



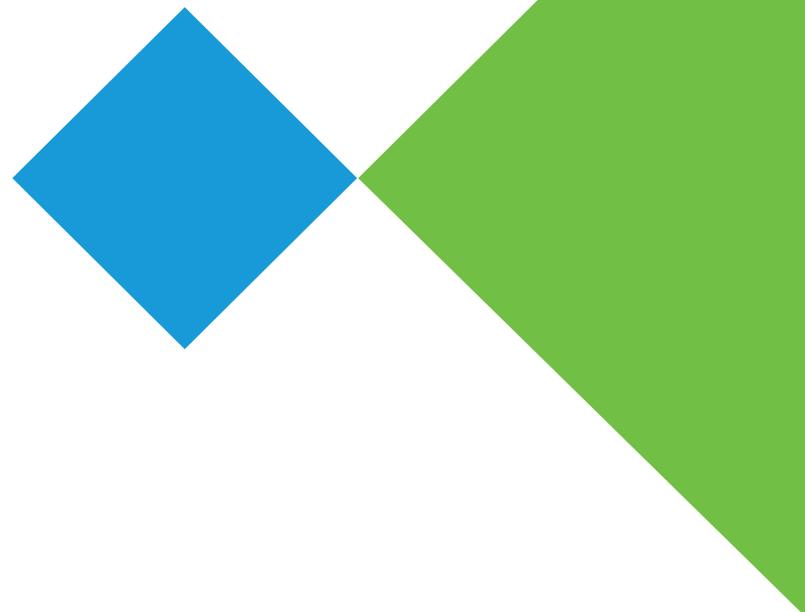
UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION



Programme for Country Partnership
Ethiopia



Programme for Country Partnership for Ethiopia 2016 Progress Report





UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

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1. EXECUTIVE SUMMARY

This report highlights the main activities and key achievements of the Programme for Country Partnership for Ethiopia (PCP-ETH) for the period of December 2015 to December 2016. The PCP is anchored in the industrial development strategy of Ethiopia. It aims to support the Government in the implementation of the Growth and Transformation Plan II (GTP II, 2015-2020) and in addressing challenges associated with structural transformation. The programme focuses on the development of selected priority sectors, namely agro-food processing, textiles and apparel, and leather and leather products.

The second year of the PCP-ETH witnessed significant achievements in terms of partnership building and resource mobilization. UNIDO's close cooperation with the Government of Ethiopia (GoE) has led to a high level of trust that will prove valuable for the coming years. Relationships established in the first year were consolidated and new partnerships were initiated. Of particular importance were the many relationships established with financial institutions and the business sector.

In terms of resource mobilization, discussions are ongoing for a total of USD 400 million in funding. The majority of this amount comes from the GoE, as they have allocated a total of USD 300 million in public funds for infrastructure development of integrated agro-industrial parks (IAIPs), a key component of PCP-ETH. The latter illustrates the Government's strong commitment to the PCP and is helping to leverage additional funds from partners.

In the agro-food sector, the IAIP initiative was officially launched by Hailemariam Desalegn, the Prime Minister of Ethiopia, on 8 February 2016, commencing the second stage of IAIP development.¹ Detailed engineering designs, comprising on-site and off-site infrastructure, were completed at the end of 2016. Awareness-raising activities with regard to the benefits of IAIPs and their associated infrastructure also commenced in 2016 targeting host communities, the general public, experts and public officials. In parallel, UNIDO and the Food and Agriculture Organization of the United Nations (FAO) are jointly supporting the Ministry of Agriculture and Natural Resources and the

Ministry of Livestock and Fisheries in the development of comprehensive agricultural productivity and commercialization plans for agro-industrial growth corridors where the four pilot IAIPs will be established.



UNIDO Director General LI Yong with the Prime Minister of Ethiopia, Hailemariam Desalegn, leading the cornerstone laying ceremony at the inauguration of the integrated agro-industrial park in Yirgalem, SNNP region, Ethiopia.

In the leather and leather products sector, UNIDO supported the GoE in negotiating an estimated USD 100 million loan from the European Investment Bank (EIB) for the establishment of the Modjo Leather City. Negotiations are now in their final stage with the EIB sending a group of technical experts to Ethiopia. UNIDO is also implementing a cluster development approach to facilitate joint actions among micro, small and medium-sized enterprises operating in the leather sector.

In the textiles and apparel sector, UNIDO trained textile experts from the Ministry of Industry on collecting strategic data and profiling local companies interested in upgrading their production capacities through international partnerships. Eleven large-scale investment project profiles and a promotional video were developed and promoted at the First International Agro-Industry Investment Forum.

Co-organized by the GoE and UNIDO, the First International Agro-Industry Investment Forum in Addis Ababa was held from 5 to 7 October 2016. A series of roadshows to promote investment in Ethiopia were organized running up to the event, bringing representatives from the GoE to China, Germany, Italy and the Republic of Korea. The investment forum

¹ The first stage included the preparation of feasibility studies and master plans for four pilot IAIPs, a project led by UNIDO.

aimed to mobilize additional private investment in light manufacturing, with a particular focus on the three key sectors of PCP-ETH – agro-food, textiles and leather.

The forum exceeded expectations, attracting over 1,200 participants, including over 400 international participants, comprising 200 representatives of the international business sector and 50 representatives of financial institutions. Over 200 participants took part in a field visit to the Eastern Industrial Zone, a privately-owned industrial zone located near Addis Ababa. The forum also included business-to-business (B2B) and business-to-government (B2G) events. 154 formal B2B meetings between Ethiopian companies and foreign investors were facilitated and over 20 B2G meetings were organized by UNIDO over the course of the three days. Widespread support was also expressed by development partners and business sector representatives for the development of IAIPs.

Activities of the PCP were carried out as planned, with a few exceptions. In the coordination component, all planned activities were completed on schedule. In

addition, an agreement on the restructuring of the PCP management structure was concluded. In the agro-food component, all activities were completed as scheduled and continuous activities – such as working with partners to create a conducive business environment and facilitate business linkages – remain ongoing. The textile and leather components also proceeded according to schedule, with the exception of a planned workshop on the future of the textile and apparel sector to be held in 2017.

The start of activities as planned in the energy component was deemed too early and therefore postponed. Environment component activities were aligned with activities of the new large-scale programme for upgrading the Ethiopian livestock value chain and have therefore not started yet. Trade facilitation component activities are by nature dependent on activities of other partners and were re-conceptualized in accordance with their changes. Investment promotion activities also proceeded as scheduled, including the successful organization of the First International Agro-Industry Investment Forum in Addis Ababa, as did the capacity-building component.

2. BACKGROUND

Following the Lima Declaration, UNIDO developed a new service package to advance inclusive and sustainable industrial development in Member States - the Programme for Country Partnership (PCP). Aligned with the national development agenda and focused on sectors with high growth potential, the PCP supports a country in achieving its industrial development goals. It is a model that mobilizes external partners and additional resources to achieve larger development impact. The key features of the PCP are: (1) host government ownership; (2) selected priority sectors or areas; (3) a multi-stakeholder partnership; and (4) the mobilization of large-scale public and private finance.

Ethiopia and Senegal were selected as the first two countries to pilot the new approach. UNIDO conducted high-level scoping missions in late 2014 to consult with relevant stakeholders and develop the pilot PCPs. In December 2015, Peru became the third PCP pilot country.

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

The PCP-ETH is rooted in the industrial development strategy of Ethiopia. It aims to support the Government in the implementation of the Growth and Transformation Plan II (GTP II, 2015-2020) and in addressing challenges associated with structural transformation. The overall objective of the GTP II is for Ethiopia to become a middle-income country by 2025.

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

3. KEY ACHIEVEMENTS

3.1 PARTNERSHIP AND RESOURCE MOBILIZATION

Throughout 2016, the GoE and UNIDO, together with partners, worked intensely on mobilizing resources in the priority sectors of PCP-ETH. A total amount of USD 12.7 million was mobilized through the PCP-ETH for UNIDO technical assistance, spread across ten projects – USD 7.7 million for projects in the agro-food sector, and USD 5 million for projects in the leather sector and value chain development. For the year 2017, USD 26.4 million in funding is expected for UNIDO technical assistance.

In addition to technical assistance funding, discussions are ongoing for the mobilization of other forms of resources of a combined total of USD 400 million. A substantial achievement was the decision of the GoE to allocate USD 300 million towards the development of infrastructure for IAIPs. This is a strong statement of the GoE's commitment and ownership of the PCP, and has helped to mobilize further funds from development partners. Tables 1, 2 and 3 provide further details on funds mobilized in 2016 and expected in 2017.

A loan of USD 100 million from the European Investment Bank (EIB) for the development of the Modjo Leather City (MLC) is in its final stage of negotiation. The GoE officially requested financial support from the EIB for the establishment of the MLC. In response, the EIB expressed its intention to move forward with the related financing package. The European Union (EU) also expressed its intention to co-finance the MLC through the provision of technical assistance resources.

Feasibility studies for the IAIPs were also submitted to the African Development Bank (AfDB) with a request for industrial infrastructure funding. In response, the AfDB sent a team of experts on an identification mission to Ethiopia. The AfDB confirmed that the PCP is now integrated into their country programme for Ethiopia and that it stands ready to support the Government in the development of IAIPs. The International Finance Corporation (IFC), the private sector investment arm of the World Bank Group, confirmed that they will continue working with the local financial sector to help bridge the financing gap.

A large-scale livestock value chain development programme entitled “Upgrading the livestock value chain in Ethiopia” is in the pipeline with a budget of USD 26.3 million. The overall objective of the programme is to contribute to poverty reduction in Ethiopia by improving the performance of selected livestock value chains. It is in line with national priorities set out in the GTP II and addresses three important livestock-related components: red meat, dairy, and hides and leather. As part of the overall livestock programme, two related projects were developed amounting to USD 4 million, to be funded by the Government of the People’s Republic of China in 2017. An initial amount of USD 740,000 has already been mobilized to establish a project management and information sharing platform in early 2017.

Another large project – the “Leather integrated initiative to foster sustainable employment creation” – is also in the pipeline with a budget of EUR 14.8 million, and was submitted for consideration to the migration programme of the EU Emergency Trust Fund for Africa.

Draft budget proposals for IAIP development were submitted through the Ministry of Finance and Economic Cooperation (MoFEC) to development partners and international financial institutions for joint venture possibilities.

In addition, two project proposals were submitted to the Government of the Republic of Korea, through MoFEC, for USD 36.2 million and USD 1.5 million respectively for consideration: (1) “Trade facilitation capacity-building for the Government of Ethiopia to establish demand driven services in four integrated agro-industrial parks for inclusive and sustainable industrial development”, and (2) “Institutional capacity development for the Government of Ethiopia to generate sector and market intelligence for inclusive and sustainable industrial development”.

3.2 AGRO-FOOD SECTOR

The development of integrated agro-industrial parks (IAIPs) and associated rural transformation centres (RTCs) is a key component within the agro-food sector of PCP-ETH. The IAIPs will focus on adding value to locally sourced agricultural products and will address constraints to private sector development. The parks will provide firms with access to infrastructure and utilities, as well as business services. At the same time, they will serve as a platform for catalyzing investment and job creation. RTCs will also be set up around each IAIP. They will serve as aggregation points with modern pre-processing and market facilities, connecting the parks with the surrounding rural communities². The IAIP initiative was officially launched at a high-level national forum led by Hailemariam Desalegn, the Prime Minister of Ethiopia, on 8 February 2016. The official launch was preceded by high-level meetings in each of the respective four pilot regions – Oromia, Amhara, SNNP³ and Tigray – with regional cabinet members.

In order to ensure a sustainable supply of agricultural raw materials to the IAIPs in the required quality and quantity, the Ministry of Agriculture and Natural Resources (MoANR) and the Ministry of Livestock and Fisheries (MoLF) are developing comprehensive agricultural productivity and commercialization plans for agro-industrial growth corridors where the four pilot IAIPs will be established, supported by UNIDO and FAO. Two multidisciplinary teams of experts – drawn from various ministerial departments, the Agricultural Transformation Agency (ATA), the Ethiopian Institute of Agricultural Research, the Federal Cooperatives Agency, FAO and UNIDO – were assigned to develop the implementation plans. This activity is a clear example of how the PCP is building partnerships and creating synergy with related programmes.

A recently commenced project on agricultural value chain development to support the creation of a pilot IAIP in the Oromia Regional State and to create synergies with existing programmes – such as the Agricultural Growth Program (AGP), the Agricultural Commercialization Clusters (ACC) initiative and the Livestock Masterplan (LMP) – will be an integral part of this process. The project is implemented by FAO and UNIDO and funded by the Italian Agency for Development Cooperation (AICS). Discussions are ongoing between the Ministry of Industry (MoI), UNIDO and ATA to determine how

² For more details refer to *Integrated Agro-Industrial Parks in Ethiopia* document.

³ Southern Nations, Nationalities, and Peoples’ region.

the ACC initiative⁴ can be aligned with the IAIPs for resource optimization. Similarly, there are ongoing discussions with MoANR and MoLF to ensure that activities implemented under the AGP⁵ and the LMP are in line with and contribute to the success of the IAIP initiative.

Following the finalization of master plans for each of the four pilot IAIPs, in a project lead by UNIDO, the second stage of IAIP development commenced in 2016. The latter comprised the preparation of detailed engineering designs, including on-site and off-site infrastructure, and the procurement of oversight services to ensure quality engineering designs. This crucial step was completed in December 2016. The United Nations Office for Project Services (UNOPS) will carry out a third party review of the designs for quality assurance purposes. UNIDO is also in the process of finalizing an agreement with UNOPS for collaboration on the construction of IAIPs.

The MoI and UNIDO, in collaboration with regional governments and UNOPS, are also carrying out an in-depth environmental and social impact assessment of the IAIPs. The partners are engaging communities, experts, public officials and the general public in discussions about the benefits of the IAIPs and

associated infrastructure. The initiative is also addressing sustainable rehabilitation and reintegration of affected households, while examining means of minimizing or avoiding negative environmental impacts.

UNIDO provided capacity-building services to the GoE in establishing a government nodal entity – a Regional Industrial Park Development Corporation (RIPDC) – which will be responsible for developing, coordinating and managing the design of the IAIPs, promoting the IAIPs at an international level, and working with smallholder farmers and other value chain actors to develop selected value chains within the agro-commodities procurement zone. A regulatory framework, an organizational structure and human resource requirements for the establishment of RIPDC branches were developed and shared with the pilot regions for their consideration and further action. The regions have since customized and implemented the regulatory framework and established RIPDC branches in the four pilot regions. Officials to lead the corporations were also assigned. As per the direction given at the high-level national forum in February, a unit will be set up within the Food, Beverages and Pharmaceuticals Industry Development Institute to provide technical and implementation support to the RIPDC and its branches.



Integrated agro-industrial park master plan

- 4 A programme with a USD 150 million budget led by ATA and aimed at organizing farmers in agro-industrial growth corridors.
- 5 A multi-donor five-year programme with a budget of USD 400 million, aimed at increasing the productivity of smallholder farmers and the supply of raw materials to IAIPs.

3.3 LEATHER AND LEATHER PRODUCTS SECTOR

Ethiopia's leather industry enjoys significant international comparative advantages. However, limited planning during the establishment of leather tanneries has led to difficulties in monitoring and mitigating pollution. In response, the PCP is supporting the GoE in the establishment of a cutting-edge leather industry cluster on the basis of an existing concentration of tanneries in the town of Modjo. UNIDO, in collaboration with the Leather Industry Development Institute and the Addis Ababa University, prepared a feasibility study to establish the Modjo Leather City. The latter presents an opportunity to establish an environmentally friendly leather tanning cluster driven by a network of tanneries. UNIDO is supporting the GoE in securing an estimated USD 100 million loan from the EIB for the establishment of the MLC. Negotiations are now in their final stage with an EIB technical team in Ethiopia assessing the project.

The production of leather footwear and leather goods has significant potential for job creation, but is dominated by micro, small and medium-sized enterprises (MSMEs), most of which are located in Addis Ababa. However, most enterprises within the sector operate in a scattered manner and with limited opportunities for skills development or access to modern technologies, as well as minimum assistance from support institutions. Through funding provided by AICS, UNIDO is implementing its cluster development approach, to help MSMEs overcome challenges related to knowledge fragmentation and coordination, and to facilitate joint actions among cluster members.

Mappings and diagnostic studies on selected clusters were completed and validated by all stakeholders. Detailed action plans for the development of the clusters were produced and implemented with local institutions and cluster members. Specific initiatives on cluster development and networking methodology were implemented for the identified networks. Several initiatives were started, such as joint purchasing of raw materials, joint tender participation, and joint manufacturing and selling. Trainings on footwear and leather goods production, design and entrepreneurship development were also conducted. In collaboration with local institutions, several initiatives were implemented in an effort to increase market access for enterprises, such as organizing business-to-business meetings and facilitating their participation in an exhibition. Furthermore, linkages between networks and local medium and large enterprises were established in order to facilitate raw material

purchasing and sub-contract agreements. The cluster development methodology was transferred to major institutional stakeholders supporting MSMEs active in the leather sector.

3.4 TEXTILES AND APPAREL SECTOR

An abundance of raw materials, favourable wages and energy costs give the Ethiopian textile sector a competitive advantage over other countries and regions. In the textiles and apparel sector, UNIDO trained textile experts of the MoI in collecting strategic data and profiling local companies seeking to upgrade their production capacities through international partnerships.

Profiles of major companies in this sub-sector were developed to encourage joint ventures and facilitate business-to-business linkages as part of the overall investment promotion effort of the First International Agro-Industry Investment Forum. Seven companies were selected, profiled and included in the *Investment Opportunities Directory* part of the Forum in Addis Ababa. They were also given the opportunity to take part in B2B meetings organized with interested foreign investors.⁶

Furthermore, based on the request of the GoE, UNIDO will work on developing a comprehensive strategy and roadmap for the textile sector, during the first quarter of 2017.

3.5 INVESTMENT PROMOTION

A series of roadshows were organized as a run-up to the First International Agro-Industry Investment Forum bringing representatives from the GoE to China, Germany, Italy and the Republic of Korea. Co-organized by UNIDO, the roadshows aimed to promote specific investment opportunities in Ethiopia's agro-industries and allied sectors, including the IAIP initiative, a key component of UNIDO's PCP-ETH. The roadshows were tailored to each host country and featured workshops, roundtables or bilateral meetings depending on country-specific needs. In response, multiple companies from these countries expressed high interest in investing in Ethiopia and were mobilized to participate in and explore more concrete investment opportunities at the forum.

⁶ For profiles of 58 Ethiopian companies operating in the agro-food, textiles and leather sectors, refer to the *Investment Opportunities Directory*.

On 5 to 7 October, the GoE and UNIDO organized the First International Agro-Industry Investment Forum in Addis Ababa, Ethiopia. The investment forum aimed to mobilize additional private investment in light manufacturing, with a particular focus on food processing, textiles and apparel, and leather and leather products. The forum attracted over 1,200 participants. More than 400 international participants attended, including approximately 200 representatives of the international business sector and 50 representatives from financial institutions. In addition, as part of forum activities, over 200 participants took part in a field visit to the Eastern Industrial Zone, a privately-owned industrial zone near Addis Ababa.

The forum also included business-to-business (B2B) and business-to-government (B2G) events. 154 formal B2B meetings between Ethiopian companies and foreign investors were facilitated by UNIDO over the course of the three days, complemented by many informal B2B meetings arranged by foreign investors and local entrepreneurs themselves. The B2G event included over 20 meetings. These meetings allowed government representatives to answer specific investor queries and promote various investment incentives, frameworks and support services for domestic and foreign direct investment. An exhibition showcasing the work of national institutions and organizations, as well as products of local and international companies, was on display for the duration of the event.

UNIDO prepared an *Investment Opportunities Directory* comprising 58 Ethiopian companies operating in the agro-food, textiles and leather sectors. The Directory was prepared to facilitate joint ventures between local companies and foreign investors, and B2B meetings during the event.

The investment forum included two days of panel discussions covering topics from Ethiopia's investment climate to financing options, to specific opportunities in the agro-food textiles and leather sectors. Development partners and business sector representatives expressed tremendous support for the development of IAIPIs in the opening session and panel discussions, as well as through numerous bilateral meetings conducted on the sidelines.

On the sidelines of the investment forum, the GoE and UNIDO held meetings with financial institutions including the AfDB, the World Bank and the IFC, which

outlined how the private sector can access financing for projects in Ethiopia. Furthermore, partnerships with the United Nations Economic Commission for Africa, FAO, and UNDP ensured synergies between private investment in manufacturing and ongoing development programmes aiming at improving agricultural productivity and technical and managerial skills, among other initiatives under the framework of the PCP.

As a result of the success of the First International Agro-Industry Investment Forum, the GoE pledged to institutionalize the forum, making it an annual event. The Government also asked UNIDO to support the development of regional/international trade and investment fairs in Addis Ababa.

3.6 TRADE FACILITATION

The trade facilitation component of PCP-ETH is a cross-cutting component that supports activities in all three priority sectors. It was designed to help the GoE address matters pertaining to trade facilitation of Ethiopian products, including competitiveness and market access, as well as areas for improvement in terms of time and cost reduction in supply chains. This is being undertaken in line with the GTP II and its Trade Logistics Strategy.

In order to achieve the objectives set out in the GTP II, it is necessary to increase productive capacity and efficiency through improving quality and competitiveness of priority sectors. In this context, the *Diagnostic Trade Integration Study (DTIS)* update 2016 provided an opportunity to support the transition between GTP I and GTP II, while providing an analysis of the status of integration of the Ethiopian economy into international trade. UNIDO partnered with the United Nations Conference on Trade and Development and closely coordinated inputs with the Ministry of Trade to produce the DTIS update 2016. This was done through a comprehensive trade analysis of selected agro-food value chains, analyzing the extent to which World Trade Organization Agreements on the Application of Sanitary and Phytosanitary Measures and Technical Barriers to Trade are implemented.

The objective of the DTIS is to contribute to the doubling of merchandise exports within the next five years. In particular, compliance capacity and upgrading the national quality infrastructure (NQI) are

central for attracting investment and ensuring export competitiveness of Ethiopian-based – domestic or foreign – companies.

The PCP-ETH team analyzed the areas in which it can support key actions to be undertaken, including: regional trade policy, quality enhancement for export promotion, trade facilitation, education, supply chains, and investment promotion in the three priority sectors.

The Ministry of Science and Technology (MoST) submitted requests to the World Bank to strengthen NQI institutions. UNIDO is also discussing support options for NQI institutions with the World Bank and the MoST. A complementary project proposal on trade facilitation capacity-building in the four pilot IAIPs was developed in close consultation with MoI and submitted by the GoE to KOICA for consideration.

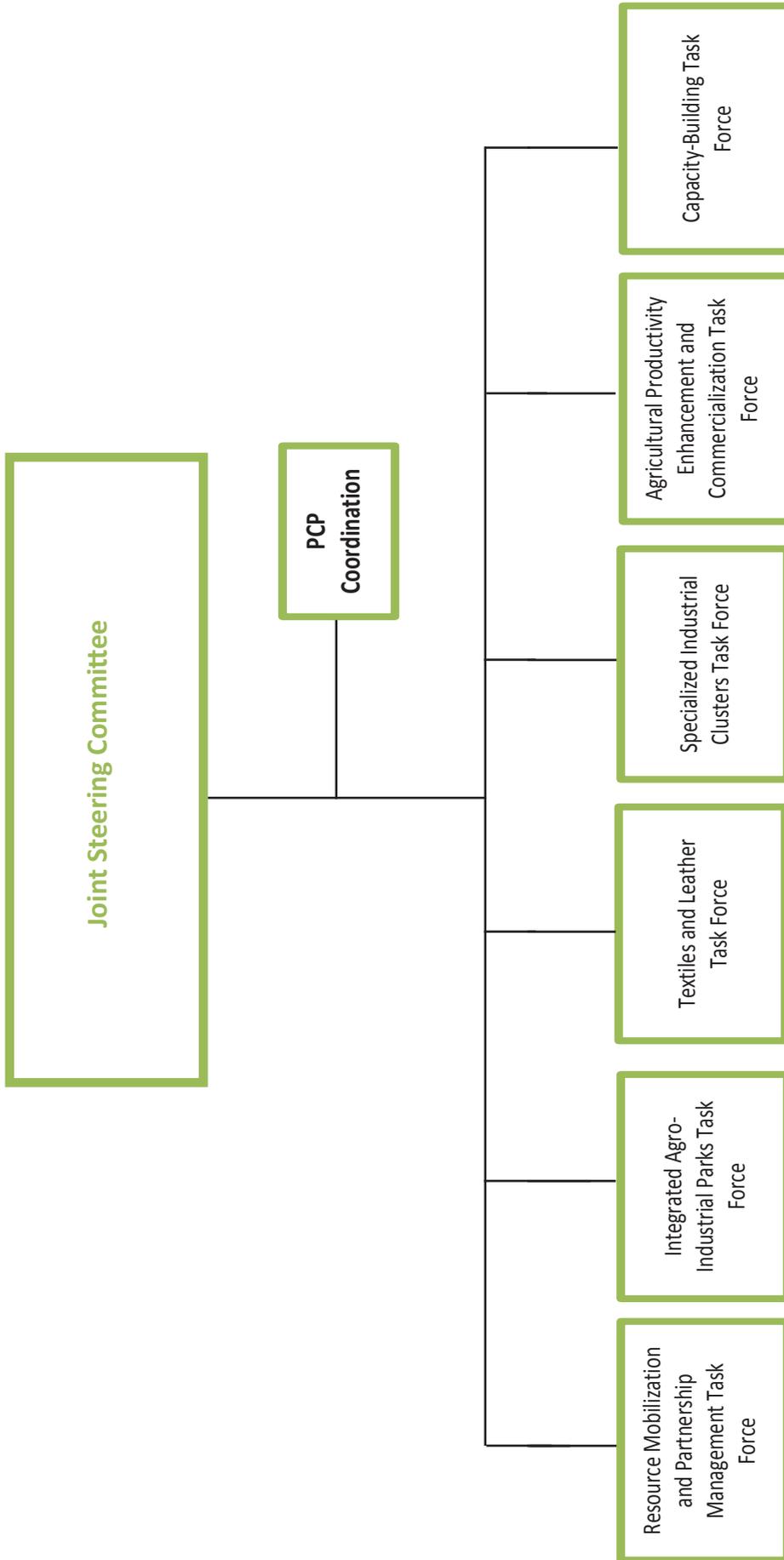
3.7 COORDINATION

The success of the past two years required the PCP to expand and update its management structure. Adopted in 2016, the revised management structure is better able to address funds mobilization, the expanded scope of implementation and coordination with diverse development partners.

The overall administrative structure was streamlined to facilitate more effective reporting lines and efficient decision-making. The revised structure allows for increased participation from key partner organizations and clearly describes the various roles and responsibilities of the administrative groups and technical task forces. This will help avoid overlapping tasks and will optimize resource utilization. The clearer delineation of roles and responsibilities will also help increase the sense of ownership by stakeholders during implementation. The GoE endorsed the new structure during the PCP Joint Steering Committee meeting held on 14 December 2016 in Addis Ababa.

The Joint Steering Committee is composed of the MoI, MoFEC, MoANR, MoLF, the Ethiopian Investment Commission, the ATA and development partners. It guides programme implementation, prioritizes programme and project activities, ensures coordination among partner interventions, mobilizes resources and monitors PCP progress. Six technical task forces were established through the restructuring process, each responsible for specific areas/sectors of the programme (refer to figure 1 for more details).

FIGURE 1: PCP-ETH MANAGEMENT STRUCTURE



4. MONITORING AND EVALUATION

In addition to the change in management structure, and partly in response to it, the monitoring and evaluation system was also updated, in particular the internal reporting system (see figures 2 and 3). The PCP will undergo a mid-term evaluation in 2017 and a final independent evaluation at the end of the programme in 2019.

As described in the section on agro-food sector, activities to establish four integrated agro-industrial parks (Output 1 under Outcome 1) are well underway, with management structures already in place and construction of infrastructure about to commence. Activities to upgrade selected value chains around IAIPs are also ongoing (Output 2 under Outcome 1). As part of the development of rural transformation centres and of the livestock value chain upgrading programme, appropriate handling facilities, food safety and other quality control management standards, and effective traceability systems are being developed. Activities to promote investment in the four pilot IAIPs (Output 3 under Outcome 1) are nearly completed.

Part of the foreseen institutional capacity-building activities was conducted (Output 4 under Outcome 1). Investment in garment production and export (Output 3 under Outcome 2) was promoted, a feasibility study to establish the MLC was completed, and activities related to cluster development for leather goods and leather footwear contributed toward the subsector being better able to meet requirements of leather industry and leather products markets (Output 2 under Outcome 3). In terms of coordination, the management structure was restructured to better meet the requirements of the programme as it developed (Output 1 under Outcome 4), a national resource mobilization mechanism was put in place (Output 1 under Outcome 4), and the monitoring system was updated (Output 2 under Outcome 4), therefore completing Outcome 4.⁷

5. UPCOMING KEY ACTIVITIES

In 2017, UNIDO will continue to work on a range of activities using momentum built during 2016. One such example is supporting the GoE in organizing the second annual International Agro-Industry Investment Forum and establishing a convention centre in Ethiopia. UNIDO will continue to provide technical assistance to promote and facilitate investment, including through monitoring, implementing lessons learned and networking. Construction of the four pilot IAIPs will commence and implementation and construction of the MLC is expected to start during the coming year. Implementation of the livestock value chain upgrading programme currently in the pipeline is also expected to start, and the PCP Ethiopia Trust Fund is expected to be established.

Work will proceed with regard to improving the competitiveness of the Ethiopian textile and leather industries and upgrading the institutional capacities of the MoI, the Ethiopian Textile Industry Development Institute and the Leather Industry Development Institute. This will include identifying the major constraints of the Ethiopian textile industry, in particular related to human resource capacity – both at managerial and technical levels –, productivity and quality. Another planned activity is to support the GoE in upgrading the pharmaceutical industry by updating Ethiopia's good manufacturing practices roadmap.

Furthermore, in 2017, UNIDO will support the GoE in developing a comprehensive strategy and roadmap for the development of several industries, including textiles and apparel, chemicals, electronics and household appliances. UNIDO will further support capacity-building of the MoI, sectoral institutes and the RIPDC.

Resource mobilization efforts will continue throughout 2017. For details on funds mobilized in 2016 and expected in 2017, refer to tables 1, 2 and 3.

⁷ Please refer to the PCP-ETH project document for details.

2016 FUNDS MOBILIZATION REPORT

TABLE 1: PROJECTS DEVELOPED AND FUNDS MOBILIZED

Project developed	Donor	Funds secured in 2016 (USD)	Funds expected in 2017 (USD)
Phase 1 of the technical assistance project for the upgrading of the Ethiopian leather and leather products industry	Italy	650,000	
Phase 2 (Extension) of the technical assistance project for the upgrading of the Ethiopian leather and leather products industry	Italy	2,800,000	
Improving the sustainability and inclusiveness of the Ethiopian coffee value chain through public-private partnership	Italy/ illycaffè/ Ernesto Illy Foundation	1,500,000	2,500,000
UNIDO technical assistance to the project “Stemming irregular migration in northern and central Ethiopia” funded by EU	Italy through EU funds	1,600,000	
Reducing irregular migration in northern Ethiopia by establishing industrial processing and marketing of Beles-based food products	Austria	374,934	
Phase 1 - Establishing industrial processing and marketing of Beles-based food products for increased income in rural communities in northern Ethiopia	OFID	600,000	
Establishing a Moringa-based economic development programme to improve the livelihood of rural women in Ethiopia	Italy	984,230	
Training institute for commercial vehicle drivers in Ethiopia - A public-private partnership project to support specialized skills development in Ethiopia	Sweden/AB Volvo		5,445,000
Engineering design work for integrated agro-industrial parks and rural transformation centres in Ethiopia	MoFEC/ Ethiopia	500,000	
Technical support for the implementation of an integrated agro-industrial park in Ethiopia	Italy	1,464,180	
Technical and institutional capacity-building for increase in production and development of the aquaculture and fisheries value chains in Ethiopia	Russian Federation	2,260,000	
Phase 2 - Establishing industrial processing and marketing of Beles-based food products for increased income in rural communities in northern Ethiopia	OFID		1,000,000
Leather integrated initiative to foster sustainable employment creation – LIFE (UNIDO and development partners)	EU		14,746,422
Slaughterhouse waste management: the sustainable and productive use of animal by-products	People’s Republic of China		2,000,000
Upgrading the livestock value chain in Ethiopia (preparatory phase)	Partnership Trust Fund		739,020
	Sub-total	12,733,344	26,430,442
Total funded in 2016 and expected in 2017		39,163,786	

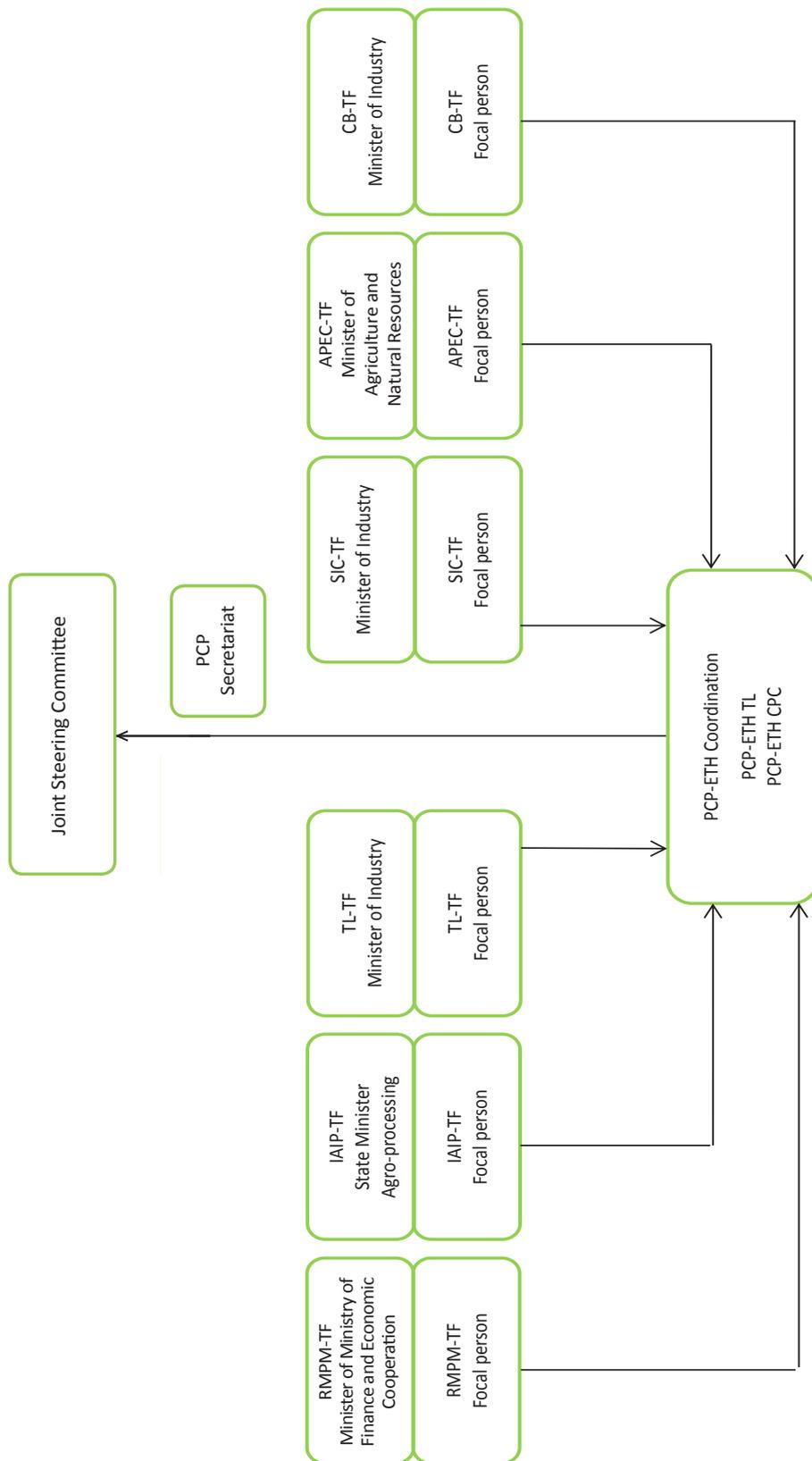
TABLE 2: PROJECTS UNDER DEVELOPMENT AND FUNDS EXPECTED IN 2017-2019

Project under development	Donor	Funds expected (USD)
Technical assistance project for reducing irregular migration through the development of a strategic Ethiopian value chain through PPP		1,500,000
Technical study and support to the MoI for improving Ethiopian leather and textile products diversification		500,000
Upgrading the livestock value chain in Ethiopia (2 projects)	People's Republic of China	4,000,000
Total under development 2017-2019		6,000,000

TABLE 3: FUNDS BEING MOBILIZED AND POTENTIAL/INDICATIVE VALUE

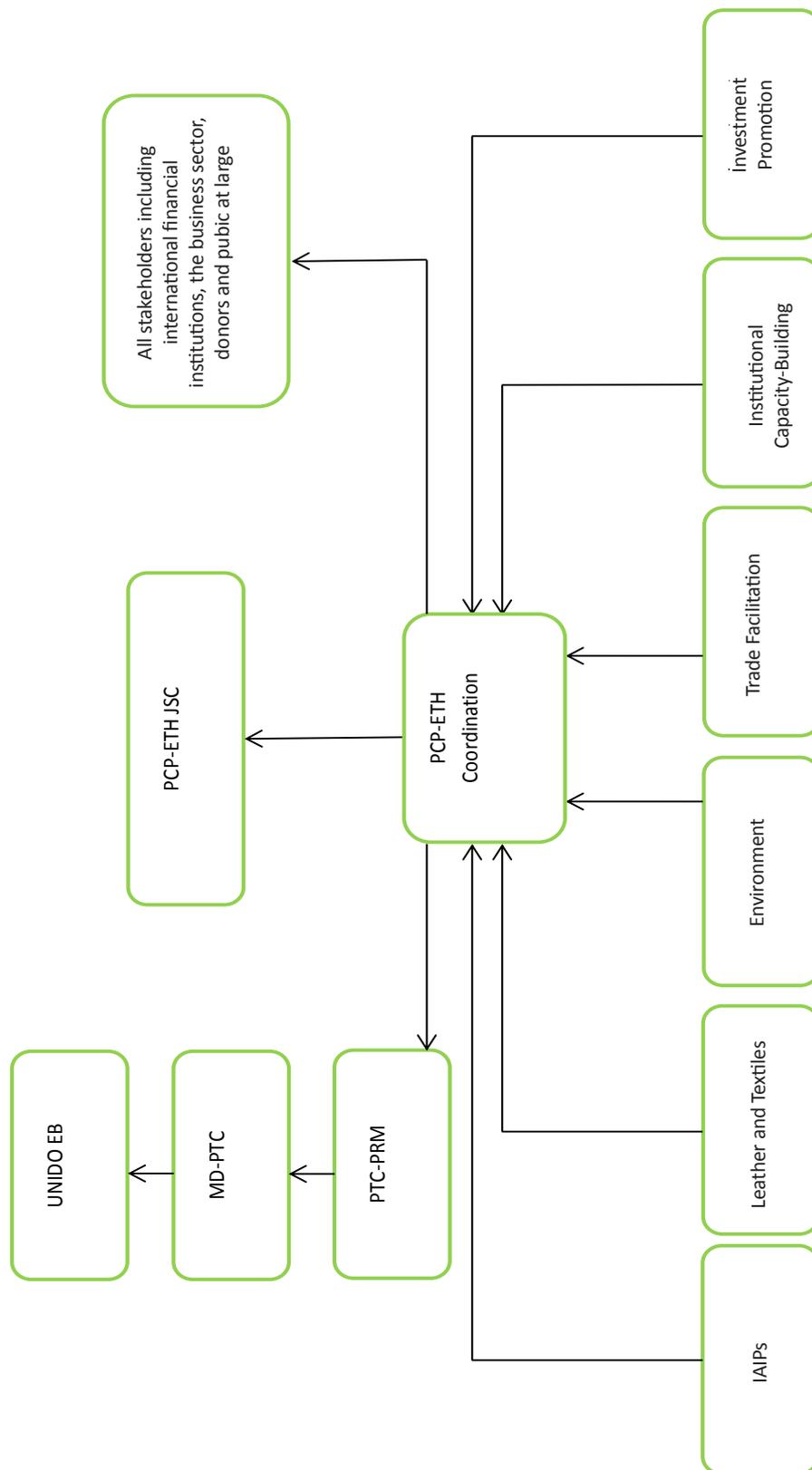
Project	Funds used to leverage		Sources	Category	Indicative figure (USD)
Feasibility study for Modjo Leather City	150,000	Generated investment flow of around EUR 100 million through blended financing: EU grant - EUR 15 million; and loan - EUR 100 million	EIB, AICS and other development partners	Secured/in progress	100,000,000
Feasibility studies for integrated agro-industrial parks	520,000	GoE allocated USD 300 million	GoE, DBE	Secured/in progress	300,000,000
		Total projected until 2020			400,000,000

FIGURE 2: PCP-ETH REPORTING AT COUNTRY-LEVEL



Notes: RMPM-TF stands for Resource Mobilization and Partnership Management Task Force, IAIP-TF for Integrated Agro-Industrial Parks Task Force, TL-TF for Textile and Leather Task Force, SIC-TF for Specialized Industrial Clusters Task Force, APEC-TF for Agricultural Productivity Enhancement and Commercialization Task Force, CB-TF for Capacity-Building Task Force.

FIGURE 3: PCP-ETH REPORTING AT UNIDO HEADQUARTERS



Notes: UNIDO EB stands for UNIDO Executive Board, MD-PTC for Managing Director-Programme Development and Technical Cooperation Division, PTC/PRM for Programme Development and Technical Cooperation Division/Department of Partnerships and Results Monitoring, JSC for Joint Steering Committee, TL for Team Leader, CPC for Country Programme Coordinator and IAIP for Integrated Agro-Industrial Parks.

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and

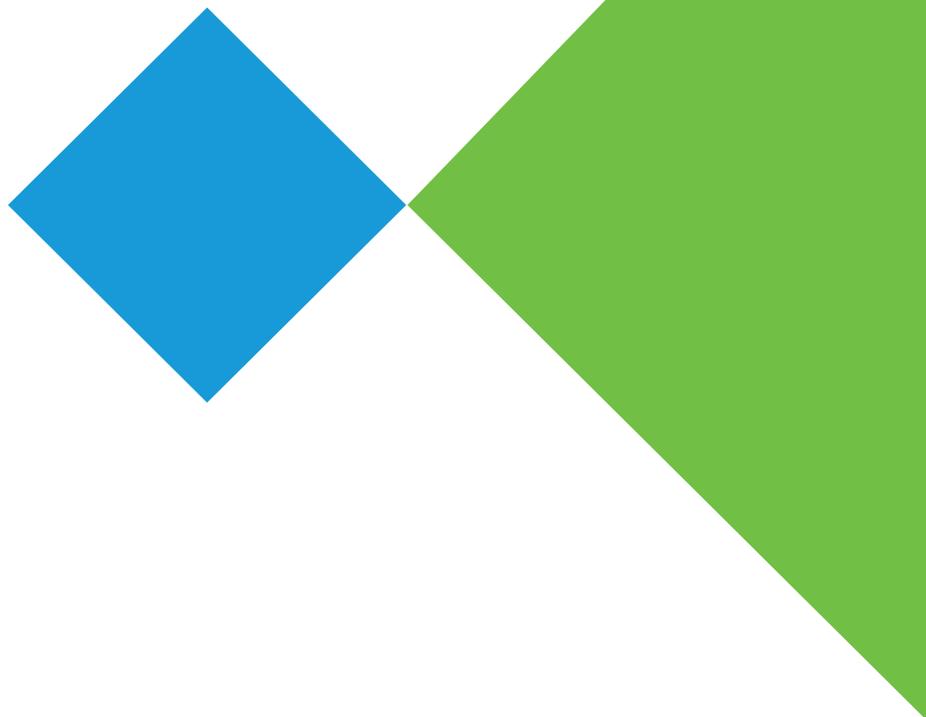
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