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This action is funded by the European Union

ANNEX 2

of the Commission Decision on the financing of the annual action programme 2018 – Part 2
in favour of the Federal Democratic Republic of Ethiopia

Action Document for "Promotion of Sustainable Ethiopian Agroindustrial Development (PROSEAD)"

1. Title/basic act/ CRIS number	"Promotion of Sustainable Ethiopian Agroindustrial Development (PROSEAD)" CRIS number: ET/FED/041-522 financed under the 11 th European Development Fund (EDF)	
2. Zone benefiting from the action/location	Ethiopia The action shall be carried out at the following locations: Addis Ababa and the regions of Amhara, Oromia, Tigray and Southern Nations, Nationalities & Peoples (SNNP).	
3. Programming document	National Indicative Programme (NIP) 2014-2020 between Ethiopia and the European Union	
4. Sector of concentration / thematic area	Focal Sector 1 Sustainable Agriculture and Food Security (Agroindustrial Development)	DEV. Aid: YES ¹
5. Amounts concerned	<p>Total estimated cost: EUR 171 307 000</p> <p>Total amount of EDF contribution EUR 45 000 000; of which:</p> <ul style="list-style-type: none"> ○ EUR 16 700 000 for the contribution to the Africa Investment Platform ○ EUR 28 300 000 for project approach. <p>This action is co-financed by:</p> <ul style="list-style-type: none"> • Joint co-financing by African Development Bank (AfDB) for an amount of USD 15 000 000. • International Financial Institutions that will present a project proposal including the activities presented in component 2 to the Africa Investment Platform of the Blending Framework. • Parallel co-financing by Agricultural Transformation Agency (ATA) for an amount of USD 53 000 000 (Denmark and Norway grant) • Joint co-financing by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) for an amount of EUR 12 000 000 • Parallel co-financing by United Nations Industrial Development Organisation (UNIDO) for an amount of EUR 2 000 000 (Italy grant) 	

¹ Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

	<ul style="list-style-type: none"> For Regional Blending Facilities: co-financed by entities listed in appendix 3. 			
6. Aid modality and implementation modality	<ul style="list-style-type: none"> Project Modality <ul style="list-style-type: none"> Indirect management with GIZ, UNIDO and AfDB Indirect management with the Government of Ethiopia The components regarding the Africa Investment Platform shall be implemented in indirect management. 			
7 a) DAC code	32161-Agroindustries			
b) Main Delivery Channel	International Financial Institutions and Private Sector Recipient Government 12000 and Public Sector Institutions 10000			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	9. Global Public Goods and Challenges (GPGC) thematic flagships	N/A.		
10. Sustainable Development Goals (SDGs)	SDG 9 – Build resilient infrastructure, promote sustainable industrialisation and foster innovation; SDG 8 – Promote inclusive and sustainable economic growth, full and productive employment and decent work for all; SDG 2 – End hunger by doubling agricultural production and small scale producers' incomes by 2030; SDG 12 – Ensure sustainable consumption and production patterns.			

Table of acronyms

ACC	Agricultural Commercialisation Clusters
AFD	Agence Française de Développement
AfDB	African Development Bank
AGP II	Second Agriculture Growth Programme
AIP	Agroindustrial Parks
AIPC	Agroindustrial Park Corporation
ATA	Agricultural Transformation Agency
ATVET	Agricultural Technical Vocational Education and Training
CVP	Communication and Visibility Plan
EDB	Ethiopian Development Bank
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GTP II	Second Growth and Transformation Plan
IFAD	International Fund for Agricultural Development
IFI	International Financial Institution
IPDC	Industrial Parks Development Corporation
LFI	Local Finance Institution
LOC	Line of Credit
MFI	Microfinance Institutions
MoAL	Ministry of Agriculture and Livestock
MoE	Ministry of Education
MoFEC	Ministry of Finance and Economic Cooperation
MoI	Ministry of Industry
MS	Member State
MSME	Micro, Small and Medium Enterprises
NIP	National Indicative Plan
OSH	Occupational Health and Safety
PAP	Processed Agricultural Product
PPP	Public Private Partnership
PROSEAD	Promotion of Sustainable Ethiopian Agroindustrial Development
RIPDC	Regional Industrial Parks Development Corporation
RSM	Risk Sharing Mechanism
RTC	Rural Transformation Centre
RUFIP	Rural Finance Intermediation Programme
RUSSACO	Rural Saving and Credit Cooperative
SME	Small and Medium Enterprises
SNNP	Southern Nations, Nationalities & Peoples
STEP	Sustainable Training and Education Programme
TI	Training Institutions
TVET	Technical Vocational Education and Training
VC	Value Chain
UNIDO	United Nations Industrial Development Organisation
UNOPS	United Nations Office for Project Services

SUMMARY

The action contributes to the Government of Ethiopia's Second Growth and Transformation Plan (GTP II: 2015-2020) to support the transformation of the economy from agriculturally driven growth towards a more industrial oriented economy. PROSEAD specifically contributes to the expansion of inclusive economic opportunities through Ethiopia's transition from an agricultural economy to a more industrial one.

The EU strategic objective is to increase decent employment and incomes for rural Ethiopians, particularly youth and women, in four environmentally sustainable agroindustrial parks and their agricultural production zones.

PROSEAD, identified via an EU-led inclusive consultation process, has five results:

1. Agroindustrial park (AIP) infrastructure and operations are made socially valuable and environmentally compliant, and public infrastructure needs for intermediate processing are met;
2. The capacity and financial resources of microfinance institutions (MFIs) and local finance institutions (LFIs) to provide financial access to farmers, cooperatives, unions and small and medium enterprises (SMEs) operating in the value chains and in the AIPs are increased;
3. The capacities of farmers' associations and rural agribusiness to raise their productivity and facilitate their access to agroprocessing markets are improved;
4. The skills of youth and women in the parks and their catchment areas are enhanced and decent employment conditions are improved;
5. Coordination of all AIP stakeholders and governance of agroindustrial performance are made effective.

This EUR 45 000 000 action, financed from EDF resources, will leverage, at this stage, an estimated EUR 171 307 000 from the different donor partners contributing directly to the five results/components providing, therefore, a substantial contribution to the first phase of AIP development.

1 CONTEXT

1.1 Sector and Country Context

The population of Ethiopia is over 105 million, making it Africa's second most populous country, with a population growth rate of 2.85 % (2017) and more than two million young people entering the job market annually. High population growth coupled with poverty in rural areas are key drivers of migration. Most migrants from Ethiopia go to the Middle East and the Arabian Peninsula, driven by a lack of livelihood opportunities, especially for the young, 60 % to 70 % of whom are irregular migrants. While the profile of migrants from Ethiopia varies by destination, in general migrants are young, single, increasingly female and drawn from all regions. The majority of documented Ethiopian migrants who go to the Middle East are young women.

Gross Domestic Product (GDP) growth rate estimates in the past three years (2015-2017) have been above 8 % but below the 11 % annual target foreseen in Ethiopia's Second Growth and Transformation Plan (GTP II). Agriculture is the mainstay of the economy, accounting for 43 % of GDP, 76 % of national employment and 28 % of total export earnings. However, agro-processing only contributes 5 % of GDP, 1 % of employment opportunities and 2 % of exports, which explains why the trade balance for processed agricultural products (PAPs)

remains substantially negative. Ethiopia's agro-exports are currently almost entirely limited to primary and unprocessed goods despite the increase in global and domestic demand for PAPs. Foreign exchange earned from the export of commodities from 2011 to 2015 covered only 26 % of the cost of imported commodities.

Approximately 32 % of the country's manufacturing is in the food and beverage sector with over 880 food processing units. Many processors work well below full capacity due to a shortage of a timely supply of nationally produced raw materials in quantity, quality and consistency, the patchy presence of proximity service providers (input suppliers, credit providers, equipment dealers, etc.) supporting farmers, and the underdeveloped nature of the market and agricultural infrastructure.

Due to the combined growing demand of the domestic urban market and of the global market for specialised exports of agro-processed and high value commodities, private sector actors in Ethiopia are particularly investing in cereals, coffee, horticulture, livestock and honey.

A recent opening by the government to the private sector as well as the forthcoming legal recognition of contract farming and business engagement in direct commodity exports should accelerate SME and farmer investments in value chain development around agroindustrial park sites. The allocation of land and creation of incentives in the parks should spark the interest of larger enterprises in the AIPs.

The vast majority of Ethiopian farmers are not well integrated in commercial value chains and this is one of the reasons for the shortage of raw material inputs. The dominance of small-scale farming is another related constraint. Low access to finance, weaknesses in outgrower and farm supply contracts and the proliferation of intermediaries within an extended value chain also constrain the prospects of better returns to farmers, which in turn limit their ability to invest in production and post-harvest processes. Security of tenure has recently improved with the certification of user rights that recognise lifelong land occupation on condition of effective occupancy and farming.

Many women face restricted access to resources and services and lack control over household income. Although women's land rights are improving within the country, there is still a tendency in the rural community to disregard such rights; particularly after the divorce or death of the husband. Female-headed households are in general at a disadvantage with regard to plot size, land and asset ownership, access to finance and access to training despite government efforts to redress these imbalances.

1.1.1 Public Policy Assessment and EU Policy Framework

Agriculture is a priority in the Second Growth and Transformation Plan (GTP II) to support the transformation of the economy from an agrarian one towards a more industrially oriented economy, in order to make agriculture and agribusiness more efficient, productive and competitive.

To achieve this, the Government of Ethiopia aims to develop seventeen agroindustrial growth corridors with corresponding AIPs that will process the agricultural raw materials that are produced in the corridors. Four initial AIP locations have been chosen in the regions of Amhara (Bure), Oromia (Bulbula), SNNP (Yirgalem), and Tigray (Humera). The remaining 13 AIPs will be developed in a second phase.

Over USD 200 000 000 have been allocated in government loans for the development of common park infrastructure as well as for the secondary Rural Transformation Centres (RTC). Business premises (such as sheds) initially costed in the 2015 AIP feasibility study will now be left for private investors to build, while collection centres to aggregate produce

from farmers should be developed by government agriculture programmes. Civil works are ongoing in three of the parks, with an expected date of completion in the first semester 2019, though there is still a funding gap to address the low-waste standard recommended by the United Nations Office for Project Services (UNOPS) environmental assessment as well as for the completion of social infrastructure in the parks.

Government funding was also allocated in 2016-2017 to provide compensation to resettled farmers previously living on AIP sites following the recommendations of the Resettlement Action Plans developed in a participatory manner by UNOPS. For instance, in the Amhara region compensation was provided in cash to invest in new livelihood activities as well as through allocations of urban plots amounting to 450m² of land per household head with an additional 150m² of land for each child of the compensated household. Resettlement Action Plans are still in effect and monitoring will continue to ensure locals are fairly compensated.

The four AIPs are projected to attract a total 400 local and foreign agro-processors and to create more than 400 000 direct jobs. The Ministry of Industry (MoI) is in the lead, whereas AIP construction and management are the responsibility of the four Regional Industrial Parks Development Corporations (RIPDC).

In parallel to the AIP initiative, GTP II emphasises the development of farmers' production and marketing groups through farm clusters. This is being brought about through the Agricultural Commercialisation Clusters (ACC) initiative implemented by the Agricultural Transformation Agency in complementarity, when covering the same areas, with the Second Agricultural Growth Programme (AGP II) whose part in these activities will be refocused onto the supply of raw materials for the parks.

The success of the AIPs will also rely on the successful implementation of the National Financial Inclusion Strategy which aims to increase the number of account holders transacting through financial institutions or mobile money providers from 22 % to 60 % of adults by 2020.

The proposed action is part of the Sustainable Agriculture and Food Security Focal Sector I of the 11th EDF National Indicative Plan (NIP) for Ethiopia (2014-2020). Generally, this action is also line with United Nations 2030 Agenda for Sustainable Development. It contributes primarily to the progressive achievement of SDG 9 to Build Resilient Infrastructure, Promote Sustainable Industrialisation and Foster Innovation to: raise industries' share of employment creation; increase access to affordable credit for SMEs in the value chains and markets; enhance research and upgrade technical capabilities; and promote sustainable and resilient infrastructure. The action also promotes progress towards SDG 2, which by 2030 aims to end hunger and targets doubling agricultural productivity and incomes of small-scale food producers, in particular women and indigenous peoples. It also contributes to SDG 12 and the attainment of targets 12.3 on the reduction of food losses along production and supply chains, including post-harvest losses, and 12.2 on the efficient use of natural resources.

Moreover, the action is in line with the Valletta Action Plan (i) to promote inclusive and sustainable economic growth, full and productive employment and decent work for all; and (ii) greater economic and employment opportunities in the selected value chains with the overall aim of reducing rural-urban migration. Finally, the action's approach to support private sector actors is in line with the European Commission's Communication on a stronger role of the private sector in achieving inclusive and sustainable growth in developing countries².

² Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries, COM(2013)263 final of 13.5.2014.

1.1.2 Stakeholder analysis

Primary stakeholders include;

Unemployed women and youth: 64 % of the Ethiopian population is below the age of 24, of which 33 500 000 are female. There was an average unemployment rate of 19.9 % from 1999 to 2015. Every year, more than two million young people join the labour force with limited employment opportunities. A scarcity of productive land and the diminishing capacity of the land to produce economic returns forces young people to seek employment out of farming and to migrate to urban and semi-urban areas. The share of employment in agriculture is currently estimated at 75 % and is expected to decline to 67.5 % by 2020. A UN Women report indicates that the unemployment rate for women between 2005 and 2013 was significantly higher than that for men. During this period, male employment in 2005 was 84.7 % and in 2013 it was 82.7 %, whereas the employment of females remained stagnant at 69 % and 69.8 %, respectively.

Smallholder farmers produce 97 % of agriculture output, including in AIP catchment areas. The key constraints limiting their performance are their tiny individual plots, and their low access to finance, markets, technology and inputs to increase productivity. Opportunities include the countrywide presence of extension workers, support through government flagship programmes, and the readiness of buyers to pay premiums for quality raw materials.

Farmers' Primary Cooperatives and Unions: These include cooperatives that are formally established and registered as legal entities and engaged in agricultural input supply, aggregation of agricultural products and primary value addition. The key constraints affecting those stakeholders are the weak quality compliance of their members, low management, financial management and business planning capacities, lack of proper storage facilities or access to finance, etc. Opportunities are the recent easing of marketing regulations to allow direct trade, contract farming and out-grower schemes, and the growing demand for quality raw materials etc. Women are greatly disadvantaged in comparison to men in accessing the services provided through agricultural cooperatives. Recent data from the Federal Cooperative Agency shows that men represent 74 % of cooperatives and women 26 %. However, a large percentage of these women are predominantly in saving and credit cooperatives and not in productive agricultural cooperatives.

Micro, Small and Medium Enterprises (MSME): Private value chain actors and service providers play a key role in commodity value chains through input supply, contracting, trading, processing, storage, wholesaling and retailing, mechanisation services and machinery operation and maintenance. The key constraints affecting those stakeholders are weak access to financial services, low administrative, financial and business planning capacities, low access to appropriate technology. With cluster development and land consolidation, opportunities for MSME service providers exist in mechanisation contracting services, standards compliance and rural microfinance. According to the Ethiopian Central Statistics Agency women own 73.5 % of microenterprises, 13.7 % of small enterprises in manufacturing industries, and 30 % of medium and large enterprises in industrial activities.

Local Finance Institutions (LFI): Inadequate usage and access to financial services are a major bottleneck in rural areas mostly for youth and women³. Penetration of the LFI in rural area is also limited, although improving with Microfinance Institutions (MFI), about 9 000 Rural Cooperative Banks (RUSACCO) and still a limited network of rural commercial banks. All

³ Only 22.79 % of Ethiopians older than 15 have accounts at financial institutions.

are suffering from lack of liquidity, but also capacity to handle farmers and SMEs increasing demand for finance.

The Government of Ethiopia - Federal entities: These are: (i) the Ministry of Industry, tasked to promote secondary processing and mandated to lead AIP development, (ii) the Ministry of Agriculture and Livestock, responsible to promote productivity increases, supply of quality raw materials and the promotion of primary processing, (iii) the Ministry of Finance and Economic Cooperation, tasked with fund mobilisation for the AIP initiative, (iv) the Agricultural Transformation Agency, which is mandated to transform traditional agriculture into a commercially oriented sector and (v) the Ethiopian Investment Commission, whose mandate is to attract foreign investors. The key constraint today is the inter-institutional coordination and the ability to tackle governance issues affecting agroindustrial development with effective private sector participation.

The Government of Ethiopia - Regional Agencies: These are: (i) the RIPDCs mandated to manage the AIPs development, (ii) the Regional Bureaus of Agriculture, (iii) the Regional Agricultural Research Institutes, (iv) the Regional Investment Commissions (v) the Regional Trade, Industry and Market Development Bureaus, (vi) the Regional Livestock Agencies. One key challenge is the lack of experience in the country to manage parks and deal with private entities and to coordinate with government and all actors in the supply chains. Opportunities are the Agricultural Commercialisation Clusters (ACC) established by ATA and the improved coordination brought by this programme.

Training Centres: Agricultural Technical Vocational Education and Training (ATVET) centres and TVETs are mandated to provide technical and vocational training and develop a skilled work force in manufacturing, service, construction, and education as well as agricultural production and processing. The key constraints are a lack of appropriate or well-maintained facilities and adequate curricula for the different users and needs.

Development partners: Donors, financial institutions and UN agencies. EU+ Joint Agricultural Framework (JAF) stakeholders are detailed in section 3.2 below.

1.1.3 Priority areas for support in relation to the problem analysis

Recognising that the highlands of Ethiopia have the agro-ecological potential to sustain large agroindustrial investments, the following problems should be addressed to sustain the agroindustrialisation objective of Ethiopia:

Problem 1: Difficulty to mobilise domestic and foreign investment in agroindustry mainly caused by:

- a) The general difficulty of doing business, particularly in rural areas: access to land and government red-tape that hampers the fluidity of agriculture supply chains.
- b) The additional cost of meeting environmental and social compliance, enabling in turn private sector investment to be compliant.
- c) The absence of secondary transformation capacity to expand the supply chain in a larger catchment with the first stages of value addition.

Problem 2: Inconsistency of farm supplies and the low quality of farm products supplied as reflected by seasonal high price variations; 1 to 20 for some of the perishable products. This key problem is caused by:

- a) Limited capacity of farmers to invest in food production system which is in turn because of low access to market and low return for their crop (at current quality and timing of delivery).
- b) The dependence on rain-fed agriculture for a large part of the smallholders.
- c) Limited and unfavourable access to finance for the farmer cooperatives and for MSMEs involved at all levels of the value chain development, from farmer's first level of aggregation to agro-processing.
- d) Weak governance in the value chains as reflected by the low synergy between government, development partners and private sector investment including farmers' in a truly inclusive PPP dialogue.

Problem 3: Skill gaps at all levels: from the farmers, MSMEs staff to the industry staff workers and managers.

Problem 4: Women tend to be marginalised and, despite advances, women still have low access to assets, are excluded from decision and given access to low skill jobs only.

In relation to the problem above the priority areas for the EU support should be:

Acknowledging the pertinence of the AIP government strategy and its current level of investment to complete the main horizontal infrastructure by early 2019, The first priority of the EU support should be to address the funding gap needed for the AIPs to achieve environmental and social compliance as well as to complete development of the RTC needed along the progressive occupation of the Parks.

Acknowledging the pertinence of the National Finance Intermediation Strategy and the current level of government investment in the Rural Finance Intermediation Programme (RUFIP) and its recent policy move to open more the financial sector to the private sector; the second priority of the EU support should be to facilitate access to finance for the different players of the value chain in the park catchment areas.

Acknowledging the pertinence of the Agriculture development strategy as well as the current level of Government and development partners' investments in the Agriculture Growth Programme in the Agriculture Commercialisation Cluster Programme, in the small-holder farmer Irrigation Programme (PASLIP) and in the specific value chain programs implemented by EU Member States and private sector cooperation; the third priority of the EU support should be to address bottlenecks constraining farmers' access to market in order to accelerate the impact of current investments addressing agriculture productivity including addressing the high level of land fragmentation with farmers having on average less than 0.5 hectares per farm.

Finally, acknowledging the pertinence of the government's priority to create jobs for the youth and transforming the role of women in the society as well as its current level of investment in ATVET, TVET, and women's protection and empowerment; the fourth priority of the EU support should be to address the specific skill needs that the development of the parks will create with a specific focus to ensure better employment opportunities for gender equity at all level while ensuring the application of decent job conditions.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)⁴	Mitigating measures
Low capacity of the different government agencies to coordinate, manage and monitor the AIP and agroindustrial development.	M	Each component of the action incorporates capacity development activities to re-inforce the implementing government agencies as well as the coordination between programmes and associated implementing partners.
Inadequately developed value chains may not fully satisfy agroindustrial demands for raw materials.	M	Given that PROSEAD will synergise with existing programmes and address supply chain bottlenecks, value chain constraints can be alleviated either by the project itself or by the associated programmes, including private sector's interventions.
Weak inter-agency and donor coordination.	M	The governance of PROSEAD takes into account the performance of associated programmes and should enable adequate coordination.
Low private sector interest in establishing processing units within the AIPs.	L	The PROSEAD project components are elaborated in such a way that the private sector processing and marketing enterprises will have the raw material production base regardless of whether they are located in the AIP or not. The skill-set of the trained unemployed youth and women will be appropriate for the needs of the agro-enterprises. With EU funding leverage to IFIs for onward lending risk will be softened.
The effects of climate change may damage project investments and affect the production base.	L	The infrastructure supported by the project takes into account climate resilience and will have adaptation measures incorporated in the design and processes as part of the lending eligibility criteria and risk assessment.
Interruption of power and water supply to the AIPs.	L	While national utilities provide notoriously unstable service nationally, the AIPs will have dedicated supply channels, including their own borehole water sources. Connections to the electricity grid can be reinforced with partial back-up systems financed under Component 1 (e.g. solar power systems).
Lack of adequate social and environmental policies.	M	An Environmental and Social Impact Assessment (ESIA) has been conducted and improved for each AIP. Additional infrastructure needs under Component 1 will also be subject to ESIA. ESIA incorporate their own mitigating measures.

⁴ Risk level: H=High, M=Medium, L=Low.

Scarcity of veterinary services and products.	M	The upcoming EUR 15 000 000 EU-funded Health of Ethiopian Animals for Rural Development (HEARD) will address some of the causes of the scarcity.
<p>Assumptions</p> <ol style="list-style-type: none"> 1. The Government of Ethiopia continues to show strong support for the value chain and agro-processing initiatives, keeping its current PPP approach and leadership to open up to the private sector. 2. The budget allocations to the AIPs and their production zones remain sufficient to achieve outputs. 3. Security and stability is in place in the regions, including compensation mechanisms in case of acts of destruction of productive assets as part of the investment protection framework. 		

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

Lessons from similar agroindustrial development initiatives in India, Mexico, Argentina and Peru have shown that:

- a) Primary and secondary processing infrastructure should not be established without considering whether primary agricultural products can be supplied in the volume and quality required over the processing cycle and over the years. Without a robust raw material supply base, any agroindustrial development initiative will fail. Examples of such successes are found in Tucuman Province, Argentina (lemons - fresh, juice, zest, pectin, aromas and essential oils); Guanajuato State, Mexico (fresh and frozen vegetables) and the coastal region of Peru (fresh and preserved asparagus).
- b) The market is the basic driver of all VCs in order to create a pull effect on agricultural production. Once the market requirement is identified, detailed VC analysis is required to determine barriers to entry, crop variety, seasonality and delivery times, safety and quality standards, packaging, pricing etc.
- c) Access to credit is essential for all value chain operators; access to credit enables the VC operators to modernise, innovate and differentiate products.
- d) Systems must be developed and put in place to allow for new techniques and technologies to raise agro-processing productivity and to train staff and stakeholders in the value chain on new skills needed to bring about innovations.
- e) Government plays a critical role in agribusiness development when it focuses on:
 - i) fostering a dynamic dialogue with private sector actors to address issues and develop strategies; ii) ensuring coordination and coherence of government approaches among its different entities and between the regional and federal levels; iii) ensuring enforcement and security of contracts on agreed standards within the industry and iv) relaxing stringent regulatory frameworks.

The following lessons on farmers' integration of commercial farming have been gathered:

- a) Farmers' integration into commercial farming requires new skills and a high level of product specialisation which exposes farmers to more risks, particularly to market related and climate change risks while mono-cultivation and single variety dependence could lead to soil depletion. If not managed properly, this can impact on farmers' economic model and household nutrition.
- b) The development of incentives as part of a contractual crop delivery system is required to integrate small-scale farmers to commercial farming and further to make them participate fully in the continuous quality enhancement process required by

agroindustry. The primary responsibility for those incentives lies, at term, with the private sector.

- c) Timely access to required agro-inputs in a sufficient quantity and quality is of the essence.
- d) Government plays a critical role when it focuses on: i) Alleviating basic infrastructure bottlenecks (feeder and market access roads, electricity, water storage, large irrigation systems, etc.); ii) Opening up its research and innovation to private sector participation with a continuous revision of extension service curricula; iii) Ensuring that farmers outside commercial farming arrangements are gradually trained to facilitate their progressive insertion; iv) Strengthening producer organisations to consolidate farmers' production, but also ensuring better returns to farmers and an increase participation in VC development.

Lessons learned on rural job creation is that enterprise development needs to have a sufficient labour pool with both cognitive and technical skills with therefore a need to adapt training curricula for particular value chains and for new job opportunities on and off farm. Lessons learned on women's integration are detailed in the annex on cross cutting issues.

Finally, in term of access to finance, the mid-term evaluation of the RUFIP 2 programme has indicated the overall good performance of the loan portfolio MFI (80 %) RUSACCO (98 %) but also that only 12 % of the loan requests are actually satisfied reaching 5.9 million clients at mid-term. Women membership in RUSACCOs and MFIs has been respectively 45 % and 50 %.

3.2 Complementarity, synergy and donor coordination

Under the responsibility of the Ministry of Industry as part of the country programme of UNIDO (Programme for Country Partnership), an overarching coordination structure has been developed between government and development partners for the development of the four initial AIPs.

In response to a request for support, the EU Delegation, Member States and other associated development partners involved have developed an EU+ support framework to contribute to the implementation of a coherent agroindustrial strategy. Appendix 1 of this Action Document describes the integration of the existing cooperation activities in this framework creates synergies between development partner initiatives, within which this action will play a central role.

In terms of resource mobilisation, the following has been achieved in terms of direct support:

- The Italian Development Cooperation Agency is implementing a grant-and-loan based project to support the development of the Oromia and SNNPR AIPs including cooperation between the Emilia-Romagna Region of Italy and the two regional parks as well as technical assistance (mainly preparatory studies) through the Food and Agriculture Organisation (FAO) and UNIDO.
- Bilateral negotiations are taking place between Ethiopia and China for the development of a fifth park, focussing on the meat and livestock value chain, through a concessional loan and tied aid.
- The proposed PROSEAD so far associating direct funding from African Development Bank associated with the Korea Exim Bank, Agence Française de Développement, IFAD, Agriculture Transformation Agency and Germany.

Complementing the above, two major programmes will directly contribute to the development of agriculture productiveness in key value chains in the catchment areas of the AIP; they are:

- The AGP Phase II (USD 583 000 000) is supporting increases in agricultural yields and commercialisation in 163 high potential *woredas* (districts). This programme is implemented by the Ministry of Agriculture and Livestock and financed by the Government of Ethiopia, the World Bank and, as part of a multi-donor trust fund, the EU (EUR 45 000 000), the Netherlands and USAID. AGP II has been directed to refocus its work on commodities to align with an agroindustrial park input requirements. The mobilisation of some of the components of this flagship programme will be essential for the success of the AIPs and include a) Research and extension, b) Public extension services, c) Small-scale irrigation, d) Agriculture marketing, e) High quality input supply, f) Mechanisation services, g) Marketing including market infrastructures, h) Targeted support to VC development and i) Farmers' organisation.
- More focused on specific value-chains⁵ with a private sector approach relevant for agroindustry; the ACC (USD 300 000 000) is being implemented by ATA along seventeen agro-ecological corridors that overlap with the AIP catchment areas. ACC is government- and donor-funded including by The Netherlands, Denmark, Ireland, Norway and Bill & Melinda Gates Foundation.

Appendix 1 details the donor matrix of projects and parallel support that are relevant to this particular action through (i) supporting public and private sector investments in agroindustrial development and (ii) VC support through assisting the primary production and processing base.

Finally, private sector investments are taking place with substantial investments for the following agribusinesses:

- Horticulture There are 130 investors now operating in the horticulture sector and more than 21 fruit and vegetable industries⁶ generating over USD 300 000 000 export and employing more than 6.8 million smallholder farmers.
- Malt barley: There are four internationally known companies operating covering about 60 % of the market needs and using locally produced 120 000 tonnes malt barley with smallholder farmers (expected to grow to 200 000 tonnes by 2020).
- 23.1 million tons of cereals are annually produced by more than 14 million smallholder farmers for the cereal industries. However, due to limited availability and quality problems, 66 % of the wheat requirement is imported.
- With an annual production worth close to USD 2 000 000 000, coffee is the major export commodity (USD 800 000 000 annually) and the main foreign currency earner for the country with plenty of room for increase given current low yield and the demand for quality coffee.
- With about 49 000 tonnes⁷ produced annually, honey is also a major value chain providing for 1.8 million beekeepers a substantial income. Despite the huge potential in the country, traditional beekeeping is inefficient with low yield, leaving plenty of opportunity for improvement.
- Meat and leather: there are 15 export-oriented abattoirs in the country with different levels of ownership, management and hygiene and sanitary systems. The country has 23 commercial tanneries, eight leather goods producing facilities and seventeen footwear manufacturers, of which fourteen are engaged in exporting. About 1 000 small and micro-enterprises are also engaged in the production of footwear.

⁵ Wheat, tomato, sesame, teff, maize, malt barley, haricot beans, banana, avocado and apiculture products.

⁶ The Ministry of Industry.

⁷ Central Statistical Agency (CSA) 2015.

- Dairy: There are about 35 active dairy processors in the country. Most of the dairy processing companies have excess capacity for most of the product types⁸ due to the poor quality of the final products, zero export and a domestic market strongly constrained by animal products fasting.

So far, two international Agroindustry Forums have been organised by UNIDO in Addis Ababa for the purpose of attracting private agro-processor investors to the parks, and similar forums will be hosted in the subsequent years.

3.3 Cross-cutting issues

Gender: Women's participation in leadership was promoted during the first Growth Transformation Programme (GTP1). The proportion of women with parliamentary seats, in the judiciary and political leadership and executive bodies at the federal level reached 27.8 %, 20.6 % and 9.2 %, respectively. However, women's participation in leadership is still considered to be low. The key GTP2 gender policy priorities are: to increase women's access to quality agricultural extension services; to increase the supply of farming and agricultural processing technologies that minimise women's workloads; to address the infringement of the land use rights of female-headed households; and to support an adequate supply of credit services, especially for poor women. Gender equality and women empowerment are cross-cutting priorities for PROSEAD and are incorporated in its design particularly with respect to: (i) equal access for women to technology and extension services on- and off-farm (ii) provision of enhanced employment opportunities for women in agro-processing and in the agroindustrial parks in particular (iii) encouragement of women to play a greater role in marketing and (iv) increased opportunities to empower women in decision-making and management processes.

This action is expected to generate entrepreneurial and job opportunities for women in agro-processing and allied sectors, and will provide them with targeted and customised training in basic skills, food technology and business skills. Targeted outreach activities will be organised specifically for women; wherever possible in localities convenient to them. A value chain gender analysis study will be undertaken for each value chain to serve as a baseline at the point of implementation.

Youth employment: With an estimated two to three million young people entering the job market annually, increasing employment and business opportunities for youth is imperative. Increased rural job creation is necessary to moderate rural-urban and cross-border migration flows. Internal migration in Ethiopia is thought to be larger than external flows and rural-urban migration to improve livelihoods is growing, in particular for young people, and is often a first step towards international migration. Peer and family pressure can lead to a "culture of migration" amongst young people, where migration is associated with personal, social and material success and staying at home with failure. Migrants tend to be young and single with most migrants between the age of 18 and 259.

There is a need to invest in: (i) appropriate on-farm and off-farm skills training for youth (ii) labour intensive agro-processing industries and value chain service providers that generate employment (iii) credit and technical support for small and medium enterprise development and start-ups, by youth, particularly in the allied agricultural and non-farm rural sectors (iv) and small-scale irrigation, which would increase the productivity of existing land during dry seasons and droughts. The Action will support the federal and regional governments and the

⁸ AACCSA-TaP, Value Chain Study on Dairy Industry in Ethiopia, 2016.

⁹ Frouws, B. (2014) *Blinded by Hope: Knowledge, Attitudes and Practices of Ethiopian migrants*. Nairobi: The Regional Mixed Migration Secretariat.

private sector to provide more productive employment and meet growing livelihood aspirations. There is a need to go further and include skill requirements that relate to service provision, operations and maintenance, sales and marketing, management, accounting, entrepreneurship and other soft skills.

Environment: The action is expected to bring positive environmental benefits through the introduction and expansion of environmentally friendly technology and infrastructure in the agroindustrial parks and their catchment areas. In addition, some or all of the following environmental protection activities will be rolled out through a refocused AGP II and a new contribution to the ACC: technology applications that help improve cropping patterns and farming methods, increased efficiency in the management of water resources, protected agricultural soils and enhanced integrated pest management. If necessary, an environmental assessment and management framework is to be prepared to guide the environmental screening of any new sites within the project implementation cycle being: (i) infrastructure pre-construction (ii) the construction phase and (iv) during the operational phase. UNOPS has already completed Environmental and Social Impact Assessments for the four agroindustrial parks that are currently under construction.

Climate change adaptation: Ethiopia is one of the world's most drought-prone countries and it is also particularly vulnerable to climate change (though it has contributed little to global CO² emissions) with as a result: growing intensity of rain storms, erratic rainfall and more frequent droughts impacting negatively on farmer productivity. Climate change adaptation is integrated in this Action in Component 1 with the infrastructure being compliant to environmental standard and by promoting climate smart agriculture in Component 3.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The Overall Objective or Impact:

Inclusive economic opportunities are expanded through Ethiopia's transition from an agricultural economy to a more industrial one.

The Specific Objective or Outcome:

Decent employment and incomes are increased for rural Ethiopians, particularly youth and women, in four environmentally sustainable agroindustrial parks and their agricultural production zones.

This action has five expected results:

1. Agroindustrial park infrastructure and operations are made socially valuable and environmentally compliant, and public infrastructure needs for intermediate processing are met.
2. The capacity and financial resources of microfinance institutions (MFIs) and local finance institutions (LFIs) to provide financial access to farmers, cooperatives, unions and SMEs operating in the value chains and in the AIPs are increased.
3. The capacities of farmers' associations and rural agribusiness to raise their productivity and facilitate their access to agro-processing markets are improved.
4. The skills of youth and women in the parks and their catchment areas are enhanced and decent employment conditions are improved.
5. The coordination of all AIP stakeholders and the governance of agroindustrial performance are made effective.

4.2 Main activities

Component-Result 1: Agroindustrial park infrastructure and operations are made socially valuable and environmentally compliant, and public infrastructure needs for intermediate processing are met.

The beneficiaries of this component are the regional Industrial Parks Development Corporation (IPDCs), who are also the owners of the parks' common infrastructure. Exact allocation to a particular corporation will be decided by the MoFEC and MoI in the final planning stage based on resources already allocated and work in progress. The main activities under this component will be:

Related to infrastructure development:

- i. Assessment of building and technical gaps to achieve environmental and social compliance requirements for each park's common infrastructure. This assessment will include parallel funding that will be provided by bilateral cooperation, i.e. Italy's at this stage.
- ii. The action will contribute to the construction of:
 - Environmentally compliant and climate-resilient common infrastructure on the AIPs, such as water catchment and recycling, improved wastewater and solid waste management systems and renewable energy. It could also contribute to energy efficient buildings and the like;
 - Socially valuable facilities that may include child daycare centres, showers, green spaces and other such infrastructure;
 - Environmentally compliant and climate resilient common infrastructure at selected RTCs where PROSEAD could support cluster development under Component 3. This includes, when needed, common warehouses that small entrepreneurs will be able to acquire by means of a financial contribution. Component 2 will facilitate access to credit for those SMEs.
- iii. Referral of Aggregation Centre construction needs for financing consideration by associated government-donor funded programmes implementing Component 3, when there are no private or cooperative entities capable of developing them.

Related to capacity building:

- i. Capacitate selected IPDCs in industrial park infrastructure development including compliance with environmental and social regulations and standards (including working hours, child labour, etc.) and finance and contracts management.
- ii. Capacitate IPDCs technical management teams in the management of park operations and maintenance of the parks in terms of the environmental and occupational health and safety (OSH) and emergency response procedures.
- iii. Capacitate IPDCs park management teams to administer the parks in relation to park occupants, park commercial strategy, park coordination needs to facilitate the supply chain and parks facilitation on labour issues.

EU Grant: All the activities under this component will be jointly supported by the grants from AfDB and the EU. In addition, activities related to Park infrastructure development will also be supported by parallel loan finance separately concluded by the Government of Ethiopia with the Korean Exim Bank.

In term of government ownership, the IPDCs will receive the combined funding along with government allocation from the Treasury for implementation.

Additionality of EU funding is two-fold; to facilitate the mobilisation of AfDB grant funding and indirectly to leverage the mobilisation of Korean Exim Bank loan finance at concessional terms.

Component-Result 2: The capacity and financial resources of MFIs and LFIs to provide financial access to farmers, cooperatives, unions and SMEs operating in the value chains and in the AIPs are increased. This result has two sub components:

Sub-Component 2.1 - Access to finance for farmers, primary cooperatives and unions

The activities foreseen here below are to be financed through the blending framework and will contribute to the third phase extension of RUFIP programme. This programme targets MFIs and RUSACCOs, which are recognised finance providers working under the supervision of the National Bank of Ethiopia. The indicative activities foreseen are:

- i. Establishment of a targeted line of credit (LOC) geographically available in park catchment areas for farmers, primary cooperatives and unions to seize new market opportunities offered by agroindustry on a loan finance basis.
- ii. A blending component linked to the LOC to mitigate the risk and costs of finance in the catchment area of the AIPs targeting productivity-enhancing capital investment of farmers with a specific focus on woman farmer single headed families and young farmers.
- iii. The provision of capacity building to MSMEs servicing farmers to ensure viable business plans and respect environmental and social standards.
- iv. The provision of capacity building to the Ethiopian extension services to support farmers to increase their production and productivity; enhance the quality of their products; get access to markets; and integrate agro-environmental measures.
- v. The provision of capacity building to MFIs and RUSACCOs to manage their loan portfolio and re-finance their operations (in relation to component 2.2).
- vi. The provision of capacity building to MFIs and RUSACCOs to enhance/ensure coordination with other finance access/deepening programmes in the park catchment areas such as AgroBig in Amhara and others as well as with park corporations and agroindustrialists.

EU Funding: these activities could be supported through blended financing in the form of a loan (activity i) and blending component to be defined for specific cases (activity ii)) and technical assistance (activities iii) to vi)) and could be part of RUFIP III programme. The Government of Ethiopia has engaged in negotiations with IFAD. Synergies, complementarities and coordination will be sought with other on-going or future agriculture blending projects like EDFI-AgriFI (FMO), AATIF (KfW), Huruma Fund (COFIDES) and ABC Fund (IFAD).

In terms of government ownership, the Development Bank of Ethiopia would receive the combined funding for implementation with the MFIs and the RUSACCOs.

Additionality of EU funding is to facilitate the mobilisation of a concessional loan by covering a large part of the investment grant component and the capacity building cost. This will also enable RUFIP III to integrate a specific focus on AIPs' catchment areas.

Sub-Component 2.2 - Access to finance for SME actors in the supply/value chains

The main activities proposed here below are to be funded through the blending framework and will target commercial banks having a network in the parks catchment areas (three banks currently expected to increase to five). The indicative activities foreseen are:

- i. The set-up of a Risk Sharing Mechanism (RSM) facility to ease and lower the cost of finance for the investors putting new processing and/or supply chain capacities in or outside the AIPS.
- ii. The provision of capacity building to commercial banks to, for example:
 - o Manage SMEs' agriculture and agro-processing loan finance portfolio, including the use of guarantee funding.
 - o Integrate processes in their loan application screening to ensure compliance of environment and social norms (including specific gender targeting).
 - o In relation with component 2.1 re-finance MFI and RUSACCO operations.
 - o Coordinate with other finance providers broaden access to facilities such as EIB leasing and SME credit lines and others.
 - o Develop specific strategies and products for rural finance.
- iii. The provision of capacity building to agri-business SMEs to ensure the development of viable business plans in order to increase productivity; be energy-efficient; be in compliance with environmental, social and fiscal norms and standards; and provide job opportunities for women and youth. This could include the development of an incubator unit for advice on access to markets, skill, finance, networking and business formulation. This capacity building could also include an element of matching grants for high potential SMEs.

EU grant: All the activities under this sub-component are foreseen to be implemented through blending in the form of a concessional loan for activity i) and grants for technical assistance for activity ii). Negotiations are on-going with several IFIs, but the proposal made by the *Agence Française de Développement* seems to be the most interesting and relevant. ATA will be associated with the implementation of activity iii) with a grant of EUR 5 000 000.

In terms of government ownership, ATA is part of the implementation and will coordinate with the Regional Bureaus of Agriculture and the AIPC.

Additionality of EU funding is two-fold; to enable access to a concessional loan and to expand the role of the ATA in facilitating agro-based SMEs in their access to finance.

Component-Result 3: The capacities of farmers' associations and rural agribusiness to raise their productivity and facilitate their access to agro-processing markets are improved.

The main activities under this component will be part of the Agricultural Commercialisation Clusters (ACC) programme and will address the constraints using where necessary EU funding, and leveraging wherever possible the support provided by AGP II, other government programmes and specific development partner and/or private sector projects as described in paragraph 3.2

Based on current bottlenecks/constraints, the following activities will be supported:

- i. Address fragmentation of land tenure with aggregation of individual plots in consolidated blocks of arable lands, when possible and always upon the farmer's request. This activity will be accompanied by the introduction of modern machinery (mechanisation) and soil conservation technologies and practices.

- ii. Provide support to farmers to secure fair contracts with intermediaries/processors (ideally through contract farming). This includes trainings on quality and sustainability production standards/practices and requirements as well as on negotiation/entrepreneurship.
- iii. In conjunction with industry needs, develop cropping packages for the selected commodity through the use of existing regional research resources and industry research and development (R&D) back-up teams.
- iv. Address post-harvest losses and continuity of supply with proximity storage and first stage processing. Storage facilities will be built with financial contributions from larger investors and in-kind contributions from cooperatives, thereby fostering ownership over these resources in a legal and participatory sense.
- v. Develop and test gender and youth inclusion packages to mainstream at all levels of value chain development.
- vi. Provide the link with component 2.2 so that smallholders can get access to credit thereby fostering agriculture modernisation and the continuity of supply in the value chains.

EU Grant: All the activities under this component will be supported by an EU grant to ATA to cover activities among those described in i) to vi) identified to alleviate supply bottlenecks/constraints in a dialogue with the agroindustrialists progressively occupying the parks. The EU grant will rely on the VC analysis that ATA has already conducted and periodically updates. The EU grant will be a parallel financing to the grants provided by Denmark and Norway for the additional ACC activities covering the AIP catchment areas.

In terms of government ownership, ATA is part of the implementation and will coordinate with the Regional Bureaus of Agriculture and the AIPC.

The additionality of the EU funding is: to re-enforce the focus of the current ACC programmes on alleviating supply bottlenecks/constraints that will arise with the development of agroindustry; to develop synergies with the AGP and other donor programmes focusing on specific value chains; and to leverage additional grant funding provided by other donors.

This component is entirely complementary with the USD 583 000 000 AGP II programme (2015-2020), to which the EU contributes EUR 45 000 000 through a multi-donor trust fund. Since its inception, AGP II has targeted districts of Ethiopia with the highest agricultural growth potential, and the political will exists to further refocus AGP II resources to link its upstream productivity enhancement work with supply chains that will allow raw materials to flow toward the AIPs.

AGP II is working with small-scale farmers to increase their crop productivity through the following: provision of inputs (improved seeds and fertiliser); construction of small-scale irrigation schemes to extend the growing season and protect crops against drought and climate change; provision of agronomical advice and training through extension activities; provision of storage units to decrease post-harvest losses, and other activities. AGP II has three cross-cutting priorities it is mainstreaming through linkages between agricultural research facilities and the extension service, namely climate-smart agriculture, nutrition sensitive agriculture to enhance dietary diversity, and gender equity to facilitate the agricultural work of female-headed households.

ACC and AGP take different and complementary approaches to address the same fundamental problem: how to transform low-yield Ethiopian agriculture by increasing the productivity and market orientation of small-scale farmers, which constitute the vast majority of farmers. Both programmes will play a key role in the country's agroindustrialisation process.

Component-Result 4: The skills of youth and women in the parks and their catchment areas are enhanced and decent employment conditions are improved.

This component will address critical skills gaps on various competency levels in the agroindustrial sector and value chains including the use of apprenticeships and on-the-job training will be part of this component. The activities will include:

- i. Technical support to: a) improve existing training systems/practices; b) develop a cooperation mechanism between industry and training institutions; c) strengthen capacities of private and public key actors in technical and vocational training; d) develop a comprehensive decent employment curriculum and application guidelines; e) support the dialogue between private and public actors in the above.
- ii. Support different targeted training programmes with the use of: a) non-formal TVET and short terms training to deliver basic required skills; b) the cooperative training models to qualify skilled personnel in industrial processing; c) short-term course to further qualify semi-skilled personnel in more specialised skilled; d) training of trainers and teachers including updating curricula; e) specific training on employment creation measures and formation of micro-entrepreneurs for service providers and suppliers in catchment areas; and f) short-term certificate and refresher courses in life skills/work practices, occupational health and safety hazard and environmental standards.
- iii. To improve the operational standards of TIs, to further develop training curricula suitable to the various stages of agro-processing together with the relevant equipment needed at the initial stage.
- iv. Support the rehabilitation and modernisation of selected TIs when needed and in coordination with Component 1 to avoid overlap.
- v. Synergise with the agriculture technical training activities developed as part of the Green Innovation Centre and other programmes supporting acquisition of skill along value chain development benefiting Agriculture TI, service providers, SMEs and Cooperative and Unions.
- vi. Establish a special training programme for agroindustrial workers, investors and AIP managers (IPDCs) on their rights and responsibilities with regard to the decent work agenda.

EU Grant: All the activities above will be supported by an EU grant to a new phase of the STEP programme. The EU grant will be a joint co-financing to the grants provided by Germany.

In terms of government ownership, STEP implementation is governed by an agreement with the Ministry of Education and Ministry of Agriculture for the use of the government network of TIs.

The additionality of the EU funding is: to reinforce the focus of the current STEP programme on AIPs and their catchment areas, to increase synergies with other programmes addressing technical skills in rural areas, and to introduce the Decent Job Agenda as a special focus for training.

Component-Result 5 – Coordination of all AIP stakeholders and governance of agroindustrial performance is made effective.

Internal coherence of the Action

PROSEAD's multifaceted course of action and multi-stakeholder approach demand internal harmonisation to ensure the programme is cohesive in terms of its governance, timeframe, geographical scope and the results-based approach.

PROSEAD's actions and implementing partners will be working together to achieve a single set of results expressed in

- a single logical framework,
- monitored and evaluated through a common M&E system,
- with a unified work planning and reporting system,
- a single financial system (comprising a budget, financial reports and audits) and
- an internal governance structure composed of multi-stakeholder technical committees and a single steering committee for PROSEAD composed of government and development partners.

This component will ensure that the action is managed at the highest standard of results-based management (RBM). The above tools and mechanisms will be collaboratively elaborated during the inception period.

A PROSEAD Visibility and Communications Plan will be produced within this component during the programme's inception period in accordance with EU communication guidelines, ensuring that each component and partner proactively undertakes actions in compliance with the plan. The EU Delegation will be actively involved in implementing this plan together with all implementing partners.

In sum, the implementing partner for Components 5 will be responsible for the harmonisation of PROSEAD's other four components' actions and approaches, including baseline surveying, work planning (annual and overall), budgeting, reporting, monitoring (including field missions), performance measurement, evaluation, auditing, communications and internal governance, all within an RBM approach. Component 5 and its implementing agency will therefore constitute the primary interface between PROSEAD and the EU Delegation, to whom it will report.

External Coordination with AIP stakeholders' framework

The implementation of PROSEAD will be coordinated as part of the already existing government-donor AIP coordination framework reporting to the inter-ministerial committee (ministries of Agriculture, Industry, Finance and the regions) on the government side and to the AIP donors' group as part of the EU+ Joint Agroindustrial Framework. The activities under this result will:

- i. Facilitate and contribute to a PPP dialogue on governance issues affecting agroindustrial development in Ethiopia. In line with current context and challenges affecting the industrial sector it will contribute to:
 - o Inform the ongoing government-donors dialogue on reform of the financial sector which is taking part in the governance of the USD 276 000 000 SMEs Finance Project for Ethiopia (loan finance and leasing to SMEs) funded by the World Bank, the United Kingdom and the European Investment Bank.
 - o Inform the ongoing government-donors dialogue on climate change mitigation/sustainable agriculture practices which is taking part in the governance of the USD 583 000 000 multi-donor Agriculture Growth Programme co-funded by the EU.
 - o Inform the on-going government-donors dialogue on water basins environment protection needed for the sustainability of the irrigation schemes in the AIP catchment areas which is taking part in the governance of the multi-donor Sustainable Land Management Programme funded also by EU.

- Inform the on-going government-donors dialogue on phytosanitary, consumer protection standards and trade issues which is taking part in the governance of the current World Bank Ethiopian National Quality Infrastructure Project and EU programmes on trade facilitation as well as in our Article 8 policy dialogue on trade issues.
 - Inform policy dialogue to ensure decent work conditions – including respect of core labour standards – in the agroindustrial parks in order to promote fair income and working hours, occupational health and safety, spaces for employees to express their concerns, etc.; and to promote corporate social responsibility among the AIPs' investors.
- ii. Commission reviews, studies and surveys as needed to support the above and for the expansion of agroindustrialisation in Ethiopia.

All the activities encompassed in the two subcomponents above will be supported by an EU grant to UNIDO, which is already under contract with Italy for IAIP planning and by the EU for the Mojo Leather City project. The EU grant will be a parallel co-financing to the grant provided by Italy to UNIDO for the internal harmonisation subcomponent and a joint co-financing for the external coordination subcomponent.

In terms of government ownership, the governance function will be nested in the Ministry of Industry but liaising with counterparts in the Ministry of Agriculture, Education, and Finance and in the four IPDCs.

The additionality of the EU funding is to reinforce the coordination framework and position it at the highest government decision level, facilitating the resolution of governance issues when arising.

Specific note on value chain and AIP selection

Value chain: The EU grant will rely on the VC analysis already conducted in the 2015 AIP feasibility studies and periodic analysis updates of VC analysis conducted by ATA to alleviate supply bottlenecks/constraints. If needed, the EU Delegation will take advantage of the Value Chain Analysis for Development facility from DEVCO C1, for the analysis of the sustainability of a given value chain.

AIPs selection

Component 1: Exact resource allocation to a particular AIP will be decided by the Ministry of Finance and Economic Cooperation (MoFEC) and MoI in the final planning stage based on resources already allocated and work in progress.

Components 2 to 5: The four regions where the AIP are constructed/under construction.

4.3 Intervention logic

The theory of change of PROSEAD is based on the assumption that supporting Ethiopia's transition from an agricultural economy to an industrial one through the development of integrated agroindustrial parks will lead to the expansion of broad-based economic opportunities and decent employment for rural Ethiopians. To achieve this, the programme will support the following key changes:

- The AIPs will be equipped with infrastructure that respects environmental and social standards, which will contribute to decent employment conditions, and help AIPs gain acceptance from surrounding communities.

- By providing them with commercially sustainable access to finance, economic actors along the value chain will be better able to respond to increases in demand from agro-processors for raw materials.
- Farmers' access to markets will be improved through price information, aggregation services and storage facilities to reduce post-harvest losses and increase the supply of raw materials to agroindustrial parks.
- Rural job-seekers, and in particular rural women and youth, will benefit from skills development programmes that will allow them to access employment in the AIPs and to negotiate better working conditions.
- Agroindustrial governance mechanisms will help coordinate government and development partners' interventions to bridge financing gaps, create synergies, avoid wasteful overlaps and lead to better policies through multi-stakeholder dialogue.

The above changes will allow agro-processors and value chain actors to generate a virtuous cycle of increased agriculture productivity, increased market orientation and returns to smallholder farmers, increased decent employment opportunities (in particular for youth and women), balanced regional development and expansion of opportunities in the wider economy.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 84 months from the date of where financing agreement is concluded.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) 2015/322.

5.3 Implementation of the budget support component

N/A.

5.4 Implementation modalities

Indirect management. The Commission will ensure that the appropriate EU rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures affecting the respective countries of operation¹⁰.

5.4.1 Indirect management with AfDB

A part of this action may be implemented in indirect management with AfDB. This implementation arrangement entails supporting the development of AIP infrastructure and intermediate transformation infrastructure needs that will be socially and environmentally compliant as well as to support AIP operations (Component 1). This arrangement is justified

¹⁰ https://eeas.europa.eu/sites/eeas/files/restrictive_measures-2017-04-26-clean.pdf

given that, in the current context in which Ethiopia is heavily indebted, AfDB is the only International Financial Institution currently able to extend grant funding for the development of AIP public infrastructure without specific park targeting as well as to leverage additional new concessional loans from other bilateral cooperation agencies.

The entrusted entity would carry out the following budget implementation tasks: Procurement and management of contracts for the design and construction of socially valuable facilities in the AIPs (e.g. *crèches*, common places, showers, green spaces); contracts for the design and construction of environmentally valuable infrastructure (e.g. on-site renewable energy generation, zero-discharge wastewater treatment, etc.); and service contracts to supervise these.

5.4.2 Indirect management with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

A part of this action may be implemented through indirect management with GIZ. This implementation entails addressing critical skills gaps on various competency levels in the agroindustrial sector and in value chain development, including the use of apprenticeships and on-the-job training (Component 4). This implementation is justified because of GIZ's already established skills acquisition programmes in AIP catchment areas.

The entrusted entity would carry out the following budget-implementation tasks: procurement and management of service contracts for a study of training services on offer in AIP catchment areas and training needs assessment of unemployed youth and women; contracts for the supply of didactical material and equipment to upgrade existing training centres; grant or service contract to upgrade the quality of trainers' teaching skills; grant to train employers, workers and AIP managers on decent work standards and occupational health and safety.

5.4.3 Indirect management with the United Nations Industrial Development Organisation (UNIDO)

A part of this action may be implemented in indirect management with UNIDO. This implementation entails supporting the coordination framework among donors and government institutions to oversee the development of the AIPs and to steer improved governance for agroindustrial development (Component 5). It also entails internal coordination of all PROSEAD components, among other functions.

This implementation is justified by UNIDO's industrial development mandate, its current experience implementing a similar coordination framework with the programme Leather Initiative for Sustainable Employment (EUTF N° 05.541 (T005)) and its ability to leverage funding from other cooperation agencies, including Italy's, to address all aspects of the coordination framework.

The entrusted entity would carry out the following budget-implementation tasks: procurement and management of a supply/service contract to produce communication material; studies (e.g. additional environmental and social impact assessments, land use planning in AIP catchment areas, etc.); service contract or grants to provide technical assistance to the AIPs for best practice management of the parks in partnership with the tenant agro-investors, etc.

5.4.4 Indirect management with the partner country

A part of this action with the objective of *Farmers' access to market offered by agroindustrialisation*, related to Component 3, may be implemented in indirect management with Ethiopia according to the following modalities:

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control *ex ante* all the procurement and grant procedures.

Payments are executed by the Commission.

The partner country shall apply the Commission's rules on procurement and grants. These rules will be laid down in the financing agreement concluded with the partner country.

5.4.5 Contribution to the African Investment Platform

This contribution may be implemented under indirect management with the entities, called Lead Financial Institutions identified by the Africa Investment Platform. The entrusted budget implementation tasks consist in the implementation of procurement, grants, financial instruments and payments. The entrusted Member State agency or international organisation shall also monitor and evaluate the project and report on it. The eligible Financial Institutions are listed in its appendix 3.

Certain entrusted entities are currently undergoing *ex ante* assessment. The Commission's authorising officer responsible deems that, based on the compliance with the *ex ante* assessment based on Regulation (EU, Euratom) No 1605/2002, they can be entrusted with budget implementation tasks under indirect management.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographic eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative Budget (EUR)

	EU Contribution (in EUR)	Indicative third party contribution (in EUR)*,**,***	Total (in EUR)
Component 1- Indirect management with AfDB	10 100 000	12 820 000	22 920 000
Component 2 - Contribution to Africa Investment Platform			
2.1 Access to finance for farmers' cooperatives & unions	8 300 000	34 188 000	42 488 000
2.2 Access to finance for SMEs	8 400 000	20 000 000	28 400 000
Component 3- Indirect management with Ethiopia	10 000 000	45 299 000	55 299 000
Component 4- Indirect management with GIZ	4 400 000	12 000 000	16 400 000
Component 5- Indirect management with UNIDO	3 300 000	2 000 000	5 300 000
Evaluation & Audit	360 000		360 000
Communication and Visibility	140 000		140 000
TOTAL in EUR	45 000 000	126 307 000	171 307 000

* Third party contribution in US Dollar was converted at the exchange rate of EUR 1 = USD 1.17 (InforEuro rate for 08/2018) for component 1. (USD 15 000 000), component 2.1 (USD 40 000 000) and component 3. (USD 53 000 000) and then rounded off to the nearest thousand.

** Italian EUR 22 000 000 and EUR 30 000 000 concessional loans to AIP development are parallel funding reflected in the Donor matrix – Appendix 1.

*** USD 50 000 000 parallel contribution of Korea to the AfDB grant.

5.7 Organisational set-up and responsibilities

Aside from PROSEAD's internal Steering Committee (refer to Component 5), the overall governance of PROSEAD will lay within the existing government-donors AIP coordination framework reporting to the Inter-ministerial Committee (Ministries of Agriculture, Industry, Finance and the Regions, with possible participation of other federal ministries such as those responsible for utilities) on the government side and to the AIP donors group as part of the EU+ Joint Agroindustrial Framework. The AIP Inter-ministerial Committee may, upon needs identified prior the starts of implementation, prioritise specific activities in each of component.

The day-to-day implementation of the technical aspects and financial monitoring of this action will be a continuous process and will be part of the implementing partner's responsibilities under each component under the leadership of UNIDO and the support of the EU Delegation.

The following government institutions will be partners in the implementation:

Component 1: The four IPDCs

Component 2.1:	The Ethiopian Development Bank
Component 2.2:	ATA and Regional Bureau of Agriculture
Component 3:	ATA and Regional Bureau of Agriculture
Component 4:	MoE and MoL
Component 5:	MoI assuming the lead role

The European Union Delegation will play a pivotal role in PROSEAD which will extend beyond financial and results-based oversight of the programme; the EU Delegation will be actively involved in coordination with other EU+Joint Agricultural Framework (JAF) partners and it will engage in policy dialogue initiatives (including those already initiated by other projects and through the EU-Ethiopia Strategic Engagement) with the government and private sector investors to ensure decent work principles, favorable business environment conditions and the application of environmentally friendly practices. The EU Delegation will also seek opportunities to engage in policy dialogue on reform of the financial market for inclusive finance in conjunction with the IMF and World Bank offices in Addis Ababa.

5.8 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partners' responsibilities within the single framework established by Component 5, which will report to the EU Delegation and government counterparts. To this aim and following the lead of the Component 5 implementing partner, implementers shall establish a permanent internal, technical and financial monitoring system for the action and contribute to the single progress reports (at least semi-annual) and final report collated by Component 5. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators in relation to the baseline established by PROSEAD, and in alignment with the logical framework. The reports shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final reports, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and possibly through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the importance of the action, a mid-term and/or final evaluation(s) will be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to coordination of stakeholders and governance of agroindustrial parks.

The final evaluation would be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that it is an innovative action pooling together resources from public and private stakeholders for a common purpose.

The Commission shall inform the implementing partners at least one month in advance of the dates foreseen for the evaluation missions. Under the coordination of Component 5, the

implementing partners shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities].

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, 1-2 contracts for evaluation services shall be concluded in year 3 and/or 7.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements. Component 5 will coordinate all other components to facilitate auditors' work.

Indicatively, 1-2 contracts for audit services shall be concluded in year 3 and/or 6.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific PROSEAD Communication and Visibility Plan, to be elaborated through Component 5 during the inception phase with inputs from all implementing partners and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Guidelines for European Union External Action shall be used to establish the Communication and Visibility Plan and the appropriate contractual obligations.

For the action implemented under Communication and Visibility measures will be implemented by the Lead Financial Institutions responsible for implementing aspects of PROSEAD. These measures will be described in the project proposal submitted by the Lead Financier to the Africa Investment Platform. Care will be taken that substantial visibility will be given to all activities described in this Action Document.

APPENDIX 1: DONOR MATRIX IN SUPPORT OF THE AIP

		AIP SUPPORT FRAMEWORK						
	Donors	Funding	AIP infrastructure	Finance access farmers	Finance access SMEs	Supply chain	Employability	Overall Governance
1	Italy - only for Oromia and SNNPR	€22m loan	Infrastructure IPDCs					
		€30m loan	€15m grant for storage, equipment, rural connectivity, ICT	Insurance – Financial institutions: €0.85m		Inputs €1.25m + Gender specific: €1.5m + Nutrition specific: €1.5m + NRM €2m + FAO TA €4m	Training FTCs, TVET, support to model famers: €7.25m	UNIDO €2m grant
2	Finland	€10m		AgroBig in 8 woredas in Amhara				
3	Germany					Green Innovation Centre (GIC)	As part of support to mechanisation of GIC	
4	AGP 2	US \$800m				Training - Inputs and technologies to farmers and cooperative - 165 woredas		
5	ACC	US \$300m				ACC in 24 commodity-geographical areas across the 4 major producing regions		
6	World Bank associated with European Investment Bank (EIB)	US \$276m			SMEs Finance Project for Ethiopia (loan finance and leasing to SMEs – No specific rural finance.)			
7	IFAD	US \$248m		RUFIP 2 - ending 2019				
8	KOREA	US\$ 50m						

APPENDIX 2 - INDICATIVE LOGFRAME MATRIX

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

	Results chain	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	Inclusive economic opportunities expanded through Ethiopia's transition from an agricultural economy to a more industrial one.	O.1 - Agroindustrial growth as a percent of GDP* O2 - Increase of agricultural production in the targeted value chains by the agroindustries (t/yr)	O1-Agriculture & allied industries GDP 6.5% in 2015 O2 - To be geographically analysed from the national 2017 production - Wheat 4.54 million t/y – maize 7.85 million t/y	O1-Agriculture & allied industries GDP 8% by 2023 & agro-processing GDP6.7% by 2025 O2 - In principle + 3% per annum	O1 and O2-The Government of Ethiopia regional and federal annual progress reports -MOFEC data -GTP II annual progress reports and consultative meeting reviews O2 - AGP 2 and MoA reporting	
Specific objectives/outcome	Decent employment and incomes increased for rural Ethiopians, particularly youth and women, in four environmentally sustainable agroindustrial parks and their agricultural production zones.	SO1 - Government, donor and private sector investments related to 4 AIPs, agro-processing and value chain development*	SO1 - US\$266 million (2017) SO2 -Overall	SO1- IFI and government leveraged funds a minimum of 400% by 2023	SO1 & SO2 National Bank of Ethiopia annual reports Development partner and IFI	The Government of Ethiopia maintains its strong commitment for Rural transformation

		SO2 -Agriculture & allied industries employment in the regions (disaggregated by sex and at risk groups)**	unemployment rate 4.1% (urban 16.1%) in 2015 (disaggregated by sex and at risk groups)	SO2- target for 2020 - 3.5% for females in the labour pool 3.2%)	annual reports Regional IPDC Progress reports	and agro-processing development Government pursues a transparent competitiveness and market protection policy
Output 1	Agroindustrial parks infrastructure and operations are made socially valuable and environmentally compliant, and public infrastructure needs for intermediate processing are met.	1.1 -The relative value of government investment in social and environmental infrastructure** 1.2.Status of the report on assessment of compliance of infrastructures 1.3 Number of IPDC technical management team members trained by this Action on X (disaggregated by sex)	-1.1 Updated related value by the AfDB mission (2018) NB estimated at US \$200m in 2015 for the 4 pilot AIP 1.2 - 1.3: None	1.1-PROSEAD public sector fund facility of €10 million for government to lever at least 400% (2023) 1.2. Report is approved after compliance inspection 1.3 TBD	1.1 -BOE annual reports -Government of Ethiopia SDG9 fund data -MOFEC data - Regional IPDC Progress reports 1.2 – 1. 3 Regional IPDC Progress reports and reports from Institutions in charge of Environment Impact Assessment	The government and development partners make contributions timely to accomplish all AIPs / RNDPC Local capacities are sufficient to handle the investments and provide for maintenance and development.

Output 2	<p>The capacity and financial resources of MFIs and LFIs to provide financial access to farmers, cooperatives, unions and SMEs operating in the value chains and in the AIPs are increased.</p>	<p>2.1 - Increase N° of farmers households receiving finance products and services in the park catchment areas supported by the Project</p> <p>2.2 - Increase % of Females in the indicator above receiving products and services supported by the Project</p> <p>2.3 - Performance of MFIs and LFIs loan portfolio for economic operators operating in the value chain in the parks -</p>	<p>2.1- At the RUFIP III formulation stage based on the Phase II assessed performance in the project area (2017: 714,000 clients)</p> <p>2.2- As above (2017: 285,000 female clients or 40%)</p> <p>2.3 - At the AFD support formulation stage based on loan portfolio assessment</p>	<p>2.1 - To be assessed at the RUFIP III formulation stage</p> <p>2.2 - As above with ambition to reach 50 %</p> <p>2.3 - tbd</p>	<p>2.1 to 2.3 - IFI reporting on lending portfolio against targets and PROSEAD monitoring and evaluation procedures</p>	<p>- Demand remains strong for PAP and processors remain competitive</p> <p>-EU blending addresses risk aversion of agribusiness lending</p> <p>- MFIs and LFIs are capable of learning and handling the high-risk agricultural and rural credits</p> <p>- Risk sharing is maintained with the government and specific donor-led funds.</p>
Output 3	<p>The capacities of farmers' associations and rural agribusiness to raise their productivity and facilitate their access to agro-processing markets are improved.</p>	<p>3.1 -Number of Clusters supported entering into the Agroindustrial value chains & levels of women/youth inclusiveness**</p>	<p>3.1 -Number of clusters supported =0 (2018)</p> <p>-Cluster inclusiveness for women & decision making</p>	<p>3.1 -number of clusters supported -20 per region (2023)</p> <p>-Cluster inclusiveness</p>	<p>For all - ACC-PROSEAD Value chain analysis (component 5)</p> <p>-ATA progress reports</p> <p>-Bureau of</p>	<p>Strong demand is maintained for the selected VC commodities</p> <p>Associated government -</p>

		<p>3.2 Average increase earning to farmer on value chains subject to a crop delivery contract including gender disaggregation</p> <p>3.3 Number of youth and women with secure tenure of land thanks to support from this action</p>	<p>responsibilities <10% (2015) -number of contracts with regional research institutions =0 (2017)</p> <p>3.2 – 3.3 TBD</p>	<p>>30% (2023)</p> <p>3.2 - 3.3 TBD -at least 40 T&Ds per cluster per region with >35% females and youth participation (2023)</p>	<p>Agriculture and AGP reports -Women’s and Children’s affairs data -Regional Agricultural Research reports -GTP II annual progress reports and consultative meeting reviews</p>	<p>donors support programme addressing productivity and Value chain development are effectively delivering</p>
Output 4	<p>The skills of youth and women in the parks and their catchment areas are enhanced and decent employment conditions are improved.</p>	<p>4.1 -number of individuals completed the improved and modernised agro-processing, agribusiness 1-3 year courses disaggregated by sex and at risk groups**</p> <p>4.2 -number of individuals completed the improved and modernised agro-processing, agribusiness and work practices 1-3 months courses (disaggregated by sex and at risk groups)**</p>	<p>4.1 - number of individuals completed the 1-3 year courses and female numbers (1,500 or which 35-55% female per TI) (2017)</p> <p>4.2 -number of individuals completed the 1-3 month courses and female numbers inclusion(4,000 of which 55% female per TI) (2017)</p> <p>4.3 -number of AIP incubator units established and MSMEs start-</p>	<p>4.1 ,- numbers completed 1-3 year courses 4,000 or which 45-55% female per TI)(2023)</p> <p>4.2 -number completed the 1-3 month courses - 8,000 of which 55% female per TI) (2023)</p> <p>4.3 -number of AIP incubator units established -1 per region and MSMEs start-</p>	<p>For all -IPDC reports -Regional Technical, Vocational and Enterprise Bureau data -GTP II annual progress reports and consultative meeting reviews</p>	<p>State-run TVET institutions agree to cooperate with the private sector participants</p> <p>Labour market information systems are present and can be accessed by the TVET institutions</p>

		4.3 -number of AIP incubator units established and MSMEs start-ups (disaggregated by sex and at risk groups)**	ups – none established through incubators in 2017	ups 2,000 by 2023		
Output 5	Coordination of all AIP stakeholders and governance of agroindustrial performance are made effective.	5.1 Rate of progress to achieve agroindustrial governance, coordination and participation* Status of the related legal framework* 5.2 Progress in supporting the improvement in related legal framework and status achieved*	5.2 - levels of governance for specific commodity value chains limited in 2017 5.2 - numbers of legal framework studies & reviews in 2017 and status achieved	5.1 - Consultative & public private participation forums =12 (2023) 5.3 -Studies & reviews = 6 (2023) and status achieved	5.1 and 5.2 PROSEAD and MOI, MOFEC, MANR progress reports	PROSEAD and associated donors programme have sufficient resources and influence to be the catalyst for agroindustrial sector good governance Government has a sufficient capacity to maintain the inter institutional the coordination process

APPENDIX 3 – ELIGIBLE FINANCIAL INSTITUTIONS

Contribution to Africa Investment Platform for the Promotion of Sustainable Ethiopian Agroindustrial Development (PROSEAD)

Acronym of Legal Entity	Legal Entity (sub-entities covered (if any) via hyperlink)
ADB	Asian Development Bank
AfDB	African Development Bank
AU-IBAR	African Union
CABEI	Central American Bank for Economic Integration
CIFOR	Centre for International Forestry Research
EBRD	European Bank for reconstruction and development
EIB	European Investment Bank
EIF	European Investment Fund
IADB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
NEFCO	Nordic Environment Finance Corporation

OIE	World Organisation for Animal Health
SPC	The Pacific Community
SPREP	South Pacific Regional Environment Programme
WBG	World Bank Group (IBRD, IDA, IFC, MIGA, ICSID)
WFP	World Food Programme

Acronym	National Agency, Country
AECID	Agencia española de cooperación internacional al desarrollo, Spain
AFD	Agence française de développement, France
CDP	Cassa depositi e prestiti S.p.A., Italy
COFIDES	Compañía española de financiación del desarrollo, Spain
DEG	Deutsche Investitions- und Entwicklungsgesellschaft mbH, Germany

FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden, Netherlands
KfW	Kreditanstalt für Wiederaufbau, Germany
PROPARCO	Groupe Agence Française de Développement, France
RVO	Rijksdienst voor Ondernemend Nederland (Netherlands Enterprise Agency), Netherlands
SIMEST	Società Italiana per le Imprese all'Estero, Italy
USAID	United States Agency for International Development, USA