOMI opened the second shop around ECA Addis Ababa Ethiopia facilitated by UNIDO.

Capacity building

- In collaboration with local NGO, 5 trainings are delivered to 120 SMEs.

COVID 19 response

- EIFCCOS and LOMI cluster with the facilitation of the project have repurposed their production to produce facemasks to support the fight against COVID-19. Overall, 40 SMEs have repurposed their production to produce facemasks.
- Short-term and awareness creation initiatives organized in response to the COVID-19:
 - ▶ Hand sanitizer provided to all cluster's beneficiaries.
 - ▶ In collaboration with the local health authority and NGO, an audio is created and played in the premises of the cluster in the local language to create awareness about COVID-19 prevention and symptoms. Also banners and other promotional materials are provided to the clusters in the local language.
- Research focusing on the impact of COVID-19 to SMEs clusters beneficiaries and gender has been conducted.

Outlook for 2021

- Launch and inaugurate the Creative Hub Ethiopia.
- Set-up the second and third common production line (CPL) for LOMI
- Provide institutional support to FeSMMISPA for the creative HUB promotion activities and establishment of PPPs.
- Organize a promotional campaign for the Creative HUB.
- Provide institutional support to a different project counterpart to expand the UNIDO cluster approach to different part of the country.

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.

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

Objective

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

Rationale

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

Description

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

Main Project Activities in 2020

Project Coordination

- The 2nd stakeholder's platform meeting for MGC Center of Excellence has been conducted virtually in March;
- Technical assistance and capacity building has been provided to ETIDI and MOTI during project activities implementation;
- Sectorial synergy with development partners working in T&G in the project area, such as GIZ, SINCE/VIS, has been assured in the area of training and development of manuals with the creation of ETIDI task force responsible for coordination.

Creation of Mekelle Garment College - Centre of Excellence

- Equipment of MGC Centre of Excellence has continued and machineries for Product Development training have been procured, as follows:
 - ▶ 10 CAD CAM software system for pattern and maker making
 - ▶ 1 digitizer
 - ▶ 1 standby generator for the college
 - ▶ 1 Plotter
 - ▶ Automatic Garment Pattern Cutter with its accessories and 10 computers.

Equipment arrived to Ethiopia is currently stored in Addis Ababa in ETIDI premises due to political unrest and conflict in Tigray Region.

Training Manuals

- New training manuals for mid-level management including videos and exercises, have been discussed, developed and submitted to ETIDI for their inputs and revision, such as:
 - ▶ Merchandiser training manual
 - ▶ Pattern making training manual
- Training manuals including basic sewing operations and soft skill have been prepared for publication; Line supervisors manual is currently under final revision;
- Training material (TOT) on basic gender concepts and gender mainstreaming has been prepared in collaboration with MOTI gender directorate.

Technical training

- Training on basic operators' skill and soft skill has been provided for 135 beneficiaries at the Mekelle garment centre of excellence in collaboration with VIS;
- All trained beneficiaries have been linked with the big garment industry and created job opportunity for the trainees
- 51 beneficiaries have been trained on basic technical skill and soft skill in collaboration with MAA garment PLC for direct employment by the industry;
- A TOT training on line supervisor has been provided for the private sector.

Sectoral Studies

- Labour market assessment for the garment industry was conducted in collaboration with EP which facilitated smooth supply of trained human power to the existing industry located in the industrial park and outside the industrial park in Mekelle;
- A study for the Tigray Polytechnic College has been conducted to identify area of training for basic operators and mid-level management;
- A study assessment on the need assessment of SMES engaged on the garment sector has been conducted and supports for SMEs have been identified.

Support to ETIDI and MGC

- A database information system for Mekelle garment college has been developed and Lan infrastructure installation needed for the database system is on process;
- Development of Web-based ERP system for ETIDI is currently under development, service provider has been selected, agreement signed and work started;
- Activities related to sector coordination and supervision on training methodologies applied to the textile sector have been subcontracted to ETIDI, deliverables have been identified and agreement has been signed.

COVID 19 prevention measures

- An assessment on the effect of COVID-19 on women has been conducted in cooperation with MoTI and ETIDI on 11 garment industries;
- Hand sanitizer has been procured and distributed to 6 garment industries and 3 partner institutes in collaboration with Mekelle University

Outlook for 2021

- Installation of additional machineries and textile equipment in Mekelle Garment College CoE;
- Finalize training manuals mainly for mid-level management specifically product development component;
- Organize TOT on product development for MGC, ETIDI and industries' representatives;
- Organize and provide trainings to direct beneficiaries on Basic Sewing Operator, Line Supervisor, Soft Skill and Product Development in collaboration with MGC;
- Provide demand driven technical support to the local small and medium garment industries machineries maintenance training;
- Finalize implementation of ERP system for ETIDI;
- Implement database information system to MGC CoE;
- Capacity building support to ETIDI, MoTI and Textile Association;
- Provide support to implementation of COVID 19 prevention measures for project partners and stakeholder.

NOTE: Due to the nature of the initiative, it has to be mentioned that UNIDO project has been affected by COVID-19 pandemic and Tigray conflict in October/November 2020. In particular, Output 2 has been affected due to the fact that all trainings and meetings planned for 2020 have been suspended. Moreover, TVETs centers, schools and industries have been closed in 2020 and are still not fully operational. UNIDO is currently working as part of a UN team for the elaboration of a Response and Recovery Plan for Tigray Region that will be implemented in the course of 2021.

SUSTAINABLE TEXTILE INVESTMENT AND OPERATION IN ETHIOPIA

Objective

To improve the ESG standard of Ethiopia's textile sector through capacity building and awareness raising for Chinese and Ethiopian investors/factory managers and their local business partners with a potential scaling-up and replication elsewhere in Africa and Asia.

Rationale

In the path to industrialize Ethiopia, the textile sector is given prominent position by the Ethiopian government to make the sector globally competitive and to bring the necessary structural transformation to the nation's economy. Accordingly, the Government of Ethiopia has established and promoted an attractive enabling environment for FDIs. The government strategy has attracted, over 100 foreign investors, who have expressed interest in the last few years, with 71 of them being from China. According to United Nations Conference on Trade and Development (UNCTAD), China was the largest investor in Ethiopia in 2019, accounting for 60 % of newly approved FDI projects. Despite the growing Chinese investment in the country, many of those textile and garment investors are facing challenges to meet the Environmental, Social and Governance (ESG) standards. Most of these industries need to raise awareness and capacity in tackling their social and environmental impacts. As a result, to strengthen business relations with local customers and clients, increased awareness of sustainability and relevant risks and potentials is crucial to sustaining and boosting Chinese-Ethiopian business development. To strengthen the cooperation between Chinese and Ethiopian owned investments and improving the ESG performance of the industries, UNIDO and GIZ have jointly design strategies to enhance sustainability and competitiveness in the Chinese-owned factories and Ethiopian enterprises, and eventually disseminating lessons learned and best ESGs practices into other target countries in Asia and Africa.

Description

The Sino-German Center for Sustainable Development (CSD) was established in May 2017. Shortly after the establishment of CSD there have been initial discussions about a trilateral cooperation project in the Environmental, Social and Governance (ESG) compliance issues with an initial focus on the textile sector in Ethiopia. This builds on the established and successful partnership between the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and the China National Textile and Apparel Council (CNTAC) and expanding it to a multi-partner setting. In December 2017, the Ministry of Commerce of the People's Republic of China (MofCom) tasked the CSD to assess trilateral cooperation potential with UNIDO's Programme for Country Partnership (PCP).

The possible contributions of Germany and China to support the industrial development in Africa were discussed during the Second Sino-German Forum in Beijing, December 2018. The Ministry of Commerce (MofCom) of China and the Federal Ministry for Economic Cooperation and Development (BMZ) of Germany discussed the project idea further where both parties proposed Ethiopia as a possible partner country for trilateral cooperation. After implementing and evaluating lessons learnt from Ethiopia, the model could be replicated in at least two other countries in Africa and Asia. As a follow up of the previous meetings, the GIZ, CNTAC, and MofCom discussed the project idea during a workshop in MofCom on 22 Feb 2019. During this meeting, the responsibilities of each side were clarified, and several African countries were suggested as pilot countries.

The UNIDO China Office expressed interest in the idea and echoed with Ethiopia as it is one of the PCP countries. The proposal fits well into UNIDO's collaboration with the UN Global Compact (UNGC) and the identified goal to help companies meet targets or improve performance on ESG matters. UNIDO's Policy on Business Partnerships mandates the Partnership Coordination Division (PCD) to conduct a due diligence screening of business sector entities with which UNIDO plans to enter a partnership. During the due diligence checks the PCD identifies shortcomings in the ESG performance. The proposed project would allow the PCD, in close coordination with the UNIDO technical departments and other partners, to pilot a project which has the aim to develop ways to improve business sector partners' practices on ESG performance. One way of doing that is by promoting the Ten Principles especially in UNIDO's PCP countries, jointly with UNGC, which is the driver of private sector engagement across the UN system. The Ten Principles of the UNGC are derived from the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.

Furthermore, the comments given by the Director & UNIDO Representative of regional office in Ethiopia were considered in this document. In October 2019, the Ethiopian Ministry of Trade and Industry (MoTI) has been approached by UNIDO and GIZ with the project idea. While the project was generally welcomed, MoTI strongly suggested to include local industries and SMEs to be technically supported and enabled to meet the ESG principles. During a study visit of representatives

from MoTI and the Ethiopian Textile Industry Development Institute (ETIDI) to Beijing the joint project was discussed on 21 November 2019. As an outcome of this discussion, it was recommended that a closer link between the trilateral project at hand and the other development partner engagement in Ethiopia's textile sector should be pursued. To use experience from the trilateral project and utilize more broadly China's experience in textile sector development, the knowledge sharing activities have been expanded.

Main Project Activities in 2020

According to the project operational plan, during 2020 project implementation period, the project team has carried out the following key activities, including:

- The coordination team of the project has been established.
- Contract agreement has been signed with implementing partners including China National Textile and Apparel Council (CNTAC) and Ethiopian Textile Industry Development Industry (ETIDI)
- Questionnaires for management staffs and industry workers, public institutions and NGOs were designed in three languages (i.e., Chinese, English, Amharic) and approved for further application.
- Questionnaires from 15 Chinese owned industries were collected (i.e., 140 questionnaires from industry workers and 15 questionnaires from the management staffs of the 15 companies were successfully collected).
- Ten interviews with the managers of the Chinese owned industries', whose headquarters located in Shanghai, Zhejiang Province and Jiangsu Province, were conducted.
- Project steering committee meeting was co-organized with GIZ.
- Cooperation with UN Global Compact has been initiated.

Note: Based on the baseline survey, the ESG performance and challenges and expectations under COVID-19 has been collected as the key input for the survey baseline report and inception report.

Outlook for 2021

- Baseline data collected and analysis.
- Baseline data has already been collected from 30 industries including Ethiopian (10), Chinese (15), and other FDIs (5) owned textile and garment industries.
- Baseline data collection and analysis from other key stakeholders.
- Stakeholders including NGO (e.g., SIWI and Solidaridad), IPDC, EIC, Ethiopia's Consulate, and global brands (e.g., H&M, Inditex, Lindex etc.), were contacted and interview outlines were already sent. Replies are expected to collect.
- Baseline survey report.
- Review the of national laws and policies of the sector relevant to ESGs code of conduct.
- Compilation of project inception report.
- Organize awareness workshop on the ten principles of UN Global Compact to textile and garment industries, public institutions, and industrial association.
- Organize a joint UNIDO-GIZ TOT for ETIDI and other key supporting actors.
- Co-organizing project steering commit meeting.
- Development and launching of ESG relevant knowledge hub and best ESGs practices dissemination strategies.
- Designing project scaling-up strategies in cooperation with UN Global Compact.

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

Objective

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

Rationale

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

Description

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

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

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

Main Project Activities in 2020

- UNIDO has prepared a list of additional activities that are designed to address the challenges related to future operation and maintenance of the ULH-MHP plant, and operationalization of productive use center. The activities will be implemented for a period of 6 months by the OWERDB, Cooperative, and Lemma Edea Gudata General Contractor (Lemma). The ToRs are prepared and shared with the contractors.
- Japan Asian Group (JAG) which is the provider of the ULH-MHP technology for the LCET programme, and Ethiopian Construction Works Corporation (ECWC) worked on developing a draft of a memorandum of understanding (MoU) on future cooperation. The draft of the MoU envisages, among other aspects, to establish a framework for cooperation between parties and facilitate knowledge and skill transfer on design, manufacture, assembling, installation, and O&M of the ULH-MHP.
- Support and facilitation services were provided to JAG, and ECWC to initiate the discussions on the action plan for the way forward.
- OWERDB continued the activities for construction of water purification, and agro processing plants.

Outlook for 2021

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

- Handover of the system to the beneficiary;
- Sign the contracts with OWERDB, Cooperative, and Lemma for providing additional services at the ULH-MHP plant;
- OWERDB to finalize the construction of the agro processing plant;
- Monitor the implementation of additional activities by OWERDB, Cooperative, and Lemma;
- Promotion of the ULH-MHP at a national level to key stakeholders with the objective of scaling-up and local production;
- Establishment of monitoring and evaluation system.

IMPROVING PUBLIC HEALTH BY SOLAR-POWERED WATER SANITATION SYSTEMS IN ETHIOPIA

Objective

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

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

Rationale

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

Description

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

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

Phase 1 project was completed in 2019 and currently Phase 2 project is ongoing.

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.
3. Capacity building of industry and Engineering, Procurement and Construction (EPC) contractors to strengthen their role in the water and sanitation agenda of Ethiopia.

Main Project Activities in 2020

- Phase 1 project completed its technology demonstration in Chancho woreda in Oromia Regional State.
- Vendor of the technology (water sanitation plant) identified and contracted for Phase 2.
- Develop detailed work plan for installing the system and decide on monitoring criteria for Phase 2.
- Site determination trainings to potential state/woreda administrators was provided by the vendor.

Outlook for 2021

- Complete handover the treatment plant to the end users (Phase 1).
- To start detailed designing, manufacturing, engineering and construction of the system at the selected site (Phase 2).
- To capacitate experts and community, awareness on the technology, gender, operations and maintenance (Phase 2).
- To conduct capacity building activities (training and workshop) for industry and Engineering, Procurement and Construction (EPC) contractors to strengthen their role in the water and sanitation agenda of Ethiopia
- Facilitate scaling up the use of the technology (for wider dissemination).

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

Objective

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

Rationale

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

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

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

Description

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

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

Main Project Activities in 2020

- During the period and despite COVID 19 pandemic disruptions, the project continued training commercial vehicle drivers and certified driver trainers. All the three training programs; regular training, short-term training and training of certified driver trainers have been re-initiated. So far 287 trainees were trained in different training program out of which 92 are females.
- The project conducted a COVID-19 awareness raising campaign in the transport sector. Various audio visual materials were used to enhance awareness of COVID 19 pandemic prevention methods in the transport sector.
- The project has been focused towards establishing the training institute and making it fully functional. In this regard, construction of Canopy is completed that will be used as a shade for training vehicles. The project acquired a modern VOLVO FH truck from VOLVO Group. In addition, a medium bus was procured by the project for training purpose and to give chance for young female training applicants. These vehicles are currently boosting training. Upgrading of the practical training field in to asphalt concrete have been started. This is believed to contribute for improved and efficient practical driver training.
- The academy's instructors have been provided training of trainers to further develop their competence and improve their qualifications.

- During the period several activities have been carried out jointly with the Federal Transport Authority and the Addis Ababa City Administration Vehicles and Drivers Quality Assurance Authority. An important activity is the training of persons who want to become certified driver instructors themselves. In this program, 94 certified driver trainers were trained.
- The training academy also obtained full delegation from the Addis Ababa City Administration Vehicles and Drivers Quality Assurance Authority to conduct testing and assessment of drivers whose driver license are suspended due to penalties.
- Intervention of sustainability business plan which was developed previously has started. The training academy started to generate finance to sustain its operations.
- Efforts have been made to build and strengthen partnerships with various organizations. Close interactions have been held with the Federal Transport Authority, the Addis Ababa City Administration Transport Authority, the federal TVET, with Selam Children's Village as well as with VOLVO group and SIDA.

Outlook for 2021

- Enhanced delivery of training in commercial vehicle drivers and driver trainers.
- Finalize training field construction, asphalt concrete upgrade work and further equipping training academy.
- Continue with staff capacity development.
- Conduct cooperative training with transport industries.
- Conduct Road safety awareness raising activities.
- Assist the government in developing standards for testing and certification procedures.
- Conduct HIV awareness raising among the cross-country long-distance vehicle drivers.
- Scale up of best practices to regions and other privately owned driver training academies.
- Work towards assuring sustainability of the training academy both technical and financial aspects.

STEMMING IRREGULAR MIGRATION IN NORTHERN AND CENTRAL ETHIOPIA — SINCE

Objective

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

Rationale

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

SINCE is aligned with key Ethiopian flagship programs 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 organized flow of information that serves management, accountability and learning purposes:

1. 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;
2. In-depth assessment of both results at outcome and impact levels, and of sustainability of the projects and programs and their value added, through individual final or ex-post project evaluations to take place at the end of or after project implementation;
3. In-depth assessment of regional, zonal, woreda and thematic strategies and of instruments through strategic evaluations.

Main Project Activities in 2020

- Fine-tuned the entire Programme Monitoring System following the outbreak of the COVID-19 pandemic through the elaboration of a distant monitoring tool to track all activities performed by the implementing partners in field location;
- Participation to 2 Virtual Federal Project Steering Committee meetings held respectively between 27 March-3 April and 21-30 September 2020. In addition, UNIDO participated to 1 Regional Steering Committee for Lot 2 (in Amhara) on 11 February 2020;
- Elaboration of a SINCE Award scoring system to reward the most performing consortium to be showcased in 16 December 2020 during the final SINCE conference. In addition, UNIDO presented all the provisional achievements (OO, SO, ER1, ER2 & Common OP) of the overall SINCE Programme;
- Coordinated the realization of 1 photo booklet and 12 promotional videos showcasing the stories of the beneficiaries and documenting SINCE activities in the areas of SINCE's implementation. As result, in August and October 2020 a total of 350 printed copies of the photo booklet were distributed among key SINCE stakeholders and the videos were published on the SINCE Programme YouTube Channel. In addition, between 2 and 22 January 2020, UNIDO supported the visibility consultant during the shooting of the 12 promotional videos (11 short videos and 1 long cut video) on project locations (Addis Ababa, Amhara, Oromia, SNNPR and Tigray);
- Organization of two follow-up trainings focused on the dissemination of the gender guidelines (for Lot 3 and Lot 4 respectively) realized on January 16-17 and February 4-5 2020;
- Prior to the COVID-19 outbreak, 6 field missions were held in January and February (for monitoring and visibility purposes);
- Provide technical support to the Embassy of Italy in Addis Ababa for the overall monitoring the Programme. As result over 30 coordination meetings (virtual and in-person) were organized with the Embassy of Italy (Contracting Authority of the SINCE Programme) to coordinate reporting and monitoring activities;
- Realization of a SINCE Programme online data reporting system to better aggregate project data and to improve reporting capabilities of the SINCE main stakeholders (CA, UNIDO & Implementing Partners);
- In close cooperation with the Embassy of Italy in Addis Ababa, UNIDO carried out technology transfer activity by pro-

- curing technical equipment to support public TVETs, SME clusters and cooperatives targeted by the SINCE Programme;
- Technically supported the 26 implementing partners with respect to the SINCE Programme targeted value chains (Metal Works, Textile, Leather, Construction and Agri-business).

Outlook for 2021

- Provide technical support to the Embassy in Italy in Addis Ababa in monitoring the Programme.
- Completion of the technological transfer activities of the project.

NOTE: Due to the nature of the initiative, it has to be mentioned that this UNIDO project has been particularly affected by COVID-19 pandemic and Tigray conflict exploded in October/November 2020. In particular, the delivery of technical equipment originally allocated to the Tigray region has been suspended due to beyond control circumstances. In line with this, UNIDO has come up with alternative solution in concert with the Contracting Authority and Government stakeholders on how to temporarily allocate the technical equipment to government agencies which are related and in continuity with the SINCE programme objectives.

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

Objective

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

Rationale

This Project represents the Meso-level component of a larger Programme “Supporting business-friendly and inclusive national and regional policies, and strengthening productive capabilities and value chains”. The Project focuses on institutional capacity building of the Ethiopia Investment Commission (EIC) and other investment promotion institutions. Capacity building aims at strengthening investment promotion capabilities, business support programs, marketing, monitoring, and partnerships encompassing investment promotion efforts. Based on a robust empirical foundation of FDI firm-level investor data, which will be collected/updated through the Project, investment promotion institutions, including the Ethiopia Investment Commission (EIC) will be better able to monitor FDI and its various impact channels necessary to achieve country- and regional-level Sustainable Development Goals (SDGs). Investment project profiles will be collected for global dissemination to potential foreign direct investors leveraging UNIDO’s Networks such as the Investment and Technology Promotion Office (ITPO) Networks and the Network of Subcontracting and Partnership Exchange (SPX) Centres as well as other identified potential investor sources in the European Union, international business associations, also leveraging the investment opportunities provided by the EU External Investment Plan.

Main Project Activities in 2020

The project’s inception phase came to an end in December 2020 on the occasion of the 2nd Steering Committee Meeting which provided the greenlight for formal start of implementation based on a work plan tenable for the first 12 months of project activities. The work plan focuses on interventions in relation to Workstreams 1.1, 2.1 and 2.2: Collecting and analyzing firm-level data on FDI structure, performance, impact and perceptions, Investment facilitation, after-care and FDI-SME linkages and Investment opportunity development and targeting, respectively. Project implementation also involves specific focus on COVID-19 response interventions supporting EIC and other investment promotion institutions in their work to ensure resilient economic activity and support to foreign and domestic enterprises.

The Project’s main deliverables in 2020 included the following:

- The undertaking of an extended diagnostic assessment of the initial selection of investment promotion institutions in the country including the Ethiopia Investment Commission, the Agriculture Transformation Agency, the Industrial Parks Development Corporation and the Ethiopian Chamber of Commerce and Sectoral Associations with emphasis on the identification of potential respective roles in the implementation of the Project Workstreams and activities.;
- The identification and formulation of 155 digital investment opportunity profiles emanating from Ethiopian SMEs operating in various agro-based industries and eventually uploaded on the UNIDO “Invest in ACP” Portal. More investment opportunities will be added to this initial batch as part of the Project Workstream 2.2. This work is also linked to the provision of COMFAR capacity building leveraging the pool of Ethiopia-based COMFAR trainers resulting from previous training rounds undertaken in the country since 2019;
- Close work with the EU Delegation in Addis to determine and ascertain close synergies with the EU-led Promotion of Sustainable Ethiopian Agro-industrial Development Programme (PROSEAD) as well as with the German BMZ “Special Initiative” Project in support of the four “Integrated Agro-Industrial Parks (IAIPs)”
- Promote the collaboration between UNIDO and IDA Ireland on a Joint UNIDO IDA capacity building support to EIC on investment promotion, including the development of a twinning programme which would involve virtual fact-finding mission and ad-hoc training on investor aftercare, COVID 19 response strategies and digital investment promotion.

Outlook for 2021

For the initial period of the Project’s implementation, UNIDO will prioritize work on investment opportunity development and targeting working with EIC and other IPIs in the systematic identification, promotion and mobilization of investment to the country. Building on the initial capacity building support in relation to UNIDO’s COMFAR methodology, further investment opportunity profiling will be undertaken to support IPIs in their efforts to increase the volume and variety of investment opportunities currently being promoted. UNIDO will leverage EIC’s collaboration with various entities such as various

Ministries, Departments and Agencies in promoting investment in agribusiness value chains and the promotion of large greenfield projects. Support to increase joint venture projects helping the domestic sector is also considered to be relevant to harness the work already undertaken for the profiling of 155 investors and their digitization on the “Invest in ACP” Platform. A number of COMFAR certified local trainers will be mobilized to provide future training on investment opportunity development in the country.

Work will be initiated in terms of the implementation of the technical assistance support to EIC in matters related to investment monitoring and investment facilitation and aftercare services. IDA Ireland will be associated to aspects of capacity building. A virtual visit of an Ethiopian government/public sector delegation, spearheaded by the EIC, is being envisioned for Q1/2021 with IDA Ireland facilitating webinars and discussions with pertinent Irish stakeholders. With the recent launch of the FDI tracking tool, EIC is currently focusing on the upload of FDI data and requires specific UNIDO assistance in terms of implementing foreign enterprise profile surveys, which would support the need for data update and additional focus on determining key FDI metrics of investment trends, impact and performance. UNIDO will also work with EIC to establish better operational linkages including those related to investment monitoring undertaken with regional entities as well as with the Industrial Parks Development Corporation, with a focus on assessing regional FDI performance, trends and impact. Work on the compilation of business directory, survey scope and sampling framework will be initiated early in 2021 and implemented throughout the year.

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

Objective

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

Rationale

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

Description

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

Main Project Activities in 2020

- About 35 potential Japanese investors and Japanese companies have received on line as well as face to face support and facilitation services in Ethiopia in their investment and technology promotion fact finding missions as well as their actual practical activates in Ethiopia. These support and facilitation activities include support in their feasibility studies, securing investment, technology and trade related information hand-on support to those firms already operational in Ethiopia.
- Close follow up and support has been given to Japanese dairy processing firm which is at the stage of establishment in Sidama Zone, Arbegona.
- Support and facilitation services has been provided to Japanese leather goods and leather garment manufacturing company in its effort to repurposing it production and produced and distributed face mask to employees and communities around the factory – face masks produced by the factory has been distributed for free to employees and people residing around the factory in Addis Abeba.
- Facilitated and provided the necessary support to Japanese apparel and garment buyer's communication and deal with local apparel producers. The Japanese buyer is now in support of the local firms in improving their product quality, work process though training and hand-on quality inspection. Ethiopian garment products from those two local firms is being imported by the Japanese buyer and products are now made in the Asian market.
- Close follow up, facilitation and support services is being provided for Japanese auto maker in their effort to locally assemble commercial vehicles in joint venture with domestic firm in Ethiopia.
- In the area of technology promotion, Japanese modern medical and pharmaceutical technology and device, telecommunication and mobile technology, higher impact Japanese organic fertilizer, solar energy, solid and waste water treatment technologies, Battery regeneration technology, modern industrial printing solutions, automotive and engineering solutions are being promoted in Ethiopia.
- Webinar has been organized, presentations has been made by the Advisor on investment climate of Ethiopia as well as the government's positive measures that has been taken to lessen the effect of COVID 19 on investor's and company's performance has been communicated to participating Japanese companies globally
- An online B2B between domestic companies and Japanese firms has been organized and more than 20 local firms from Ethiopia has been registered to the event and managed to hold virtual meetings with interested Japanese firms with the application of the online platform organized for the event.

Outlook for 2021

- Intensify promotion of investment and business opportunities of ITPO Tokyo covered countries in the region. Ways of promotion depends on the future conditions of the pandemic – it can be the usual physical meetings and workshops or that of online methods.
- Strengthening support to Japanese companies whose projects are operational in the region.
- Strong support will be provided to upcoming Japanese companies who are interested to invest and do business in the region.
- Promotion of UNIDO ITPO Tokyo's STePP will be done in a sector by sector strategy and if situations allow, STePP promotion workshop will be conducted in countries covered by ITPO Tokyo in partnership with ministry of technology and innovation of the respective countries.
- Depending on the future condition of the pandemic, one delegate program will be organized in 2021.

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

Objective

To support Ethiopia in its efforts to achieve inclusive and sustainable industrial development by promoting foreign direct investment (FDI) and technology transfer from Korea through various activators. .

Rationale

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

Description

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

Main Activities for 2020

The projects main deliverables for 2020 were:

- Identify and select an advisor to be assigned for Ethiopia
- Undertake baseline assessments and surveys of existing industrial cooperation of Korean SMEs in Ethiopia and recommend the most promising sectors for cooperation
- Assist enterprises and institutions in Korea and in Ethiopia in the identification of potential project partners through the organization of B2B meetings and other matchmaking activities
- Organize/contribute to investment related events, B2B and B2G events

Outlook for 2021

For 2021, the ITPO Korea Advisory Program in Ethiopia envisions to:

- Support capacity building efforts of Ethiopian Institutions led by Ethiopian Investment Commission to include the Ministry of Innovation and Technology and Ministry of Trade and Industry through the organization of meetings and workshops with Korean public and private sector
- Assist enterprises and institutions in Korea and Ethiopia in the identification of potential project partners through the organization B2B and B2G meetings
- Build on the database of companies and project proposals in Ethiopia searching for foreign partners and technology suppliers
- Strengthening the promotion of investment and trade; opportunities of Ethiopia to potential Korean companies through different ways and methods;
- Carryout technology promotion activities of selected (suitable) Korean technologies for the country;
- Organizing Business/investment seminar where existing and potential Korean companies can take part;
- To work very closely with private sector associations and investment promotion agencies in Ethiopia and facilitate Korean companies' participation in the planned investment and business seminars/exhibitions.
- Strengthen working relationship with relevant local government offices, development partners and private sector associations in support of existing and potential Korean companies.

12. ANNEX 5: PROPOSED NEW PCP ETHIOPIA COORDINATION STRUCTURE

Background

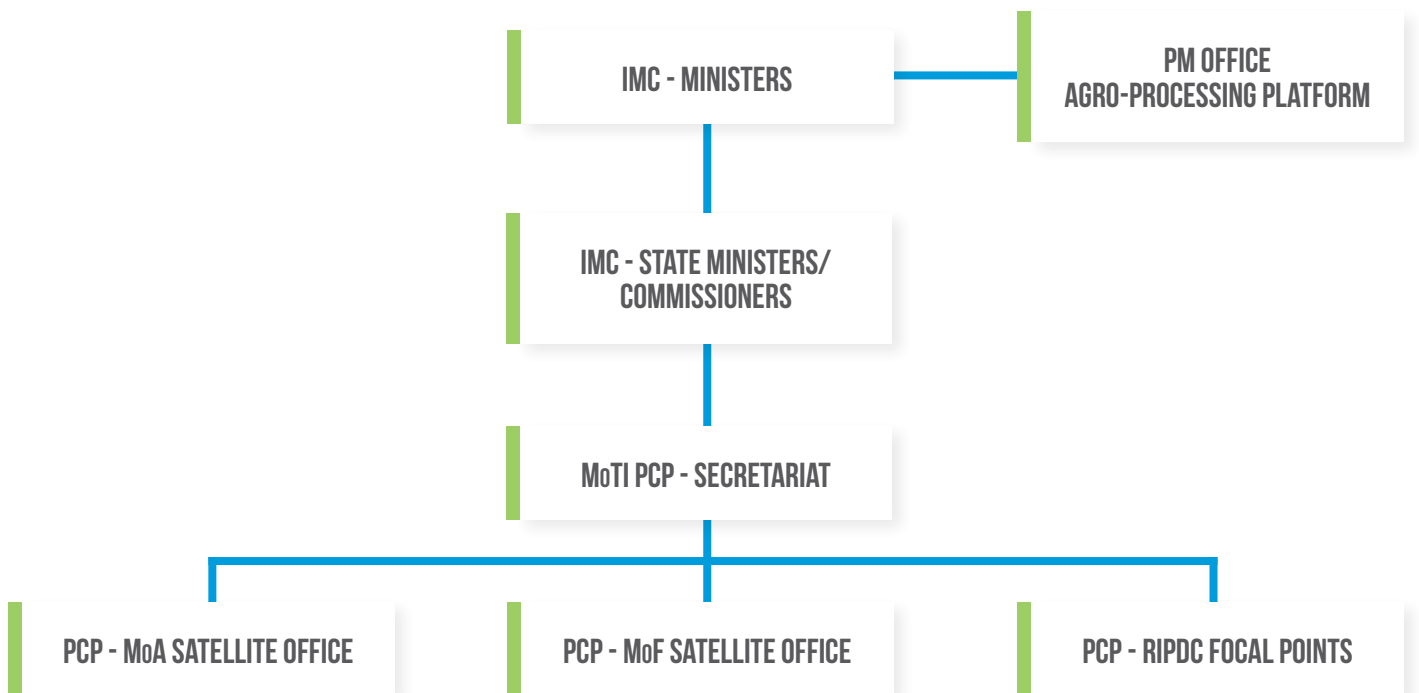
The Programme for Country Partnership (PCP) is considered a resounding success in Ethiopia. One of the most significant contributions of PCP Ethiopia has been to break the institutional divide traditionally hampering collective and coordinated action by establishing a commonly-owned and stakeholder-driven platform that led to greater synergy and complementarity of operations. In the ensuing period, highly significant achievements were registered in key intervention areas, including the design and implementation of mega flagship projects, including the pilot integrated agro-industrial parks and the Modjo Leather City.

The success of the PCP-ETH pilot can be primarily attributed to the great sense of ownership and commitment of the Government and the highly effective coordination and governance structure developed and implemented since the inception of the programme, providing a multi-stakeholder platform that enabled effective utilization of the relative strengths of partners, and the deployment of time and resources on strategic issues that add value, thus ensuring maximum impact.

PCP ETH maintained its effectiveness over the years by regularly adjusting the coordination structure to fit changing circumstances, including the restructuring in key Government agencies. The flexible coordination mechanism has helped PCP ETH make headway in resource mobilization, investment promotion, and in fast-tracking industrial infrastructure development. Progress made in fundraising, led by the Resource Mobilization and Partnership Management Taskforce (RMPM TF) under MOF, amounts to over USD 1.2 billion in public and private finance.

PCP ETH is entering a new phase with the four integrated agro-industrial parks expected to come on stream, prompting all coordination and partnership building efforts to be geared towards enhancing implementation level efficiency. Hence, it is proposed for the PCP to adopt a lean implementation-focused coordination structure, its Secretariat to have satellite offices staffed by specialized professionals at each of the key agencies, and Regional IPDCs to work in coordination with respective departments to boost implementation efficiency. The new arrangement will contribute to enhanced programme implementation on the ground.

PTC ETH Coordination Structure



- **IMC** Inter-Ministerial Coordination Committee
- **PCP-MoTI** PCP Satellite Office at MoTI (Coordination Office - Houses PCP ETH Secretariat)
- **PCP-MoA** PCP Satellite Office at MoA
- **PCP-RIPDC FP** PCP Focal Point Experts stationed at Regional Industrial Park Corporations (RIPDCs)

Terms of Reference for the High Level Inter-Ministerial Committee – Ministers (IMC - Ministers)

IMC-Ministers, chaired by MoTI, will comprise most senior officials of key Government Agencies in the agro-industry development space (agro-food processing, textile and leather) i.e. MoTI, MoF, MoA, EFCCC, MoIT, EIC, ATA; and will have the following main responsibility:

- Provide strategic direction, coordinate the management of PCP-ETH and ensure PCP and its flagship projects are effectively implemented with adequate funding and supported by an enabling environment that facilitates well-coordinated monitoring in order to achieve expected results.
- The IMC-Ministers is the highest PCP-ETH governing body and therefore will play an important role in the implementation of PCP-ETH.
- Generally, it will champion the implementation of the flagship programme.

Terms of Reference for Inter-Ministerial Committee – State Ministers/Commissioners (IMC - State Ministers)

Consisting of key government agencies, donors and partners and co-chaired by MOTI and MOF; IMC-State Ministers will act as the highest body responsible for PCP-ETH coordination, managing partnerships, operational and implementation level interventions, including:

- Coordinate the sector/sub-sector activities/projects/programs in the area of manufacturing, agricultural productivity enhancement, resource mobilization and partnership building and investment promotion to ensure that comprehensive intervention plans are effectively implemented with adequate funding and supported by an enabling environment that facilitates well-coordinated monitoring in order to achieve expected results.
- Supervises the implementation of intervention plans, programmes and projects.
- Ensures the establishment of the structures and operating systems necessary for sector/sub-sector and key intervention areas.
- Provide guidance to the PCP Secretariat and ensure the alignment of development programmes to the priorities of the government.
- Prioritizes program activities.
- Ensure coordination among the various development partners, development financial institutions, private sector and different public institutes involved in agro-industry related programmes.
- Allocates resources for projects and programmes.

Terms of Reference for PCP-MoTI (Coordination Office – PCP Secretariat)

- PCP-MoTI Satellite Office will be the overall PCP Coordination Office as MOTI is the focal ministry for Agro-processing.
- The PCP secretariat will be housed here with head of the secretariat and a senior expert serving as overall coordinators and main focal points for light manufacturing i.e. agro-food processing, textile and leather.
- Provide professional and technical support to all programmes related to PCP flagship projects.
- Help relevant directorates and departments within MoTI in effectively coordinating PCP flagship projects related activities.
- Implement other activities as per the instruction of sector state minister.
- Serve as the main focal point for IMC Ministers and State Ministers for all PCP related programmes and projects in the three priority sectors of agro-food processing, textile and leather.
- Lead, supervise and technically backstop PCP Satellite offices at MoA and MoF and designated focal points at RIPDCs.
- Organize IMC meetings and other PCP related functions, document and take record of proceedings.

Terms of Reference for PCP-MoA

- PCP-MoA Satellite Office will be led by two senior experts specializing in crop and livestock sector development
- Serve as the main focal point for PCP-ETH in the ministry
- Provide professional and technical support to all programs related to PCP flagship projects in agro-food processing, textile and leather
- Help relevant directorates and departments within MoA and RIPDCs in effectively coordinating PCP flagship projects related activities
- Implement other activities as per the instruction of the two state ministers responsible for livestock and crop sectors and the PCP secretariat head, and submit regular reports to the same

Terms of Reference for PCP-MoF


- PCP-MoF Satellite Office will be led by senior expert in resource mobilization and partnership building.
- Serve as the main focal point for PCP-ETH in MoF.
- Provide professional and technical support in all resource mobilization and partnership building activities.
- Help relevant directorates and departments within MoF in effectively coordinating PCP flagship projects related activities.
- Implement other activities as per the instruction of sector state minister and the PCP secretariat head, and submit regular reports to the same .

Terms of Reference for PCP-RIPDCs FOCAL POINTS

The PCP Secretariat will have one each designated senior expert (senior manufacturing sector expert) serving as the PCP focal point for agro-processing related activities in each one of the four pilot RIPDCs, with the following main responsibility:

- Provide the RIPDCs with technical support in the area of industrial capacity building including industrial infrastructure development, investment promotion, customer relations, value chain development, marketing and promotion etc.
- Serve as the PCP ETH main focal point and provide support to the RIPDC on all agro-processing related activities.
- Assist RIPDC in supervision, monitoring and technical backstopping construction, manufacturing and agricultural value chain development activities.
- Assist RIPDC in partnership building with development partners and the private sector.
- Undertake activities as instructed by the PCP Secretariat and the PCP Satellite Offices at MoF and MoA.

13. ANNEX 6: OFFICIAL REQUEST FROM THE GOVERNMENT OF ETHIOPIA FOR SUPPORT WITH THE CONTINUATION OF THE PCP



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The Federal Democratic Republic of Ethiopia
Ministry of Finance

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Ref.No. EC/12/33
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Date 07 MAY 2020

H.E. LI Yong,
Director General
United Nations Industrial Development Organization (UNIDO)
Vienna International Centre
Wagramer Strasse 5
1440 Vienna,
Austria

Excellency,

It was five years ago the government of Ethiopia and the United Nations Industrial Development Organization partnered to create the Program for Country Partnership (PCP) platform to effectively utilize resources and fast-track large industrial-infrastructure developments in Ethiopia.

Indeed, the program has come a long way since those very early days, the Government of Ethiopia drove the effort with great commitment as soon as Ethiopia was identified as pilot PCP Country along with Senegal and Peru. Under the leadership of the Ministry of Finance, a joint task force of state Ministers was established to bring a critical mass of stakeholders on-board. It is now pleasing to learn that the governance and coordination structure has evolved with time, remained robust and flexible to fit well to changing circumstances and adapt to the frequent restructuring and leadership changes.

Thanks to the exceptional dedication of the leadership team, UNIDO PCP team and all stakeholders, the program has shown resilience against all odds to deliver on key targets set for the three priority sectors; leather, textile and agro-industries. The laudable achievements registered include; 1) mobilizing a significant amount of resources through public and private financing, 80% completion rate of the pilot integrated agro-industrial parks (IPs), and two successfully conducted high profile International Agro-Industry Investment Fora. These are remarkable accomplishments for the piloting stage program.

PCP Ethiopia has reached a milestone, completing the first phase of five years as originally planned. As Ethiopia is also entering a critical juncture at this point where it is going to need a proven partnership platform like PCP with the four Integrated Agro-Industrial Parks expected to open for business and the anticipated future challenges of ensuring their effective management, commercial viability as well as the complex agricultural production and supply chain management needs, it is paramount to build on the success so far and design a new country partnership program. Furthermore, the realization of other important endeavors, like the Modjo Leather City, needs to be supported especially at this moment where the post COVID-19 pandemic recovery will be reliant on new sources of employment and growth.

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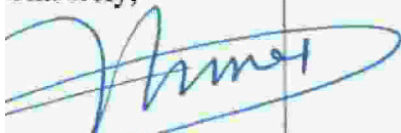
Ahmed Shido
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Addis Ababa-Ethiopia

The Government of Ethiopia is taking measures to institutionalize and mainstream the PC introducing a revised, compact and consolidated coordination structure through a Secretariat with satellite offices at key government agencies. The new secretariat with expanded mandate for boosting implementation and operational efficiency and output delivery on the ground. Furthermore, the Government of Ethiopia has developed a 10-year economic plan that emphasizes agricultural transformation, manufacturing, unleashing the potential of tourism, mining and ICT, expand creative industries, take advantage of the fourth industrial revolution among others. Finally, the current pandemic is to be taken into consideration particularly, the post-emergency period when the Ethiopian economy will require a platform like the PCP, to revitalize and boost jobs creation and export.

In light of the above considerations, as an unreserved supporter of the Ethiopian and African industrialization, this is to kindly call upon UNIDO to provide the usual leadership and necessary support in the formulation and implementation of the phase two of Program Country Partnership in Ethiopia.

Please accept, Excellency, the assurances of my highest consideration.

Sincerely,


Ahmed Shide
Minister



cc: H.E. Mr. Melaku Alebel
Minister, Ministry of Trade and Industry

H.E. Mr. Umer Husen
Minister, Ministry of Agriculture

H.E. Mr. Admasu Nebebe
State Minister, Ministry of Finance

H.E. Ms. Aurelia Calabrò
UNIDO Representative and Director of the Regional Office Hub in Ethiopia
Addis Ababa

For more information, please scan the QR Code to
[access the PCP Ethiopia UNIDO website.](#)



PCP Ethiopia Programme Manager

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